

# Project Administration Manual

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Mongolia: Developing the Economic Cooperation  
Zone Project

## **ABBREVIATIONS**

ADB	–	Asian Development Bank
BCP	–	border crossing point
CAREC	–	Central Asia Regional Economic Cooperation Program
EMP	–	environmental management plan
FMA	–	financial management assessment
GAP	–	gender action plan
GRM	–	grievance redress mechanism
IEE	–	initial environment examination
MCUD	–	Ministry of Construction and Urban Development
MOF	–	Ministry of Finance
ODPM	–	Office of the Deputy Prime Minister
PCR	–	project completion report
PIU	–	project implementation unit
PRC	–	People's Republic of China
PSC	–	Project Steering Committee
SDR	–	special drawing rights
SOE	–	statement of expenditure
SPS	–	Safeguard Policy Statement
ZUFZGO	–	Zamyn-Uud Free Zone Governor's Office

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### **Project Administration Manual Purpose and Process**

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

The Office of the Deputy Prime Minister (ODPM) as executing agency and the Ministry of Construction and Urban Development (MCUD) and Zhamyn-Uud Free Zone Governor's Office (ZUFZGO) as implementing agencies are wholly responsible for the implementation of ADB-financed projects, as agreed jointly between the borrower and ADB, and in accordance with the policies and procedures of the government and ADB. ADB staff is responsible for supporting 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.

At loan negotiations, the borrower and ADB shall agree to the PAM and ensure consistency with the loan agreement. Such agreement shall be reflected in the minutes of the loan negotiations. In the event of any discrepancy or contradiction between the PAM and the loan agreement, the provisions of the loan agreement shall prevail.

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

## I. PROJECT DESCRIPTION

### A. Rationale

1. The project will serve as a catalyst for diversifying Mongolia's economy, integrating it into regional and global value chains, and increasing employment opportunities for the country's people. The focus will be the Zamyn-Uud *soum* (district), where the busiest international border port between Mongolia and the People's Republic of China (PRC) is located and the population relies heavily on border traffic and trade activities.<sup>1</sup> The project will support the development of an economic cooperation zone between Mongolia and the PRC. It will realize the untapped economic potential of Mongolia's existing Zamyn-Uud free zone and its strategic position along corridor 4 under the Central Asia Regional Economic Cooperation (CAREC) program. CAREC corridors link the region's key economic hubs and connect landlocked CAREC countries such as Mongolia with markets in Asia, Europe and rest of the world.<sup>2</sup> The project will generate economic and employment activities in Zamyn-Uud through (i) construction and operation of infrastructure and facilities in the free zone, (ii) promotion of sustainable operations and management of the free zone, and (iii) establishment of a port of entry system within the free zone.<sup>3</sup>

2. Endowed with considerable mineral resources, Mongolia's economy is highly dependent on commodity exports. The mining sector contributes 24% of the country's gross domestic product (GDP), 70% of inward foreign direct investment, and 90% of its exports. Because of its narrow economic base, Mongolia suffers from boom-bust economic cycles and is vulnerable to fluctuations in global commodity prices and foreign investment inflows. Economic growth averaged 12.3% during the mining industry boom of 2011–2014 but plunged to 2.4% in 2015 and 1.2% in 2016, before picking up in 2017–2019.<sup>4</sup> Furthermore, the mining industry is capital intensive and only contributes to 4% of employment.

3. International trade plays a critical economic role in Mongolia where the exports-to-GDP ratio stands at 62%. Trade is conducted primarily via road and railway transport with its two neighboring countries (the PRC and the Russian Federation). However, Mongolia's exports are constrained by the border delays, poor infrastructure, and weak enabling environment that drive up its trade costs. Mongolia ranked 130th out of 160 countries in logistics performance in 2018 and 117th out of 190 on ease of trading across borders in 2019.<sup>5</sup> Empirical evidence suggests that a 10% reduction of import time at the border would bring trade gains for Mongolia by an

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<sup>1</sup> This document uses the most recent English language spelling of the district name: Zamyn-Uud. The name is also sometimes spelled Zamiin-Uud.

<sup>2</sup> CAREC Corridor 4 connects Mongolia with the People's Republic of China (PRC) and the Russian Federation. It comprises three subcorridors: 4a in the western region of Mongolia, which serves road transit trade between the Russian Federation and the PRC and bilateral trade between the PRC and Mongolia; 4b, which provides both a highway and a railway connection between the PRC and the Russian Federation through Ulaanbaatar; and 4c, which connects the eastern region of Mongolia with the PRC by road. The Zamyn-Uud free zone is located in corridor 4b.

<sup>3</sup> A free zone is defined (under Mongolia's Law of Free Zones, as amended on 12 February 2015) as a part of the territory of Mongolia that is deemed to fall outside the customs territory for the purposes of customs duties and other taxes and adopts special treatment of business activity in such areas as customs and tax exemptions, ease of entry-exit customs control and clearance, and registration and employment within the zone.

<sup>4</sup> Sector Assessment (Summary): Industry and Trade, and Economic Analysis (accessible from the list of linked documents in [Appendix 2](#)).

<sup>5</sup> World Bank. 2018. *Logistics Performance Index 2018*. Washington, DC; and World Bank. 2018. *Doing Business 2019*. Washington, DC.

increase of 0.65 percentage points in trade share to GDP.<sup>6</sup> Trade facilitation is thus crucial to improving Mongolia's export competitiveness, growing the economy, and increasing employment.

4. **Pandemic impact.** The unprecedented disruptions to the global economy due to the coronavirus disease (COVID-19)—particularly the economic slowdown in the PRC—are significantly affecting Mongolia's exports and economy. Mongolia's GDP growth is expected to fall sharply from 5.1% in 2019 to 2.1% in 2020.<sup>7</sup> The COVID-19 outbreak has heightened Mongolia's need to facilitate international trade, which will be crucial to its post-pandemic economic recovery. Essential activities to create the enabling environment are required for the private sector to maximize the impact of the government's emergency stimulus package and adapt to the rapidly evolving global economic and trade landscape. The development of an economic cooperation zone with project support is important to this effort. By providing the necessary infrastructure, facilities, and sustainable operations and management capacity in the zone, the project is expected to enable the private sector to build and improve production capacity and expand trade activities. In addition, the travel restrictions, border closures, and stricter border controls imposed worldwide to slow COVID-19's spread highlight the importance of strengthening the country's resilience to transboundary health risks. Greater use of technology and stronger systems will equip Mongolia's border agencies to better manage these risks, especially future pandemics, by enabling them to share information with one another and with their counterparts in neighboring countries. The port-of-entry system to be established under the project will enable this interagency and cross-border interoperability and data sharing, particularly on customs, immigration, and inspection information. Improved traceability and coordinated risk management will result, making the cross-border movement of goods and people safer and more efficient.

5. **Cross-border trade.** As a member of CAREC since 2003, Mongolia is positioning itself as a transit and trade node between Northeast Asia and Europe. The government recognizes that transforming Mongolia's inherent constraint as a landlocked country into an opportunity requires concerted efforts to facilitate trade, improve physical connectivity, and enhance regional cooperation and integration (RCI).<sup>8</sup> Mongolia will benefit from its connectivity and trade facilitation projects along the CAREC corridor 4 which traverses Mongolia's key border crossing points.<sup>9</sup>

6. **Free zone development.** Free zone development is one of Mongolia's economic diversification initiatives which will also strengthen Mongolia's participation in global and regional value chains.<sup>10</sup> Industries established in the zones are expected to generate a variety of exports, ranging from agricultural and manufacturing products to trade-related services. Free zones can nurture the creation of industrial clusters within the country and with neighboring countries. Mongolia has established three free zones in strategic border locations: (i) at Altanbulag in Selenge *aimag* (province) on the northern border of Mongolia with the Russian Federation (in 2002); (ii) at Zamyn-Uud border (in 2003); and (iii) in Tsagaannuur, Bayan-Ulgii *aimag*, at the crossroads of the PRC, Kazakhstan, and the Russian Federation (in 2005). The Office of the

<sup>6</sup> Kim, K. and Mariano, P. 2020. *Trade Impact of Reducing Time and Costs at Borders in the Central Asia Regional Economic Cooperation Region*. ADBI Working Paper 1106. Tokyo: Asian Development Bank Institute. Inbound crossing in Zamyn-Uud border crossing point still takes average of 22.9 hours. ADB. 2019. *2018 CAREC Corridor Performance Measurement and Monitoring Report*. Manila.

<sup>7</sup> ADB. 2020. *Asian Development Outlook 2020: What Drives Innovation in Asia?* Manila. Under an adverse case scenario, ADB forecasts potential negative GDP growth of -0.4% for 2020.

<sup>8</sup> In addition to the CAREC program, Mongolia participates in trilateral plan for developing strategic partnership with the PRC and the Russian Federation (signed in 2016); and in United Nations-led programs, such as the Greater Tumen Initiative and International Think Tank for Landlocked Developing Countries.

<sup>9</sup> This includes the pilot initiative for joint border control between Mongolia and the PRC in Zamyn-Uud.

<sup>10</sup> Under Government of Mongolia. 2016. *Mongolia Sustainable Development Vision 2030*. Ulaanbaatar; and Government of Mongolia. 2016. *Government Action Plan 2016–2020 (Parliament Resolution No.45, 2016)*. Ulaanbaatar.

Deputy Prime Minister (ODPM) has oversight over the free zones, but each zone also has a governor's office that is responsible for managing its operations.

7. **The Zamyn-Uud free zone.** The Zamyn-Uud free zone is 780 kilometers southeast of Ulaanbaatar and adjacent to the border crossing point at Zamyn-Uud. This is the largest and busiest border crossing point on the CAREC corridor 4 where road, rail, and air transport networks meet. It is also the border crossing closest to Tianjin, the gateway port for Mongolia's shipments bound to Japan and the Republic of Korea. Under the framework of their 2011 comprehensive strategic partnership, Mongolia and the PRC signed an agreement in June 2019 to establish the economic cooperation zone to connect Mongolia's Zamyn-Uud free zone with the PRC's Erenhot zone located in the Inner Mongolia Autonomous Region.<sup>11</sup> As Mongolia's largest trading partner, the PRC was the recipient of 93% of Mongolia's exports and the source of 34% of Mongolia's imports in 2018. A substantial portion of this trade goes through the Zamyn-Uud border crossing point.<sup>12</sup> Developing the economic cooperation zone will reduce Mongolia's trade costs and support its economic diversification. It will also benefit the district's population of 18,930, of which about 6,000 are women who cross the border daily to engage in informal trade.<sup>13</sup>

8. **Development challenges and the government's response.** While the Zamyn-Uud free zone was established around 17 years ago, it has not become fully operational despite its strategic location and investment incentives.<sup>14</sup> Several physical and nonphysical constraints limit the zone's development. First, the necessary infrastructure within the zone remains incomplete; and gaps are evident in water, wastewater, heating, power and road systems.<sup>15</sup> There is an urgent need to fill the infrastructure gaps, and prepare a comprehensive free zone master plan with appropriate zoning for different land uses to attract priority industries and services to locate within the zone.<sup>16</sup> There is also a need for clear regulations for the operations and maintenance of the zone in order to instill business confidence in long-term investments. The Zamyn-Uud Free Zone Governor's Office (ZUFZGO) also faces institutional and staff capacity constraints and there is a need for better coordination among border agencies to improve trade transactions.<sup>17</sup>

<sup>11</sup> Joint Communiqué on Establishing Strategic Partnership Relationship between the PRC and Mongolia, issued on 17 June 2011 in Beijing, PRC, which aims to promote connectivity, access, and economic and social cooperation. The agreement establishing the economic cooperation zone includes provisions on investment; intellectual property; banking and finance; as well as areas of cooperation on environment, safety, protection and control, and social services.

<sup>12</sup> The border crossing point handles traffic of about 3,100 passenger vehicles and 800 lorries per day. During 2015–2018, the Zamyn-Uud border crossing point processed an annual average of 1,600 export and 37,721 import declarations with a combined total value of MNT521.3 million. ADB. 2019. *Report and Recommendation of the President to the Board of Directors: Proposed Loan to Mongolia for Additional Financing of the Regional Improvement of Border Services*. Manila.

<sup>13</sup> National Statistics Office of Mongolia. *Population*. <http://1212.mn> (accessed 3 May 2020). However, unofficial estimates suggest a population of 24,000–25,000.

<sup>14</sup> T. Tsagaach. 2016. The Implications of Successful Special Economic Zones in Northeast Asia: Opportunities for Developing Special Economic Zones in Mongolia. *The Northeast Asian Economic Review*. Vol. 4, No. 2. November. ERINA: Tokyo.

<sup>15</sup> The Zamyn-Uud Infrastructure Improvement Project was cofinanced by the governments of Mongolia and the PRC and constructed (i) associated facilities (including existing roads with streetlights; underground pipes for heating, water supply, and wastewater collection; and power supply transmission lines) within the Zamyn-Uud free zone; and (ii) linked facilities (including heating, wastewater collection, power supply plants, and ancillary connections) needed for the Zamyn-Uud free zone and located outside the zone to be maintained by relevant state owned entities in Mongolia. The zone investors will directly contract with the responsible entities for service or utility connections.

<sup>16</sup> ADB is supporting the development of a new Zamyn-Uud free zone master plan under transaction technical assistance to Mongolia: ADB. 2018. *Mongolia: Preparing Regional Cooperation and Integration Projects*. Manila.

<sup>17</sup> Sharing by border agencies—including sharing of customs agency data, systems, and analytics for activities such as facilitation, risk screening, and enforcement—will facilitate business transactions and minimize processing times. McKinsey and Company. 2019. *How customs agencies can help special economic zones succeed*.

9. The government is currently developing the Zamyn-Uud free zone through a phased approach. The proposed project will support the initial phase of its development. The project area will cover approximately 300 or above hectares of the Zamyn-Uud free zone, which shall be confirmed after completion of the detailed engineering design to be carried out for the project. The project will provide infrastructure to service each investor lot within the project area through direct connections of underground utilities water, wastewater and heating as well as power transmission lines. In addition to improving physical infrastructure, the government will address a number of nonphysical impediments to more efficient trade and investment within the zone. This includes legal and regulatory provisions for the application of special treatments within the zone, such as customs, duties and employment. There is a need to strengthen zone operations and management and to integrate the systems maintained by border agencies responsible for customs, inspection, and immigration. Addressing these nonphysical or software constraints, including the use of technology, will enable simplified clearance procedures, thereby facilitating movement of goods and people while improving surveillance and traceability within the cooperation zone.

## **B. Impacts and Outcome**

10. **Impact and Outcome.** The project is aligned with the following impacts: economic diversification and trade linkages with global and regional value chains enhanced.<sup>18</sup> The project will have the following outcome: economic activities and employment in Zamyn-Uud free zone generated.<sup>19</sup>

## **C. Outputs**

11. **Output 1: Zamyn-Uud free zone infrastructure and facilities constructed and operational.** The project will address infrastructure gaps in the Zamyn-Uud free zone. This output comprises (i) construction within the project area of (a) about 3 kilometers of primary four-lane and secondary two-lane roads with sidewalks and streetlights; (b) underground pipes for heating, water supply, and wastewater collection as well as power supply transmission lines; (c) a solid waste management transfer station and a recycling center; (d) a security fence in accordance with the specifications of the General Authority of Border Protection; and (e) a gateway complex with a warehouse, a control space shed, gender-specific washrooms, and an inspection platform; and (ii) installation of necessary equipment in the gateway complex, such as cargo and passenger automatic x-ray and radiation detection equipment.

12. **Output 2: Sustainable operations and management of Zamyn-Uud free zone promoted.** This output comprises (i) design of an appropriate public–private partnership model to support efficient zone operation and sustainable maintenance arrangements in the Zamyn-Uud free zone; (ii) development of business and market strategies and guidelines with gender equality provisions; (iii) gender awareness and promotion economic opportunities for women traders in Zamyn-Uud; and (iv) capacity development of the executing and implementing agencies for project implementation, monitoring, and evaluation.<sup>20</sup>

13. **Output 3: Zamyn-Uud free zone port of entry system established.** This output will be delivered by using information technology solutions to promote trade while ensuring border

<sup>18</sup> ADB. 2019. *CAREC Integrated Trade Agenda 2030 and Rolling Strategic Action Plan 2018–2020*. Manila.

<sup>19</sup> The design and monitoring framework is in [Section IX](#).

<sup>20</sup> The project will determine and establish arrangement for operations and maintenance of project facilities within the zone, including outsourcing of business operations such as introduction of value-added services and funding mechanism for maintenance of zone facilities.

security, social safety, and improved traceability to mitigate transboundary health risks. This output comprises the development of (i) a passenger and vehicle inspection system that uses digital surveillance and facial biometric recognition; and (ii) an integrated border management database. The database will promote interagency coordination by linking with the CAIS of MCGA, the Inspection Management System of the General Agency of Specialized Inspection, and the Immigration System, which is a joint platform shared between the General Authority of Border Protection and the Mongolia Immigration Agency.

14. Lessons from Mongolia's past attempts to develop free zones and prevailing international good practices suggest the need for enabling infrastructure, a sound regulatory environment, good governance, and streamlined procedures.<sup>21</sup> with the private sector are also crucial and were incorporated in the project design.<sup>22</sup> The proposed solutions embrace a holistic approach to address the free zone's development needs, i.e., combining infrastructure (output 1) with capacity development and use of technology (outputs 2 and 3) to operationalize the Zamyn-Uud free zone.

## II. IMPLEMENTATION PLANS

### D. Project Readiness Activities

**Table 1: Project Readiness Activities**

2020								
Indicative Activities		1	2	3	4	5	6	Responsible Agencies
1	Advance contracting actions							ODPM
2	Establish project implementation arrangements							ODPM, MOF
3	Loan negotiations							ADB, ODPM, MOF
4	ADB Board consideration							ADB
5	Loan signing							ADB, MOF
6	Government legal opinion provided							MOJHA
7	Loan effectiveness							EA, ADB

ADB = Asian Development Bank, EA = executing agency, MOF = Ministry of Finance, MOJHA = Ministry of Justice and Home Affairs, ODPM = Office of the Deputy Prime Minister.

Source: Asian Development Bank.

<sup>21</sup> ADB. 2012. *Technical Assistance Completion Report. Building the Capacity to Develop Special Economic Zones in the Lao People's Democratic Republic*. Manila; ADB. 2018. *A Diagnostic Study of Special Economic Zones and Industrial Zones in Kazakhstan*. Manila; ADB. 2018. *Technical Assistance Completion Report. Developing Cross-Border Economic Zones between the People's Republic of China and Viet Nam*. Manila; ADB. 2018. *Technical Assistance Completion Report. Scoping Potential Economic Corridors in Pakistan*. Manila; ADB. 2018. *A Diagnostic Study of Free Economic Zones and Industrial Parks in the Kyrgyz Republic*. Manila; ADB. 2016. *The Role of Special Economic Zones in Improving Effectiveness of Greater Mekong Subregion Economic Corridors*. Manila; and ADB. 2019. *Technical Assistance Completion Report. Greater Mekong Subregion: Capacity Development for Economic Zones in Border Areas*. Manila.

<sup>22</sup> For example, sharing by border agencies—including of customs agency data, systems, and analytics for activities such as facilitation, risk screening, and enforcement—will facilitate business transactions and minimize processing times. McKinsey and Company. 2019. *How customs agencies can help special economic zones succeed.*; ADB. 2016. *Mongolia Customs Modernization Project. Performance Evaluation Report*. Manila (PE-789).

## E. Overall Project Implementation Plan

**Table 2: Overall Project Implementation Plan**

Outputs and Activities	2020				2021				2022				2023				2024				2025			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>Pre-Project Implementation (supported by TRTA)</b>																								
Development of ZUFZ Masterplan: Procurement, Preparation, Approval																								
Draft Project Detailed Engineering Design (DED) TOR (integrated with Masterplan)																								
<b>Project Implementation</b>																								
<b>A. Project Outputs</b>																								
<b>1. Zamyn-Uud free zone infrastructure and facilities constructed and operational</b>																								
DED Recruitment																								
1.1 DED Preparation																								
1.1a Infrastructure (roads, water, waste water, heat, power)																								
1.1b Gateway buildings and facilities																								
1.1c Fencing, landscaping																								
1.2 Approval for DED from government and ADB																								
1.3 Invitation to bid procurement contracts																								
1.4 Award of contracts for civil works and related goods																								
1.5 Construction, installation, inspection and maintenance of project facilities																								
1.5a Construct infrastructure: water, waste water, heat, power																								
1.5b Construct infrastructure: roads, sidewalks, drainage																								
1.5c Construct Gateway facilities including necessary equipment																								
1.5d Construct fencing and inspection																								
1.5e Construct landscaping and maintenance conducted																								
<b>2. Sustainable operations and management of Zamyn-Uud free zone promoted</b>																								
2.1 Assessment of potential PPP arrangement and design appropriate PPP model																								
2.2 Business and market strategies and guidelines development																								
2.3 Institutional capacity building and advisory support																								
2.4 Project management capacity building to EA, IA and PSC staff																								
2.4a Design capacity building and training programs																								
2.4b Deliver capacity building and training courses to staff																								
2.5 Roll-out trainings for business and market strategies, guidelines and GAP																								
2.5a Design and training for GAP-related provisions																								
2.5b Trainings for ZUFZ on business and marketing strategy and operations																								
<b>3. Zamyn-Uud free zone port of entry system established</b>																								
3.1 Interagency & intergovernmental coord. mechanisms established																								
3.2 Design and agreement of port-of-entry systems																								
3.2a Tech. appraisal of port-of-entry system requirements																								
3.2b Design tech. conditions, standards, interoperability requirements																								
3.2c Agreement on port-of-entry systems																								
3.3 Business process analysis of customs and port-related functions																								
3.4 Develop ICT module and implementation for port-of-entry systems																								
3.4a Develop ICT module																								
3.4b Implement port-of-entry systems																								
3.5 Develop and roll-out campaign to prevent trafficking in people																								
<b>B. Project Management Activities</b>																								
Advance procurement action																								
PIU established																								
Skills assessment and training																								
Skills assessment and program development																								
Skills training conducted																								
Procurement packages awarded																								
Monitoring and evaluation undertaken																								
Project completion reporting																								

DED = detailed engineering design, DMF = design and monitoring framework, EA = executing agency, GAP = gender action plan, IA = implementing agency, ICT = Information and Communications Technology, PIU = project implementation unit, PSC = project steering committee, TOR = terms of reference, TRTA = transaction technical assistance, ZUFZ = Zamyn-Uud Free Zone.

Source: Asian Development Bank.

### III. PROJECT MANAGEMENT ARRANGEMENTS

#### A. Project Implementation Organizations: Roles and Responsibilities

15. The ODPM, as the executing agency, will closely coordinate with other government agencies and ADB to timely resolve any issue, expedite the procurement process, ensure adequate budgetary and staff resources as needed, and complete the project within the target date. The project will have two implementing agencies: the Ministry of Construction and Urban Development (MCUD) and the ZUFZGO. The implementing agencies will ensure: (i) quality assurance of civil works, goods and services of consultants and counterpart staff; (ii) effective implementation of the Gender Action Plan (GAP), the Environment Management Plan (EMP), and other safeguard compliance requirements as specified in the PAM; and (iii) adequate budgetary resources and compliance with relevant regulations for project implementation. The executing and implementing agencies will each designate staff to work closely with the project implementation unit (PIU), the project steering committee (PSC) and bid evaluation committees and consultant selection committees to be established.

16. The PSC has been established by the Deputy Prime Minister's Order no. 12 of 27 January 2020 and is chaired by the executing agency. The PSC will guide and coordinate overall project implementation and meet quarterly and as and when needed to approve annual budgets and plans. In addition to executing and implementing agencies, the PSC comprise: General Authority of Border Protection; General Agency of Specialized Inspection; MCGA; Ministry of Environment and Tourism; Mongolia Immigration Agency; Ministry of Finance (MOF); Ministry of Food, Agriculture and Light Industry; National Development Agency; representative/s from Mongolian National Chamber of Commerce and Industry, the Green Council or United Federation of Investors of Free Zones, and from the local community.

17. The executing agency will establish and supervise the PIU in consultation with MOF.<sup>23</sup> The PIU will be under the ODPM, supervised by a project director, which is concurrently the appointed chair of the PSC. The PIU will support day-to-day management and operations of the project such as procurement, disbursement and contract-related activities, safeguard compliance, and monitoring and evaluation. The PIU staff will comprise a project coordinator, a procurement specialist, a financial management specialist, a civil engineer, a project assistant and a driver. The PIU will also be supported by three external consultants: environmental specialist, social and gender development specialist, and a monitoring and evaluation specialist. Project implementation arrangement, reporting and recruitment processes will be in line with the "Regulation on utilization of proceeds of foreign loans of the government; implementation, administration, financing, monitoring and evaluation of projects and programs funded by such proceeds" approved under the Resolution No. 196 of the MOF, and relevant regulations that are approved and amended from time to time.

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<sup>23</sup> MOF is the lead agency in charge of the implementation, monitoring, and approving annual budget expenditure of projects with external financing.

