Report and Recommendation of the President to the Board of Directors

Project Number: 51410-001
May 2020

Proposed Loan
Mongolia: Developing the Economic Cooperation Zone Project

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Asian Development Bank
CURRENCY EQUIVALENTS
(as of 1 May 2020)

Currency unit – togrog (MNT)
MNT1.00 = $0.000359
$1.00 = MNT2,786

ABBREVIATIONS

ADB – Asian Development Bank
CAREC – Central Asia Regional Economic Cooperation
COVID-19 – coronavirus disease
EMP – environmental management plan
GDP – gross domestic product
ODPM – Office of the Deputy Prime Minister
PAM – project administration manual
PIU – project implementation unit
PRC – People’s Republic of China
PSC – project steering committee
RCI – regional cooperation and integration
SDR – special drawing rights
ZUFZGO – Zamyn-Uud Free Zone Governor’s Office

NOTE

In this report, “$” refers to United States dollars.
<table>
<thead>
<tr>
<th>Position</th>
<th>Name and Designation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vice-President</td>
<td>Ahmed M. Saeed, Operations 2</td>
</tr>
<tr>
<td>Director General</td>
<td>James P. Lynch, East Asia Department (EARD)</td>
</tr>
<tr>
<td>Directors</td>
<td>Xiaoqin Fan, Public Management, Financial Sector, and Regional Cooperation Division (EAPF), EARD</td>
</tr>
<tr>
<td></td>
<td>Pavit Ramachandran, Mongolia Resident Mission (MNRM), EARD</td>
</tr>
<tr>
<td>Team leaders</td>
<td>Unurjargal Dalaikhuu, Regional Cooperation Officer, MNRM, EARD</td>
</tr>
<tr>
<td></td>
<td>Dorothea Lazaro, Regional Cooperation Specialist, EAPF, EARD</td>
</tr>
<tr>
<td>Team members</td>
<td>Ma. Bernadette De Castro, Project Analyst, EAPF, EARD</td>
</tr>
<tr>
<td></td>
<td>Desi Arvin Diaz, Associate Project Analyst, EAPF, EARD</td>
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<tr>
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<td>Veronica Mendizabal Joffre, Social Development Specialist (Gender and Development), Office of the Director General, EARD</td>
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<tr>
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<td>Declan Magee, Senior Country Economist, MNRM, EARD</td>
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<td>Edith Joan Nacpil, Economics Officer, EAPF, EARD</td>
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<td>Aysha Qadir, Principal Counsel, Office of the General Counsel (OGC)</td>
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<td>Arun Ramamurthy, Senior Infrastructure Specialist (Digital Technology), Sustainable Infrastructure Division, EARD</td>
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<td></td>
<td>Xin Ren, Environment Specialist, Safeguards Division, Sustainable Development and Climate Change Department (SDCC)</td>
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<td>Peer reviewers</td>
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<td>Masahiro Nishimura, Senior Rural Development Specialist, Environment, Natural Resources and Agriculture Division, South Asia Department</td>
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<td></td>
<td>Yuebin Zhang, Principal Regional Cooperation Specialist, Regional Cooperation and Integration Thematic Group, SDCC</td>
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In preparing any country program or strategy, financing any project, or by making any designation of or reference to a particular territory or geographic area in this document, the Asian Development Bank does not intend to make any judgments as to the legal or other status of any territory or area.
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### 1. Basic Data

<table>
<thead>
<tr>
<th>Project Number: 51410-001</th>
<th>Project Name: Developing the Economic Cooperation Zone Project</th>
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<tr>
<td>Country: Mongolia</td>
<td>Borrower: Mongolia</td>
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<td>Executing Agency: Office of the Deputy Prime Minister, Mongolia</td>
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**Country Economic Indicators**
https://www.adb.org/Documents/LinkedDocs/?id=51410-001-CEI

**Portfolio at a Glance**
https://www.adb.org/Documents/LinkedDocs/?id=51410-001-PortAtaGlance

### 2. Sector

<table>
<thead>
<tr>
<th>Subsector(s)</th>
<th>ADB Financing ($ million)</th>
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<tr>
<td>Industry and trade</td>
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<tr>
<td>Small and medium enterprise development</td>
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<td>Trade and services</td>
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<tr>
<td>Information and communication technology</td>
<td>1.50</td>
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<tr>
<td>ICT industries and ICT-enabled services</td>
<td></td>
</tr>
<tr>
<td>Transport</td>
<td>5.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>30.00</strong></td>
</tr>
</tbody>
</table>

### 3. Operational Priorities

- Addressing remaining poverty and reducing inequalities
- Accelerating progress in gender equality
- Tackling climate change, building climate and disaster resilience, and enhancing environmental sustainability
- Strengthening governance and institutional capacity
- Fostering regional cooperation and integration

