

SLP-3 PROJECT PROGRESS REPORT



PROJECT OVERVIEW

Project name, ID:	Sustainable Livelihoods Project – 3, P125232
Address of the PIU, Phone:	Room #701, Level 7, Max Tower Juulchin street, 4th khoroо, Chingeltei district, Ulaanbaatar, Mongolia Phone number: 70009828
Task Team Leader:	Helene Carlsson Rex
Project Coordinator:	Sumiyadorj Moonon 06/07/2015 – 10/20/2015 Amarsanaa Jazag 11/19/2015 – 06/14/2016 Ganchimeg Perenlei (acting since July 19 2016)
Total Project Cost:	36.2 million \$
Financing Source:	24.8 million \$ – International Development Association (IDA) (credit) 11.4 million \$ – SWITZERLAND Swiss Agency for Dev. & Coop. (SDC) /grant/
Project Approval Date:	2015.04.30
Project Implementation Start and Closing Date:	2015.07.30 - 2018.12.31
Progress report period:	2015.07.30 - 2016.06.30
Report date:	2016.08.01

PROJECT OBJECTIVE AND COMPONENTS

The project objective is to improve governance and community participation for the planning and delivery of priority investment in rural areas of Mongolia.

There are three interrelated components that work together to achieve the overall objective of SLP-3:

A. Component 1: Capacity Building for Local Governance and Livelihoods.

The objective of component 1 is to “*build the capacity at local and national levels for the implementation and further development of the Government’s programs and mechanisms for supporting rural development.*” This will in particular strengthen local governments’ capacity for effective, efficient and timely implementation and management of the LDF. Based on need, SLP-3 will provide to local authorities and communities training and technical assistance related to planning, budgeting and implementation of the LDF.

B. Component 2: Good Governance Performance-Based Support Program.

The objective of component 2 is to “enhance good governance in the entire budgeting process starting with financial and policy planning, including budget preparation and adoption, budget execution, accounting, reporting, internal and external control and public scrutiny.” More specifically, this component will provide an incentive for good performance in the entire Soum Public Financial Management annual cycle for LDF and other public resources by providing an annual performance based top-up fund to selected soums based on the outcomes of soum annual performance assessment (APA).

C. Component 3: Project Management and Monitoring and Evaluation.

Activities under component 3 will support the functioning of the PIU, the monitoring and evaluation (M&E) of the efficiency and effectiveness of SLP-3, as well as providing support to the MoF in strengthening its M&E system for monitoring LDF implementation and results.

PROJECT MANAGEMENT AND ORGANIZATION

The Steering Committee that will provide oversight of project implementation ensuring sectorial coordination and technical guidance to the PIU was re-established by the Order #274 dated in Oct 2nd, 2015 of the Ministry of Finance with following members.

No	Project Steering Committee Members	Title
Chairman of the Committee		
1	Gantulga. B	Head of Development Financing and Debt Management Department, MoF
Members		
2	Ganbold.G	Deputy Chairman, Cabinet Secretariat of Government Mongolia
3	Erdenebileg.Yo -	Advisor to the Finance Minister, MOF
4	Munkhbaysgalan. A	Head of Investment Budget Department, MoF
5	Khangai. E	Head of Legal and Procurement Department, MoF
6	Bayarkhuu. Ts	Head of Finance and Economic Department, Ministry of Education, Culture and Science
7	Munkhbat. G	Head of Public Administration and Management Department, Ministry of Industry
8	Munkhzul. L	Head of Social Protection Policy Implementation and Coordination Department , Ministry of Population Development and Social Protection of Mongolia
9	Oyunsuren. E	Head of Monitoring and Internal Audit Department, Ministry of Health and Sport

10	Narangerel. N	Head of Debt Management Division, Development Financing and Debt Management Department, MoF
11	Batgerel. M	Head of General Local Development Fund Division, Fiscal Policy and Planning Department, MoF
12	Sukh-Ochir. B	Head of Internal Audit, Monitoring and Evaluation Division, Budgetary Control and Risk Management Department, MoF
13	Tsogbadrakh. B	Head of Finance and Economic division, Ministry of Food and Agriculture
14	Ulziijargal. G	Consultant of Development Financing and Debt Management Department, MoF
Project Steering Committee – Secretary		
15	Amarsanaa.J	SLP-3, Project Coordinator