**Table 3: Project Implementation Roles and Responsibilities**

<b>Project Implementation Organization</b>	<b>Management Roles and Responsibilities</b>
Executing Agency: Office of the Deputy Prime Minister (ODPM)	<ul style="list-style-type: none"> <li>• Chair the Project Steering Committee (PSC), which should have appropriate representation from the private sector and local community.</li> <li>• Provide overall project management oversight and coordinate with Asian Development Bank (ADB) on all project implementation issues.</li> <li>• Guide and coordinate closely with all relevant government agencies for the quick and appropriate resolution of any issues to ensure smooth implementation and timely completion of the project.</li> <li>• Submit a request to MOF to establish pass-through at State Bank (a commercial bank) and an advance account at the State Treasury; transfer funds from the pass-through account to the advance account; and submit withdrawal applications to MOF.</li> <li>• Appoint the Chair of the PSC who will act concurrently as the Project Director to supervise the project implementation unit (PIU) and provide advice and recommendations in an efficient and timely manner to support project implementation.</li> <li>• Ensure adequate budgetary resources are proposed and reflected into the State budget to cover costs associated with operations, maintenance or repair of associated and linked facilities during project implementation, operation and maintenance of project facilities.</li> <li>• Ensure effective compliance of all legal and administrative procedure as required for project implementation.</li> <li>• Establish bid evaluation committees/consultant selection committees in accordance to the relevant laws and regulations and ensure the participation of implementing agencies and relevant stakeholders.</li> <li>• Ensure that relevant procurement documents are signed by relevant implementing agencies.</li> <li>• Ensure that relevant statements and reports are submitted to MOF and ADB and through the PIU, ensure all relevant reports and documents are uploaded to MOF's Official Development Assistance Management Information System in accordance with the relevant regulations.</li> <li>• Ensure the implementation of relevant regulation of Resolution No. 196 of the MOF, and relevant regulations that are approved and amended from time to time.</li> </ul>
Ministry of Finance (MOF)	<ul style="list-style-type: none"> <li>• On behalf of the government, undertake the loan negotiations and sign the loan agreement for the project.</li> <li>• Process and co-sign (through the State Treasury) with the ODPM withdrawal applications to ADB and, if required, request for reallocation of the loan proceeds.</li> <li>• Approve the structure, composition and remuneration of PIU staff in accordance with relevant guidelines.</li> <li>• Assume supervision and oversight of financial performance.</li> <li>• Review project progress and/or internal audit reports, as needed.</li> <li>• Ensure timely approvals and/or submission of project allocation, variation, applicable tax exemption, and other relevant documents proposed or submitted by the EA.</li> </ul>
Project Steering Committee (PSC)	<ul style="list-style-type: none"> <li>• Approve annual budgets and plans for the project.</li> <li>• Review progress of project implementation and make appropriate recommendations to timely resolve any issue that may arise.</li> <li>• Provide overall guidance on project implementation issues and follow-up actions.</li> </ul>

Project Implementation Organization	Management Roles and Responsibilities
	<ul style="list-style-type: none"> <li>• Ensure effective coordination among relevant ministries and agencies and support a meaningful feedback mechanism for other stakeholders during project implementation.</li> <li>• Ensure the implementation of relevant regulation of Resolution No. 196 of the MOF, and relevant regulations that are approved and amended from time to time</li> </ul>
Implementing Agency (1): Ministry of Construction and Urban Development (MCUD)	<ul style="list-style-type: none"> <li>• Designate a focal person to work directly with the executing agency and Zamyn-Uud Free Zone Governor's Office (ZUFZGO) to ensure timely and effective project implementation, including to provide access to information, resources, and others as required.</li> <li>• Provide technical support to PSC on project outputs, activities and reporting requirements and to PIU on report preparation reflecting issues and time-bound actions.</li> <li>• Ensure quality assurance of civil works, goods and services of consultants and counterpart staff, including to accurately define the detailed engineering and technical specifications, parameters and design of project facilities.</li> <li>• Review and co-sign relevant contracts of selected contractor for goods, civil works and services required for the project and oversee performance of such contracts, and enforce and evaluate compliance with relevant regulations and clauses set in the loan agreement and this PAM.</li> <li>• Ensure effective implementation of the Gender Action Plan (GAP), the Environment Management Plan (EMP), and other safeguard compliance requirements as specified in the PAM.</li> <li>• Ensure effective participation and support of MCUD staff in capacity development, trainings and activities in output 2.</li> <li>• Ensure adequate budgetary resources are proposed and reflected into the State budget to cover costs associated with operations, maintenance or repair of associated and linked facilities during project implementation, operation and maintenance of project facilities.</li> <li>• Ensure the implementation of relevant regulation of Resolution No. 196 of the MOF, and relevant regulations that are approved and amended from time to time.</li> <li>• Coordinate with the executing agency and the ZUFZGO to ensure operationalization of linked facilities and that associated facilities are of good and workable conditions.</li> </ul>
Implementing Agency (2): Zamyn-Uud Free Zone Governor's Office	<ul style="list-style-type: none"> <li>• Designate a focal person to work directly with executing agency and MCUD to ensure timely and effective project implementation, including to provide access to information, resources, and others as required.</li> <li>• Provide technical guidance to PSC on project outputs, activities and reporting requirements and to PIU on report preparation reflecting issues and time-bound actions.</li> <li>• Ensure quality assurance of civil works, goods and services of consultants and counterpart staff, including to accurately define the detailed engineering and technical specifications, parameters and design of project facilities.</li> <li>• Review and co-sign relevant contracts of selected contractor for goods, civil works and services required for the project and oversee performance of such contracts, and enforce and evaluate compliance with relevant regulations and clauses set in the loan agreement and this PAM.</li> <li>• Ensure effective implementation of the GAP, the EMP, and other safeguard compliance requirements as specified in the PAM.</li> <li>• Ensure effective participation and support of ZUFZGO staff in capacity development, trainings and activities in output 2.</li> </ul>

Project Implementation Organization	Management Roles and Responsibilities
	<ul style="list-style-type: none"> <li>• Ensure adequate budgetary resources are proposed and reflected into the State budget to cover costs associated with operations, maintenance or repair of associated and linked facilities during project implementation, operation and maintenance of project facilities.</li> <li>• Ensure the implementation of relevant regulation of Resolution No. 196 of the MOF, and relevant regulations that are approved and amended from time to time.</li> <li>• Coordinate with the executing agency and the MCUD to ensure operationalization of linked facilities and that associated facilities are of good and workable conditions.</li> </ul>
Project Implementation Unit (PIU)	<ul style="list-style-type: none"> <li>• Under the guidance of the executing and implementing agencies, support day-to-day management and operations of the project, including to coordinate and implement project activities such as procurement, recruitment, disbursements, contract administration; and implementation, monitoring and reporting of the GAP, the EMP, and other safeguard compliance requirements.</li> <li>• Prepare necessary reports to executing and implementing agencies and MOF on project status and performance, including GAP and EMP implementation, and submit quarterly and/or annual progress reports to the government and ADB.</li> <li>• Prepare, on behalf of the executing and implementing agencies, bid documents, reports, and other supporting documents and submit for review and approval.</li> <li>• Ensure all relevant reports and documents are uploaded to MOF's Official Development Assistance Management Information System in accordance with the relevant regulations.</li> <li>• Maintain, on behalf of the executing agency, all project accounts, and prepare and submit withdrawal applications and supporting documents, quarterly and annual reports, and financial statements.</li> <li>• Closely collaborate with the project contractors, external consultants and other stakeholders to ensure effective and timely delivery of project outputs and activities.</li> <li>• Implement EA and IAs advice and recommendations on an efficient and timely basis.</li> </ul>
Asian Development Bank (ADB)	<ul style="list-style-type: none"> <li>• Provide guidance to the executing agency and implementing agencies to ensure compliance with loan agreement.</li> <li>• Conduct regular loan review missions, a midterm review, and a project completion review mission.</li> <li>• Review and/or approve procurement actions for ADB-financed procurement packages.</li> <li>• Process withdrawal applications and release loan funds.</li> <li>• Monitor project implementation progress.</li> <li>• Review annual audit reports and follow up on audit recommendations.</li> <li>• Update regularly the project performance review reports with the assistance of the executing agency and the implementing agency.</li> <li>• Update regularly the project information documents for public disclosure on the ADB website, including the safeguard documents.</li> <li>• Monitor implementation of ADB anticorruption policies.</li> </ul>

Source: Asian Development Bank.

## B. Key Persons Involved in Implementation

### Executing Agency

Office of the Deputy Prime Minister

Name: Sayanaa Lkhagvasuren  
Position: Chief Adviser and Chief of Staff  
Telephone: +976-51-262356; 262593  
Email address: [sayanaa@cabinet.gov.mn](mailto:sayanaa@cabinet.gov.mn)  
Office Address: Suite 480, Government Palace, Ulaanbaatar City, Mongolia

### Implementing Agency

Ministry of Construction and Urban Development

Name: Magnaisuren Sandag  
Position: State Secretary  
Telephone: +976 7600 3333  
Address: Government Building 12, Ulaanbaatar, Mongolia 15170

### Implementing Agency

Zamyn-Uud Free Zone Governors Office

Name: Batnasan Ichinkhorloo  
Position: Governor  
Telephone: +976 11 318868  
Address: Government Building 11, Sambuu St. Ulaanbaatar, Mongolia 15170

### Asian Development Bank

Public Management, Financial Sector and Regional Cooperation Division

Staff Name: Xiaoqin Fan  
Position: Director  
Telephone No.: +63 2 8683 1837  
Email address: [xfan@adb.org](mailto:xfan@adb.org)  
Office Address: 6 ADB Avenue, Ortigas Center, Mandaluyong City, Philippines

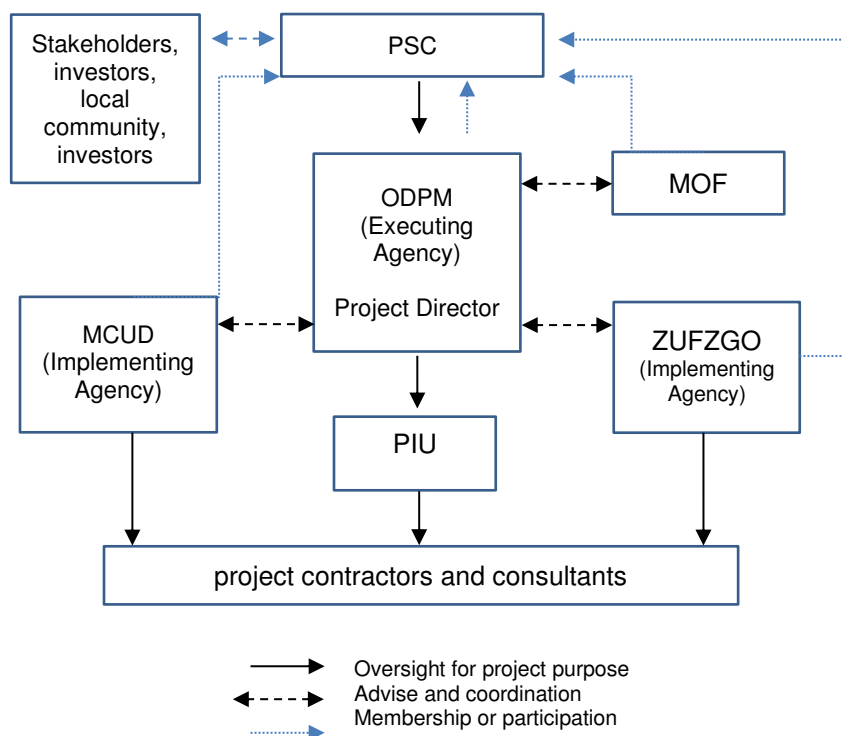
Mission Leader

Staff Name: Dorothea Lazaro  
Position: Regional Cooperation Specialist  
Telephone No.: +63 2 8632 4550  
Fax: +632 8636 2302  
Email address: [dlazaro@adb.org](mailto:dlazaro@adb.org)  
Office Address: 6 ADB Avenue, Ortigas Center, Mandaluyong City, Philippines

Deputy Mission Leader

Staff Name: Unurjargal Dalaikhuu  
Position: Regional Cooperation Officer  
Telephone No.: +976 11 329836 ext. 104  
Fax: +976 11 311795  
Email address: [dunurjargal@adb.org](mailto:dunurjargal@adb.org)  
Office Address: Mongolia Resident Mission, Level 18, Shangri-La Office, Shangri-La Centre, 19A Olympic Street, Sukhbaatar District-1, Ulaanbaatar 14241, Mongolia

### C. Project Organization Structure



MCUD = Ministry of Construction and Urban Development; MOF = Ministry of Finance; ODPM = Office of the Deputy Prime Minister; PIU = Project Implementation Unit; PSC = Project Steering Committee; ZUFZGO = Zamyn-Uud Free Zone Governor's Office.

Source: Asian Development Bank.

#### IV. COSTS AND FINANCING

18. The project is estimated to cost \$35.76 million. ADB will finance the expenditures in relation to civil works, goods, project management and consulting services (including taxes and duties estimated at \$0.43 million) equivalent to \$30 million. The government will finance a total of \$5.76 million equivalent of in-kind contribution for: (i) border security for the free zone estimated at MNT9 billion and (ii) exemptions of 10% value added taxes on goods and civil works and 5.5% customs duties on imported goods estimated at \$2.79 million. ADB will finance 83.9% and the government will finance 16.1% of the project cost.

19. The social security contribution from employer and employees for the full-time PIU staff (excluding external consultants) have been costed in the project management costs and shall be financed under the loan funds during project implementation period.

20. The government of Mongolia has requested a concessional loan in various currencies equivalent to SDR 21,996,000 (\$30,000,000 equivalent)<sup>24</sup> from ADB's ordinary capital resources to help finance the project. The loan will have a 25-year term, including a grace period of 5 years; an interest rate of 2.0% per year during the grace period and thereafter; and such other terms and conditions set forth in the draft loan agreement.

##### A. Cost Estimates Preparation and Revisions

21. The cost estimates for the project were prepared jointly by government and ADB with assistance from the transaction technical assistance consultant team. Revision of cost estimates will be conducted when deemed necessary during implementation, subject to ADB approval.

##### B. Key Assumptions

22. The following key assumptions underpin the cost estimates and financing plan:

- (i) Exchange rate: MNT2,768 = \$1.00 (as of 20 March 2020)
- (ii) Exchange rate: SDR1 = \$1.36386 (as of 23 April 2020)
- (iii) Price contingencies based on expected cumulative inflation over the implementation period are as follows:

**Table 4: Escalation Rates for Price Contingency Calculation**

Item	2020	2021	2022	2023	2024	Average
Foreign rate of price inflation	7.5%	6.0%	6.0%	6.0%	6.0%	6.3%
Domestic rate of price inflation	1.5%	1.5%	1.6%	1.6%	1.6%	1.6%

Source: Asian Development Bank estimates.

23. Government's in-kind contributions in the form of tax exemptions are calculated at 10% value-added taxes on goods and civil works and 5.5% customs duties on imported goods.

<sup>24</sup> SDR 1 = \$1.36386 as of 23 April 2020. SDR amount is rounded off to the nearest thousand.

### C. Detailed Cost Estimates by Expenditure Category

**Table 5: Detailed Cost Estimates by Expenditure Category**

Item	MNT billion			\$ million			% of Total Base Cost
	Foreign Exchange	Local Currency	Total Cost	Foreign Exchange	Local Currency	Total Cost	
<b>A. Investment Costs</b>							
Civil Works	3,660.2	39,511.1	43,171.3	1.33	14.33	15.66	52.9%
Goods	5,070.1	20,791.7	25,861.8	1.84	7.54	9.38	31.7%
Project Management	0.0	2,735.3	2,735.3	0.00	0.99	0.99	3.4%
Consulting Services	8,120.2	483.1	8,603.3	2.95	0.18	3.12	10.5%
<b>Subtotal (A)</b>	<b>16,850.5</b>	<b>63,521.2</b>	<b>80,371.7</b>	<b>6.11</b>	<b>23.04</b>	<b>29.15</b>	<b>98.5%</b>
<b>B. Recurrent Costs</b>							
Incremental administration cost	0.0	1,196.2	1,196.2	0.00	0.43	0.43	1.5%
<b>Subtotal (B)</b>	<b>0.0</b>	<b>1,196.2</b>	<b>1,196.2</b>	<b>0.00</b>	<b>0.43</b>	<b>0.43</b>	<b>1.5%</b>
<b>Total Base Cost (A+B)</b>	<b>16,850.5</b>	<b>64,717.4</b>	<b>81,567.9</b>	<b>6.11</b>	<b>23.47</b>	<b>29.59</b>	<b>100.0%</b>
<b>C. Contingencies</b>							
Physical	1,685.0	6,471.7	8,156.8	0.61	2.35	2.96	10.0%
Price	1,651.5	6,846.4	8,498.0	0.50	2.08	2.58	8.7%
<b>Subtotal (C)</b>	<b>3,336.6</b>	<b>13,318.2</b>	<b>16,654.8</b>	<b>1.11</b>	<b>4.42</b>	<b>5.54</b>	<b>18.7%</b>
<b>D. Financing Charges During Implementation</b>							
Interest during construction	1,755.7	0.0	1,755.7	0.64	0.00	0.64	2.2%
<b>Subtotal (D)</b>	<b>1,755.7</b>	<b>0.0</b>	<b>1,755.7</b>	<b>0.64</b>	<b>0.00</b>	<b>0.64</b>	<b>2.2%</b>
<b>Total Project Cost (A+B+C+D)</b>	<b>21,942.8</b>	<b>78,035.6</b>	<b>99,978.4</b>	<b>7.86</b>	<b>27.90</b>	<b>35.76</b>	<b>120.9%</b>

Note: Numbers may not sum precisely because of rounding.

Includes estimated audit fees of \$30,000 for the audit of the annual project financial statements for the period 2021-2026 to be financed from ADB loan resources.

Source: Asian Development Bank estimates.

## D. Allocation and Withdrawal of Loan Proceeds

**Table 6: Allocation and Withdrawal of Loan Proceeds**

<b>Number</b>	<b>Item</b>	<b>Total Amount Allocated for ADB Financing (SDR) Category</b>	<b>Percentage and Basis for Withdrawal from the Loan Account</b>
1	Works	9,158,000	100% of total expenditure claimed*
2	Goods	5,645,000	100% of total expenditure claimed**
3	Services, project management, and recurrent costs	3,329,000	100% of total expenditure claimed
4	Interest Charges	469,000	100% of amounts due
5	Unallocated	3,395,000	
	<b>Total</b>	<b>21,996,000</b>	

\*Exclusive of value-added taxes (VAT) imposed within the territory of the borrower

\*\*Exclusive of VAT and customs duties on imported goods imposed within the territory of the borrower

Source: Asian Development Bank estimates.

# E. Detailed Cost Estimates by Financier

Table 7: Detailed Cost Estimates by Financier

Item	ADB Loan		Government counterpart				Total Cost	Taxes and Duties <sup>a</sup>
	Amount	% of Cost Category	Amount (Excluding Taxes and Duties) <sup>b</sup>	Amount (Taxes and Duties)	Amount (Total)	% of Cost Category	Amount	Total
<b>A. Investment Costs</b>								
Civil Works	12.49	79.7%	1.75	1.42	3.17	20.3%	15.66	1.42
Goods	7.70	82.1%	0.75	0.93	1.68	17.9%	9.38	0.93
Project Management	0.99	100.0%	0.00	0.00	0.00	0.0%	0.99	0.09
Consulting Services	3.12	100.0%	0.00	0.00	0.00	0.0%	3.12	0.28
<b>Subtotal (A)</b>	<b>24.30</b>	<b>83.3%</b>	<b>2.50</b>	<b>2.36</b>	<b>4.86</b>	<b>16.7%</b>	<b>29.15</b>	<b>2.73</b>
<b>B. Recurrent Costs</b>								
Incremental administration cost	0.43	100.0%	0.00	0.00	0.00	0.0%	0.43	0.00
<b>Subtotal (B)</b>	<b>0.43</b>	<b>100.0%</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.0%</b>	<b>0.43</b>	<b>0.00</b>
<b>C. Contingencies</b>	4.63	83.7%	0.47	0.43	0.90	16.3%	5.54	0.48
<b>D. Financing Charges During Implementation</b>	0.64	100.0%	0.00	0.00	0.00	0.0%	0.64	0.00
<b>Total Project Cost (A+B+C+D)</b>	<b>30.00</b>	<b>83.9%</b>	<b>2.97</b>	<b>2.79</b>	<b>5.76</b>	<b>16.1%</b>	<b>35.76</b>	<b>3.21</b>
<b>% Total Project Cost</b>		<b>83.9%</b>				<b>16.1%</b>	<b>100.0%</b>	

<sup>a</sup> Taxes and duties included in total cost. Numbers may not sum precisely because of rounding.

<sup>b</sup> In-kind government contribution.

ADB = Asian Development Bank.

Source: Asian Development Bank estimates.

## F. Detailed Cost Estimates by Outputs

**Table 8: Detailed Cost Estimates by Outputs**  
(\$ million)

Item	Total Cost	Output 1 <sup>a</sup>		Output 2 <sup>b</sup>		Output 3 <sup>c</sup>	
		Amount	% of Cost Category	Amount	% of Cost Category	Amount	% of Cost Category
<b>A. Investment Costs</b>							
Civil Works	15.66	15.66	100.0%	0.00	0.0%	0.00	0.0%
Goods	9.38	8.55	91.2%	0.15	1.6%	0.68	7.2%
Project Management	0.99	0.00	0.0%	0.99	100.0%	0.00	0.0%
Consulting Services	3.12	1.17	37.5%	1.17	37.5%	0.78	25.0%
<b>Subtotal (A)</b>	<b>29.15</b>	<b>25.38</b>	<b>87.1%</b>	<b>2.31</b>	<b>7.9%</b>	<b>1.46</b>	<b>5.0%</b>
<b>B. Recurrent Costs</b>							
Incremental administration cost	0.43	0.00	0.0%	0.43	100.0%	0.00	0.0%
<b>Subtotal (B)</b>	<b>0.43</b>	<b>0.00</b>	<b>0.0%</b>	<b>0.43</b>	<b>100.0%</b>	<b>0.00</b>	<b>0.0%</b>
<b>Total Base Cost (A+B)</b>	<b>29.59</b>	<b>25.38</b>	<b>85.8%</b>	<b>2.75</b>	<b>9.3%</b>	<b>1.46</b>	<b>4.9%</b>
<b>C. Contingencies</b>							
Physical	2.96	2.54	85.8%	0.27	9.3%	0.15	4.9%
Price	2.58	2.24	86.9%	0.21	8.1%	0.13	5.0%
<b>Subtotal (C)</b>	<b>5.54</b>	<b>4.78</b>	<b>86.3%</b>	<b>0.48</b>	<b>8.7%</b>	<b>0.28</b>	<b>5.0%</b>
<b>D. Financing Charges During Implementation</b>							
Interest during Construction	0.64	0.50	79.3%	0.10	16.4%	0.03	4.4%
<b>Subtotal (D)</b>	<b>0.64</b>	<b>0.50</b>	<b>79.3%</b>	<b>0.10</b>	<b>16.4%</b>	<b>0.03</b>	<b>4.4%</b>
<b>Total Project Cost (A+B+C+D)</b>	<b>35.76</b>	<b>30.66</b>	<b>85.8%</b>	<b>3.33</b>	<b>9.3%</b>	<b>1.76</b>	<b>4.9%</b>

Note: Numbers may not sum precisely because of rounding.

<sup>a</sup> Zamyn-Uud free zone infrastructure and facilities constructed and operational.

<sup>b</sup> Sustainable operations and management of Zamyn-Uud free zone promoted.

<sup>c</sup> Zamyn-Uud free zone port of entry system established.

Source: Asian Development Bank estimates.