### 4. Risk Categorization:

- Low

### 5. Safeguard Categorization

- Environment: B
- Involuntary Resettlement: C
- Indigenous Peoples: C

### 6. Financing

<table>
<thead>
<tr>
<th>Modality and Sources</th>
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<tr>
<td>ADB</td>
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<td>Counterpart</td>
<td>5.76</td>
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<tr>
<td>Total</td>
<td>35.76</td>
</tr>
</tbody>
</table>

**Currency of ADB Financing:** SDR

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1 The project reduces greenhouse gas emissions. However, it does not fall under the eligibility criteria for climate mitigation finance as defined by the joint multilateral development bank methodology on tracking climate finance, which notes that not all activities that reduce greenhouse gases in the short term are eligible to be counted towards climate mitigation finance. Accordingly, greenfield fossil fuel projects are excluded, and climate mitigation finance is not applicable.

Source: Asian Development Bank
I. THE PROPOSAL

1. I submit for your approval the following report and recommendation on a proposed loan to Mongolia for the Developing the Economic Cooperation Zone Project.¹

2. 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.² 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.³ 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.⁴

II. THE PROJECT

A. Rationale

3. 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 2017–2019.⁵ The mining industry is capital intensive and only contributes to 4% of employment.

4. 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 regulatory environment that drive up its trade costs. Mongolia ranked 130th out of 160 countries in logistics performance in 2018

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² This document uses the most recent English-language spelling of the district name: Zamyn-Uud. The name is also sometimes spelled Zamiin-Uud.
³ 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.
⁴ 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 and exit customs control and clearance, and registration and employment within the zone.
⁵ Sector Assessment (Summary): Industry and Trade, and Economic Analysis (accessible from the list of linked documents in Appendix 2).
and 117th out of 190 on ease of trading across borders in 2019. Empirical evidence suggests that a 10% reduction of import time at the border could expand trade and raise the share of trade in Mongolia’s GDP by 0.65 percentage points. Trade facilitation is thus crucial to improving Mongolia’s export competitiveness, growing the economy, and increasing employment.

5. **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. The COVID-19 outbreak has heightened Mongolia’s need to facilitate international trade, which will be crucial to its post-pandemic economic recovery. An enabling environment is 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 support 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.

6. **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). Mongolia will benefit from its connectivity and trade facilitation projects along CAREC corridor 4, which traverses Mongolia’s key border crossing points.

7. **Free zone development.** Free zone development is one of Mongolia’s economic diversification initiatives and will also strengthen Mongolia’s participation in global and regional value chains. 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

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9 In addition to the CAREC program, Mongolia participates in a trilateral plan for developing a 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.
10 This includes the pilot initiative for joint border control between Mongolia and the PRC in Zamyn-Uud.
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 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 (footnote 4).

8. **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 CAREC corridor 4 and where road, rail, and air transport networks meet. It is also the border crossing closest to Tianjin, the gateway port in the PRC for Mongolia’s shipments 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. 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. 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.

9. **Development challenges and the government’s response.** While the Zamyn-Uud free zone was established about 17 years ago, it has not become fully operational despite its strategic location (footnote 3) and investment incentives (footnote 4). Several physical and nonphysical constraints limit the zone’s development. First, the necessary infrastructure within the zone remains incomplete; and gaps are evident in the water, wastewater, heating, power, and road systems. 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. 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) faces institutional and staff

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12 Joint Communique 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; and areas of cooperation on environment, safety, protection and control, and social services.

13 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.


16 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.

capacity constraints. Improved coordination among border agencies is crucial to improve trade transactions especially for zone operations.18

10. The government is currently developing the Zamyn-Uud free zone through a phased approach. The initial phase, which will be the focus of the proposed project, will develop about 300 hectares of the zone. The project will provide infrastructure to service each investor lot within the project area through direct connections for water, wastewater, and heating utilities and 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 will involve improving the transparency and predictability of the application of laws and regulations, including those governing special treatment of customs duties and employment within the zone (footnote 4). 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 economic cooperation zone.

11. **Strategic fit.** The project is aligned with ADB’s Strategy 2030 operational priority of fostering RCI, particularly the Operational Plan for Priority 7: Fostering RCI, 2019–2024.19 The project is also a priority under the CAREC Integrated Trade Agenda 2030.20 The project is designed to promote the use of innovative technology and strengthen policies and institutions and is classified as *effective gender mainstreaming*.21 The project is aligned with ADB’s country partnership strategy for Mongolia, 2017–2020 (pillar 2: developing infrastructure for economic diversification) and ADB’s country operations business plan for Mongolia, 2020–2021 (footnote 1).22

12. The project complements ongoing ADB-funded RCI projects in the Zamyn-Uud soum. The Regional Improvement of Border Services Project is upgrading the Customs Automated Information System of the Mongolian Customs General Administration to improve customs processes, including those at the border crossing point in Zamyn-Uud.23 Another project in Zamyn-Uud is modernizing laboratories and inspection facilities to align Mongolia’s sanitary and phytosanitary measures with international standards.24 The Zamyn-Uud Logistics Center, financed by ADB and expected to be operational in 2020, will provide road–road, road–rail, and rail–rail transshipment services and transport connections for a full range of cross-border trade

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through the Zamyn-Uud border. This will be accessible to future trade operations to and from the Zamyn-Uud free zone and the economic cooperation zone between Mongolia and the PRC.