PROJECT PERFORMANCE

Component 1: Capacity Building for Local Governance and Livelihoods

#	Task - Deliverables	Outcome	Duration	Details										
1	Technical Backstop Consultants recruitment	Out of 5 Backstop Consultant positions 4 of them are filled and consultants are working at the moment of the report.	10/09/2015	<p>TOR of each consultant was finalized after incorporating comments and suggestions by the MoF and the recruitment started afterwards with WB's approval. The list of Consultants with their recruited date is given below:</p> <table border="0"> <tr> <td>Monitoring and Evaluation</td> <td>12/18/2015</td> </tr> <tr> <td>Community Participation</td> <td>12/18/2015</td> </tr> <tr> <td>Pastoral risk management</td> <td>06/08/2016</td> </tr> <tr> <td>Procurement and Budget execution</td> <td>01/11/2016</td> </tr> <tr> <td>Financial management, budget preparation</td> <td>01/11/2016</td> </tr> </table> <p>Two consultants' contract namely Procurement and Budget execution and Financial management, budget preparation have been terminated and replacement process is undergoing at the moment.</p>	Monitoring and Evaluation	12/18/2015	Community Participation	12/18/2015	Pastoral risk management	06/08/2016	Procurement and Budget execution	01/11/2016	Financial management, budget preparation	01/11/2016
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2	Soum Support Team Recruitment	105 members of 21 SSTs for each province were recruited and signed contracts on Feb 1 st 2016. All SSTs are now full on board.	12/18/ 2015 - 02/01/2016	<p>As per Project Appraisal document, capacity building for local administrations and local citizens regarding the LDF shall be implemented through Soum Support Teams. SSTs consist of following members.</p> <ol style="list-style-type: none"> 1. Team leader & M&E 2. Community Participation 3. Financial Management and Budget Preparation 4. Pastoral Risk Management 5. Procurement and Budget Execution <p>The PIU developed the TORs of each SST members and incorporated World Bank's comments on them sent on November 5th 2015.</p>
3	Introduction training for team leaders of SST	SST team leaders of all 21 provinces are now fully acknowledged with the project objectives and activities, and further plans of the project.	06/09/2016 - 06/10/2016	<p>Training contents are detailed below:</p> <ol style="list-style-type: none"> 1. Overview of the SLP-3 and its Project Implementation Manual 2. Overview of the Budget Law and Local Budget 3. Community and citizen participation in the LDF plan development and execution. 4. LDF implementation and its procurement process 5. LDF Reporting, Monitoring and Evaluation, and LDF Management Information system 6. Pastoral Risk Management 7. Performance based financing and its importance, and practices of other countries 8. Annual assessment on LDF performance and performance based grants 9. Procurement and Financial operations of the Project 10. Results of the study conducted on current status of LDFs 11. Brief introduction of the Capacity Building activities 12. Organization of the SSTs <p>In addition, there was a special session to hear SST team leaders regarding Capacity Building activities during the training. They requested trainings on following topics to be conducted for them in the near future.</p>

				<ul style="list-style-type: none"> - Pastureland management - Enhancing Community Participation - Trainings for A3 certificate on procurement. <p>The training report was sent to World Bank in English.</p>
4	Site evaluation for Capacity Building Activity based on the current operation of LDF	Project staff and consultants are acknowledged local administrations opinion on LDF	01/27/2016 - 01/28/2016	<p>Site visits were made to Baruunburen soum of Selenge province, Bayan-Undur soum of Orkhon province, and project team had meetings with official of soum representative meetings and governor's office and talked about current performances of LDF and areas required capacity building.</p> <p>Field visit report was send to WB in English on 23rd Feb.2016.</p>
5	Community Participation Manual for citizens. Content: <ul style="list-style-type: none"> • Budget Law • LDF • Citizen Participation in local administration 	The manual will be used for Capacity Building activities.	04/01/2016 - 06/30/2016	The manual aims to deliver necessary topics in simplified and easy comprehending ways. As a result, community and ordinary citizen's understanding and participation on planning, execution, procurement and monitoring of local development funds from local and national level budget will be enhanced.
6	Screening evaluation of staff proficiency and capability of at local administrations and LDF operation in 74 soums of 21 provinces with the support of SSTs.	Used as a main base for developing the Project Implementation Manual.	03/17/2016 - 06/30/2016	<p>The evaluation was conducted in order to identify current status of capacity regarding LDF operation, as a part of Component 1: Capacity Building for Local Governance and Livelihoods of SLP-3. The evaluation consists of two parts: Evaluation 1: Quality assessment of current operation of LDFs in soum level. Evaluation 2: Initial assessment for capacity building implementation.</p> <p>3-4 soums from each province were selected for the evaluation including one at province center, one located most remotely and one based on demography and economic characteristics. The evaluation was conducted on relevant staff and officials of soum and province administrations.</p>