**G. Detailed Cost Estimates by Year**

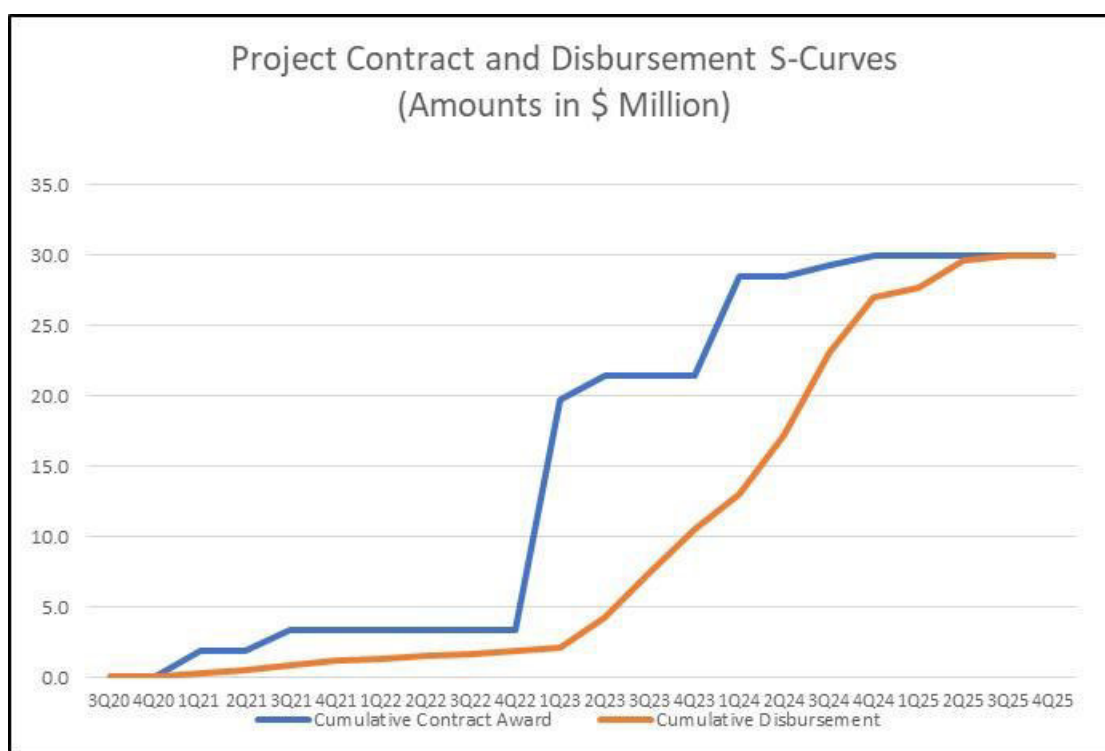
**Table 9: Detailed Cost Estimates by Year**  
(\$ million)

Item	Total Cost	Year 1	Year 2	Year 3	Year 4	Year 5
<b>A. Investment Costs</b>						
Civil Works	15.66	0.68	0.42	4.54	8.28	1.73
Goods	9.38	0.34	0.24	2.07	6.08	0.65
Project Management	0.99	0.20	0.20	0.20	0.20	0.20
Consulting Services	3.12	0.50	0.56	0.99	0.88	0.19
<b>Subtotal (A)</b>	<b>29.15</b>	<b>1.71</b>	<b>1.42</b>	<b>7.80</b>	<b>15.44</b>	<b>2.78</b>
<b>B. Recurrent Costs</b>						
Incremental administration cost	0.43	0.00	0.00	0.00	0.09	0.35
<b>Subtotal (B)</b>	<b>0.43</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.09</b>	<b>0.35</b>
<b>C. Contingencies</b>	<b>5.54</b>	<b>0.24</b>	<b>0.22</b>	<b>1.38</b>	<b>3.03</b>	<b>0.67</b>
<b>D. Financing Charges During Implementation</b>	<b>0.64</b>	<b>0.02</b>	<b>0.05</b>	<b>0.15</b>	<b>0.41</b>	<b>0.00</b>
<b>Total Project Cost (A+B+C+D)</b>	<b>35.76</b>	<b>1.97</b>	<b>1.69</b>	<b>9.33</b>	<b>18.96</b>	<b>3.79</b>
<b>% Total Project Cost</b>	100.0%	5.5%	4.7%	26.1%	53.0%	10.6%

Source: Asian Development Bank estimates.

## H. Contract and Disbursement S-Curve

Figure 1: Disbursement S-Curve

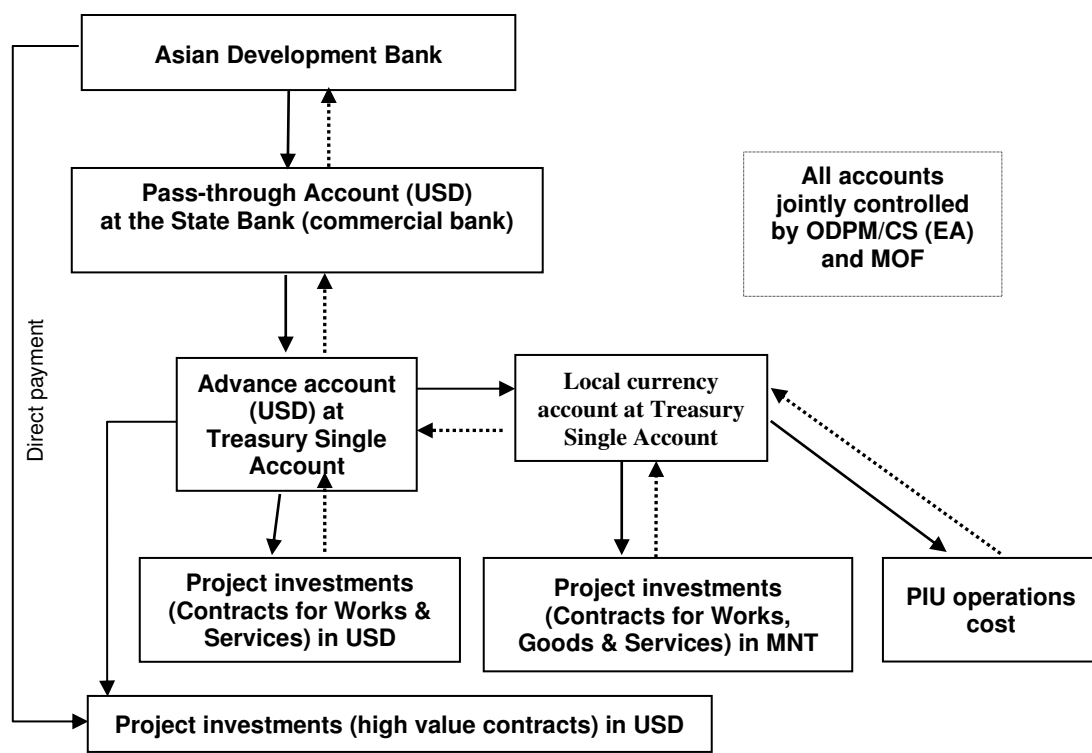


Source: Asian Development Bank estimates.

Year	Contract Awards Projection (\$ million)					Year	Disbursement Projection (\$ million)				
	Q1	Q2	Q3	Q4	Total		Q1	Q2	Q3	Q4	Total
2020	-	-	-	-	-	2020	-	-	-	-	-
2021	1.90	-	1.41	-	3.31	2021	0.32	0.21	0.34	0.31	1.18
2022	-	-	-	-	-	2022	0.16	0.17	0.17	0.17	0.67
2023	16.40	1.68	-	-	18.08	2023	0.20	2.17	3.20	3.06	8.63
2024	7.09	-	0.75	0.77	8.61	2024	2.50	4.28	5.81	3.93	16.52
2025	-	-	-	-	-	2025	0.73	1.85	0.36	0.06	3.00
Total					30.00	Total					30.00

Source: Asian Development Bank estimates.

## I. Fund Flow Diagram



ADB = Asian Development Bank, CS = Cabinet Secretariat, EA = executing agency, MNT = Mongolian Togrog; ODPM= Office of Deputy Prime Minister, PIU = project implementation unit, USD = United States dollar

Source: Asian Development Bank.

## V. FINANCIAL MANAGEMENT

### A. Financial Management Assessment

24. The financial management assessment (FMA) was carried out in accordance with ADB Guidelines for the Financial Management and Analysis of Projects (2005),<sup>25</sup> Financial Due Diligence: a Methodology Note (2009),<sup>26</sup> and Technical Guidance Note: Financial Management Assessment (2015).<sup>27</sup> The executing agency has no independent accounting staff or system, and is part of the Cabinet Secretariat. In this regard, the FMA was undertaken for the Cabinet Secretariat's Finance, Investment and Service Division (for the executing agency) and the two implementing agencies, MCUD and ZUFZGO.<sup>28</sup> The FMA considered funds flow arrangements, staffing, accounting and financial reporting systems, financial information systems, and internal and external auditing arrangements. The financial management risk is assessed as *substantial*. Both the Cabinet Secretariat and the ZUFZGO have poor in-house financial management capacity and no prior experience in implementing ADB-funded projects. This is mitigated by the MCUD's extensive experience in externally-funded projects, including ADB-funded projects, and qualified and experienced staff accountants. The financial management action plan (Table 10) includes the following measures: (i) financial management trainings for the relevant staff of the Cabinet Secretariat and the ZUFZGO; (ii) recruitment of a full-time PIU financial specialist with ADB project experience to manage the project accounts and loan disbursement; (iii) financial guidance by the MCUD to the PIU; (iv) establishment of an appropriate financial management system, including use of financial reporting software; and (v) closer ADB monitoring and guidance.

**Table 10: Financial Management Action Plan**

Risks Considered	Risk Management Measures	Responsible party	Timeline
<b>Implementing Entity:</b> <ul style="list-style-type: none"> <li>FISD of CS is under-staffed with no prior experience in managing externally funded projects (<b>High</b>)</li> <li>Project financial management policies and procedures are not in place (<b>Substantial</b>)</li> </ul>	<ul style="list-style-type: none"> <li>The PIU shall recruit a qualified and experienced finance specialist who has worked for ADB projects at the beginning of the project.</li> <li>The project will adopt IPSAS-accrual basis. The project will adopt generally accepted accounting principles, specifically Accounting Methods for Projects Financed by the ADB.</li> <li>The PIU will set up the project accounts</li> <li>Necessary training will be provided</li> </ul>	<ul style="list-style-type: none"> <li>CS and PIU</li> <li>PIU finance specialist</li> <li>PIU finance specialist</li> <li>ADB</li> </ul>	<ul style="list-style-type: none"> <li>Within 1 month of loan effectiveness</li> <li>After recruitment of PIU finance specialist within one month</li> <li>Upon PIU establishment</li> <li>Within 2 months of loan effectiveness</li> </ul>
<b>Funds flow:</b> <ul style="list-style-type: none"> <li>Understanding of and adherence to ADB disbursement requirements and procedures (<b>Substantial</b>)</li> </ul>	<ul style="list-style-type: none"> <li>Training at the start of the project will be conducted to ensure staff of CS and PIU acquire requisite knowledge</li> <li>PIU to liaise regularly with ADB to ensure that ADB guidelines are followed</li> <li>Provide regular training on ADB's disbursement policies</li> <li>A separate account will be</li> </ul>	<ul style="list-style-type: none"> <li>ADB</li> <li>PIU finance specialist and ADB</li> <li>ADB</li> </ul>	<ul style="list-style-type: none"> <li>After recruitment of PIU finance specialist</li> <li>From the start of project implementation</li> <li>During the project implementation where necessary</li> </ul>

<sup>25</sup> ADB. 2005. *Guidelines for Financial Management and Analysis of Projects*. Manila

<sup>26</sup> ADB. 2009. *Financial Due Diligence A Methodology Note*. Manila.

<sup>27</sup> ADB. 2015. *Financial Management Assessment Technical Guidance Note*. Manila.

<sup>28</sup> This FMA was conducted by interviews held at the Cabinet Secretariat office in Ulaanbaatar in September 2019, attended by staff of finance and monitoring divisions of the Cabinet Secretariat.

Risks Considered	Risk Management Measures	Responsible party	Timeline
	maintained for activities financed by ADB and the Government, and will be audited by the external auditor each year.	<ul style="list-style-type: none"> <li>PIU finance specialist and external auditor</li> </ul>	<ul style="list-style-type: none"> <li>From the start of project implementation</li> </ul>
<b>Staffing:</b> <ul style="list-style-type: none"> <li>Insufficient staff to undertake financial management tasks at the CS (<b>Substantial</b>)</li> <li>No accounting staff that have experience with ADB requirements (<b>Substantial</b>)</li> </ul>	<ul style="list-style-type: none"> <li>The PIU shall recruit a qualified and experienced finance specialist for project implementation</li> <li>Training on ADB's disbursement procedures and project accounting to be provided to EA, IAs and PIU</li> <li>Guidance and support from loan implementation consultants where necessary.</li> <li>MCUD's FD can provide guidance and support to the CS, ZUFZGO and PIU.</li> </ul>	<ul style="list-style-type: none"> <li>CS and PIU</li> <li>ADB</li> <li>ADB and Loan implementation consultants</li> <li>MCUD's FD</li> </ul>	<ul style="list-style-type: none"> <li>Within 1 month of loan effectiveness</li> <li>Within 2 months of loan effectiveness</li> <li>During the project implementation</li> <li>During the project implementation</li> </ul>
<b>Reporting and Monitoring:</b> <ul style="list-style-type: none"> <li>Financial reports not produced in a timely fashion and not meeting ADB requirements (<b>Moderate</b>)</li> </ul>	<ul style="list-style-type: none"> <li>EA to make comprehensive progress reports (including financial progress) to ADB on a quarterly basis</li> <li>An appropriate financial reporting software for project financial reporting that meets ADB requirements will be purchased and used for the project's accounting and financial reports</li> <li>Necessary financial guidance to the CS and ZUFZGO, and work with the PIU finance specialist</li> <li>Assistance to the PIU to design quarterly and annual reports.</li> </ul>	<ul style="list-style-type: none"> <li>CS with the help of PIU finance specialist and consultants</li> <li>PIU</li> <li>Financial division of MCUD (IA)</li> <li>Loan implementation consultants</li> </ul>	<ul style="list-style-type: none"> <li>During the project implementation</li> <li>Within 2 months of recruitment of PIU finance specialist</li> <li>During the project implementation when necessary</li> <li>Within one month of recruitment of PIU finance specialist</li> </ul>
<b>Information systems:</b> <ul style="list-style-type: none"> <li>The current financial software is not suitable for the project (<b>Substantial</b>)</li> <li>Information system of CS is secure and back up of financial data is done on a regular and timely basis. But, no online storage (<b>Moderate</b>)</li> </ul>	<ul style="list-style-type: none"> <li>From the start, an appropriate financial reporting software for project financial reporting that meets ADB requirements will be used for project financial management, budgeting, accounting and internal control in line with project activities.</li> <li>Financial records of PIU financial software, will be backed up on a daily basis to a server located outside the PIU office and CS as well as online storage.</li> </ul>	<ul style="list-style-type: none"> <li>PIU finance specialist with</li> <li>PIU finance specialist</li> </ul>	<ul style="list-style-type: none"> <li>Within 2 months of recruitment of PIU finance specialist</li> <li>From the start of project implementation</li> </ul>

ADB = Asian Development Bank, CS = Cabinet Secretariat, EA= executing agency, FD = Finance Department, IA = implementing agency, IPSAS = International Public Sector Accounting Standards, MCUD = Ministry of Construction and Urban Development, ODPM = Office of Deputy Prime Minister, PIU = project implementing unit, ZUFZGO = Zamyun-Uud Free Zone Governor's Office.

Source: Asian Development Bank.

## B. Disbursement

### 1. Disbursement Arrangements for ADB Funds

25. The loan proceeds will be disbursed in accordance with ADB's Loan Disbursement Handbook (2017, as amended from time to time) and detailed arrangements agreed upon

between the government and ADB.<sup>29</sup> Online training for PIU staff on disbursement policies and procedures is available to help ensure efficient disbursement and fiduciary control.<sup>30</sup> PIU staff are encouraged to avail of this training to help ensure efficient disbursement and fiduciary control.

26. The ODPM<sup>31</sup> will be responsible for: (i) submitting a request to MOF to establish a pass-through account at the State Bank and an advance account at the State Treasury for the loan; (ii) transferring money from the pass-through account to the advance account established at the State Treasury; (iii) submitting withdrawal applications to MOF; and (iv) preparing and submitting reports to ADB. PIU will prepare the documents for the necessary submission to MOF. MOF will review, endorse and submit the withdrawal applications to ADB.

27. **Advance fund procedure.** The currency of the advance account will be in US dollars. A corresponding local currency (MNT) account (administered by ODPM/Cabinet Secretariat, through the PIU) will also be established at State Treasury to pay expenditures in local currency. The advance account is to be used exclusively for ADB's share of eligible expenditures. The executing agency, through the PIU, is accountable and responsible for proper use of advances to the advance account. While the executing agency has limited experience in managing externally funded projects, sufficient budget has been provided in the project costs to recruit a qualified and experienced finance specialist (experience with ADB projects required) within the PIU throughout the implementation period.

28. The total outstanding advance to the advance account should not exceed the estimate of ADB's share of expenditures to be paid through the advance account for the forthcoming 6 months. The executing agency, through the PIU, may request for initial and additional advances to the advance account through the pass-through account based on an Estimate of Expenditure Sheet<sup>32</sup> 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 borrower in accordance with ADB's *Loan Disbursement Handbook* (2017, as amended from time to time) when liquidating or replenishing the advance account.

29. **Statement of expenditure (SOE) procedure.**<sup>33</sup> The SOE procedure may be used for reimbursement of eligible expenditures or liquidation of advances to the advance account. The ceiling of the SOE procedure is the equivalent of \$100,000 per individual payment. 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. Reimbursement and liquidation of individual payments in excess of the SOE ceiling should be supported by full documentation when submitting the withdrawal application to ADB.

30. Before the submission of the first withdrawal application, the borrower 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

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<sup>29</sup> The handbook is available electronically from the ADB website (<http://www.adb.org/documents/loan-disbursement-handbook>).

<sup>30</sup> Disbursement eLearning. [http://wpqr4.adb.org/disbursement\\_elearning](http://wpqr4.adb.org/disbursement_elearning).

<sup>31</sup> ODPM (the executing agency) is within the structure of the Cabinet Secretariat. The Cabinet Secretariat will be involved in financial management related aspects of the project implementation.

<sup>32</sup> Estimate of Expenditure sheet is available in Appendix 8A of ADB's *Loan Disbursement Handbook* (2017, as amended from time to time).

<sup>33</sup> SOE forms are available in Appendix 7B and 7D of ADB's *Loan Disbursement Handbook* (2017, as amended from time to time).

authorized person. The minimum value per withdrawal application is stipulated in the *Loan Disbursement Handbook* (2017, as amended from time to time). Individual payments below such amount should be paid (i) by the executing agency and subsequently claimed to ADB through reimbursement, or (ii) through the advance fund procedure, unless otherwise accepted by ADB. The borrower 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.<sup>34</sup>

## **2. Disbursement Arrangements for Counterpart Fund**

31. Government counterpart contributions to the project are in-kind only in terms of financing of (i) value added taxes and custom duties on goods in the form of tax exemption, and (ii) border security for the Zamyn-Uud free zone estimated at MNT9 billion (\$2.97 million equivalent). The value added tax and custom duties exemptions will be accounted for and recorded by the PIU, to properly account for the government counterpart financing for the project. The amounts exempted will be recorded as part of the cost of the assets purchased and/or services contracted.

### **C. Accounting**

32. The executing agency, through the PIU, will maintain, or cause to be maintained, separate books and records by funding source for all expenditures incurred on the project following International Public Sector Accounting Standard – accrual-based. The executing agency shall prepare the financial statements, on behalf of the borrower, in accordance with the government's accounting laws and regulations, which are consistent with international accounting principles and practices.<sup>35</sup> Reports to MOF will be prepared quarterly, semi-annually, and annually.

### **D. Auditing and Public Disclosure**

33. The executing agency, through the PIU, will cause the detailed project financial statements to be audited in accordance with International Standards on Auditing and the government's audit regulations by an independent auditor (private firm) acceptable to ADB. This will be arranged by the Mongolian National Audit Office based on a terms of reference acceptable to ADB. The audited project financial statements together with the auditor's opinion will be presented in the English language to ADB within 6 months from the end of the fiscal year by the executing agency.

34. The audit report for the project financial statements will include a management letter and auditor's opinions, which cover whether: (i) the project financial statements present an accurate and fair view or are presented fairly, in all material respects, in accordance with the applicable financial reporting standards; (ii) the proceeds of the loan were used only for the purpose(s) of the project; and (iii) the borrower or executing agency was in compliance with the financial covenants contained in the legal agreements (where applicable).

35. 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.

36. The MOF, executing and implementing agencies were made aware of ADB's approach to

<sup>34</sup> The Client Portal for Disbursements facilitates online submission of the 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>.

<sup>35</sup> Mongolian Integrated Budget Law (2012), Articles 17.1, 7.1 and 26.1.

delayed submission, and the requirements for satisfactory and acceptable quality of the audited project financial statements.<sup>36</sup> ADB reserves the right to require a change in the auditor (in a manner consistent 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.

37. Public disclosure of the audited project financial statements, including the auditor's opinion on the project financial statements, will be guided by ADB's Access to Information Policy.<sup>37</sup> After the review, ADB will disclose the audited project financial statements and the opinion of the auditors on the project financial statements no later than 14 days of ADB's confirmation of their acceptability by posting them on ADB's website. The management letter and additional auditor's opinions will not be disclosed.<sup>38</sup>

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<sup>36</sup> ADB's 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 (a) the audit documents are overdue; and (b) 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 are not 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 (a) inform the executing agency of ADB's actions; and (b) 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 are not received within 12 months after the due date, ADB may suspend the loan.

<sup>37</sup> ADB. 2018. Access to Information Policy: <https://www.adb.org/sites/default/files/institutional-document/450636/access-information-policy.pdf>

<sup>38</sup> This type of information would generally fall under access to information policy exceptions to disclosure. ADB. 2018. *Access to Information Policy*.

## VI. PROCUREMENT AND CONSULTING SERVICES

### A. Advance Contracting and Retroactive Financing

38. All advance contracting will be undertaken in conformity with ADB Procurement Policy: Goods, Works, Non-consulting and Consulting Services and Procurement Regulations for ADB Borrowers: Goods, Works, Non-consulting and Consulting Services (2017, as amended from time to time). The executing agency in accordance to government regulation on advance procurement shall submit a request to MOF and acquire necessary endorsements. The issuance of invitations to bid under advance contracting will be subject to ADB approval. The MOF, executing and implementing agencies were advised that approval of advance contracting does not commit ADB to finance the project. There will be no retroactive financing under the project.

39. **Advance contracting.** Hiring of core PIU staff with inputs of 300 person-months amounting to \$450,000 and three consulting services contracts under quality and cost-based selection for package no. CS-01: Detailed Engineering Design firm for Civil Works for Zamyn-Uud Free-zone; package no. CS-02: Free-zone management advisory firm and package no. CS-03: System upgrade for Immigration System of Mongolia (ISM) and development of Integrated Border Management (IBM) database at \$2,723,300 will likely be awarded by advance contracting.

### B. Procurement of Goods, Works, and Consulting Services

40. All procurement of goods and works will be undertaken in accordance with ADB's Procurement Regulations and Procurement Policy. Open competitive bidding will be applied to all goods and civil works contracts estimated to cost \$100,001 and above, except for package no. CW-04: Security fence, which will use limited competitive bidding due to national security matters. "Request for Quotations" will be used for contracts for works and goods valued up to \$100,000 and below.

41. In accordance with ADB requirements, foreign bidders may participate in bidding for open competitive bidding national advertisement contracts. The executing and implementing agencies have been advised of the need to maintain transparency and accountability in procuring goods and services, as required under ADB's Anticorruption Policy (1998, as amended from time to time). The relevant sections of ADB's Anticorruption Policy will be included in all bidding documents and contracts.

42. An 18-month procurement plan indicating thresholds and review procedures for goods, works, and consulting service contract packages is in Section C.

43. All consultants will be recruited according to ADB's Procurement Regulations and Procurement Policy, except recruitment of the core five PIU staff which will be recruited according to MOF Resolution No. 196. The terms of reference for all consulting services, except the five PIU staff are detailed in Section D. Consultants will be engaged using quality and cost-based selection with the standard ratio of 80:20, consultants' qualification selection, single source selection and individual consultant selection methods. The consultant recruitment will be closely monitored and supervised by ADB.

44. All civil works, goods and consulting contracts must reflect Gender Action Plan, Environmental Management Plan and social and safeguards requirements.

45. The executing agency, in consultation with the implementing agencies, will be responsible

for establishing Bid Evaluation Committees and Consultant Selection Committees for all procurement and consulting activities. Members of the Bid Evaluation Committees and Consultant Selection Committees must not in any way be involved with any of the bidders that may constitute conflict of interest.

### C. Procurement Plan

Basic Data		
Project Name: Developing the Economic Cooperation Zone		
Project Number: 51412-001	Approval Number: .....	
Country: Mongolia	Executing Agency: Office of Deputy Prime Minister	
Project Procurement Classification: Category B	Implementing Agencies: Ministry of Construction and Urban Development (MCUD) Zamyn-Uud Free Zone Governor's Office (ZUFZGO)	
Procurement Risk: Medium		
Project Financing Amount: \$ 35,760,000 ADB Financing: \$ 30,000,000 Cofinancing (ADB Administered): \$ 0.00 Non-ADB Financing: \$ 5,760,000	Project Closing Date: 30 June 2026	
Date of First Procurement Plan: 24 April 2020	Date of this Procurement Plan: 24 April 2020 Version: 0	
Procurement Plan Duration: 36 months	Advance contracting: Yes	eGP: No

#### 1. Methods, Review and Procurement Plan

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

Procurement of Goods, Works and Nonconsulting Services	
Method	Comments
OCB for Goods	All packages are subject to ADB prior review.
OCB for Works	
LCB for Works	
RFQ for Goods	All RFQ packages are subject to ADB post review.
RFQ for Works	
Consulting Services	
Method	Comments
QCBS	For consulting firm; ADB prior review; Quality-Cost Ratio: 80:20
CQS	For consulting firm; ADB prior review
SSS	For consulting firm; ADB prior review
ICS	For individual consultants; ADB prior review

ADB = Asian Development Bank, QCBS = quality- and cost-based selection, CQS= consultant qualification selection, SSS = single source selection, ICS = individual consultant selection, OCB = open competitive bidding, LCB =limited competitive bidding, RFQ = request for quotation.

## 2. List of Active Procurement Packages (Contracts)

47. The following table lists goods, works, nonconsulting, and consulting services contracts for which the procurement activity is either ongoing or expected to commence within the procurement plan's duration.