13. **Private sector participation.** The Government of Mongolia has taken proactive action to promote private sector participation in free zone development. Interested investors, investors’ associations, chambers of commerce, and other stakeholders were consulted during project preparation. Under output 2, the proposed project will provide an enabling environment for the private sector as investors (zone end-users) and explore the potential for the private sector to operate and manage the free zone. Private sector representatives are also members of the project steering committee (PSC).

B. **Project Description**

14. The project is aligned with the following impact: economic diversification and trade linkages with global and regional value chains enhanced (footnote 20). The project will have the following outcome: economic activities and employment in Zamyn-Uud free zone generated.

15. **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, control space shed, gender-specific washrooms, and inspection platform; and (ii) installation of necessary equipment in the gateway complex, such as cargo and passenger automatic x-ray equipment and radiation detection equipment.

16. **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 enhancement and promotion of economic opportunities for women traders in Zamyn-Uud; and (iv) capacity development of the executing and implementing agencies for project implementation, monitoring, and evaluation.

17. **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 security, social safety, and improved traceability to mitigate transboundary health risks. The 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 system.

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26 A market survey was conducted from July 2019 to September 2019 through focused group discussions involving seven free zone investors, consultation meetings with the Green Zone investment council (representing 28 investors), and questionnaires involving 20 non-investor companies. Interested investors are seeking to either produce goods (manufacturing, trade, and food processing) or provide services (travel, logistics and storage services, fuel stations, and construction). As of December 2019, 58 investors had been granted lease contracts in the Zamyn-Uud free zone. About 5 investors had started construction of their factories.

27 The design and monitoring framework is in Appendix 1.

28 The project will determine and establish arrangements for the operation and maintenance of project facilities within the zone. Consideration will be given to outsourcing business-related functions to private entity, introducing value-added services, and funding mechanisms for the maintenance of zone facilities.
database. The database will promote interagency coordination by linking the Customs Automated Information System of Mongolian Customs General Administration (para. 12) with 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.

18. **Lessons.** Lessons from Mongolia’s past attempts to develop free zones (para. 9) and prevailing international good practices show a need for enabling infrastructure, a sound regulatory environment, good governance, and streamlined procedures. Interagency coordination and strong partnership with the private sector are also crucial. The project reflects these lessons and provides a holistic response to address the free zone’s development needs, i.e., by combining infrastructure (output 1) with capacity development and use of technology (outputs 2 and 3).

C. **Value Added by ADB**

19. Through this project, ADB will further strengthen Mongolia’s role in RCI and participation in the CAREC program—particularly the CAREC Integrated Trade Agenda 2030, which consolidates and coordinates trade-related initiatives and projects between 11 CAREC member countries and their development partners (footnote 20). By addressing infrastructure gaps within the zone and improving connectivity, ADB will help Mongolia reduce trade costs. On the non-physical side, ADB’s experience in trade facilitation initiatives will support Mongolia’s efforts to streamline its trade procedures and integrate the inspection and surveillance systems of border agencies with the adoption of a single-window system for trade transactions (para. 12).

20. ADB has also been actively supporting Mongolian multisectoral institutions such as the National Committee on Trade Facilitation and the National Council on Border Development. ADB will strengthen coordination with the development partners supporting programs in road development, promotion of agricultural exports, and modernization of the standardization system. These include the European Bank for Reconstruction and Development, the European Union, and the World Bank. ADB will also cooperate with other development partners actively engaged in managing transboundary health risks and combating human trafficking and illegal trade.

D. **Summary Cost Estimates and Financing Plan**

21. The project is estimated to cost $35.76 million (Table 1). Detailed cost estimates by expenditure category and by financier are included in the project administration manual (PAM).

22. The government has requested a concessional loan in various currencies equivalent to SDR21,996,000 ($30,000,000 equivalent) 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

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32 For instance, the United States Embassy in Mongolia and nongovernment organizations such as the Mongolian Gender Equality Center have programs that aim to thwart human trafficking.