Component 2: Good Governance Performance-Based Support Program

#	Task - Deliverables	Outcome	Duration	Details
1	Criteria, and Methodology Guideline of the APA on LDF operation.	Criteria, and Methodology Guideline of the APA on LDF operation are finalized after field tests and ready to get an approval on it from the PSC.	02/15/2016 - 06/30/2016	<p>Assessment Criteria was developed based on reports by National Audit Office, laws and regulations related to the LDF, and international practices of PBGs.</p> <p>Criteria and Methodology Guideline of the APA were developed with the help of Roger Shotton, an international consultant, incorporated comments and suggestions of relevant units and official of the MoF, and prepared in Mongolian as well as English.</p> <p>There are 35 indicators developed after 3 trials of field tests in following soums and provinces: Erdenebulgan, Ikh-Tamir and Chuluut coums of Arkhangai province, Zamiin-Uud, Ulaanbadrakh, Sainshand and Airag soums of Dornogovi province, Jargalanat, Galuut, Bayan-Ovoo and Bumbohur soums of Bayankhongor province, Jargalant soum of Tuv province, Orkhon soum of Darkhan-Uul province, and Khuder soum of Selence province.</p> <p>Criteria, and Methodology Guideline of the APA can be revised and detailed in the next year based on expected improvement of soums through capacity building activities.</p> <p>During the SLP-3 period, Performance Based Grants are planned to be rewarded 4 times, and the first round of grants will be rewarded in 2017.</p> <p>Since APA evaluates level of governance on LDF, 2016 APA shall cover LDF operation along two years, specifically, the last year of LDF performance, which is 2015, and LDF preparation of 2016.</p>
2	Procurement of APA contractors.	Two contractors have been selected. MCDS on 2 lots and ERI on 1 lot.	04/12/2016 - 06/30/2016	<p>Overall scope of APA was divided into 3 lots, and 16 candidates expressed their interests in this assignment following the announcement made in May 2016.</p> <p>The technical evaluation team was formed as per Order # A/134 of the State Secretary of</p>

				<p>the MoF dated May 2nd 2016, and evaluated all Expressions of Interests.</p> <p>2 candidates were selected through the evaluation, and RFPs (technical and financial) sent to them.</p> <p>The technical evaluation team conducted evaluation on technical and financial proposals of 2 candidates, and the evaluation result was finalized on the evaluation team meeting held in June 24th 2016 and sent to the World Bank.</p>
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Component 3: Project Management and Monitoring and Evaluation

#	Task-Deliverables	Outcome	Duration	Details												
1	Recruitment of the PIU Staff	The PIU is now capable to ensure its normal operation.	9/15/2015 - 6/13/2016	<p>Currently, the PIU is working with following staff.</p> <p>Staff titles and Recruited dates:</p> <table> <tr> <td>Project Coordinator</td> <td>06/07/2015</td> </tr> <tr> <td>Soum Support Team Coordinator</td> <td>09/15/2015</td> </tr> <tr> <td>Procurement Specialist</td> <td>12/31/2015</td> </tr> <tr> <td>Financial management officer</td> <td>06/07/2016</td> </tr> <tr> <td>M&E officer</td> <td>06/13/2016</td> </tr> <tr> <td>Administration Assistant</td> <td>09/09/2015</td> </tr> </table> <p>Note: Up to the date, two persons have worked as a Project Coordinator after one another. Sumyadorj Moonon worked between 06/09/2015 and 10/20/2015. Amarsanaa Jazag started working since 11/19/2015 and resigned in 06/14/2016. Currently, P.Ganchimeg, a SST Coordinator, is acting as a Project Coordinator since July 19th 2016.</p>	Project Coordinator	06/07/2015	Soum Support Team Coordinator	09/15/2015	Procurement Specialist	12/31/2015	Financial management officer	06/07/2016	M&E officer	06/13/2016	Administration Assistant	09/09/2015
Project Coordinator	06/07/2015															
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M&E officer	06/13/2016															
Administration Assistant	09/09/2015															
2	SLP-3, Operational Plan and Procurement plan covering years of 2015.	SLP-3, Operational Plan and Procurement Plan for 2015 was approved by the PSC on its meeting	9/14/2015 - 11/24/2015	Operation and activity plans for 2015 has approved by the PSC.												