Goods, Works, and Nonconsulting Services							
Package Number	General Description	Estimated Value (\$)	Procurement Method	Review	Bidding Procedure	Advertisement Date	Comments
CW-01	Gateway Facility and specialized equipment for Zamyn-Uud Free-zone	6,167,170	OCB	Prior	1S1E	Q3/2022	Advertisement type: International  Prequalification of bidders: N  Domestic preference applicable: N  Bidding document: Small Works (to be confirmed after detailed engineering design)
CW-02	Roads (4-Lane Road (X-Border Link) and 2-Lane Road including landscape, sidewalk, center median, lighting)	3,854,591	OCB	Prior	1S1E	Q3/2023	Advertisement type: National  Prequalification of bidders: N  Domestic preference applicable: N  Bidding document: Small Works
CW-03	Underground infrastructure work	8,203,627	OCB	Prior	1S1E	Q3/2022	Advertisement type: International  Prequalification of bidders: N  Domestic preference applicable: N  Bidding document: Small Works
CW-04	Security Fence	605,000	LCB	Prior	1S1E	Q1/2023	Advertisement type: National  Prequalification

Goods, Works, and Nonconsulting Services							
Package Number	General Description	Estimated Value (\$)	Procurement Method	Review	Bidding Procedure	Advertisement Date	Comments
							of bidders: N  Domestic preference applicable: N  Bidding document: Small Works  Shall follow the specifications of the General Authority of Border Protection.
RFQ-01	Equipment and furniture for PIU	50,000	RFQ	Post	1S1E	Q4/2020	Prequalification of bidders: N  Domestic preference applicable: N  Bidding document: RFQ Goods  Comments: Estimated value excludes tax
RFQ-02	PIU vehicle	50,000	RFQ	Post	1S1E	Q4/2020	Prequalification of bidders: N  Domestic preference applicable: N  Bidding document: RFQ Goods  Comments: Estimated value excludes tax

Consulting Services							
Package Number	General Description	Estimated Value (\$)	Selection Method	Review	Type of Proposal	Advertisement Date	Comments
CS-01	Detailed Engineering Design firm for Civil Works for Zamyn-Uud Free-zone	719,800	QCBS	Prior	STP	Q3/2020	Assignment: International  1 international consultant (10 person-months), 14 national consultants (81 person-months), intermittent

Consulting Services							
Package Number	General Description	Estimated Value (\$)	Selection Method	Review	Type of Proposal	Advertisement Date	Comments
							Quality-Cost Ratio: 80:20
CS-02	Free-zone management advisory firm	1,300,950	QCBS	Prior	FTP	Q3/2020	Assignment: International  4 international consultants (39 person-months), 4 national consultants (102 person-months), intermittent  Quality-Cost Ratio: 80:20
CS-03	System upgrade for Immigration System of Mongolia (ISM) and development of Integrated Border Management (IBM) database	702,550	QCBS	Prior	STP	Q2/2020	Assignment: International  8 international consultants (31 person-months), 5 national consultants (38 person-months)
CS-05	Trade Facilitation, Border Management and ICT Advisor	103,250	ICS	Prior	N/A	Q4/2020	1 international consultant, 6 person-months, intermittent
CS-06	Environment safeguards specialist	48,000	ICS	Prior	N/A	Q4/2020	1 national consultant (PIU support), 24 person-months, intermittent
CS-07	Social and gender development specialist	48,000	ICS	Prior	N/A	Q4/2020	1 national consultant (PIU support), 24 person-months, intermittent
CS-08	Monitoring and evaluation specialist	24,000	ICS	Prior	N/A	Q4/2020	1 national consultant (PIU support), 12 person-months, intermittent
CS-04	Training solutions firm (Social and Gender activities)	81,000	CQS	Prior	N/A	Q1/2022	National  4 national consultants (18 person-months) Intermittent

### 3. List of Indicative Packages (Contracts) Required under the Project

48. The following table lists goods, works, nonconsulting, and consulting services contracts for which the procurement activity is expected to commence beyond the procurement plan duration and over the life of the project (i.e. those expected beyond the current procurement plan's duration).

Goods, Works and Nonconsulting Services						
Package Number	General Description	Estimated Value (\$)	Procurement Method	Review	Bidding Procedure	Comments
GD-01	Zamyn-Uud Free Zone port entry system equipment	562,500	OCB	Prior	1S1E	Advertisement type: International  Prequalification of bidders: N  Domestic preference applicable: N  Bidding document: Goods, SBD agreed by ADB  Comments: Estimated value excludes tax
CW-05	Landscape and Climate Change Adaptation	600,000	OCB	Prior	1S1E	Advertisement type: National  Prequalification of bidders: N  Domestic preference applicable: N  Bidding document: Small Works

Consulting Services						
Package Number	General Description	Estimated Value (\$)	Selection Method	Review	Type of Proposal	Comments
CS-09	Construction Supervision firm for Civil Works for Zamyn-Uud Free-zone	484,400	SSS	Prior	STP	Potential downstream assignment of CS-01 (Upon satisfactory completion of the service under CS-01, the consultant will be contracted for construction supervision task as approved by the Client. If not satisfactory, an open competitive selection through CQS will be initiated)

**D. Consultant's Terms of Reference**

49. The outline terms of reference for the consulting services are detailed in Appendix 1.

## VII. SAFEGUARDS

### Environment

50. The project is classified as category B for environment. The Initial Environment Examination (IEE) and the Environmental Management Plan (EMP) were prepared and disclosed locally and at ADB website, followed by public consultations. The IEE concludes that with full implementation of the EMP together with the project assurances, adverse environmental impacts will be minimized in compliance with the policy and regulatory standards applied to this project.

51. **EMP implementation.** The executing agency through the PIU will be responsible for EMP implementation and ensure that the project will be designed, constructed, decommissioned, and operated in accordance with (i) the national and local environmental, health, and safety laws, regulations, procedures, and guidelines; (ii) the ADB's Safeguard Policy Statement (SPS),<sup>39</sup> and (iii) the IEE including the EMP, and support any corrective or preventative actions (a) set forth in a safeguards monitoring report.

52. The executing agency holds final and overall responsibility for implementation of and compliance with the SPS and will ensure adequate budget and staff resources are allocated for the EMP implementation. The implementing agencies will support the implementation of the EMP through the PIU in charge of day to day work. An environmental specialist (national, intermittent consultant) will assist the PIU and implementing agencies in terms of supervision, monitoring and reporting of the EMP implementation.

53. During the preparation stage, the implementing agencies through the PIU will provide the EMP to the design firms contracted to prepare the detailed engineering design for the project. The PIU will provide the specification clauses for incorporation into the bidding documents for civil work contractors and supervision engineers: (i) a list of environmental requirements to be budgeted by the bidders in their bids; (ii) environmental clauses for contractual terms and conditions; and (iii) the project IEE and EMP. The EMP shall be included in contract documents requiring contractors to comply with all applicable provisions and requirement, and requiring supervision engineers to check the undertaking of the EMP measures by the contractors.

54. During construction, the (supervision) engineer and its resident engineers who will be on site daily will carry out routine checking of the EMP implementation. They need to submit to the PIU monthly reports on civil work progress and quality as well as contractors' performance on the EMP. The PIU assisted by its environmental specialist will carry out random spot checks, request preventative or corrective actions, and record in writing, the findings and any responses to their requests. Quantitative monitoring as specified in the EMP will be undertaken by external monitoring consultant engaged by the PIU. The monitoring will include testing results, determining compliance with applicable standards, and analyzing reasons for any non-compliance. Based on the above reports from different layers of supervision and monitoring, the PIU assisted by the environmental specialist will compile periodic report as specified in the EMP and loan agreement to the ADB on the project's EMP implementation.

55. During operation phase, the environmental management guidelines developed as part of the EMP will provide guidance and direction on procedures and requirements for all stakeholders (including the Zamyn-Uud free zone authorities, investors or operators) to ensure: (i) investments are selected appropriately considering environmental conditions and resources constraints,

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<sup>39</sup> ADB. 2013. Safeguard Policy Statement. *Operations Manual*. OM F1. Manila.

including water availability, treatment capacity for discharge and emissions; (ii) compliance with applicable environmental regulations and standards; and (iii) long-term sustainability of the Zamyn-Uud free zone within the resource constraints, especially water supply, wastewater treatment and waste disposal, by careful and appropriate sharing of resources with the Zamyn-Uud *soum* that is also dependent on the common pool of resources.

56. A project-level grievance redress mechanism (GRM) will be established in compliance with ADB's SPS and domestic requirement and practice to receive and facilitate resolution of complaints about the project during the construction and operation phases. The GRM includes procedures for receiving grievances, documenting key information and evaluating and responding to the complaints in a reasonable time to address environmental, health and safety concerns associated with the project construction and operation. The proposed GRM, including a time-bound flow chart of procedures is specified in the project EMP.

57. **Capacity building.** To ensure effective implementation of the EMP, a capacity building program is designed in the EMP to train all parties involved in the project on EMP implementation, supervision, reporting, and the GRM. Training will be provided mainly by the environment consultant of the PIU and for construction, jointly by supervision engineers. Trainees will mainly include the PIU/ implementing agency staff, contractors, and operators of CBEZ investments. Training programs will cover adjustment and implementation of the EMP, GRM, mitigation measures, monitoring, and reporting for both construction and operation phase.

58. **Involuntary resettlement and indigenous peoples.** The project has been classified as category C for resettlement and category C for indigenous peoples following ADB's SPS. A Due Diligence Report for the proposed project confirms that there are neither any involuntary land acquisition nor resettlement impacts nor impacts on any specific ethnic minority communities that would trigger the requirements of ADB's SPS. The project area where infrastructure and facilities will be constructed or installed are within the government-owned lands. If due to unforeseen circumstances, the project involves any such impacts during detailed design and project implementation, the executing agency will ensure that the project will comply with the applicable laws and regulations of Mongolia and ADB's SPS.

59. **Prohibited investment activities.** Pursuant to ADB's SPS, ADB funds may not be applied to the activities described on the ADB Prohibited Investment Activities List set forth at Appendix 5 of the ADB's SPS.

## VIII. GENDER AND SOCIAL DIMENSIONS

60. Social and poverty analysis, gender assessment and consultations with government and non-government stakeholders were undertaken during the project preparation. About 6,000 women (or 32% of the total population in Zamyd-Uud *soum*) are engaged in informal trade and cross the Zamyn-Uud BCP on a daily basis. There is a limited understanding of how a zone operates and some concerns of losing source of livelihood or prevalence of illegal activities. The Zamyn-Uud BCP is also one of Mongolia's main BCP, and with no visa requirements for Mongolians entering the PRC, potential victims of human trafficking may be transported through the said BCP. The project will develop a gateway (output 1) and port of entry system (output 3) between the Zamyn-Uud free zone and the Erenhot pilot zone as part of the cooperation zone. This will be a similar but limited BCP-type of arrangement which aims to facilitate movement of cargo and people, it will support border security and social safety (especially to thwart human trafficking). The findings and feedback were considered in the design of the project to maximize the positive impact to local communities.

61. **Gender Action Plan (GAP).** The project is classified as *effective gender mainstreaming*. A GAP<sup>40</sup> and a summary poverty reduction and social strategy<sup>41</sup> were prepared to guide the implementation of the project, which includes:

- (i) an integrated approach to prevent human trafficking that can serve as good practice for other free zones in the country, specifically, by: (a) developing a biometric recognition system for the zone to be aligned with the Customs Automated Information System supported under the ADB regional improvement of border services project; (b) supporting an anti-human trafficking campaign, including trainings for government agencies, and operators in the Zamyn-Uud free zone, and communities in Zamyd-Uud *soum*, which could be done in collaboration with specialized non-government organizations;
- (ii) promotion of hiring of skilled women by the free zone investors after project completion and/or when the free zone commences full operation;
- (iii) piloting an entrepreneurship training program for women traders to improve their business capacities and potential transition to the formal economy;
- (iv) assessing the potential of a trader's market within the free zone, including regulation, financial sustainability, and willingness and capacity to pay by traders;
- (v) establishing a database to match investors with local job seekers particularly, unemployed female, in collaboration with the Labor Division of Zamyd-Uud *soum*; and
- (vi) enhanced awareness on zone operation and guidelines with gender equality provisions.

62. **GAP implementation and monitoring.** The executing agency will have the overall responsibility for the project. The implementing agencies will be responsible for implementing and monitoring the GAP through the PIU. The implementing agencies will assign an official as gender focal point to oversee implementation of the GAP. The PIU will engage a social and gender specialist and/or consultant on an intermittent basis to (a) enhance capacity of executing agency and implementing agencies on implementing the GAP and (b) ensure compliance with social safeguards through monitoring and report preparation on progress and achievement of targets. The PIU will integrate monitoring of the GAP into the Project Management Information System. Sex-disaggregated data will be collected as needed in all consultations, workshops, surveys, jobs

<sup>40</sup> Gender Action Plan (accessible from the list of linked documents in the report and recommendation of the President).

<sup>41</sup> Summary Poverty Reduction and Social Strategy (accessible from the list of linked documents in the report and recommendation of the President).

created as part of the project in the free zone, etc. GAP implementation and progress towards targets will be reported as part of periodic project reports and in the project completion report. ADB staff with gender expertise will participate in review missions.

**Table 11: Gender Action Plan**

<b>Actions</b>	<b>Indicators/Targets</b>	<b>Budget and Sources</b>	<b>Timeframe</b>	<b>Responsible Agencies</b>
<b><i>Output 1: Zamyn-Uud free zone infrastructure and facilities constructed and operational</i></b>				
1. Detailed design of Zamyn-Uud free zone infrastructure and facilities integrate gender-sensitive elements <sup>a</sup>	1.1 Gateway complex with a warehouse, control space shed, gender-specific washrooms and inspection platform constructed (2019 baseline: 0)	Output 1	2020–2021	MCUD, ZUFZGO
2. Civil work contractors are required to organize awareness training on HIV/AIDS and GBV for all construction workers	2.1 100% of construction workers (100% of female workers) trained on GBV, HIV/AIDS in the free zone (2019 baseline: 0)	Civil works contracts	2022–2025	MCUD, ZUFZGO, Civil work contractors
<b><i>Output 2: Sustainable operations and management of Zamyn-Uud free zone promoted</i></b>				
3. Integrate national labor law regulations and national gender equality policy in the free zone operations manual for investors <sup>b</sup>	3.1 30 officials trained and report improved skills based on new business and marketing strategies and guidelines with gender equality provisions implemented (2019 baseline: 0)	Project's capacity building budget	2020–2024	MCUD, ZUFZGO
4. Entrepreneurship training program developed and implemented for small-scale women traders in Zamyd-Uud <sup>c</sup>	4.1. 150 women traders trained in entrepreneurship program and reported improved business development skills (2019 baseline: 0)	Project's capacity building budget	2021–2023	PIU, ZUFZGO
5. Awareness trainings on HIV/AIDS and GBV for surrounding communities	5.1. GBV and HIV/AIDS awareness sessions conducted in at least three <i>baghs</i> <sup>d</sup> 5.2. at least 200 participants (30% women) in awareness sessions conducted report increased awareness on GBV and HIV/AIDS (2019 baseline: 0)	Project's capacity building budget	2020–2025	MCUD, ZUFZGO, Civil work contractors
6. Create job opportunity for women in the management, operation and maintenance in the free zone	6.1. 40 new skilled jobs created in management of the free zone of which 30% for women (2019 baseline: 5%)	Government policy	2021–2025	MCUD, ZUFZGO
7. Develop a free zone database of jobs available to link companies with the free zone and coordinate with	7.1 Sex-disaggregated data collected and reported on jobs for local people created by the free zone (2019 baseline: 0)	Project's capacity building budget	2021–2025	ZUFZGO

the Labor division of Zamyn-Uud <i>soum</i>				
8. Assessment conducted on establishing a trader's market in the free zone, including (i) regulation in the free zone, (ii) economic and financial analysis, (iii) assessment of capacity and willingness to pay by female traders <sup>e</sup>	8.1. Assessment and recommendations completed on the establishment of a trader's market in the free zone (2019 baseline: trader's market potential not assessed)	Project's capacity building budget	2021–2023	PIU, ZUFZGO
9. Increase awareness of local communities and communicate regularly including small-scale women traders regarding the aim, scope and economic opportunities in the free zone	9.1. At least 20 information-sharing sessions conducted (2019 baseline: not applicable)  9.2. At least 30% of the information sharing participants are women small-scale traders <sup>f</sup> (2019 baseline: not applicable)	Project's capacity building budget	2021–2025	PIU, ZUFZGO
<b>Output 3: Zamyn-Uud free zone port of entry system established</b>				
10. Develop and implement integrated solutions to prevent trafficking in people through the free zone	10.1 Passenger and vehicle inspection system such as digital surveillance and facial biometric recognition operational (2018 baseline: system no available)  10.2 At least 70 officials trained, of which 30% are women, on regulation and protocols that report increased understanding on dealing with human trafficking <sup>g</sup> (2019 baseline: 0)	Output 3 and Project's capacity building budget	2020–2025	MCUD, ZUFZGO

GBV= gender based violence; HIV/AIDs = human immunodeficiency virus/acquired Immunodeficiency syndrome, MCUD = Ministry of Construction and Urban Development, PIU = project implementation unit, ZUFZGO = Zamyn-Uud Free Zone Authority Governor's Office.

<sup>a</sup> Gender sensitive elements include gender specific washroom, inspection and/or processing facilities, fully accessible design; all roads equipped with sidewalks and street lighting for security; and the project's land use planning includes space for potential daycare and/or public health facilities in close proximity to the gateway.

<sup>b</sup> Such as labor standards to decent working conditions, equal pay for equal work, equal opportunities and preventing discriminatory practices in hiring as per Mongolian Labor Law, and the Law on Promotion of Gender Equality included in the operations manual for investors.

<sup>c</sup> Courses can include business plan development, financial management, financial statements, budgeting, strategy and marketing, leadership, etc.

<sup>d</sup> Target *Baghs* include 3,4, and 5.

<sup>e</sup> The assessment to be carried out by the capacity building business development advisor jointly with the social and gender development specialist. The task has been included in their respective terms of reference and is available in the project administration manual.

<sup>f</sup> Information and/or awareness sessions conducted quarterly during the five years of implementation of the project.

<sup>g</sup> Including police officers, immigration officers, customs officers, judges and prosecutors, local government officers, border protection, inspection officers of the General Agency for Specialized Investigation, and management and staff of free zone. Source: Asian Development Bank.

## IX. PERFORMANCE MONITORING, EVALUATION, REPORTING, AND COMMUNICATION

### A. Project Design and Monitoring Framework (DMF)

<b>Impacts the Project is Aligned with</b> Economic diversification and trade linkages with global and regional value chains enhanced (CAREC Integrated Trade Agenda 2030, Pillar 2) <sup>a</sup>			
<b>Results Chain</b>	<b>Performance Indicators with Targets and Baselines</b>	<b>Data Sources and Reporting Mechanisms</b>	<b>Risks</b>
<b>Outcome</b> Economic activities and employment in Zamyn-Uud free zone generated	By 2026: a. At least 50 investors are operating in Zamyn-Uud free zone (2019 baseline: 0)  b. Value of trade and investment from Zamyn-Uud free zone increased (2019 baseline: 0) (RFI A)  c. 1,000 new jobs generated (2019 baseline: 0) (RFI B)	a. Annual report from the Governor's Office of the Zamyn-Uud Free Zone  b.–c. Trade exports, imports statistics from MCGA; National Statistics Office	Change in government leadership impacts trade priorities and policies  Prolonged COVID-19 crisis and continued global trade tensions affect trade flows  Declining water quality and quantity affect zone expansion and the local community
<b>Outputs</b> 1. Zamyn-Uud free zone infrastructure and facilities constructed and operational	By 2025: 1a. About 3 kilometers of primary four-lane and secondary two-lane roads with sidewalks and streetlights; underground pipes for heating, water supply, and wastewater collection; power transmission lines; solid waste management station and recycling center; and security fence constructed (2019 baseline: 0) 1b. Gateway complex with a warehouse, control space shed, gender-specific washrooms, and inspection platform constructed (2019 baseline: 0) (RFI C)	1a.–1c. Progress and completion reports from the PIU and contractors	Reduced state resources to operate and maintain linked and associated facilities assigned to state-owned enterprises may impact operation of project facilities  Delay in parliamentary ratification of the agreement on economic cooperation zone

Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting Mechanisms	Risks
	1c. Gateway equipment, including cargo and passenger automatic x-ray and radiation detection equipment, installed (2019 baseline: 0) (RFI C)		
2. Sustainable operations and management of Zamyn-Uud free zone promoted	<p>By 2025:</p> <p>2a. Appropriate model of PPP to support efficient zone operation and sustainable maintenance designed (2019 baseline: no PPP model) (RFI D)</p> <p>2b. At least 30 officials trained and report improved skills based on new business and marketing strategies and guidelines with gender equality provisions implemented (2019 baseline: 0) (RFI E)</p> <p>2c. At least 150 women traders trained in entrepreneurship program and reporting improved business development skills (2019 baseline: 0) (RFI F)</p> <p>2d. At least 200 participants (30% women) in awareness sessions conducted in at least three <i>baghs</i> (brigades) reporting increased awareness on gender-based violence and HIV/AIDS (2019 baseline: 0)</p>	2a.–2d. Progress and completion reports from the PIU; progress report from the implementing agencies	
3. Zamyn-Uud free zone port of entry system established	<p>By 2025:</p> <p>3a. Passenger and vehicle inspection system with the use of digital surveillance and facial biometric recognition operational (2019 baseline: System not available) (RFI C)</p> <p>3b. Integrated border management database that is linked with MCGA, GASI, and immigration systems established (2019 baseline:</p>	3a.–3b. Progress and completion report from the PIU, GASI, MCGA, General Authority for Border Protection, and Mongolian Immigration Agency	

Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting Mechanisms	Risks
	Database not established) (RFI C)		
<b>Key Activities with Milestones</b> <b>1. Zamyn-Uud free zone infrastructure and facilities constructed and operational</b> 1.1 Cabinet approves Zamyn-Uud master plan and DED recruitment (Q3 2020–Q3 2021). 1.2 Prepare DED (Q2 2021–Q1 2022). 1.3 Approve DED (Q2 2022). 1.4 Issue invitation to bid procurement contracts (Q3 2022). 1.5 Award contracts for goods, works, and services (Q1 2023). 1.6 Construct, install, inspect, and maintain project facilities (Q2 2023–Q4 2025). <b>2. Sustainable operations and management of Zamyn-Uud free zone promoted</b> 2.1 Assess potential PPP arrangement and design appropriate PPP model (Q4 2020–Q4 2022). 2.2 Develop business and market strategies and guidelines (Q1 2021–Q4 2024). 2.3 Provide institutional capacity-building and advisory support for zone management and operations (Q4 2021–Q3 2025). 2.4 Provide project management capacity building to executing agency, implementing agency, and project steering committee staff (Q3 2021–Q2 2023). 2.5 Roll out trainings for business and market strategies, guidelines, and gender action plan (Q3 2021–Q2 2023). <b>3. Zamyn-Uud free zone port of entry system established</b> 3.1 Establish interagency and intergovernmental coordination mechanisms (Q4 2020–Q3 2025). 3.2 Design port-of-entry systems for passenger and vehicle inspection and integrated border management database (Q4 2020–Q2 2022). 3.3 Conduct business process analysis of customs and port-related functions (Q4 2021–Q2 2022). 3.4 Develop information and communication technology module and implementation for port-of-entry systems (Q4 2022–Q4 2025). 3.5 Roll out campaign to prevent trafficking in people (Q1 2022–Q4 2025). <b>Project Management Activities</b> Advance procurement action and establish PIU Skills assessment and training Award procurement packages, consider advance procurement action Undertake monitoring and evaluation			
<b>Inputs</b> ADB: \$30 million (concessional ordinary capital resources loan) Government of Mongolia: \$5.76 million (in-kind contribution and exemptions from value-added taxes on goods and civil works, and customs duties on goods)			

ADB = Asian Development Bank, CAREC = Central Asia Regional Economic Cooperation, DED = detailed engineering design, GASI = General Agency of Specialized Inspection, MCGA = Mongolia Customs General Administration, PIU = project implementation unit, PPP = public–private partnership, Q = quarter, RFI = results framework indicator.

<sup>a</sup> ADB. 2019. *CAREC Integrated Trade Agenda 2030 and Rolling Strategic Action Plan 2018–2020*. Manila.

**Contribution to the ADB Results Framework:**

RFI A: Trade and investment facilitated (\$). Expected: \$30,000,000.

RFI B: Jobs generated (number). Expected: 1,000.

RFI C: Measures to develop existing and/or new cross-border economic corridors supported in implementation. Expected: 1.

RFI D: Measures supported in implementation to improve capacity of public organizations to promote the private sector: 1.

RFI E: Government officials with increased capacity to design, implement, monitor, and evaluate relevant measures. Expected: 30.

RFI F: Women enrolled in technical and vocational education and training and other job training. Expected: 150.

Source: Asian Development Bank.