33 Project Administration Manual (accessible from the list of linked documents in Appendix 2).

34 SDR 1 = $1.36386 as of 23 April 2020.
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.

Table 1: Summary Cost Estimates

<table>
<thead>
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<th>Item</th>
<th>Amount ($ million)</th>
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<tbody>
<tr>
<td><strong>A. Base Cost</strong></td>
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<tr>
<td>1. Zamyn-Uud free zone infrastructure and facilities constructed and operational</td>
<td>25.38</td>
</tr>
<tr>
<td>2. Sustainable operations and management of Zamyn-Uud free zone promoted</td>
<td>2.75</td>
</tr>
<tr>
<td>3. Zamyn-Uud free zone port of entry system established</td>
<td>1.46</td>
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<tr>
<td><strong>Subtotal (A)</strong></td>
<td><strong>29.59</strong></td>
</tr>
<tr>
<td><strong>B. Contingencies</strong></td>
<td><strong>5.53</strong></td>
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<tr>
<td><strong>C. Financial Charges During Implementation</strong></td>
<td><strong>0.64</strong></td>
</tr>
<tr>
<td><strong>Total (A+B+C)</strong></td>
<td><strong>35.76</strong></td>
</tr>
</tbody>
</table>

*a* Includes taxes and duties of $3.22 million, of which the Asian Development Bank will finance $0.43 million. The government will finance $2.79 million through exemptions of 10% value-added taxes on goods and civil works and 5.5% customs duties on imported goods. Such amount does not represent an excessive share of the project cost.  
*b* Prices as of 1 March 2020.  
*c* Physical contingencies computed at 10% of base cost. Price contingencies computed at average of 1.6% for foreign exchange costs and 8% on local currency costs; and include provision for potential exchange rate fluctuation under the assumption of a purchasing power parity exchange rate.  
*d* Includes interest rate at 2% on Asian Development Bank financing. There are no commitment charges or maturity premium.

Source: Asian Development Bank estimates.

23. The summary financing plan is in Table 2. 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.

Table 2: Summary Financing Plan

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<th>Source</th>
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<th>Share of Total (%)</th>
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<tr>
<td>Asian Development Bank</td>
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</tr>
<tr>
<td>Ordinary capital resources (concessional loan)</td>
<td>30.00</td>
<td>83.9</td>
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<tr>
<td>Government of Mongolia</td>
<td>5.76</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>35.76</strong></td>
<td><strong>100.0</strong></td>
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Source: Asian Development Bank estimates.

E. Implementation Arrangements

24. The ODPM, as the executing agency, will closely coordinate with other government agencies and ADB to resolve issues in a timely manner, ensure adequate budgetary resources, and complete the project within the implementation period. The PSC, established in January 2020, is chaired by the executing agency. The PSC will guide overall project implementation and meet quarterly and as needed to approve annual budgets and plans. The project will have two implementing agencies: the Ministry of Construction and Urban Development, and the ZUFZGO. The implementing agencies will ensure the quality of civil works, goods, and services of consultants; and safeguards compliance as specified in the PAM, including a gender action plan and the environmental management plan (EMP). The executing and implementing agencies will each designate staff to work closely with the project implementation unit (PIU) and the bid
evaluation and consultant selection committees for each project procurement package. The executing agency will appoint a project director and establish and supervise the PIU in consultation with the Ministry of Finance. The PIU will support routine project operations and activities such as procurement, disbursements, contracting, safeguard compliance, and monitoring and evaluation with ADB’s oversight. The implementation arrangements are summarized in Table 3 and described in detail in the PAM.

Table 3: Implementation Arrangements

<table>
<thead>
<tr>
<th>Aspects</th>
<th>Arrangements</th>
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<tr>
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<tr>
<td>Estimated completion date</td>
<td>31 December 2025</td>
</tr>
<tr>
<td>Estimated loan closing date</td>
<td>30 June 2026</td>
</tr>
<tr>
<td>Management</td>
<td></td>
</tr>
<tr>
<td>(i) Oversight body</td>
<td>PSC, chaired by ODPM. Members: MOF, MCUD, ZUFZGO, MCGA; GASI; GABP; MET; NDA; MIA; and MOFALI and representatives from the private sector (MNCCI, Green Council, United Federation of Investors of Free Zones) and local community</td>
</tr>
<tr>
<td>(ii) Executing agency</td>
<td>ODPM</td>
</tr>
<tr>
<td>(iii) Implementing agencies</td>
<td>Comprising six staff, supervised by project director under ODPM</td>
</tr>
<tr>
<td>(iv) Implementation unit</td>
<td>Comprising six staff, supervised by project director under ODPM</td>
</tr>
<tr>
<td>Procurement</td>
<td></td>
</tr>
<tr>
<td>Open competitive bidding</td>
<td>Open competitive bidding (internationally advertised)</td>
</tr>
<tr>
<td>(nationally advertised)</td>
<td>3 contracts $14,933,297</td>
</tr>
<tr>
<td>Open competitive bidding</td>
<td>Open competitive bidding (nationally advertised)</td>
</tr>
<tr>
<td>(nationally advertised)</td>
<td>2 contracts $4,454,591</td>
</tr>
<tr>
<td>Limited competitive bidding</td>
<td>Limited competitive bidding</td>
</tr>
<tr>
<td></td>
<td>1 contract $605,000</td>
</tr>
<tr>
<td>Request for quotation</td>
<td>Request for quotation</td>
</tr>
<tr>
<td></td>
<td>2 contracts $100,000</td>
</tr>
<tr>
<td>Consulting services</td>
<td></td>
</tr>
<tr>
<td>ICS</td>
<td>366 person-months $673,250</td>
</tr>
<tr>
<td>QCBS</td>
<td>301 person-months $2,723,300</td>
</tr>
<tr>
<td>SSSa</td>
<td>64 person-months $484,400</td>
</tr>
<tr>
<td>CQS</td>
<td>18 person-months $81,000</td>
</tr>
<tr>
<td>Advance contracting</td>
<td>Advance contracting is planned for engagement of PIU staff under ICS for 300 person-months totaling $450,000 and three consulting services contracts under QCBS (CS-01, CS-02, and CS-03) estimated at $2,723,300. All advance contracting will be undertaken in conformity with the ADB Procurement Policy (2017, as amended from time to time).</td>
</tr>
<tr>
<td>Disbursement</td>
<td>The loan proceeds will be disbursed following ADB’s Loan Disbursement Handbook (2017, as amended from time to time) and detailed arrangements agreed between the government and ADB.</td>
</tr>
</tbody>
</table>