		held in November 24 th 2015.		
3	2015 budget performance report, and 2016 1 st quarter budget proposal of the SLP-3	By submitting previous budget performance and next quarter's budget proposal, the normal operation of the project is ensured.	01/05/2016	2015 budget performance report and budget proposal of the SLP-3 were prepared in detail and submitted to relevant units of the MoF.
4	Participation in the 3 rd 'East Asia and Pacific Community Driven Development Conference in Vietnam.	Studied Community Driven Development practices of other developing countries, particularly Vietnam.	06/14/2016 - 06/17/2016	<p>Mrs P.Ganchimeg- Soum Support Team Coordinator attended the event representing the PIU.</p> <p>This workshop aims to:</p> <ul style="list-style-type: none"> • Provide a venue for a regional exchange of knowledge and peer-to-peer learning on a set of topics common to CDD programs working in the East Asia, South Asia, and Pacific regions; • Facilitate a dialogue among different players – practitioners, implementers, participants, and development partners – working on CDD programs; • Deepen the analysis of 2-3 key challenges facing CDD programs and discuss successful approaches to working with indigenous groups and communities, supporting livelihoods, and preparing for and responding to disasters. Depending on demand, side meetings can be arranged with countries and project teams to discuss specific areas of interest such as institutionalization/scale-up, gender, etc. • Consider useful steps and activities that will advance the concept of a regional CDD community of practice.
5	Project Implementation Manual	A Draft of the PIM has been finalized and ready to be sent to the World Bank for their review.	01/25/2016 - 06/30/2016	The PIU has been working on the Project Implementation Manual as per Financing Agreement and the PAD in order to ensure successful implementation of the project

				<p>since Jan 25th 2016. The PIM consists of following Volumes:</p> <ol style="list-style-type: none"> 1. Overview 2. Capacity building for Local Governance and Livelihoods Good 3. Governance Performance-Based Support Program 4. Project Monitoring, Evaluation and Reporting 5. Project Financial Management 6. Project Procurement 7. Environmental and Social Management Plan 8. Human Resources 9. Communications, disclosure and Outreach <p>The PIM was developed with the contribution of Jim Hancock and Roger Shotton.</p>
6	Office furniture and equipment of the PIU	The normal operation of the PIU is ensured	12/11/2015 - 12/21/2015	The procurement of the office furniture and equipment has been performed as per the Procurement Guideline of the World Bank.
7	The PIU Office has been moved	The new office is now close to the MoF ensuring close cooperation with its units.	07/01/2016 - 07/01/2016	<p>The new office location was chosen as suggested by the World Bank that the PIU should be located near the MoF in order to keep close cooperation with MoF units. The new address is now:</p> <p>Room #701, Level 7, Max Tower Juulchin street, 4th khoroo, Chingeltei district, Ulaanbaatar, Mongolia</p>
8	Procurement of SSTs' office furniture, equipment and vehicles, and vehicles of the PIU.	Tender evaluation is under the process at the date of report.	04/29/2016 - 06/30/2016	<p>The tender evaluation team was formed as per Order # A/167 of the State Secretary of the MoF dated May 25th 2016.</p> <p>The Tender documents were arranged in 3 lots and technical criteria was defined through the meeting. Tendering process is going on in normal pace as of reporting period.</p>

IMPLEMENTATION ISSUES

There are several issues to be shared regarding current project implementation progress as follows:

- There are significant project implementation delays and uncertainties due to miscommunication and incoordination among PIU staff and consultants, and between PIU and other stakeholders. Important aspects of the Project are still not in place, notably the Project Implementation Manual is not finalized and detailed work programs with associated training materials remain to be developed.
- The capacity building methodology as provided in the project documents including the PAD is not suitable in the current situation and the interruption on developing Project Implementation Manual cause major delays in the project implementation. We think the PAD should be revised meeting to the latest project implementation environment and concerning that the LDF operation has become stabilized.
- Hiring SST members while there are still many uncertainties around the project implementation causes inefficiency expenses for the project.
- In order to inscribe PBGs allocations for soums into the 2017 budget proposal, soums to be rewarded with PBGs and amount of grants must be identified by September 1st 2016 though APA. However, due to project implementation delays, APA 2016 is launching late which causes a risk that PBGs will not be inscribed in the budget proposal 2017 by October 15th 2015 when the budget proposal must be made according to the Budget Law.

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