## B. Monitoring

63. **Project performance monitoring.** The PIU will establish an appropriate project performance monitoring system within one year of effectiveness following the design and monitoring framework indicators. The PIU will, in consultation with ADB, develop a set of project performance monitoring indicators consistent with the ADB Guidelines for Preparing a design and monitoring framework. Monitoring and evaluation reports will be submitted by the PIU to ADB on a semiannual basis.<sup>42</sup>

64. The executing agency, supported by the PIU, will exercise rigorous monitoring to ensure expeditious contract awards and disbursement. In this respect, actions will include:

- (i) To avoid delays in bid evaluation resulting from contractors' submission of incomplete bids, a standard bidding document issued by ADB will be used. This will be further discussed during pre-bid meetings;<sup>43</sup>
- (ii) Monitoring of agreed time-bound activities from preparation of bid evaluation report (BER) to the contract award will be carried out using Consultant Recruitment Activity Monitoring sheet for recruitment of consultants and Procurement Contract Monitoring Record sheet for other procurements, as agreed between ADB and the executing agency; and
- (iii) For ADB monitoring, consultants shall copy to ADB project officer the interim payment certificates, which will help intensify ADB's monitoring, expedite withdrawal application processing and payments to contractors, and consequently improve the project implementation progress.

65. **Compliance monitoring.** The compliance status of loan covenants will be reported and assessed through the quarterly progress reports and verified by ADB review missions.

66. **Safeguards monitoring.** The project has been classified as category B for environment, and category C for involuntary resettlement and indigenous peoples. Minor risks could result from the implementation of Output 1, however, these risks can be avoided through good construction and supervision. The PIU, through its external consultants, will be responsible for supervising the contractors and report any environmental or grievance issues to be included in the quarterly progress reports.

67. The project monitoring program focuses on the environment in the project areas of influence. The environmental monitoring program is included in the project EMP, including parameters, time and frequency, implementing and supervising agencies, and estimated costs. The PIU will be responsible for conducting environmental monitoring in accordance with the monitoring plan. Monitoring will be conducted during construction and operational periods, until a project completion report (PCR) is issued. ADB will oversee the compliance on the basis of annual environmental monitoring reports provided by the PIU and review missions.

68. The environmental monitoring reports will include (i) progress made in the EMP implementation, (ii) overall effectiveness of the EMP implementation (including public and occupational health and safety), (iii) environmental monitoring and compliance, (iv) institutional strengthening and training, (v) public consultation (including GRM), and (vi) any problems encountered during construction and operation, and the relevant corrective actions undertaken.

<sup>42</sup> ADB's project performance reporting system is available at <http://www.adb.org/Documents/Slideshows/PPMS/default.asp?p=evaltool>

<sup>43</sup> Practices may be different from one SBD/BD to another, correct list shall be used.

69. **Gender and social dimensions monitoring.** A GAP has been developed with ten actions and twelve indicators and targets. The executing agency and implementing agencies, through the PIU, will monitor the implementation of actions and of progress towards achievement of set targets. Issues and results will be reported in the quarterly and annual progress reports, including a narrative section and a matrix detailing the actions and distance to targets. The achievements and results towards gender equality will be reported in a dedicated appendix in the PCR. Sex-disaggregated data will be collected and reported as needed throughout the project for all relevant information (participants in training, consultation, beneficiaries, etc.).

## C. Evaluation

70. ADB will field an inception mission within three months after signing of the loan agreement. ADB and the government will jointly undertake reviews of the project at least once a year. The reviews will assess progress in each output, identify issues and constraints, and determine necessary remedial actions and adjustments. The government and ADB will undertake a comprehensive midterm review in the second year of project implementation. The midterm review will (i) review the design, and implementation arrangements and identify adjustments required; (ii) assess the progress of project implementation against performance indicators; and (iii) recommend changes in the design or implementation arrangements, if necessary. Within six months of physical completion of the Project, the executing agency will submit the PCR to ADB.<sup>44</sup>

## D. Reporting

71. The executing agency, through the PIU, will provide ADB with (i) quarterly progress reports in a format consistent with ADB's project performance reporting system; (ii) consolidated annual reports including (a) progress achieved by output as measured through the indicator's performance targets, (b) key implementation issues and solutions, (c) updated procurement plan, and (d) updated implementation plan for the next 12 months; and (iii) a PCR within 6 months of physical completion of the project. To ensure that projects will continue to be both viable and sustainable, project accounts and the project audited financial statements, together with the associated auditor's report, should be adequately reviewed.

## E. Stakeholder Communication Strategy

72. Various stakeholders have been consulted in the process of developing the design and implementation measures of the project. Key stakeholders include: (i) government agencies responsible for the design and implementation of the project; (ii) industry associations like the Chamber of Commerce and Green Council; (iii) development partners actively involved in the sector; and (iv) non-government organizations.

73. Public information of project components during detailed design and prior to construction will be undertaken.

Project Documents	Means of Communication	Responsible Party	Frequency	Audience(s)
Project Data Sheet	ADB's website	ADB	semi-annually	General Public
Report and Recommendation of the President	ADB's website	ADB	upon approval by the Board	General Public
Legal Agreement	ADB's website	ADB	upon signing	General Public

<sup>44</sup> Project completion report format is available at:  
<https://www.adb.org/projects/documents/doctype/Completion%20Reports>

Social Monitoring Reports	ADB's website	ADB	routinely disclosed	General Public, project-affected people in particular
Initial Environmental Examination	ADB's website	ADB	upon approval by the Board	General public, project affected people in particular
Major Change in Scope	ADB's website	ADB	upon approval of such change	General Public
Completion Report	ADB's website	ADB	upon circulation to the Board	General Public
Independent Evaluation Report	ADB's website	ADB	upon circulation to Management and the Board	General Public

ADB = Asian Development Bank.

## **X. ANTICORRUPTION POLICY**

74. ADB reserves the right to investigate, directly or through its agents, any violations of the Anticorruption Policy relating to the project.<sup>45</sup> All contracts financed by ADB shall include provisions specifying the right of ADB to audit and examine the records and accounts of the executing agency and all project contractors, suppliers, consultants, and other service providers. Individuals and/or 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.<sup>46</sup>

75. To support these efforts, relevant provisions are included in the loan agreements and the bidding documents for the project.

## **XI. ACCOUNTABILITY MECHANISM**

76. 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 an effort in good faith 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.<sup>47</sup>

## **XII. RECORD OF CHANGES TO THE PROJECT ADMINISTRATION MANUAL**

77. All revisions and/or updates during the course of implementation should be retained in this section to provide a chronological history of changes to implemented arrangements recorded in the project administration manual, including revision to contract awards and disbursement schedules.

<sup>45</sup> Anticorruption Policy: <https://www.adb.org/sites/default/files/institutional-document/32026/anticorruption.pdf>

<sup>46</sup> ADB's Integrity Office web site: <https://www.adb.org/site/integrity/main>

<sup>47</sup> Accountability Mechanism: <https://www.adb.org/site/accountability-mechanism/main>.

## APPENDIX 1: INDICATIVE TERMS OF REFERENCE

### A. CONSULTING FIRM TO PREPARE DETAILED ENGINEERING DESIGN AND PROVIDE CONSTRUCTION SUPERVISION OF INFRASTRUCTURE AND GATEWAY FACILITIES (Output 1)

- Consulting services of a total of 275 person-months of national expert inputs. Inputs will be split approximately 163 person-months for Component 1: Detailed Engineering Design (DED) and 112 person-months for Construction Supervision. The Consultants will report to the project implementation unit (PIU).

#### 1. SCOPE OF WORK

**Output 1** includes design, construction and commissioning of:

- Infrastructure networks to complete and extend what currently exists, including individual lot connections;
- A Gateway facility as the entry/exit point to the Zamyn Uud Free Zone (ZUFZ) and containing immigration, customs, inspection and border protection services;
- A security fence around the Phase 1 lands and the approximate 800 meters link to the Erenhot portion of the economic cooperation zone; and
- Landscaping and climate change adaptation features.

**Table 1: Civil Works Components**

	Component	Details	Extent/ No.
1.	Infrastructure	a. 2-lane roads, sidewalks, drainage and lighting	4.21 km
		b. 4-lane road, sidewalks, drainage and lighting	2.45 km
		c. water supply network plus lot connections	9.94 km
		d. waste water network plus lot connections	7.55 km
		e. district heating network plus lot connections	9.15 km
		f. power supply network plus lot connections	7.43 km
		g. solid waste transfer and recycle station	1
2.	Gateway	a. main office building	1
		b. entry/exit gateways	7 tbc
		c. inspection sheds	2 tbc
		d. storage facilities	1 tbc
		e. inspection equipment and enclosures	tbc
		f. roadways, parking, sidewalks, lighting, landscaping	tbc
		g. fencing	1.2 km tbc
3.	Security Fence		9.25 km
4.	Landscaping		tbc

km = kilometer, tbc = to be confirmed.

#### 1.1 Detailed Engineering and Architectural Design

- Review information provided by the Government of Mongolia (GOM) on the extent, detailed design and operational condition of existing infrastructure and related facilities within the ZUFZ to which this project's work will connect. This should

- include as-built drawings and GOM's field confirmation report on existing facility conditions and operability;
- b. Review transaction technical assistance (TRTA) draft conceptual land use, infrastructure and facilities' planning. Confirm existing lot allocations and propose sub-division planning for the balance of Phase 1 lands. In collaboration with the appropriate stakeholders, including the executing agency and implementing agencies, prepare a revised Phase 1 land use plan for approval by the PIU, appropriate authorities and the Asian Development Bank (ADB);
  - c. Assess the detailed requirements for all infrastructure components based on existing infrastructure, proposed land uses, known and potential developments, climatic and geophysical conditions, Mongolian design and construction standards, global good practice;
  - d. DED and construction will include the addition of individual lot connections to the existing infrastructure networks if these do not exist and in accordance with the completed, approved sub-division plan for all of Phase 1;
  - e. Conduct geotechnical soils tests as necessary for structural design of subprojects and in compliance with all applicable Mongolian standards;
  - f. Prepare conceptual engineering design drawings for all infrastructure and components for review and approval by the PIU, appropriate authorities and ADB;
  - g. Prepare draft and final detailed engineering design drawings, specifications, bills of quantity and cost estimates for all infrastructure components. Obtain approvals from appropriate authorities and ADB;
  - h. Consider how, and make provision for, future connections and infrastructure extensions to potential future development Phases of the ZUFZ as proposed in the revised 2020 Master Plan while ensuring efficient Phase 1 self-sufficiency;
  - i. Assess detailed requirements for the Gateway facility in consultation with the appropriate authorities including Immigration, Customs, Border Protection, MCUD;
  - j. Prepare conceptual architectural design drawings for all Gateway facilities and site development components including 3D renderings of full Gateway development. Obtain approvals from appropriate authorities and ADB;
  - k. Prepare draft and final detailed architectural construction drawings (architectural, structural, mechanical (HVAC, water, sanitation) electrical, site development), specifications and cost estimates for all Gateway components. Obtain approvals from appropriate authorities and ADB;
  - l. Prepare bidding documents for all infrastructure and Gateway components in separate procurement packages in accordance with the project's Procurement Plan. Use standard ADB documents with all necessary information including: detailed technical specifications; bills of quantity; detailed construction drawings that permit contractors to carry out construction; specific conditions of contract; evaluation criteria. Documents must also be in compliance with Mongolian standards and include the following sections:
    - Section I Invitation for Bids (IFB)
    - Section II Instruction to Bidders (ITB)
    - Section III Sample Forms of Bid, Qualification Information, Letter of Intention to Award, Letter of Acceptance and Agreement
    - Section IV General Condition of Contract (GCC)
    - Section V Special Condition of Contract (SCC)
    - Section VI Specifications
    - Section VII Drawings
    - Section VIII Bill of Quantities
    - Section IX Sample Forms of Securities

- m. Where there is a substantial modification from the TRTA feasibility study for whatever reason, this should be agreed with the Office of the Deputy Prime Minister (ODPM). Any cost deviation over 10% from the feasibility study costs should be agreed with ADB and the PIU;
- n. Draft the bid invitation and assist the PIU in its issuance; prepare any required addendums and clarifications to bidders' queries for the PIU's response;
- o. Participate in and advise on bidding procedures, bid evaluation, contractor selection and contracting procedures in accordance with Mongolian and ADB procurement standards; The Consultant will assist the client in responding to technical details related to bidding including design, specification, and other requirements or inquiries raised at that time. Assist the Client in evaluating bids as a technical, non-voting member of the bid evaluation panel;
- p. Undertake all work in full compliance with all applicable Mongolian legislation, rules, regulations and standards and in accordance with ADB requirements;
- q. Undertake all work in full compliance with all applicable international protocols including those related to climate change, environment and international trade;
- r. Prepare all designs, specifications and bidding documents to incorporate identified climate change adaptation and mitigation measures; and
- s. Provide all necessary support to the PIU and the government regarding communicating with and reporting to all relevant authorities including the ADB, relevant Ministries, government bodies, and other relevant stakeholders as and when needed.

## 1.2 Construction Supervision

Upon satisfactory completion of the Component 1, DED, the Consultant will be contracted for construction supervision task as approved by the Client.

- a. Work as the client's (PIU) representative as defined in the conditions of contracts;
- b. On behalf of the client administer both the goods and the civil works' contracts, make engineering decisions, be responsible for quality assurance, provide general guidance and furnish timely responses to the suppliers and contractors in all matters relating to the goods and civil works, and ensure that all clauses of the contract agreement between the suppliers/contractors and PIU are respected;
- c. Assure submission and advise PIU on the adequacy of the Contractors' insurance policies, performance guarantees and advance payment guarantees;
- d. Provide a resident construction inspector in Zamyn-Uud during seasonal construction periods;
- e. Regularly inspect and monitor physical and financial progress of construction works against the milestones as per the contract so as to ensure completion of contract in a timely manner;
- f. Conduct inspections in accordance with GOM and ADB standards;
- g. Monitor and enforce the adequacy of contractors' inputs in terms of material, equipment, construction machinery, labor, construction approach and methodologies; quality of inputs, processes, and outputs during all activities of construction to ensure the quality of works conforms with the terms of the contract, specifications and drawings;

- h. Check Contractors' interim payment statements and recommend payment to the Client within 28 days after receiving such statements with sufficient supporting documents;
- i. Prepare a Safety Manual for the works and enforce its implementation to ensure safety of construction workers, engineers, and citizens;
- j. Ensure compliance with the Resettlement Action Plan (RAP) (if applicable), Environmental Management Plans (EMP) and all social safeguard requirements;
- k. Propose any changes to design that may be required and furnish revised detailed drawings, specifications and cost estimates for approval by PIU, ADB and the contractor;
- l. Examine contractors' claims for time extension, variations, additional compensation etc. and recommend appropriate decisions;
- m. Attend third party inspections as necessary and provide certification on the quality of the supplies based on such inspections;
- n. Assist the client in resolving contractual issues;
- o. After physical completion of the works; check installation and commissioning; monitor preparation of the "as built" drawings; and
- p. Monitor, collect, prepare and hand over all material, labour and goods warranties, operation and maintenance manuals.

### **1.3 Safeguards Implementation and Compliance Monitoring**

- a. Include EMPs in bidding documents and civil works contracts;
- b. Comply with all government rules and regulations;
- c. Take necessary action for obtaining rights of way;
- d. Oversee implementation of EMPs including environmental monitoring by contractors;
- e. Take corrective actions when necessary to ensure no environmental impacts;
- f. Submit monthly environmental monitoring reports to project management office (PMO);
- g. Address any grievances brought about through the Grievance Redress Mechanism in a timely manner as per the initial environmental examination (IEEs);
- h. Advise/take corrective actions when necessary to minimize/avoid social safeguards impacts;
- i. Submit monthly social safeguards monitoring reports to PIU;
- j. Conduct sensitization on ADB's policies and guidelines on environment and social safeguards; and
- k. Implement all measures in the Gender Action Plan (GAP);

## **2. QUALIFICATIONS AND TASKS OF THE CONSULTANT AND EXPERTS**

### **2.1 General Requirements**

- a. The Consultant could be either a single firm or a joint venture/association of companies that have extensive experience in respective fields;
- b. Proven experience in design and supervision of municipal infrastructure and building facility contracts;
- c. Available personnel qualified in all designated fields of required expertise; cost estimating/BOQ and reporting; and

- d. Have adequate, equipped office facilities in Ulaanbaatar including transport, communication, computer (including CAD applications) and printing capabilities to efficiently complete the work.

## 2.2 Personnel

**Table 2** summarizes the proposed national and international experts to be provided by the Consultant.

**Table 2: Summary of Consultant Personnel and Inputs**

	Position	Positions	Person-Month DED	Person-Month CS	Inputs
	<b>Key Personnel</b>				
	<b>National</b>				
K-1	TL - Senior Municipal Design Engineer	1	10	4	Intermittent
K-2	DTL - Municipal Engineer (Water & Sanitation)	1	20	10	Intermittent
K-3	Urban Planner	1	5	1	Intermittent
K-4	Municipal Engineer (Roads)	1	7	3	Intermittent
K-5	Municipal Engineer (Heating)	1	7	3	Intermittent
K-6	Municipal Engineer (Power)	1	7	3	Intermittent
K-7	Geotechnical Engineer	1	3	1	Intermittent
K-8	Environment Specialist	1	2	1	Intermittent
K-9	Architect	1	7	3	Intermittent
K-10	Structural Engineer	1	4	1	Intermittent
K-11	Mechanical Engineer (HVAC, water, sanitation) (buildings)	1	4	1	Intermittent
K-12	Electrical Engineer	1	4	1	Intermittent
K-13	Landscape Architect	1	4	1	Intermittent
K-14	Quantity Surveyor	1	4	4	Intermittent
K-15	Procurement	1	3	3	Intermittent
K-16	Construction Supervisor/Inspector	1		24	Full time (seasonal)
	<b>Sub-total key personnel</b>		<b>91</b>	<b>64</b>	
	<b>Non-Key Personnel</b>				
	<b>National</b>				
NK-1	AutoCAD Technicians	8	48		Intermittent
NK-2	Administrator	1	12	36	Full time
NK-3	Translator	1	12	12	Intermittent
	<b>Sub-total Non-key personnel</b>		<b>72</b>	<b>48</b>	
	<b>Total</b>	<b>26</b>	<b>163</b>	<b>112</b>	

CAD = computer aided design, CS= Construction Supervision, DED = Detailed Engineering Design, DTL = Deputy Team Leader, HVAC= heating, ventilation and airconditioning, K= key, NK= non-key, TL = Team Leader.

## 2.3 Detailed Qualifications

**Table 3** provides detailed qualifications and activities/tasks to be performed by the Consultant team's personnel.

**Table 3: Detailed Personnel Qualifications, Activities/Tasks**

	Position	Person-Month	Qualifications	Activities/Tasks
	<b>Key Personnel</b>			
	<b>National</b>			
K-1	Team Leader, Sr. Municipal Design Engineer	14	<p>Preferably 15 years of Mongolia experience as Senior Municipal Infrastructure Design Engineer and 10 years as Team Leader on major, multi-sector, municipal infrastructure projects. The candidate must have demonstrated ability to lead multi-discipline teams and create a strong working relationship with the Client. Excellent communication (written and oral) skills in English and strong interpersonal skills will be considered an asset.</p> <p>International experience considered an asset.</p> <p>Nationally, and preferably internationally, recognized professional qualifications: preferably Master's in Civil /Municipal Engineering or equivalent.</p> <p>Professionally licensed to provide services in Mongolia.</p>	<p>He/she will have overall responsibility for the organization, conduct and delivery of the consultancy services and reporting to the Client. The Team Leader will head the Consultants' design and construction supervision team and will work directly to manage the project and will maintain liaison with the Client PIU.</p> <p><b>Responsibilities as Team Leader</b> Include, but are not limited to the following:</p> <ul style="list-style-type: none"> <li>• Work in close collaboration with all team members, the DTL in particular, on all aspects of the work.</li> <li>• Lead the overall design and construction supervision activities from project start to end;</li> <li>• Assume full responsibility for the consulting team and performance of services under the consultancy contract;</li> <li>• Ensure that the consulting team undertakes the design activities in a timely and integrated manner, and in coordination with MCUD requirements;</li> <li>• Ensure design integration with potential future development phases as outlined in the updated ZUFZ 2020 Master Plan;</li> <li>• Provide a comprehensive review of the design drawings and specifications for all components;</li> <li>• Ensure that all designs are based on best international practices, accepted Mongolian standards, ADB requirements, climate change adaptation, mitigation and resilience practices;</li> <li>• Ensure adequate inspection and contract administration of the contractor's construction works to ensure strict compliance with contract document terms and conditions including construction drawings and technical specifications;</li> <li>• Ensure preparation of detailed and quantitative construction progress reports to support the contractor's requests for progress payments;</li> <li>• Keep the PIU informed of technical issues and progress on all works by informal and formal meetings and correspondence</li> </ul>

	Position	Person-Month	Qualifications	Activities/Tasks
				<p>and assist in any project issue which the Employer may require;</p> <ul style="list-style-type: none"> <li>• Ensure contractor's compliance with, and implementation of, all environment and social safeguards requirements;</li> <li>• Ensure all Government of Mongolia and ADB approvals of designs and works-in-progress are received as required;</li> <li>• Ensure coordination as required with related work being undertaken on the PRC/IMAR side of the economic cooperation zone;</li> <li>• Take lead responsibility for the quality and timeliness of all required project reports.</li> </ul>
K-2	DTL - Municipal Engineer (Water & Sanitation)	30	<p>Preferably 15 years' Mongolia experience in designing and construction monitoring of urban development infrastructure and 10 years of experience in designing of water supply and sanitation networks and related structures.</p> <p>Bachelor's degree in Civil or Environmental Engineering or equivalent required. Masters' degree preferred.</p> <p>Proficiency in English, written and oral required.</p> <p>Professionally licensed to provide services in Mongolia.</p>	<p><b>Responsibilities as Deputy Team Leader</b> Include, but are not limited to the following:</p> <ul style="list-style-type: none"> <li>• Work in support of the Team Leader and in close collaboration with all team members on all aspects of the work;</li> <li>• Work in collaboration with the TL to maintain agreed levels of liaison with and reporting to the PIU.</li> </ul> <p><b>Responsibilities as Municipal Engineer (Water and Sanitation):</b></p> <ul style="list-style-type: none"> <li>• Work in conjunction with national team members to lead preparation of conceptual and detailed construction drawings and specifications for all aspects of the project's water and sanitation civil works components.</li> <li>• Ensure compliance with international best practices, Mongolian standards and ADB requirements;</li> <li>• Based on assessments obtained from GOM, confirm the existing site conditions including existing water and wastewater infrastructure, and individual lot connections;</li> <li>• Ensure all environmental management, climate change adaptation and mitigation requirements are incorporated in accordance with GOM and ADB policies and regulations;</li> <li>• Ensure all required approvals and permits are obtained;</li> </ul> <p>Contribute to all required project reports.</p>
K-3	Urban Planner	4	Preferably 15 years of Mongolia experience as Urban/ Regional Planner including work on similar	He/she will have overall responsibility for urban planning aspects of the detailed engineering design including:

	Position	Person-Month	Qualifications	Activities/Tasks
			<p>projects in similar conditions. The candidate must have demonstrated ability working as part of multi-discipline teams. Excellent communication (written and oral) skills in English and strong inter-personal skills will be considered an asset.</p> <p>Nationally, and preferably internationally, recognized professional qualifications, preferably a Masters' Degree in Urban/Regional Planning, Architecture or equivalent.</p> <p>International experience considered an asset.</p> <p>Professionally licensed to provide services in Mongolia.</p>	<ul style="list-style-type: none"> <li>• Ensure compliance with international best practices, Mongolian standards and ADB requirements for land use planning, infrastructure planning, development approval processes, and public space design;</li> <li>• Work in close collaboration with all team members and relevant Mongolian officials including MCUD;</li> <li>• Provide urban/regional global best practice inputs related to climate change adaptation, mitigation and resilience in the project's context;</li> <li>• Review the existing ZUFZ 2011 Master Plan and work in collaboration with the team involved in revising that plan (2020 ZUFZ Master Plan) to ensure consistency and integration;</li> <li>• Review existing investor (58) lot sub-division/allocation plans and recommend improvements where feasible for more efficient land use and servicing;</li> <li>• Guide preparation of sub-division land use planning for the balance of the Phase 1 project area being served by the project's infrastructure to provide detailed information on where infrastructure lot connections are required;</li> <li>• Ensure all planning proposals reviews and approvals are completed as required by Mongolian laws/regulations and ADB requirements;</li> <li>• Liaise as required with National and Soum planning officials;</li> <li>• Lead development of detailed land use plans for public space, landscape and other uses based on the TRTA conceptual land use plans and integrated with the project's climate change adaptation activities;</li> <li>• Support all stakeholder consultation events and incorporated findings into the work as appropriate;</li> <li>• Ensure urban planning components align with and are integrated with developments in the PRC/IMAR portion of the economic cooperation zone;</li> <li>• Contribute to all required project reports.</li> </ul>
K-4	Municipal Engineer (Roads)	10	<p>Preferably 15 years of Mongolian experience as a municipal roads engineer including design and construction monitoring. Previous experience in development</p>	<ul style="list-style-type: none"> <li>• Work under the overall guidance of the project's TL and DTL and in close collaboration with other team members to complete the detailed engineering design, specifications and related bidding documents for all road components of the work including, roads, sidewalks, drainage and lighting;</li> </ul>