ADB = Asian Development Bank; CQS = consultant qualifications selection; GABP = General Authority for Border Protection; GASI = General Agency of Specialized Inspection; ICS = individual consultant selection; MCGA = Mongolian Customs General Authority; MCUD = Ministry of Construction and Urban Development; MET = Ministry of Environment and Tourism; MIA = Mongolian Immigration Agency; MNCCI = Mongolian National Chamber of Commerce and Industry; MOF = Ministry of Finance; MOFALI = Ministry of Food, Agriculture, and Light Industry; NDA = National Development Agency; ODPM = Office of the Deputy Prime Minister; PIU = project implementation unit; QCBS = quality- and cost-based selection; SSS = single-source selection; ZUFZGO = Zamyn-Uud Free Zone Governor’s Office.

a The package is for a construction supervision firm. The firm selected for detailed engineering design will be single sourced, subject to satisfactory performance and ADB’s prior review. CQS will be initiated if the performance is deemed not fully satisfactory, or if SSS is no longer appropriate.


The Ministry of Finance is the lead agency in charge of the implementation, monitoring, and approval of annual budget expenditure of projects with external financing.
III. DUE DILIGENCE

A. Economic and Financial Viability

25. Based on the RCI assessment, the project is expected to generate regional economic benefits and spillover effects. Physical infrastructure (output 1) and use of information and communication technology (output 3) will create time and cost savings for industries in the cooperation zone. The skills training and labor database for Mongolian nationals could help meet workforce demand in both zones, and advisory and coordination will support Mongolia’s bilateral agreement with the PRC (output 2). Economic benefits will result when investors begin activities in the zone. In this regard, economic analysis was carried out combining public investments (project costs) and private investments (set-up and operational costs using data from a limited survey extrapolated to the prospective investors). The estimated benefits are: (i) employment, (ii) time savings from movements of cargo and travelers, and (iii) the labor value-added of incremental trade to both the Mongolian economy and regional economic benefits.\(^{36}\) The project is found to be economically viable, with an economic internal rate of return of up to 13.2% and an economic net present value of MNT 124.2 billion; and to remain economically viable when each cost and benefit parameter is separately and adversely varied by 10%.\(^{37}\)

26. The financial analysis was conducted in accordance with ADB guidelines.\(^{38}\) By law, the zone’s revenues go to national treasury and are not retained by the ZUFZGO. The financial analysis was undertaken based on the incremental recurrent cost of the general government sector unit (the ZUFZGO) using 5-year historical performance and 10-year projections. Provisions for (i) asset management of project facilities, and (ii) service-related costs were added to the total ZUFZGO operating costs beginning in 2026, when the zone will be fully operational.\(^{39}\) Of these provisions, recurrent costs were initially allocated for years 4 and 5 of the project to support early operations of the ZUFZGO. The total operating costs for ZUFZGO are projected at MNT 5,486 million in 2026 and MNT 7,523 million in 2030. The financial sustainability risk is assessed as substantial because of ZUFZGO’s dependence on the state budget and the additional asset management and service-related costs that will follow the project.\(^{40}\)

27. The project’s financial sustainability risk is mitigated by its low fiscal impact. The government expenditure, including counterpart funds and debt servicing, is calculated at less than 0.05% of the government’s fiscal budget throughout the 10-year period. Further, based on direct and indirect revenues arising from the free zone operations, a whole-of-government cash flow analysis estimates that the zone will generate surpluses for the treasury from the 10th year of full zone operations. Once adopted, the public–private partnership model developed under the project’s output 2 will include arrangements (such as ZUFZGO retaining a portion of the zone’s revenues for its operations and maintenance) that will reduce reliance on the state budget, improve efficiency, and promote financially sustainable zone management.