	Position	Person-Month	Qualifications	Activities/Tasks
			<p>projects funded by international development agencies is an asset.</p> <p>Bachelor's degree in Civil Engineering or equivalent required. Masters' degree preferred.</p> <p>Proficiency in English will be considered an asset.</p> <p>Professionally licensed to provide services in Mongolia.</p>	<ul style="list-style-type: none"> <li>• Based on assessments obtained from GOM, review existing road infrastructure on the project site and assess technical requirements for proposed linking and expanding;</li> <li>• Base road construction standards on the expected flow of heavy cargo vehicles;</li> <li>• Integrate service provision with the Gateway facilities design;</li> <li>• Ensure all designs and contract documents are in conformance with Mongolian standards and are subject to all required reviews and approvals;</li> <li>• Provide regular construction supervision work in collaboration with the team's Construction Inspector to ensure compliance with the terms and conditions of the contract;</li> <li>• Contribute to all required project reports.</li> </ul>
K-5	Municipal Engineer (Heating)	10	<p>Preferably 15 years of Mongolian experience as a municipal heating engineer including design and construction monitoring. Previous experience in development projects funded by international development agencies is an asset.</p> <p>Bachelor's in Civil Engineering or equivalent required. Masters' degree preferred.</p> <p>Proficiency in English will be considered an asset.</p> <p>Professionally licensed to provide services in Mongolia.</p>	<ul style="list-style-type: none"> <li>• Work under the overall guidance of the project's TL and DTL and in close collaboration with other team members to complete the detailed engineering design, specifications and related bidding documents for all heating components of the work;</li> <li>• Based on assessments obtained from GOM, review existing heating infrastructure on the project site and connections to the central heating plant;</li> <li>• Identify any connection issues to expand the network as proposed;</li> <li>• Integrate service provision with the Gateway facilities design;</li> <li>• Ensure all designs and contract documents are in conformance with Mongolian standards and are subject to all required reviews and approvals;</li> <li>• Provide regular construction supervision work in collaboration with the team's Construction Inspector to ensure compliance with the terms and conditions of the contract;</li> <li>• Contribute to all required project reports.</li> </ul>
K-6	Municipal Engineer (Power)	10	<p>Preferably 15 years of Mongolian experience as a municipal power engineer including design and construction monitoring. Previous experience in development projects funded by international</p>	<ul style="list-style-type: none"> <li>• Work under the overall guidance of the project's TL and DTL and in close collaboration with other team members to complete the detailed engineering design, specifications and related bidding documents for all road components of the work including, roads, sidewalks, drainage and lighting;</li> </ul>

	Position	Person-Month	Qualifications	Activities/Tasks
			<p>development agencies is an asset.</p> <p>Bachelor's degree in Civil Engineering or equivalent required. Masters' degree preferred.</p> <p>Proficiency in English will be considered an asset.</p> <p>Professionally licensed to provide services in Mongolia.</p>	<ul style="list-style-type: none"> <li>• Based on assessments obtained from GOM, review existing power infrastructure on the project site and connections to off-site power sources;</li> <li>• Integrate service provision with the Gateway facilities design;</li> <li>• Ensure all designs and contract documents are in conformance with Mongolian standards and are subject to all required reviews and approvals;</li> <li>• Provide regular construction supervision work in collaboration with the team's Construction Inspector to ensure compliance with the terms and conditions of the contract;</li> <li>• Contribute to all required project reports.</li> </ul>
K-7	Geotechnical Engineer	4	<p>Preferably 10 years work experience as geotechnical expert with proven experience in geotechnical assessment and design for urban infrastructure and buildings.</p> <p>Bachelor's degree in Civil Engineering, related field or equivalent required. Masters' degree preferred.</p> <p>Proficiency in English will be considered an asset.</p> <p>Professionally licensed to provide services in Mongolia.</p>	<ul style="list-style-type: none"> <li>• Work under the overall guidance of the project's TL, DTL and Architect and in close collaboration with other team members to undertake a geotechnical/soils review and testing of site conditions relevant to all project components including: infrastructure - roads, water supply, waste water, heating and power supply; and all Gateway facilities;</li> <li>• Manage geotechnical and geological analyses, manage staff and supporting studies, conduct research, perform preliminary geological reconnaissance, geotechnical and geological studies, review testing results, and develop design recommendations;</li> <li>• Review and approve quality control test results and certificates for all earthworks and hydrological elements;</li> <li>• Review and approve the Contractor's proposed geotechnical investigations for earthworks and structures</li> <li>• Review and approve the design of temporary works, including shuttering and scaffolding, for suitability and safety during construction</li> <li>• Review and approve the Contractor's proposed quality assurance and quality control systems and procedures for earthworks and structural works;</li> <li>• Conduct the evaluation and testing in accordance with best international practices, Mongolian standards and ADB requirements;</li> </ul>

	Position	Person-Month	Qualifications	Activities/Tasks
				<ul style="list-style-type: none"> <li>• Based on findings advise on suitability and type of building foundations, permafrost conditions/mitigation, ground water conditions and others as they may affect the design, construction and maintenance of all project components;</li> <li>• Contribute to all required project reports.</li> </ul>
K-8	Environment Specialist	3	<p>Preferably 10 years work experience as a municipal environmental specialist. Previous experience in development projects funded by international development agencies is an asset.</p> <p>Bachelor's degree in Environmental Engineering or Environmental Management, related field or equivalent required. Masters' degree preferred.</p> <p>Proficiency in English will be considered an asset.</p> <p>Professionally licensed to provide services in Mongolia.</p>	<ul style="list-style-type: none"> <li>• Work under the overall guidance of the project's TL and DTL to ensure all designs and construction works are in full compliance with Mongolian and ADB environmental management practices;</li> <li>• Work in collaboration with the Landscape Architect to ensure best international practices related to climate change adaptation, mitigation and resilience;</li> <li>• Conduct periodic reviews of the work in progress to ensure compliance;</li> <li>• Obtain all required environmental permits;</li> <li>• Contribute as required to all bidding and contract documents;</li> <li>• Contribute to all required project reports.</li> </ul>
K-9	Architect	10	<p>Preferably 15 years of Mongolian experience as an architect with 10 years of design and construction monitoring experience of complex public facilities. Previous experience in development projects funded by international development agencies is an asset.</p> <p>Bachelor's in Architecture required. Masters' degree preferred.</p>	<ul style="list-style-type: none"> <li>• Work under the overall guidance of the project's TL, DTL to prepare conceptual and detailed design of the project's Gateway facilities.</li> <li>• Conduct a needs assessment with stakeholders including government agencies including immigration, customs, border protection, MCUD, environment and others as identified during the course of the work;</li> <li>• Conduct periodic design reviews of the work in progress with stakeholders and ensure all required approvals are obtained;</li> <li>• Gateway design work includes office buildings, inspection stations, gateways, storage facilities, and site development;</li> <li>• Lead and coordinate the work of sub-Consultants including structural, mechanical and electrical engineers;</li> </ul>

	Position	Person-Month	Qualifications	Activities/Tasks
			<p>Excellent communication (written, oral and graphic) and strong interpersonal skills. Proficiency in English, written and oral, will be considered an asset.</p> <p>Professionally licensed to provide services in Mongolia.</p>	<ul style="list-style-type: none"> <li>• Integrate site development design and construction including roads and all service connections with the work on the main ZUFZ site;</li> <li>• Ensure coordination of all installation and connection requirements of specialised equipment with equipment suppliers;</li> <li>• Prepare designs in accordance with global best practices, Mongolia standards, ADB requirements and internationally recognized best climate change adaptation, mitigation and resilience standards;</li> <li>• Provide regular construction supervision work in collaboration with the team's Construction Inspector to ensure compliance with the terms and conditions of the contract;</li> <li>• Contribute to all required project reports.</li> </ul>
K-10	Structural Engineer	5	<p>Preferably 10 years work experience as a structural engineer for building design and construction monitoring. Previous experience in development projects funded by international development agencies is an asset.</p> <p>Bachelor's degree in Structural Engineering or equivalent required. Masters' degree preferred.</p> <p>Proficiency in English will be considered an asset.</p> <p>Professionally licensed to provide services in Mongolia.</p>	<ul style="list-style-type: none"> <li>• Work under the overall guidance of the project's TL, DTL and Architect and in close collaboration with other team members to complete the detailed engineering design, specifications and related bidding documents for all structural elements of the Gateway facilities;</li> <li>• Ensure all designs and contract documents are in conformance with Mongolian standards and are subject to all required reviews and approvals;</li> <li>• Provide regular construction supervision work in collaboration with the team's Construction Inspector to ensure compliance with the terms and conditions of the contract;</li> <li>• Contribute to all required project reports.</li> </ul>
K-11	Mechanical Engineer (HVAC, water, sanitation)	5	<p>Preferably 10 years work experience as a mechanical engineer for building design and construction monitoring of HVAC, water and sanitation systems.</p>	<ul style="list-style-type: none"> <li>• Work under the overall guidance of the project's TL, DTL and Architect and in close collaboration with other team members to complete the detailed engineering design, specifications and related bidding documents for all mechanical elements of the Gateway facilities including HVAC, water, sanitation;</li> </ul>

	Position	Person-Month	Qualifications	Activities/Tasks
			<p>Previous experience in development projects funded by international development agencies is an asset.</p> <p>Bachelor's degree in Mechanical Engineering or equivalent required. Masters' degree preferred.</p> <p>Proficiency in English will be considered an asset.</p> <p>Professionally licensed to provide services in Mongolia.</p>	<ul style="list-style-type: none"> <li>• Ensure all designs and contract documents are in conformance with Mongolian standards and are subject to all required reviews and approvals;</li> <li>• Integrate service connections with the main ZUFZ site development;</li> <li>• Ensure coordination of all installation and connection requirements of specialised equipment with equipment suppliers;</li> <li>• Provide regular construction supervision work in collaboration with the team's Construction Inspector to ensure compliance with the terms and conditions of the contract;</li> <li>• Contribute to all required project reports.</li> </ul>
K-12	Electrical Engineer	5	<p>Preferably 10 years work experience as an electrical engineer for building design and construction monitoring. Previous experience in development projects funded by international development agencies is an asset.</p> <p>Bachelor's degree in Electrical Engineering or equivalent required. Masters' degree preferred.</p> <p>Proficiency in English will be considered an asset.</p> <p>Professionally licensed to provide services in Mongolia.</p>	<ul style="list-style-type: none"> <li>• Work under the overall guidance of the project's TL, DTL and Architect and in close collaboration with other team members to complete the detailed engineering design, specifications and related bidding documents for all electrical elements of the Gateway facilities;</li> <li>• Integrate service connections with the main ZUFZ site development;</li> <li>• Ensure all designs and contract documents are in conformance with Mongolian standards and are subject to all required reviews and approvals;</li> <li>• Ensure coordination of all installation and connection requirements of specialised equipment with equipment suppliers;</li> <li>• Provide regular construction supervision work in collaboration with the team's Construction Inspector to ensure compliance with the terms and conditions of the contract;</li> <li>• Contribute to all required project reports.</li> </ul>
K-13	Landscape Architect	4	<p>Preferably 10 years work experience as a landscape architect including design and construction monitoring. Previous</p>	<ul style="list-style-type: none"> <li>• Work under the overall guidance of the project's TL, DTL and Architect and in close collaboration with other team members to complete the detailed design, specifications and related</li> </ul>

	Position	Person-Month	Qualifications	Activities/Tasks
			<p>experience in development projects funded by international development agencies is an asset.</p> <p>Bachelor's degree in Landscape Architecture or equivalent required. Masters' degree preferred.</p> <p>Proficiency in English will be considered an asset.</p> <p>Professionally licensed to provide services in Mongolia.</p>	<p>bidding documents for all landscape elements of the project site including the main ZUFZ site and Gateway facilities;</p> <ul style="list-style-type: none"> <li>• Ensure all designs and contract documents are in conformance with Mongolian standards and are subject to all required reviews and approvals;</li> <li>• Prepare designs in accordance with global best practices, Mongolia standards, ADB requirements paying particular attention to internationally recognized best climate change adaptation, mitigation and resilience features and standards;</li> <li>• Integrate design work closely with road drainage systems to maximise water retention, re-use, drip irrigation and environmental sustainability;</li> <li>• Provide regular construction supervision work in collaboration with the team's Construction Inspector to ensure compliance with the terms and conditions of the contract;</li> <li>• Contribute to all required project reports.</li> </ul>
K-14	Quantity Surveyor	6	<p>Preferably 15 years work experience as a quantity surveyor including both municipal infrastructure and building works. Previous experience in development projects funded by international development agencies is an asset.</p> <p>Bachelor's degree in Civil Engineering, related field or equivalent required. Masters' degree preferred.</p> <p>Proficiency in English will be considered an asset.</p> <p>Professionally licensed to provide services in Mongolia.</p>	<ul style="list-style-type: none"> <li>• Work under the overall guidance of the project's TL, DTL and Architect and in close collaboration with other team members to complete preliminary and final cost estimates and Bills of Quantity in accordance with internationally recognized best practices, Mongolian standards and ADB requirements;</li> <li>• Work includes all infrastructure, Gateway, fence and landscape of the project as required;</li> <li>• Contribute to the preparation of technical specifications and bidding documents;</li> <li>• Work in collaboration with the project's Construction Inspector to prepare progress reports as part of processing contractor's claims for payments;</li> <li>• Contribute to all required project reports.</li> </ul>
K-15	Procurement Specialist	4	<p>Preferably 10 years work as a procurement specialist working on international development agency</p>	<ul style="list-style-type: none"> <li>• Work under the overall guidance of the project's TL, DTL, Architect, Quantity Surveyor and in close collaboration with other team members to contribute to all required bidding</li> </ul>

	Position	Person-Month	Qualifications	Activities/Tasks
			<p>funded projects with major civil works and goods. Proven credentials in procurement management and knowledge of ADB and GOM procedures.</p> <p>Bachelor's degree in Civil Engineering, Business Administration, finance, law, related field or equivalent required. Masters' degree preferred.</p> <p>Proficiency in English will be considered an asset.</p>	<p>documents and contracts for civil and architectural works, and additional Consultant recruitment as required;</p> <ul style="list-style-type: none"> <li>• Prepare the work in accordance with internationally recognized best practices, Mongolian standards and ADB requirements;</li> <li>• Review procurement processes, procurement, bidding, claims, tendering</li> <li>• Analyse and support the formation of bid evaluation committee and bidding process for preparation and publication of invitations to bid, answers to bidders' queries, evaluation of tenders; preparation of bid evaluation reports;</li> <li>• Review procurement progress reporting and annual review of the Procurement Plan;</li> <li>• Contribute to any identified procurement capacity building programs;</li> <li>• Contribute to all required project reports.</li> </ul>
K-16	Construction Inspector, Resident Engineer	24	<p>Preferably 15 years work experience as a construction inspector on municipal infrastructure and building projects. Previous experience in development projects funded by international development agencies is an asset.</p> <p>Bachelor's degree in Civil Engineering, related field or equivalent preferred.</p> <p>Proficiency in English will be considered an asset.</p>	<ul style="list-style-type: none"> <li>• Work under the overall guidance of the project's TL, DTL, Architect, Quantity Surveyor and in close collaboration with other team members to undertake regular inspection of all construction works in progress;</li> <li>• Work in accordance with an approved inspection and reporting schedule and as approved by PIU, MCUD and ADB;</li> <li>• Supervise and monitor the contractors to ensure satisfactorily standards, quality assurance, control of workmanship and progress;</li> <li>• Check and supervising the structural and other road construction works, intermittently as and when required;</li> <li>• Coordinate with the relevant authorities on site during construction;</li> <li>• Keep records of all aspects of supervision works;</li> <li>• In consultation with the Team members, approve the materials and equipment brought by the Contractor on construction site;</li> <li>• Check measurement of work and certify payment in consultation with the Quantity Surveyor and take the necessary action to resolve any conflicts arising;</li> <li>• Ensure that any dispute arising with day to day work is resolved at site level;</li> </ul>

	Position	Person-Month	Qualifications	Activities/Tasks
				<ul style="list-style-type: none"> <li>• Ensure that comprehensive records of the construction work and testing are maintained;</li> <li>• Participates in the meetings on construction site and provide technical advice to the Client;</li> <li>• Be responsible and execute relevant tasks and responsibilities set forth in the Scope of Services for all Phases, in close cooperation with experts of the team and the Client.</li> <li>• Contribute to all required project reports.</li> </ul>
	<b>Non-Key</b>			
NK-1	AutoCAD Technicians		<p>Preferably 7 years experience working with design engineers in their respective areas of specialisation.</p> <p>Diploma as an AutoCAD Technician or equivalent.</p>	<ul style="list-style-type: none"> <li>• Work under the overall guidance of the project's TL, DTL and respective engineering/architectural sector specialists to provide AutoCAD drawing production services as required to complete conceptual, preliminary and final detailed engineering drawings to accepted international and Mongolian industry standards;</li> </ul>
	Water & Sanitation (1)	8		As above.
	Roads (1)	8		As above.
	Heating (1)	8		As above.
	Power (1)	8		As above.
	Architectural (1)	6		As above.
	Structural (1)	6		As above.
	Mechanical (1)	6		As above.
	Electrical (1)	6		As above.
NK-2	Administrator		<p>Preferably 5 years experience providing administrative support to international development agency funded project teams. Computer fluency in is required. Proficiency in English, written and oral is required. working with design engineers in their respective areas of specialization.</p>	<ul style="list-style-type: none"> <li>• Work under the overall guidance of the project's TL and DTL to provide full time administrative support as required.</li> </ul>

	Position	Person-Month	Qualifications	Activities/Tasks
			Diploma in office administration or equivalent will be considered an asset.	
NK-3	Translator		Preferably 5 years experience as a Mongolian-English translator and interpreter working with international development agency funded projects. English proficiency, written and oral, is required.	<ul style="list-style-type: none"> <li>• Work under the overall guidance of the project's TL and DTL to provide translation and interpretive services as required.</li> </ul>

### 3. GENERAL, ENVIRONMENTAL AND SOCIAL SAFEGUARD REQUIREMENTS

The Consultant will ensure compliance with all environmental and social safeguards, including labour practices, as required by ADB, PIU and national laws, regulations, policies and guidelines. This applies to all work undertaken by the Consultants and the Consultants will ensure appropriate requirements are also contained in all bidding and contracting documentation.

### 4. REPORTING REQUIREMENTS AND EXPECTED DELIVERABLES

#### 4.1 Format, Frequency, and Contents of Reports

Drawings and reports prepared and submitted by the Consultant shall be to the standard size of A0, A1, A2, A3, A4 as appropriate, and one-half size reductions as may be required by the MOF. The scale of all drawings is to be determined by mutual consent of the executing agency, implementing agencies and the Consultant prior to the commencement of each project phase, at which time the Consultant shall also identify the number of drawings to be produced. All drawings information should be clear and legible. The Consultant shall submit the final drawings in soft copy in the format approved and reviewed by the MOF. State expertise approved final drawings (three hardcopies) will be submitted to MOF in English and Mongolian version.

**Table 4** summarises reporting requirements. Note that in all cases, format and contents shall be consistent with the requirements of both the PIU and ADB.

**Table 4: Reporting Requirements**

	<b>Deliverable</b>	<b>Month of Delivery</b>	<b>Summary of Contents</b>	<b>No. of Copies</b>
1.	Inception Report	1	Mobilisation, detailed work plan, available and missing data, confirm reporting and communication protocols, SC meeting schedules, review TRTA documentation, identify emerging issues.	3 Hard copies plus 1 soft copy for all
2.	Existing Situation Analysis Summary	2	Review ZUFZ site conditions and results of GOM assessment and operationalisation of existing infrastructure and supporting facilities. Obtain confirmed investor development details. Identify emerging issues since completion of the TRTA. Review institutional readiness to participate.	3
3.	Conceptual designs for all components	3	Conceptual refined overall ZUFZ land use plan. Conceptual engineering designs, draft implementation plan for all infrastructure components (roads, water, waste water, heating, power); landscaping/public space development; security fencing; climate change adaptation measures; connection concepts to existing infrastructure processes and/or issues. Conceptual Gateway facilities' architectural designs including site development.	3
4.	Draft engineering and architectural designs for all components	5	Draft refined overall ZUFZ land use plan. Draft engineering designs, outline specifications, implementation plan for all infrastructure components (roads, water, waste water, heating, power); landscaping/ public space development; security fencing; climate change adaptation measures; identify connection to existing infrastructure processes and/or issues. Conceptual Gateway facilities' architectural	3

	<b>Deliverable</b>	<b>Month of Delivery</b>	<b>Summary of Contents</b>	<b>No. of Copies</b>
			designs including site development. Outline bills of quantity and draft revised cost estimates.	
5.	Final engineering and architectural designs for all components	8	Final refined overall ZUFZ land use plan. Final engineering designs, specifications, implementation plan for all infrastructure components (roads, water, waste water, heating, power); landscaping/ public space development; security fencing; climate change adaptation measures; identify connection to existing infrastructure processes and/or issues. Conceptual Gateway facilities' architectural designs including site development. Complete bills of quantity and revised cost estimates.	3
6.	Draft Technical Specifications including BOQs for all components	5	See 4. above.	3
7.	Final Technical Specifications including BOQs for all components	8	See 5. above.	3
8.	Draft Bidding Documentation	7	Refer to Procurement Plan.	3
9.	Final Bidding Documentation	8	Refer to Procurement Plan.	3
10.	Quarterly Progress Reports		Contract progress including construction work and financial disbursement in comparison with approved implementation schedule; proposed/approved contract variations, issues identified and proposed/ completed actions to address. Format in accordance with ADB and GOM requirements.	3
11.	Annual Progress Reports		Contract progress including construction work and financial disbursement in comparison with approved implementation schedule; proposed/approved contract variations, issues identified and proposed/ completed actions to address. Include SC and other meeting reports, M&E issues identified and addressed. Format in accordance with ADB and GOM requirements.	3
12.	Draft Completion Report	Mid-year 5	Works completed; corresponding financial disbursements records; approved variation notices; issues encountered and remedial actions taken; construction and equipment warranties obtained; confirmations of full payments to all sub-contractors; deficiency list following preliminary final project inspection.	3
13.	Final Completion Report	Year 5	Update the above including verification that all deficiencies have been adequately addressed.	3

## 4.2 Reviews and Approvals

Scheduled reviews are required at the end of each component of the project. The Consultant shall respond in writing to the comments of the executing agency and implementing agencies or any of the review agencies. The Consultant shall meet with these agencies, as necessary, to resolve any problems or concerns which may surface during the review. The Consultant shall have their own internal review system to review drawings prior to executing agency and implementing agency's approval. The Consultant shall not proceed with project work and/or a subsequent phase of the work without the written authorization of the ODPM. The Consultant shall become familiar with local holidays and customs so that in setting submittal schedules,

the project and executing agency and implementing agencies can take full advantage of the time periods scheduled for reviews and approvals.

## **5. CLIENT'S INPUTS AND COUNTERPART PERSONNEL**

The client shall provide:

### **5.1 Services, Facilities and Property**

- a. All available documentation including previous ZUFZ construction documents and reports, plans, policies and regulations;
- b. Assistance with gaining access to all required officials, agencies and other documentation as may be requested.

## **B. CONSULTING FIRM FOR MANAGEMENT ADVISORY FOR ZAMYN-UUD FREE ZONE (Output 2)**

- International Consulting Firm (135 person-months: 39 person-months international, 96 person-months national), intermittent.

The international consulting firm will be engaged in the following activities: (i) provide pre-operation support such as business development strategy, marketing and investment promotion; (ii) streamline administrative services for registration and operations of enterprises including set-up of a one-stop-shop; (iii) develop management and operations guidelines and manuals to provide clarity for special treatment of operations within the Zamyn-Uud free zone, and (iv) assess feasibility of establishing an independent zone operator including through public-private partnership arrangements.

### **1. Project Specific Requirements**

The assignment needs a combination of international expertise and specialization in the following areas:

- Special economic zone operations and management
- Special economic zone business development, promotion and marketing
- Experience in assisting and establishing a free zone one-stop-shop
- Liaising, collaborating and coordinating with host government agencies and free zone authorities
- Experience in similar projects
- Experience in similar geographic area

### **2. Detailed Scope of Work**

- I. Develop and prepare a business development and promotion strategy based on international best practices:
  - a. Value Proposition of Zone to foreign and local investors
    - i. Sector and value chain assessment of textiles, agro-industry, logistic, wholesale to include relevant data on availability and cost of raw materials, intermediate goods, transportation and labor costs
    - ii. Identification and analysis of international business plans of 2-3 flagship investors per sector and preparation/presentation of a value proposition for each one
  - b. Workflow documentation and analysis
    - i. Analyze and recommend changes, adopting international best practices, of the process flow from pre investment inquiries to post investment services
  - c. Job descriptions and performance matrixes for Business Development department and each position
    - i. Document the tasks and responsibilities for each position as well as identify key result area or targets for each department and each position for performance management purposes
  - d. Upgrading of website to include information and functionalities adopting best practices from survey of World Investment Promotion Agencies (WAIPA)
    - i. Information to include maps of the community region, database of available sites, cost of utilities, demographic information target sectors, fiscal and non-fiscal incentives, comparison to competitor locations, workforce statistics, cost of transportation and storage, testimonials from existing investors, current press releases and staff contact information
    - ii. Website in English, Chinese, Mongolian and Russian

- iii. Search Engine Optimization (SEO) – The process that generates organic traffic to the websites by optimizing website to rank higher in the search engine results pages.
    - iv. Content marketing – The creation and promotion of various online materials, i.e. Books, infographic, online brochures, videos, etc. Purpose of this method is brand awareness, traffic and lead generations.
    - v. Pay-Per-Click (PPC) – Generation of traffic to website or social media profiles by paying the publisher every time the ad is clicked. The most common type of PPC are: Google AdWords, Facebook paid ads, tweets promotion on Twitter, sponsored messages on LinkedIn.
    - vi. Email marketing – Promotion of events and various content via email
  - e. Installation of web-based Customer Relationship Management Software
    - i. Input all relevant data to include contact information and summary of conversations with potential foreign and local investors; generate weekly and monthly reports to track progress of generating investments
- II. Develop and prepare management and operations guidelines and handbook on Zamyn-Uud free zone special treatments as defined in the Law on Free Zone with special attention on ease and smoothness of implementation, clarification of special treatments and coordination of roles and responsibilities between relevant agencies:
  - a. Special Customs Treatments: Clarification and simplification of the clearance process and procedures with clearly delineated roles and responsibilities for practical implementation
    - i. The customs clearance process including documentation
    - ii. Introduction of a simplified customs clearance procedure
    - iii. Customs electronic business registration
    - iv. A risk-based customs control system
  - b. Special Treatment of Taxation
    - i. Clarification of import tax, customs duty, excise tax and VAT exemptions, deductions and credits
    - ii. Clarification of corporate income tax exemptions and credits
  - c. Special Visa Treatments
    - i. Visa and residence treatments for neighboring country residents and other nationals
    - ii. Free zone entry documentation requirements for both Mongolians and foreign nationals
  - d. Special Treatments of Registration of Legal Persons
    - i. Legal person registration application and documentation requirements for Mongolians and foreign nationals and entities
    - ii. Coordination with the central agency in charge of free zones
    - iii. Cancellation/deregistration of legal person registration in free zone
  - e. Settlement of Payments
    - i. Clarification of payments settlement in the free zone with regard to the contradictions in the relevant legislations related to local and foreign currencies
  - f. Specialized Inspections
    - i. Basis and grounds for specialized inspection
    - ii. Treatment of certain business and types of activities
  - g. Special Treatment of Employment
    - i. Clarification of foreign nationals treatment for employment
    - ii. Clarification of employment tax and other incentives treatment
  - h. Enforcement of Special treatments and services

- i. Clarification of enforcement and implementation of special treatments by the ZUFZGO and its coordination with relevant agencies including delineation of roles and responsibilities
- III. Streamline administrative services for registration, licensing, land allocation, utilities contracts and leasing:
  - a. Develop and prepare a Master Operational Guidelines for the ZUFZGO separating its legal and administrative roles and responsibilities, and the coordinating mechanism between all relevant agencies
  - b. Develop and prepare supplementary guidelines and manuals on registration, deregistration and licensing of legal entities with emphasis on ease and efficiency
  - c. Develop and prepare supplementary guidelines and manuals on issuing and transferring land ownership and utilization rights to free zone investors and tenants
  - d. Develop and prepare supplementary manuals on operating, leasing and maintaining infrastructure facilities such as heating, electricity, water, sewerage, road
  - e. Clarification on separation of ownership, maintenance and leasing of infrastructure facilities between the ZUFZGO, assigned state owned enterprises and local entities
  - f. Prepare procedures on facilitating and coordinating social order, fire safety, and emergency services in the free zone
  - g. Assist in establishment of a one-stop-shop investment facilitation
- IV. Review and evaluate the current domestic laws, policies and regulations to ensure that they are harmonized and clarified for free zone purposes based on a comprehensive and holistic approach:
  - a. Identify gaps, contradictions, interpretation ambiguity and vagueness in the existing laws and regulations for smooth and efficient operation of the free zone and special treatments:
    - i. Gaps, contradictions and vagueness that are impeding the ZUFZGO operations and efficient coordination between relevant agencies and stakeholders such as local infrastructure facilities owners
    - ii. Gaps, contradictions and ambiguities that are impeding the special treatments operation including land relations, infrastructure facilities, registration, taxes, customs, payments, visa, employment and specialized inspection, and their enforcement
  - b. Streamline the existing and/or develop the required supplementary rules and regulations on free zone operation and special treatments:
    - i. Develop and recommend clarifications, remedial measures and actions based on the gap analysis above
    - ii. Develop and propose supplementary rules and regulations as deemed necessary
  - c. Develop and recommend possible amendments into the Law on Free Zones
- V. Assess feasibility of establishing an independent zone operator including through public-private partnership arrangements:
  - a. Assess and evaluate feasibility of establishing an independent zone operator through public-private partnership arrangements based on international best practices and lessons learned on adopting best possible model for a free zone management and operation:
    - i. Elaborate the rationale for separating the regulatory role as much as practically possible from the roles of owner, developer, and operator based on international best practices

- ii. Define and outline the linkage of free zone development strategy with market and business demands
  - iii. Review and assess the current policies and regulations for enabling environment and opportunities for developing an independent free zone operator
- b. Study and recommend practical steps and guidelines of establishing a realistic PPP mechanism in leveraging not only financial resources, but also knowledge, skills and experience of private business management and the required changes in regulatory and administrative arrangements:
  - i. Outline rights, responsibilities, obligations, and commitments of all parties with respect to all aspects of zone development, financing and operation, regulation, and promotion
  - ii. Develop the general guiding principles of establishing the zone operating company including majority private ownership, broad operational autonomy, operating on a cost recovery basis, charging market based fees for its services, customer orientation and oversight by Advisory Board of Directors representing the zone tenants and investors
  - iii. Specify the main service roles of an independent zone operator such as facility leasing, transacting utilities, provision of value-added services and free zone promotion and marketing
  - iv. Recommend and propose the required changes in regulatory and administrative arrangements for a realistic PPP mechanism for the free zone administration and operation.

### 3. Expected Deliverables

- A comprehensive business development and promotion strategy for the ZUFZ
- Management and operations guidelines and handbook on ZUFZ special treatments
- A Master Operational Guideline for the ZUFZGO separating its legal and administrative roles and responsibilities
- Establishment of a one-stop-shop investment facilitation
- Supplementary guidelines and manuals on registration, deregistration, licensing, land rights and allocation, infrastructure utilities contracts and leasing
- Review and evaluation of the current domestic laws, policies and regulations to ensure that they are harmonized and clarified for free zone purposes
- Streamlining of the existing and/or develop the required supplementary rules and regulations on free zone operation and special treatments
- Preparation of possible amendments into the Law on Free Zones
- Feasibility assessment of establishing an independent zone operator via public-private partnership arrangements

### 4. Team Composition & Qualification Requirements for the Key Experts

#### a. The firm shall meet the following requirements.

The Firm is required to submit the following information to apply for the assignment.

- Firm profile including related documents of incorporation;
- Track record of services and projects it has delivered for special economic zones and related matters;
- Evidence of experience in undertaking consulting and advisory services, and details of individuals who are specifically qualified as experts in special economic zone matters
- List of services that the bidder has provided for similar projects in the past 5 years; and
- Audited financial statement for 2017, 2018 and 2019. The financial stability of the bidder will be assessed based on the financial statement.

The engagement period: The firm will be engaged from ..... 2020 to ..... 2025.

## b. The Key Tasks of Experts

Experts	Total inputs (Person-months)	Qualification Requirements	Key Tasks (indicative only)
<b>Key experts</b>			
Free Zone Management Specialist/ Team leader (International)	12 person- months	<ul style="list-style-type: none"> <li>• Advanced university degree in economics, management or business administration;</li> <li>• Minimum 15 year business management experience in either the private or public sector holding company;</li> <li>• Proven experience working in the area of special economic zone regulation/development/operations/management;</li> <li>• Deep exposure and familiarity with free zone development international best practices would be an asset;</li> <li>• Able to perform effectively as a team lead, exercising supervision, coordination, and planning responsibilities over multi-disciplinary team/unit and experience in setting up effective coordination, communication and organizational systems for project management;</li> <li>• Prior experience working for developing countries would be an asset;</li> <li>• Good business knowledge and working experience relevant to project management and reporting of ADB projects;</li> <li>• Strong inter-personal and communications skills;</li> <li>• Fluent in English;</li> </ul>	<ul style="list-style-type: none"> <li>• Provide overall leadership to the Consultant's team throughout the project implementation;</li> <li>• Provide overall project management support to strengthen PIU's implementation capacity, including the formulation, review and periodic updates of necessary policies, systems, procedures, and other templates for effective overall project implementation;</li> <li>• Supervise overall implementation of the project and ensure all deliverables are completed in the highest quality and in a timely manner;</li> <li>• Oversee operations, provide clear direction, delegate relevant tasks to consultants and set deadlines in accordance with the approved work plan for the purpose of achieving the objectives of the consultancy services and the project;</li> <li>• Ensure that all works are completed within the implementation schedule as approved;</li> <li>• Report project implementation progress periodically to relevant stakeholders and carry out compliance monitoring for effectiveness;</li> <li>• Ensure the submission of required annual audit reports and financial statements of project account to ADB complying with international accounting standards;</li> <li>• Manage the work of the international and national consultants and knowledge transfer to the PIU and national consultants and supervise;</li> <li>• Complying with the reporting requirements and prepare the various project reports in a timely manner as well as project completion report, including the reports required for ADB Loan Missions.</li> <li>• Lead the team of consultants to guide, coordinate, and supervise the inputs of each consultant;</li> <li>• Lead the consultant team to develop and carry out a comprehensive program of pre-operational management and operations support to the ZUFZGO</li> </ul>

Experts	Total inputs (Person-months)	Qualification Requirements	Key Tasks (indicative only)
			<ul style="list-style-type: none"> <li>• Lead the consultant team to develop a viable program of advisory services aimed at medium and long term goals of free zone development</li> <li>• Develop and prepare a competitive analysis of the free zone as the crucial part of the business development and promotion strategy</li> <li>• Lead the develop and preparation of management and operations guidelines and handbook on Zamy-Uud free zone special treatments</li> <li>• Lead the develop and preparation of a Master Operational Guidelines for the ZUFZGO separating its legal and administrative roles and responsibilities, and the coordinating mechanism between all relevant agencies</li> <li>• Lead the team of consultants to develop institutional and human resource capacity building program for the EA and IAs</li> <li>• Act as a lead resource person for the EA, IAs, PIU, consultant team and stakeholders</li> <li>• Maintain close consultation with the EA and IAs; deliver all required tasks on time.</li> </ul>
Business Development and Training Specialist (International)	12 person-months	<ul style="list-style-type: none"> <li>• Advanced degree in Business Administration and/or Economics</li> <li>• At least 15 years of professional experience, including 10 years' experience in international management and capacity building consulting and private sector executive functions, and experience in: <ul style="list-style-type: none"> <li>▪ Investment promotion and capacity building in emerging markets;</li> <li>▪ Developing and presenting value proposition to foreign investors;</li> <li>▪ Developing marketing material using social media and traditional media</li> <li>▪ Network of contacts in China, Korea, Japan</li> <li>▪ Excellent presentation and communication skills in English</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Conduct an assessment of the ZUFZGO's organization, management, work flow and operations structure and develop an improvement plan and capacity building requirements</li> <li>• Lead the consulting team in organization development of the ZUFZGO including business development, Investment Promotion and Social Media Strategies</li> <li>• Lead the development and preparation of supplementary guidelines and manuals on registration, deregistration, licensing, land rights and allocation, infrastructure utilities contracts and leasing</li> <li>• Lead the consultant team to develop a comprehensive and tailor-made capacity building and training programs for efficient project implementation</li> <li>• Identify gaps and capacity building needs for each EA and IAs and other relevant stakeholders and agencies</li> </ul>

Experts	Total inputs (Person-months)	Qualification Requirements	Key Tasks (indicative only)
		<ul style="list-style-type: none"> <li>• Proven experience in special economic zone management and operations including international best practices;</li> <li>• Experience in providing capacity building training in various forms such as on the job training, workshops and formal classroom training to ensure institutional memory and continuous training;</li> <li>• Prior experience working for developing countries and interacting with government agencies and regulators would be an asset;</li> <li>• Good business knowledge and working experience relevant to project management and reporting of ADB projects;</li> <li>• Abilities to formulate, design, and develop various business management documents;</li> <li>• Strong organizational skills</li> <li>• Fluency in English</li> </ul>	<ul style="list-style-type: none"> <li>• Develop and conduct capacity building training on relevant topics for relevant stakeholders in cooperation with the Project Coordinator and the PSC</li> <li>• Carry out systematic training workshops to the EAs/IAs staff based on their roles in project implementation and the implementation stage of their projects</li> <li>• Organize, coordinate and liaise capacity building trainers and consultants in terms of inputs and availability</li> <li>• Act as a resource person for the EA, IAs, PIU, consultant team and stakeholders</li> </ul>
Legal and Regulatory Expert (International)	9 person/ months	<ul style="list-style-type: none"> <li>• Advanced law degree</li> <li>• At least 15 years of professional experience, including 10 years' experience in international legal consulting and advisory services;</li> <li>• Proven experience in special economic zone legal and regulatory framework and operations including international best practices;</li> <li>• Exposure and familiarity with free zone development, management and operation would be a strong asset;</li> <li>• Prior experience working for developing countries and interacting with government agencies and regulators would be an asset;</li> <li>• Fluent in English.</li> </ul>	<ul style="list-style-type: none"> <li>• Lead the review of the current free zone legal and regulatory framework to ensure laws, policies and regulations on free zone fiscal incentives and special treatments are harmonized for the operation of the Zamyn-Uud free zone</li> <li>• Analyze and identify gaps, deficiencies and shortcomings of current laws and regulations that are impeding the development of Zamyn-Uud free zone, operation of the ZUFZGO and efficient coordination of relevant agencies</li> <li>• Develop and draft supplementary rules and regulations and possible changes and amendments into laws and legislations based on analysis and identification</li> <li>• Assist in developing and carrying out institutional and human resource capacity building program for EA and IAs</li> <li>• Act as a resource person for the EA, IAs, PIU, consultant team and stakeholders</li> </ul>
Public-Private Partnership Advisor	6 person-months	<ul style="list-style-type: none"> <li>• Advanced degree in economics, business administration, or finance</li> <li>• At least 15 years of professional experience, including 10 years' experience in international</li> </ul>	<ul style="list-style-type: none"> <li>• Assess and evaluate feasibility of establishing an independent zone operator through public-private partnership arrangements based on international best practices and lessons learned on</li> </ul>

Experts	Total inputs (Person-months)	Qualification Requirements	Key Tasks (indicative only)
(International)		<p>consulting and advisory services involving public-private partnerships;</p> <ul style="list-style-type: none"> <li>• Exposure and familiarity with free zone development, management and operation involving public-private partnerships would be a strong asset;</li> <li>• Prior experience working for developing countries and interacting with government agencies and regulators would be an asset;</li> <li>• Fluent in English.</li> </ul>	<p>adopting best possible model for a free zone management and operation:</p> <ul style="list-style-type: none"> <li>▪ Elaborate the rationale for separating the regulatory role as much as practically possible from the roles of owner, developer, and operator based on international best practices</li> <li>▪ Define and outline the linkage of free zone development strategy with market and business demands</li> <li>▪ Review and assess the current policies and regulations for enabling environment and opportunities for developing an independent free zone operator</li> <li>• Study and recommend practical steps and guidelines of establishing a realistic PPP mechanism in leveraging not only financial resources, but also knowledge, skills and experience of private business management and the required changes in regulatory and administrative arrangements:             <ul style="list-style-type: none"> <li>▪ Outline rights, responsibilities, obligations, and commitments of all parties with respect to all aspects of zone development, financing and operation, regulation, and promotion</li> <li>▪ Develop the general guiding principles of establishing the zone operating company including majority private ownership, broad operational autonomy, operating on a cost recovery basis, charging market based fees for its services, customer orientation and oversight by Advisory Board of Directors representing the zone tenants and investors</li> <li>▪ Specify the main service roles of an independent zone operator such as facility leasing, transacting utilities, provision of value-added services and free zone promotion and marketing</li> </ul> </li> </ul> <p>Recommend and propose the required changes in regulatory and administrative arrangements for a realistic PPP mechanism for the free zone administration and operation.</p>

Experts	Total inputs (Person-months)	Qualification Requirements	Key Tasks (indicative only)
Deputy Team Leader/Legal and Regulatory Specialist (National)	36 person- months	<ul style="list-style-type: none"> <li>• University Degree in the field of laws and regulation</li> <li>• At least 10 years of experience working as a legal and regulatory consultant or in an advisory role</li> <li>• Experience working in economic development projects financed by international development institutions Mongolia would be an asset;</li> <li>• Able to perform effectively as a team lead, exercising supervision, coordination, and planning responsibilities and experience in setting up effective coordination, communication and organizational systems for project management;</li> <li>• Strong project management and execution skills, including the ability to effectively drive complex and multi-stakeholder tasks;</li> <li>• Experience in project planning and management as well as consolidating and finalizing all relevant reports under the project;</li> <li>• Experience working in economic development projects financed by international development institutions Mongolia;</li> <li>• Strong communication and interpersonal skills, and computer skills;</li> <li>• Fluency in Mongolian and English languages.</li> </ul>	<ul style="list-style-type: none"> <li>• Act as the deputy to the team leader and provide support for responsibilities of the team leadership, and assume overall leadership in the absence of the Team Leader</li> <li>• Help supervise the overall implementation of the project and ensure all deliverables are completed with highest quality and in a timely manner;</li> <li>• Help manage the work of international and national consultants and provide effective coordination with relevant stakeholders</li> <li>• Review and evaluate the current domestic laws, policies and regulations with a goal to identify gaps, contradictions, interpretation ambiguity and vagueness that are impeding smooth and efficient operation of the free zone and implementation of the free zone special treatments</li> <li>• Assist the international legal specialist to develop and recommend clarifications, remedial measures and actions based on the gap analysis above</li> <li>• Assist the international legal specialist to develop and propose supplementary rules and regulations as deemed necessary</li> <li>• Assist the international legal specialist to develop and recommend possible amendments into the Law on Free Zones</li> <li>• Provide relevant inputs to the formulation of the project implementation documents</li> <li>• Coordinate with respective local authorities, government bodies and other institutions and stakeholders as required for project outputs and deliveries;</li> <li>• Assist the team leader in overseeing the execution of the consultant services and ensure the successful implementation of the project;</li> <li>• Communicate and coordinate with PIU, ADB and relevant stakeholders for successful project management and implementation;</li> <li>• Report project implementation progress and compliance monitoring to the PIU and relevant stakeholders;</li> <li>• Report project implementation progress periodically to relevant stakeholders and carry out compliance monitoring for effectiveness;</li> </ul>

Experts	Total inputs (Person-months)	Qualification Requirements	Key Tasks (indicative only)
			<ul style="list-style-type: none"> <li>• Submit required annual audit reports and financial statements of project account</li> <li>• to ADB complying with international accounting standards;</li> <li>• Ensure due diligence and compliance with ADB policies and develop and implement risk management framework;</li> <li>• Supervise the overall implementation of the project and ensure all deliverables are completed with highest quality and in a timely manner;</li> <li>• Develop and regularly update the overall project work plan as well as detailed work plan for each component using project management software;</li> <li>• Ensure effective cooperation and collaboration with project stakeholder and as well as project consultants;</li> <li>• Complying with the reporting requirements and prepare the various project reports in a timely manner as well as project completion report.</li> <li>• Assist other consultants in delivering their consulting services as required and needed</li> <li>• Maintain and keep close cooperation with the EA, IAs, PIU and Project Steering Committee regarding all aspects of the project implementation</li> <li>• Act as resource person to the rest of the consulting team</li> </ul>
Business Development/Management Specialist (National)	36 person-months	<ul style="list-style-type: none"> <li>• A university degree in business administration, management and/or finance</li> <li>• At least 10 years of relevant work experience in consulting and private sector management roles</li> <li>• Experience working in a large scale projects involving multi-stakeholders will be an asset;</li> <li>• Strong communication and interpersonal skills, and computer skills;</li> <li>• Fluency in Mongolian and English languages</li> </ul>	<ul style="list-style-type: none"> <li>• Assess the current internal work activities and processes of the ZUFZGO</li> <li>• Assess the current work processes between the ZUFZGO, ODPM, MCUD and other relevant agencies and the Green Zone investors</li> <li>• Analyze the ZUFZGO's organizational structure as well as relevant internal policies and procedures</li> <li>• Assist international Business Development and Training Specialist to develop and prepare a business development and promotion strategy based on international best practices</li> <li>• Conduct research and analyze the target sectors and value chains for investment attraction and promotion</li> <li>• Provide feedback on assessment and analysis</li> </ul>

Experts	Total inputs (Person-months)	Qualification Requirements	Key Tasks (indicative only)
Business Strategy/Capacity Building Specialist (National)	24 person- months	<ul style="list-style-type: none"> <li>• A university degree in business administration, management, or economics</li> <li>• At least 10 years of professional experience including 10 years' experience in consulting, private sector and project management;</li> <li>• In-depth knowledge of the business environment in Mongolia</li> <li>• Experience in capacity building training in various forms such as on the job training, workshops and formal classroom training would be a strong asset;</li> <li>• Preferred experience working in the private sector for at least 10 years in executive and management roles;</li> <li>• Strong communication and interpersonal skills, and computer skills;</li> <li>• Fluency in Mongolian and English languages</li> </ul>	<ul style="list-style-type: none"> <li>• Study and review the current implementation procedures and processes of special treatment of customs duty, taxes, employment, visa and inspection and other important matters</li> <li>• Identify the institutional problems, shortcomings, impediments and factors that affect or will affect the implementation of the ZUFZ special treatments, and recommend remedial measures</li> <li>• Assist international Business Development and Training Specialist in developing and organizing capacity building training program</li> <li>• Assist international Business Development and Training Specialist to streamline administrative services for registration, licensing, land allocation, utilities contracts and leasing</li> </ul>

**C. CONSULTING SERVICES FOR DEVELOPMENT OF INTEGRATED BORDER MANAGEMENT SYSTEM AND DATABASE IN THE ZAMYN-UUD FREE ZONE (Output 3)**

**1. Consulting firm, 8 international consultants (31 person-months), 4 national consultants (38 person-months), (total duration 38 months).**

The international firm will be responsible for developing an integrated border management platform that will be deployed at the Zamyn-Uud free zone. The assignment will include: (i) design and pilot of ICT solutions as use of digital surveillance and biometric recognition to facilitate and monitor passenger and vehicle movement; (ii) upgrade of Mongolia's immigration systems to provide additional functionalities (such as traceability) as required by the Government of Mongolia and interoperability with external systems and emerging technologies; and (iii) leveraging on Mongolian Customs General Administration's (MCGA) Custom Automated Information System (CAIS), create a system for information collection and sharing to facilitate movement of people and goods while strengthening border agencies capacity to recognize, monitor and adopt rapid control measures as needed. The firm will analyze current business processes with the objective of streamlining procedures and data submission, consider business and technical requirements, and design, architect and develop information and communications technology (ICT)-based solutions that could be nationally scalable and with capacity to share advance information to zone and border agencies in partner countries (such as the PRC). The system must be scalable at national level to enhance border agencies capacity to facilitate trade while at the same time ensuring border security, social safety and readiness to respond quickly in case of untoward regional health risks.

**Detailed tasks:**

- (i) Defining the Enterprise Architecture for the Immigration System of Mongolia;
- (ii) Finding the best technical solution based on current application and future application requirements;
- (iii) Developing the Immigration data model;
- (iv) Leading the business process analysis and improvement efforts in immigration;
- (v) Development of biometrics and the use of centralized identity management;
- (vi) Design, implement and support infrastructure solutions based;
- (vii) Design high levels of performance, availability and security of IT systems; and for developing risk algorithm for immigration control.
- (viii) Overall management of the project and successful timely completion of all deliverables;
- (ix) Define the enterprise architecture for the integrated border management (IBM);
- (x) Develop the IBM solution;
- (xi) Develop the IBM data model;
- (xii) Develop integrated risk management algorithm;
- (xiii) Develop business process analysis and re-design of IBM; and
- (xiv) Design, implement and support infrastructure solutions-based IBM.

**Qualifications and Experience**

- (i) Information Technology, Computer Science or other related field with at least 15+ years of experience in (ICT) integration projects and demonstrable experience in Enterprise Architecture; and
- (ii) Preferably with experience working in ADB project or similar international donor projects.

Key experts include:

International:

- Team Leader (Enterprise Architect)
- Solution and Data Architect
- Biometrics and Identity Specialist
- Network, Server and Infrastructure Specialist
- Risk Management Specialist
- Business Process Analyst
- Business Process Re-engineering Specialist
- Software Developer

National:

- Deputy Team Leader/ Business Process Analyst
- Data Modeller/ Database Administrator
- Software developer
- Business Process Analyst

**2. Trade Facilitation, Border Management and ICT Advisor** (international, 5 person-months, intermittent). The consultant will provide a critical role of advising the Government of Mongolia on defining the vision and designing the overall blueprint of improving the technical capacity of regulatory agencies with border functions. Working primarily with the Mongolia Immigration Agency and the General Authority of Border Protection, and in close collaboration with MCGA and the General Agency for Specialized Inspection (GASI), the consultant will strengthen national security and trade facilitation by defining, developing, selecting and overseeing firms that can deliver an integrated border management solution that can scale nationally across other border crossing points.