\(^{36}\) Incremental trade is estimated as the value of incremental output, net of raw materials costs, produced by investor companies that are attracted to locate and operate within the zone as a result of the project.

\(^{37}\) The Economic Analysis was conducted in accordance with ADB. 2017. *Guidelines for the Economic Analysis of Projects*. Manila.


\(^{39}\) Assets to be maintained by the ZUFZGO include roads and streetlights, adaptation and mitigation (e.g., landscaping for cooling and social green space and controlling desertification), and an administrative building within the zone.

\(^{40}\) Financial Analysis (accessible from the list of linked documents in Appendix 2).
B. Sustainability

28. Available ADB-funded technical assistance (footnotes 17 and 20) will complement measures to ensure project sustainability by providing options such as a management contract for zone operations. The project has developed an EMP for the free zone operations, which recommends environmentally suitable free zone operations such as prioritizing water-saving industries and measures providing thresholds for water use, water-saving, and waste-water recycling. The available water resources are sufficient to support zone operations within the project area and the local community with the adoption of water-efficiency measures, which are incorporated in the project implementation arrangements.\(^{41}\)

C. Governance

29. The financial management assessment was carried out in accordance with ADB’s guidelines.\(^{42}\) The executing agency has no independent accounting staff or system and is part of the Cabinet Secretariat. Accordingly, the assessment was undertaken on the Cabinet Secretariat’s Finance, Investment and Service Division and the two implementing agencies. The financial management risk is assessed as substantial. Both the Cabinet Secretariat and the ZUFZGO have weak in-house financial management capacity and no prior experience in implementing ADB-funded projects. This is mitigated by the extensive experience in externally funded projects, including ADB operations, of the Ministry of Construction and Urban Development, a key implementing agency, and its qualified and experienced staff accountants. The financial management action plan, detailed in the PAM, includes the following mitigating measures: (i) financial management training for the executing and implementing agencies; (ii) recruitment of a PIU financial specialist with ADB project experience; (iii) the use of appropriate financial management systems, including financial reporting software; and (iv) closer ADB monitoring and guidance.

30. The project procurement risk assessment, undertaken in accordance with ADB guidelines, assessed the overall procurement risk as medium.\(^{43}\) The key risks include lack of (i) a dedicated procurement unit under the executing and implementing agencies, and (ii) experience with ADB project procurement and implementation by the executing agency and ZUFZGO. To mitigate these risks (i) a PIU procurement specialist with ADB experience will be recruited, (ii) high-risk and high-value contracts will be subject to ADB’s prior review, and (iii) the executing and implementing agencies and ADB will jointly undertake regular reviews of the project. Value-for-money will be achieved by using the lowest-evaluated cost together with appropriate qualification and technical requirements as the main evaluation criteria for procurement of goods and works, along with scoring systems that emphasize quality in the case of consulting services.

31. No significant integrity risks were identified. ADB’s Anticorruption Policy (1998, as amended to date) was explained to and discussed with the government. The specific policy requirements and supplementary measures are described in the PAM.

\(^{41}\) Overall water availability for Zamyn-Uud is estimated at about 2,000 cubic meters per day. Based on potential industrial and commercial use, water demand for the potential 58 investors that signified interest and/or leased land is 1,386 cubic meters per day (or 69% of available supply).


D. Poverty, Social, and Gender

32. An estimated 1,000 new jobs will be created after 5 years when the zone is fully operational. The total will grow to 1,900 jobs after 10 years (footnote 37). This will benefit Zamyn-Uud, where more than 2,000 labor-aged people are unemployed. About 32% of the population are women, most of whom are involved in informal trade. The project is categorized as effective gender mainstreaming, and a gender action plan was prepared to support economic empowerment of women through (i) promotion of hiring of skilled women within the zone; (ii) pilot entrepreneurship training for women traders; (iii) assessment of a potential trader’s market; (iv) development of a database to match investors with job seekers, especially unemployed women; and (v) enhanced gender awareness. In addition, the project will take an integrated approach to prevent human trafficking through (i) a biometric recognition system; and (ii) awareness and anti-human trafficking campaigns for relevant government agencies, investors, and local communities.

E. Safeguards

33. In compliance with ADB’s Safeguard Policy Statement (2009), the project’s safeguard categories are as follows:

34. Environment (category B). The initial environmental examination indicates that because of the nature and scale of the project’s investment in civil works, adverse impacts during construction will be moderate and temporary and can be mitigated. Once the Zamyn-Uud free zone becomes operational, further impacts are expected from the economic activities of investors inside the zone and from operations of linked facilities (footnote 16). The EMP for zone operations has been developed to avoid, minimize, and mitigate such impacts (para. 28).

35. Involuntary resettlement (category C). There will be no land acquisition or involuntary resettlement resulting from project land use. The Zamyn-Uud free zone is located on state-owned special purpose land, and civil works under the project will be within the existing right-of-way or on government land allocated for such purposes under the 2011 free zone master plan.

36. Indigenous peoples (category C). There are no communities within the zone, and the project location is not identified as hosting any ethnic groups.

F. Summary of Risk Assessment and Risk Management Plan

37. Significant risks and mitigating measures are summarized in Table 4 and described in detail in the risk assessment and risk management plan.

<table>
<thead>
<tr>
<th>Table 4: Summary of Risks and Mitigating Measures</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Risks</strong></td>
</tr>
<tr>
<td>A change in government leadership may impact trade</td>
</tr>
</tbody>
</table>

44 Summary Poverty Reduction and Social Strategy (accessible from the list of linked documents in Appendix 2).
45 Gender Action Plan (accessible from the list of linked documents in Appendix 2).
46 ADB. Safeguard Categories.
47 Initial Environmental Examination (accessible from the list of linked documents in Appendix 2). The initial environmental examination and EMP were prepared in accordance with ADB’s Safeguard Policy Statement (2009).
48 Outside the zone, the Zamyn-Uud soum population comprises Mongolian nationals who are not considered distinct indigenous groups by the government or ADB’s indigenous peoples’ criteria.
49 Risk Assessment and Risk Management Plan (accessible from the list of linked documents in Appendix 2).
<table>
<thead>
<tr>
<th>Risks</th>
<th>Mitigation Measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Priorities and policies and cause project delays.</td>
<td>Consultation and awareness raising with stakeholders, including successor government, will be continued.</td>
</tr>
<tr>
<td>Inadequate state budget allocation for zone operations after project completion may impact the project's financial sustainability.</td>
<td>The project will design a public–private partnership model to promote efficient zone operations and sustainable maintenance (Output 2). ADB technical assistance will support the sharing of best practices on sustainable zone operations. Government assurances of adequate resources for operation and maintenance of project facilities have been received and are included in the loan covenant.</td>
</tr>
<tr>
<td>Mongolia’s ratification of a bilateral agreement with the People’s Republic of China on the establishment of the economic cooperation zone is delayed.</td>
<td>The amendment to the 2015 Law on Free Zones to include economic cooperation zones is expected to be ratified by the Parliament in June 2020. After the legal amendment, ratification of the bilateral agreement with the PRC will be considered. Capacity building and informal dialogue between the two countries will be supported with available technical assistance resources.</td>
</tr>
<tr>
<td>A decline in the level and quality of water affects the zone’s future development.</td>
<td>The project’s environmental management plan will guide the selection and monitoring of industries or sectors in the zone and promote water reuse and recycling. This will be complemented by sharing of best practices supported by technical assistance.</td>
</tr>
<tr>
<td>Prolonged COVID-19 crisis and continued global trade tensions affect trade flows.</td>
<td>The first year of project implementation will focus on developing the detailed engineering design and completing procurement. These are less sensitive to the impact of COVID-19. The government has adopted a comprehensive COVID-19 response plan to address short-term needs as well as boost the economy’s capacity to bounce back in the medium term with concerted support from ADB and other partners. The project will contribute to the post-pandemic recovery.</td>
</tr>
</tbody>
</table>

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**IV. ASSURANCES**

38. The government and ODPM have assured ADB that implementation of the project shall conform to all applicable ADB requirements, including those concerning anticorruption measures, safeguards, gender, procurement, consulting services, financial management, and disbursement as described in detail in the PAM and loan document. The government and the ODPM have agreed with ADB on certain covenants for the project, which are set forth in the draft loan agreement.

**V. RECOMMENDATION**

39. I am satisfied that the proposed loan would comply with the Articles of Agreement of the Asian Development Bank (ADB) and recommend that the Board approve the loan in various currencies equivalent to SDR21,996,000 ($30,000,000 equivalent) to Mongolia for the Developing the Economic Cooperation Zone Project, from ADB’s ordinary capital resources, in concessional terms, with an interest charge at the rate of 2% per year during the grace period and thereafter; for a term of 25 years, including a grace period of 5 years; and such other terms and conditions as are substantially in accordance with those set forth in the draft loan agreement presented to the Board.