Duties and Responsibilities:

- (i) Scoping the border security and immigration business and technical requirements;
- (ii) Establish options for improving an integrated border response with GASI and Mongolia Customs General Administration;
- (iii) Conceptual design of an integrated border management solution; and
- (iv) Development of bid documents based on ADB Procurement Guidelines.

Minimum Qualification:

- (i) Master or higher degree in Information Technology, Computer Science or other related field with at least 15+ years of experience in ICT integration projects and demonstrable experience in Enterprise Architecture;
- (ii) Minimum 5 years experiences in immigration, border protection and trade facilitation, or combination;
- (iii) Fluent oral and written English language skills; and
- (iv) Experience in Mongolia is highly desirable.

## D. PROJECT IMPLEMENTATION UNIT

1. **Project Coordinator** (national, 60 person-months). The consultant must have post graduate or graduate degree in Engineering, Business and/or Financial management or relevant, with over 10 years of experience in project management of multi-sectoral investment program of externally funded projects. The consultant must also have exposure to policies of external funding agencies. The tasks and responsibilities of the coordinator include the following:

- (i) Assume overall responsibility for coordinating and implementing project activities in accordance with the project implementation schedule, investment and financing plan, procurement plan and other project documents, and the annual action plan and budget for the project, to ensure timely achievements of performance targets in compliance with the loan agreement, the ADB policies and procedures, and the national laws and regulations;
- (ii) Prepare annual action plans and budgets for the project for review and approval of the project steering committee;
- (iii) Assist executing and implementing agencies for management and implementation of the project in overall coordination with the ADB;
- (iv) Ensure that the project funds and other resources are used only for approved project purposes and by authorized personnel, and are properly managed in compliance with all financial covenants and other obligations in the loan agreement;
- (v) Ensure that conditions are met in time for disbursements of loan proceeds;
- (vi) Arrange annual and final audits of the detailed consolidated project financial statements in coordination with the National Audit Office;
- (vii) Supervise and guide other PIU staff; monitor performance of tasks by other PIU staff and identify problems and solutions to coordinate and implement project activities;
- (viii) Supervise the team consultants; administer contracts, monitor tasks, overall supervision;
- (ix) Ensure that all reports and documents are submitted to ADB and the government including the project steering committee on time, including quarterly and annual progress reports; Provide quality control of all documents submitted to ADB, the executing and implementing agencies, the Ministry of Finance, the project steering committee and other key stakeholders, including documents related to procurement, disbursement, financial management, monitoring and reporting;
- (x) Act as representative of PIU to discuss, negotiate, and agree with consultants and contractors on contractual obligations carried out under the project in accordance with ADB policies and procedures and the national laws and regulations;
- (xi) Monitor and guide contract administration by other PIU staff and seek guidance and support from ADB and the executing and implementing agencies on any breach of contracts and performance issues with consultants and contractors; and
- (xii) Ensure that the project-related complaints are handled properly through grievance redress mechanism established for the project.

2. **Procurement Specialist** (national, 60 person-months). The consultant must have at least a bachelor's degree in Civil Engineering, Management, Administration and other relevant discipline; with over 7 years of experience; experience of working as procurement specialist in multilateral development bank funded projects (e.g., ADB, World Bank, European Bank for Reconstruction and Development) is preferable. Experience with international competitive bidding and recruitment of consulting firms under projects funded by international financial institutions is a plus. The tasks and responsibilities of the specialist include the following:

- (i) Manage and coordinate all procurement activities including recruitment of consultants in consultation with the executing and implementing agencies and in accordance with ADB's guidelines and procedures and national laws and regulations;
- (ii) Plan and manage procurement activities including establishment of bid evaluation committees, preparation of bid documents, invitation for bids, bidders' inquiries, bid evaluation, preparation of bid evaluation minutes and reports, preparation of contract negotiations with selected bidders, and submissions for ADB's review in accordance with the project procurement plan and ADB's guidelines and procedures;
- (iii) Plan and manage consultant recruitment activities including establishment of consultant selection committees, preparation of terms of reference, advertisement, shortlisting, evaluation of technical proposals, preparation of technical proposal evaluation minutes and reports, evaluation of financial proposals, preparation of financial proposal evaluation reports, preparation of contract negotiations with selected consultants, and submissions for ADB's review in accordance with the project procurement plan and ADB's guidelines and procedures;
- (iv) Prepare procurement documents such as bidding documents including technical specifications for goods, works and services to be procured through international Open competitive bidding, national competitive bidding, and shopping, bid evaluation minutes and reports, contracts, and other submission documents for ADB's review;
- (v) Prepare consultant recruitment documents such as terms of reference, request for proposals, expressions of interest evaluation minutes and reports, technical proposal evaluation minutes and reports, contracts, and other submission documents for ADB's review;
- (vi) Update the project procurement plan for review and approval by ADB;
- (vii) Arrange inspections of goods, works and services being procured, as well as inspections of their delivery, storage, and distribution to the final destination to ensure timely availability and proper reception, installation, testing, and user training;
- (viii) Inspect the quality of the procured goods by collecting data and information from the manufacturers, distributors, and suppliers for verification with the specifications before signing acceptance documents for the goods;
- (ix) Inspect the quality of the procured works by collecting data and information from the contractors for verification with the specifications and design drawing before notifying the completion of works for certification by the Agency for Specialized Inspection; and
- (x) Collect and maintain complete records of procurement activities under the projects for audits and references by ADB and the government.

3. **Financial Management Specialist** (national, 60 person-months). The consultant must have relevant degree in financial management and over 7 years of professional experience including at least 5 years of experience in working for externally assisted projects, especially ADB project. The tasks and responsibilities of the specialist include the following:

- (i) Ensure that all expenditures incurred under the project are properly recorded in the ledger and that all expenditures are properly authorized on the appropriate vouchers and accompanied by appropriate original receipts; report discrepancies to the Project Manager and make corrections as required;

- (ii) Manage and coordinate all disbursement activities in consultation with the executing and implementing agencies and the Ministry of Finance, National Development Agency, and in compliance with financial covenants of the loan agreement and ADB's Loan Disbursement Handbook;
- (iii) Plan and manage disbursement activities including monitoring of the project fund utilization and timely disbursement of funds, preparation of withdrawal applications and related financial documents for ADB's review, processing of payments to consultants and contractors, financial records keeping, and preparation of regular financial reports, arranging documents for annual audits in accordance with the project implementation schedule and the annual action plan, and in compliance with financial covenants of the loan agreement, ADB's Loan Disbursement Handbook and the national accounting standards, rules and regulations;
- (iv) Assist the Project Manager in opening and maintaining an advance account for the project on behalf of the executing and implementing agencies;
- (v) Assist the Procurement Specialist in procuring an integrated financial management software and install it in the PIU computer; and develop a financial management system for the project to ensure that the project financial management system conforms to ADB's requirements and the national accounting standards, rules and regulations;
- (vi) Assist the Project Manager in preparing annual budgets for the project;
- (vii) Prepare monthly financial reports, and petty cash and bank accounts reconciliation reports for the project;
- (viii) Prepare quarterly financial reports on the project funds utilization and disbursement status to be included in the project quarterly progress reports;
- (ix) Ensure timely processing of payments to consultants and contractors and payment of bills and maintain complete records for future reference;
- (x) Assist the Project Manager in arranging annual and final audits of the detailed consolidated project financial statements.

4. **Infrastructure/Civil Engineer** (national, 60 person-months). The consultant will have a graduate degree in relevant engineering field. The expert will have 10 years of experience in the engineering and design. The tasks and responsibilities of the engineer include the following:

- (i) Perform duties assigned by Project coordinator;
- (ii) Undertake structural calculations and analysis and produce economic and efficient buildable designs;
- (iii) Liaise with the project architects, other engineering disciplines, sub-consultants and clients as required;
- (iv) Undertake site visits as required;
- (v) Carry out detailed structural design and preparation work for foundation;
- (vi) Undertake quality assurance checking of drawings and calculations produced by self and that of other team members as directed by Team Leader;
- (vii) Coordination of the works of structural design engineers for timely completion of the structural design;
- (viii) Ensure that all drawings are reviewed and checked by Team Leader prior to external issue;
- (ix) Produce structural design briefs, documents, reports and material specifications as required for civil construction;
- (x) Supervise all civil construction works during the design, construction and post construction phases; and
- (xi) Assist in preparing technical specifications of the bidding documents.

5. **Environmental Specialist** (national, 24 person-months, intermittent). An environment safeguards specialist is required to assist the PIU in supervising and supporting the environmental management plan (EMP) implementation during the project construction and operation phases. A national consultant with knowledge of local context and language is deemed more suitable on an intermittent basis for an expected duration of 12 months. He/she will report directly to the PIU project coordinator. The key task of the national environmental specialist is to provide support to the Project Implementation Unit (PIU) in compliance with the requirements of EMP and the Mongolian legislation during construction and operation phase. More specifically the consultant will:

- (i) Ensure that EMPs are included in the bid documents and contracts for civil works and supply contracts;
- (ii) Help the PIU in review basic design reports by consultants to incorporate environmental mitigation measures and allocate adequate budget for the implementation of EMPs in the final design reports;
- (iii) According to the arrangement specified in the EMP, carry out supervision on-site of the EMP implementation especially the mitigation measures by contractors and investors during construction and operation respectively on behalf of the PIU. Document the findings, problems and their causes, corrective actions taken etc;
- (iv) Help the PIU to review the monthly reports by the supervision engineer which also covers their daily supervision of the EMP implementation, complementing to the supervision notes of the environmental expert and the PIU described;
- (v) Provide training on the EMP to the PIU staff, contractors, supervision engineers and investors at the commencement of construction and operation, and refresh as needed, so that they are familiar with the EMP requirements;
- (vi) Assist the PIU to complete the domestic environmental impact assessment (EIA) process and clearance for the ZUFZ. Ensure that all environmental permits are obtained by the contractors and investors during construction and operation respectively;
- (vii) Assist the PIU and the contractors in complying with the requirements by the Government inspections and concerns of the affected communities through a Grievance Redress Mechanism;
- (viii) According to the EMP, assist the PIU to engage external laboratory or monitors for quantitative monitoring of key parameters during construction and operation. Collect, compile and interpret the data into the periodic reports to the ADB. In cases of non-compliance with applicable standards or against the benchmark data established by the environmental baseline assessment, need to analyze the reasons;
- (ix) In case of changes in the project, assist the PIU to meet both domestic and ADB requirements on environmental safeguard, e.g. update EIA and re-approval;
- (x) Document the above work, findings and data during each reporting period, Assist the PIU in preparing annual reports to ADB on the implementation of EMP, following the requirements and format set in the EMP on such annual report; and
- (xi) Undertake other relevant work needed by the PIU.

**Minimum Qualification:**

- (i) Graduate degree and 10 years of relevant experience in environmental management for large construction projects;
- (ii) Demonstrated experience in EIA and/or management for projects financed by ADB and/or other multilateral development organizations;
- (iii) Strong participatory and facilitation skills, to work with local stakeholders and facilitate consultations resulting in positive outcomes and dialogue;

- (iv) National certification for environmental assessment, management, and/or monitoring; and
- (v) Good command of spoken and written English.

6. **Social and Gender Development Specialist** (national, 24 person-months, intermittent). The consultant will be a part-time PIU staff reporting to the project coordinator. The consultant will ensure the proper planning, preparation, implementation, and monitoring and evaluation of the project activities from a gender perspective and ensure implementation of all activities listed in the project Gender Action Plan (GAP) including the community communication activities as per GAP. More specifically, the consultant will:

- (i) Prepare a detailed work plan for the implementation of the GAP and ensure effective and timely implementation;
- (ii) Prepare detailed Terms of Reference for Training Solutions firm;
- (iii) Ensure gender mainstreaming in the project activities; namely assessments to enhance women's economic empowerment through training and assessment of trader's market; training programs; ensure women's participation in consultation through public communication activities; promote women's safety through activities related to prevention of trafficking in people and awareness on HIV/AIDS, STDs, gender based violence; monitor and report on contractors compliance with training related to these aspects;
- (iv) Develop detailed action plans (monthly, quarterly and annual) pertinent to specific outputs of the project in consultation with PIU specialists and project consultants;
- (v) Support the project monitoring and evaluation specialist in preparing and monitoring the Project Performance Management System following the performance indicators and/or targets of the GAP, and gender indicators in Design and Monitoring Framework;
- (vi) Prepare the project quarterly and annual reports including the progress in the implementation of GAP activities, achievement of targets, and qualitative assessment of the project benefits;
- (vii) Develop a mechanism and instruments to collect sex-disaggregated data of the project interventions, including beneficiaries' sex-data disaggregated data;
- (viii) Provide technical guidance to the procurement activities (i.e., consulting services) related to the GAP implementation following ADB procedures;
- (ix) Fine-tune and oversee the pilot entrepreneurship training program for small-scale women traders in Zamyn-Uud through the recruitment of an experienced non-government organization (NGO)/firm;
- (x) Assist in selecting the participants of the pilot entrepreneurship training among small-scale traders in Zamyd-Uud;
- (xi) Prepare a report showcasing the impact of the pilot small-scale trader entrepreneurship training program to the livelihood of the beneficiary women;
- (xii) Develop the free zone database of jobs available in the free zone based on investor's requirements and link it with the Zamyd Uud Labour's Department human resource management system;
- (xiii) Prepare a consultation program and carry out consultations with the Free Zone and Zamyn-Uud communities including small-scale women traders on the aims, scope, status, job opportunities and available training in the Free Zone to ensure communities are informed and aware of the grievance redress mechanism, e.g., contact person to address their questions or concerns to achieve resolution;
- (xiv) Monitor and report on jobs created for women in the management, operation and maintenance of the free zone administration;

- (xv) Work with ZUFZGO to include in its operations manual for investors the following: (a) labour standards to decent working conditions, (b) equal pay for equal work, equal opportunities and (c) preventing discriminatory practices in hiring as per Mongolian Labour Law and the Law on Promotion of Gender Equality;
- (xvi) Guide, oversee, monitor and report on the work conducted by the specialized NGO/firm selected for implementation of integrated solutions to prevent trafficking in people through the free zone, including (a) anti-trafficking awareness campaign, (b) training of relevant stakeholders at the free zone to prevent trafficking in people; report on status of biometric system;
- (xvii) Coordinate with project consultants (e.g. business development, finance specialist) to assess the potential of a trader's market within the free zone, including modalities, regulation, tax regime, financial feasibility, operations and maintenance, willingness to pay cost recovery, and other required aspects in establishing and operating such market in the Free Zone;
- (xviii) Review and provide technical guidance to all gender activities under the project, and assure quality control of the project outputs (e.g., consultants' deliverables);
- (xix) Coordinate and monitor the progress and results of all gender capacity building activities;
- (xx) Provide support for the project review missions of ADB including progress updates on the GAP implementation;
- (xxi) Monitor and ensure that the project does not involve involuntary resettlement impacts or impacts on indigenous peoples as defined under the ADB SPS. In the event that the project does have any such impact; undertake all steps required to ensure that the project complies with the applicable laws and regulations of Mongolia and with ADB SPS;
- (xxii) Lead the preparation of mid-term and project completion report sections related to progress in the implementation of gender action plan, achievement towards targets, overall achievement and impact of activities, including identification and write up of case studies.

**Minimum Qualification:**

- (i) Bachelor's degree, preferably master's in gender or development studies, human rights, social work or a relevant discipline;
- (ii) Minimum of 7 years' demonstrated experience in the area of gender mainstreaming in development projects;
- (iii) Minimum of 2 years' experience in project management; sound knowledge on gender mainstreaming in development;
- (iv) Experience working for projects financed by ADB and other multilateral donors; and
- (v) Strong oral and written Mongolian and English proficiency.

7. **Monitoring and Evaluation Specialist** (national, 12 person-months, intermittent). The consultant who will be performing monitoring the implementation of the project throughout the life of the project in accordance with ADB monitoring guidelines and relevant government procedures. More specifically the consultant will:

- (i) Monitor the project schedules for all the contracts signed by the executing/implementing agencies, including planned activities and deliverables monitoring; and assess and identify potential or actual delays and related reporting/escalations to the stakeholders;
- (ii) Monitor project activities in accordance with the project implementation schedule and the annual action plan and prepare quarterly and annual physical progress

reports in collaboration with other PIU staff (Project coordinator, Procurement Specialist, Financial management specialist) to be included in the project quarterly and annual progress reports;

- (iii) Assist the project coordinator in preparation of the project status reports, maintain the project issue and risk registers, and report status to the stakeholders;
- (iv) Support in conducting the project review meetings for the implementing agency, including necessary coordination with the stakeholders, and related communication;
- (v) Monitor contract and support administration for all the contracts;
- (vi) Identify bottlenecks and problems that affect smooth implementation of project activities and suggest corrective actions and measures; and
- (vii) Perform other tasks as required.

**Minimum Qualification:**

- (i) Bachelor's degree, preferably master's in gender or development studies, human rights, social work or a relevant discipline;
- (ii) Minimum of 3 years' experience in project management; sound knowledge on monitoring and evaluation;
- (iii) Experience working for projects financed by ADB and other multilateral donors; and
- (iv) Strong oral and written Mongolian and English proficiency.

**8. Project Assistant** (national, 60 person-months). The Project Assistant will have a university degree in administrative assisting and other relevant disciplines and at least 3 years of experience in providing administrative support for project and business operations. Written and oral English and Mongolian proficiency and computer skills are required. Specifically, the project assistant will:

- (i) Provide administrative support for the PIU and consultants recruited under the project;
- (ii) Carry out basic office tasks to ensure smooth workflow, such as coordinating and scheduling meetings, providing interpretation/translation services for meetings, arranging travels, printing and photocopying, organizing and filing documents and records, preparing meeting minutes and memos, handling routine correspondences and e-mails, editing reports and documents, etc.;
- (iii) Manage petty cash for PIU operations and monitor costs of the project vehicle (petrol, driver, etc.);
- (iv) Purchase and distribute office supplies to other PIU staff and monitor proper maintenance of office furniture and equipment;
- (v) Assist the Procurement Specialist in advertising invitations for bids and consulting service requirements in ADB system and media and preparing small service contracts;
- (vi) Assist the Accountant/Financial Management Specialist in processing payments and maintaining records;
- (vii) Assist other PIU staff and consultants in organizing meetings, training and workshops including preparing documents and materials, arranging venues, and facilitating communication and coordination; and
- (viii) Assume other tasks as assigned by the Project Coordinator.

## **E. Consulting Firm/NGO for Gender Action Plan**

**1. Development and implementation of a pilot training program on entrepreneurship for small-scale informal traders in Zamynd-Uud** (national firm/NGO, intermittent). The consultant will work under supervision of the project coordinator and will conduct the following:

- (i) Develop the training programs on economic empowerment and entrepreneurship for small-scale women traders in Zamynd Uud, including development of one simplified training manual, and workplan of the trainings;<sup>48</sup>
- (ii) Develop one simplified manual for 150 trainees on: (i) financial literacy and accounting, (ii) business proposal development, (iii) strategy and marketing, and (iv) leadership for entrepreneurs;
- (iii) Design and conduct the five-days training for 150 small-scale female traders on site in Zamynd Uud (i.e., around 30 participants in each session);
- (iv) Develop the Selection, Implementation and Monitoring Guidelines, including eligibility criteria for the participants in training following the indicative criteria including women engaged in informal cross border trade, from the poorest baghs of Zamynd-Uud, with potential and commitment to grow their businesses, available for the whole time of the course, among others, and the process of selection to ensure transparency and opportunity;
- (v) Conduct pre and post-training surveys and prepare training report, including (a) results of pre and post training survey for all the courses conducted and (b) potentials for scale up of the pilot training program for small scale traders in the informal sector;
- (vi) Identify success stories among trainees following the program; and
- (vii) Submit the quarterly, annual and final reports.

### **Requirements**

- (i) Certificate of capacity building programs in the areas of entrepreneurship development, business proposal development;
- (ii) Staff with postgraduate and undergraduate degrees in business development, financial management and accounting;
- (iii) At least 10 years of experience in design and implementation of the capacity building or outreach programs for communities, in particular for women, small and micro-enterprises, and disadvantaged segments; and
- (iv) Necessary resources to collect and analyze needs and outcomes of training and do follow-up activities.

Deliverables will include: (i) pilot training program for small-scale women traders developed and delivered to 150 women, (ii) a simplified training manual, (iii) records on participation of trainees in trainings; (iv) report on results of the training, impact and possibilities and recommendations for scaling up; and (v) at least two follow up stories of the economically empowered women traders.

**2. Development and delivery of training and awareness campaign on prevention and response to trafficking in people for stakeholders in Zamynd-Uud free zone and awareness training for communities on HIV/AIDS, STDs, gender-based violence in Zamynd-Uud.** (national firm/NGO, intermittent).

### **Requirements**

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<sup>48</sup> 150 participants will be trained during the first 2 years of implementation.

- (i) Certificate of capacity building programs in the areas of trafficking in people, and gender-based violence;
- (ii) Staff with postgraduate and undergraduate degrees in social work, legal, education, medical science and/or related field;
- (iii) At least 10 years of experience in design and implementation of the capacity building programs for customs, immigration officials, police and legal staff, communities, previous experience in working on protocols for the treatment of victims of trafficking is essential;
- (iv) Necessary resources to collect and analyze needs and outcomes of training and do follow-up activities;
- (v) Established professional networks with key stakeholders (e.g. customs, cross-border, police, victim shelters, etc.); and
- (vi) Experience in capacity building and training of official agencies and personnel, and participatory approaches to train and mobilize communities and marginalized groups.

## Tasks and Activities

**Output 1:** Preparation and delivery of specialized training for stakeholders on identifying and responding to cases of trafficking in people.

- (i) Develop capacity building training program including separate trainings as needed to different groups of audiences in the Zamyd Uud free zone: police officers, immigration officers, customs officers, judges and prosecutors, local government officers, border protection, inspection officers (from GASI), free zone administration of the free zone. The training program will include a description of the methodology/approach used, development of manuals, training pre and post surveys, work schedule;
- (ii) Prepare a training material on case identification and management, including: (a) assessment and intervention techniques; (b) basics of counselling for victims; (c) referral; (d) communication first response in case of recognizing, and protecting victims of trafficking; and legal aspects;
- (iii) Conduct two-day classroom training for 70 participants including police officers, immigration officers, customs officers, judges and prosecutors, local government officers, border protection, inspection officers (from GASI), free zone administration of free zone;
- (iv) Sex-disaggregated data on participants to be provided in reports; and
- (v) Conduct pre and post-training surveys and prepare training report, including results of pre and post training survey for all the courses conducted and further training needs.

**Output 2:** Awareness campaign on trafficking in people

- (i) Implement an awareness campaign which includes: (i) develop a concept for the campaign, including detailing contents, timelines, media, outreach, segmentation and target groups, developing and testing materials, and final development of awareness materials, monitoring outreach and use of materials (e.g. social media shares), update messages as needed based on uptake and target group needs learned during implementation;
- (ii) Development of printed material, at least 10,000 units of a mix of leaflets, brochure, posters, water-proofed passport inserts etc.;
- (iii) Development, testing, deployment and management for at least one year of social media content and detailed plan of use of the most popular applications (e.g.

- Facebook, WeChat, Whatsapp, etc); data analytics in terms of use and sharing to see uptake and usefulness of information sharing;
- (iv) Development of animations for social media sharing - at least two different short films/animations, testing, and deployment;
- (v) Development of a community outreach plan, including schedule, roll-out, and monitoring impact, including, but not restricted to events such as school competitions, quiz, drama, in primary and secondary schools in Zamyn-Uud; and
- (vi) Report quarterly, semi-annually and annually on activities conducted, outputs achieved, including final report focusing on the impact of the campaign and recommendations to prevent trafficking in people in the Zamyd-Uud free zone.

**Output 3:** Awareness campaign for communities on HIV/AIDS, STDs, and Gender-Based Violence

- (i) Conduct half-day awareness session on prevention and response to HIV/AIDS, sexually transmitted diseases, and gender-based violence for local communities in Zamyd-uud, particularly in *Baghs* 3,4, and 5; awareness session of at least 150 people;
- (ii) Prepare, test, and disseminate materials based on content confirmed by the Ministry of Health for information on prevention, testing and management of HIV/AIDS and STDs;
- (iii) Prepare, test and disseminate printed materials based on content aligned with the revised Law to Combat Domestic Violence (2016) on prevention, case management, legal treatment of offenders, and rights, information, and support for victims and their families;
- (iv) Coordinate with the health department and health officials as well as with multi-disciplinary teams and government offices in Zamyd Uud, and other relevant stakeholders to design and implement the training to communities; and
- (v) Report on participants numbers providing sex-disaggregated data; ensure that at the least 30% of the participants are female.

The firm/NGO will submit quarterly and final reports. Deliverables will include capacity building training program within the scope of assignment; awareness campaign concept, materials printed, audiovisual and social media component managed for at least one year; training and awareness program for communities in three of the poorest neighborhoods (*baghs*) of Zamyd-Uud.