Masatsugu Asakawa
President

26 May 2020
## DESIGN AND MONITORING FRAMEWORK

### Impacts the Project is Aligned with
Economic diversification and trade linkages with global and regional value chains enhanced (CAREC Integrated Trade Agenda 2030, Pillar 2)\(^a\)

<table>
<thead>
<tr>
<th>Results Chain</th>
<th>Performance Indicators with Targets and Baselines</th>
<th>Data Sources and Reporting Mechanisms</th>
<th>Risks</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Outcome</strong>(^b)</td>
<td>Economic activities and employment in Zamyn-Uud free zone generated</td>
<td></td>
<td></td>
</tr>
<tr>
<td>By 2026: a. At least 50 investors are operating in Zamyn-Uud free zone (2019 baseline: 0)</td>
<td>a. Annual report from the Governor’s Office of the Zamyn-Uud Free Zone</td>
<td>Change in government leadership impacts trade priorities and policies.</td>
<td></td>
</tr>
<tr>
<td>b. Value of trade and investment from Zamyn-Uud free zone increased (2019 baseline: 0) (RFI A)</td>
<td>b. Trade exports, imports statistics from MCGA; National Statistics Office</td>
<td>Prolonged COVID-19 crisis and continued global trade tensions affect trade flows.</td>
<td></td>
</tr>
<tr>
<td>c. 1,000 new jobs generated (2019 baseline: 0) (RFI B)</td>
<td>c. Progress and completion reports from the PIU and contractors</td>
<td>Declining water quality and quantity affect zone expansion and the local community</td>
<td></td>
</tr>
<tr>
<td><strong>Outputs</strong>(^c)</td>
<td>1. Zamyn-Uud free zone infrastructure and facilities constructed and operational</td>
<td></td>
<td></td>
</tr>
<tr>
<td>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)</td>
<td>1a.–1c. Progress and completion reports from the PIU and contractors</td>
<td>Reduced state resources to operate and maintain linked and associated facilities assigned to state-owned enterprises may impact operation of project facilities</td>
<td></td>
</tr>
<tr>
<td>1b. Gateway complex with a warehouse, control space shed, gender-specific washrooms, and inspection platform constructed (2019 baseline: 0) (RFI C)</td>
<td></td>
<td>Parliamentary ratification of the agreement on economic cooperation zone is delayed.</td>
<td></td>
</tr>
<tr>
<td>1c. Gateway equipment, including cargo and passenger automatic x-ray and radiation detection equipment, installed (2019 baseline: 0) (RFI C)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Results Chain</td>
<td>Performance Indicators with Targets and Baselines</td>
<td>Data Sources and Reporting Mechanisms</td>
<td>Risks</td>
</tr>
<tr>
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</tbody>
</table>
| 2. Sustainable operations and management of Zamyn-Uud free zone promoted | By 2025:  
2a. Appropriate model of PPP to support efficient zone operation and sustainable maintenance designed (2019 baseline: no PPP model) (RFI D)  
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)  
2c. At least 150 women traders trained in entrepreneurship program and reporting improved business development skills (2019 baseline: 0) (RFI F)  
2d. At least 200 participants (30% women) in awareness sessions conducted in at least three baghs (brigades) reporting increased awareness on gender-based violence and HIV/AIDS (2019 baseline: 0) | 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 | By 2025:  
3a. Passenger and vehicle inspection system with the use of digital surveillance and facial biometric recognition operational (2019 baseline: System not available) (RFI C)  
3b. Integrated border management database that is linked with MCGA, GASI, and immigration | 3a.–3b. Progress and completion report from the PIU, GASI, MCGA, General Authority for Border Protection, and Mongolian Immigration Agency | |
<table>
<thead>
<tr>
<th>Results Chain</th>
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<th>Data Sources and Reporting Mechanisms</th>
<th>Risks</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>systems established (2019 baseline: Database not established) (RFI C)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Key Activities with Milestones**

1. **Zamyn-Uud free zone infrastructure and facilities constructed and operational**
   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).

2. **Sustainable operations and management of Zamyn-Uud free zone promoted**
   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 operations and management (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).

3. **Zamyn-Uud free zone port of entry system established**
   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).

**Project Management Activities**

- Advance procurement action and establish PIU
- Skills assessment and training
- Award procurement packages, consider advance procurement action
- Undertake monitoring and evaluation

**Inputs**

- 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.


**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.

LIST OF LINKED DOCUMENTS
http://www.adb.org/Documents/RRPs/?id=51410-001-3

1. Loan Agreement
2. Sector Assessment (Summary): Industry and Trade
3. Project Administration Manual
4. Financial Analysis
5. Economic Analysis
6. Summary Poverty Reduction and Social Strategy
7. Risk Assessment and Risk Management Plan
8. Climate Change Assessment
9. Gender Action Plan
10. Initial Environmental Examination

Supplementary Documents
11. Social Safeguards Due Diligence Report
12. Procurement Risk Assessment and Strategic Procurement Planning
13. Financial Management Assessment
14. Developing the Economic Cooperation Zone Road Map: Physical Infrastructure Development
15. Institutional and Capacity Assessment