



# **SLP-3**

# **PROJECT PROGRESS REPORT**

January 1, 2017 – Dec 31, 2017

Prepared by the Project Implementation Unit

February 15, 2018

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## PROJECT OVERVIEW

Project name, ID:	Sustainable Livelihoods Project – 3, P125232
Address of the PIU, Phone:	Room #510, Ministry of Finance, Government building #2, S.Danzan’s street 5/1, 4th khoroo, Chingeltei district, Ulaanbaatar-15160, Mongolia Phone number: 70009828
Task Team Leader:	Ingo Wiederhofer
Co – Task Team Leader	Badamchimeg Dondog
Project Director:	Ulziisaikhan Dash, a Head of General Budget Policy and Planning Division of the Fiscal Policy and Planning Department at the Ministry of Finance.
Total Project Cost:	USD36.2 million
Financing Source:	USD24.8 million – International Development Association (IDA) (credit)  USD11.4 million – SWITZERLAND Swiss Agency for Dev. & Coop. (SDC) /grant/
Project Approval Date:	2015.04.30
Project Implementation Start and Closing Date:	2015.07.30 - 2020.10.31
Progress report period:	2017.01.01 - 2017.12.31
Report date:	2012.02.15

## PROJECT OBJECTIVE AND COMPONENTS

SLP-3 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 overall objective of SLP-3:

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

The objective of Component 1 is to “build capacity at local and national level 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 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

**Project Steering Committee (PSC)**

The former Project Steering Committee that provided oversight of project implementation ensuring sectorial coordination and technical guidance to the PIU was established by the Order #274 dated in Oct 2<sup>nd</sup>, 2015 of the Ministry of Finance. Due to new government establishment after a Parliamentary election, and structural changes within the Ministry of Finance, the Project Steering Committee was re-established with the following members under the Order #15 of the Minister of Finance dated in Jan 17<sup>th</sup>, 2017.

**Head of the Steering Committee:** B.Dorjsembed, Director, Development Financing Department, Ministry of Finance

**Members:**

- S.Narantsogt, Director, Treasury Department, Ministry of Finance
- N.Narangerel, Director, Budgetary Control, Risk Management Department, Ministry of Finance
- P. Bilguun, Director, Legal and Procurement Department, Ministry of Finance
- M.Enkh-Amar, Director, Policy and Planning Department, Ministry of Food, Agriculture and Light Industry
- D.Ulziisaikhan, Head, General Budget Division, Fiscal Policy and Planning Department, Ministry of Finance
- B.Sukh-Ochir, Head, Debt Management Division, Financial Policy Department, Ministry of Finance
- P.Zorigtbaatar, Senior Referent, Local Administration and Coordination Department, Cabinet Secretary
- G.Ulzijagal, Senior Consultant, Development Financing Department, Ministry of Finance

**Secretary:** Coordinator, Sustainable Livelihood Project-3, /non-voting/

**Observers:** Representative, World Bank Mongolia Office /consensus/

Representative, The Swiss Agency for Development and Cooperation (SDC)  
in Mongolia /consensus/  
Project Implementation Unit (PIU)

The PIU consists of permanent staff, technical backstopping consultants and local project officers as a result of project restructuring. Therefore, there were high employee turnover as positions of Project Coordinator, Communication Officer, Senior Technical Coordinator and Technical Backstopping Consultant on Community Participation were dissolved in September, 2017. M&E officer and financial management specialist resigned on their request in October, 2017 and these positions were vacant and only four staff and two backstopping consultants worked for the project in the fourth quarter. Since June, 2017 Mr. Ulziisaikhan Dash, a Head of General Budget Division of the Fiscal Policy and Planning Department, the Ministry of Finance, has worked as a Project Director to manage daily activities of the PIU. Current and former PIU staff is listed in the tables below.

**Current Personnel of the Project**

<b>Position</b>	<b>Staff</b>	<b>Date joined the team</b>
Project Director	Ulziisaikhan Dash	June 2017
Procurement Specialist	Jigjid Banzragch	September 2015
Capacity Building Specialist	Munkhbayar Alгаа	November 2016
Administrative Assistant	Dashnorov	August 2017
Driver	Mandakh Bold	July 2017
Technical Backstopping Consultant on Financial Management and Budget Preparation	Khosbat Batsukh	August 2016
Technical Backstopping Consultant on Procurement and Budget Execution	Khorolmaa Bold	November 2016

**Former Personnel of the Project**

<b>Position</b>	<b>Staff</b>	<b>Date joined the team</b>	<b>Date left the team</b>
Project Coordinator	Enkh-Undram Bayartogtokh	November 2016	May 2017
Senior Technical Coordinator	Ganchimeg Perenlei	September 2015	October 2017
Monitoring and Evaluation Officer	Orgilbold Tumurbaatar	June 2016	October 2017

Financial Management Specialist	Densmaa Jagdal	April 2017	October 2017
Administrative Assistant	Munkhdelger Tsog	September 2015	August 2017
Communication Officer	Batzolboo Batbold	November 2016	May 2017
Technical Backstopping Consultant on Community Participation	Munkhzul Dashnyam	December 2015	October 2017

### Local Project Officers

Based on Aide Memoire presented after the midterm review conducted by the World Bank and Swiss Development Cooperation in October 2016, it was recommended to change the structure of the project in aimag level and to have only one officer who is responsible for facilitating project activities in aimags. The PIU and the MoF organized recruitment of these staff called a Local Project Officer according to the procurement guidelines of the World Bank. 6 month contracts with selected LPOs were signed on April 7<sup>th</sup> 2017 for all aimags except Arkhangai. LPO of Arkhangai was hired in October, 2017. Previously recruited LPOs' contracts were extended for 6 months in October, 2017. Names of LPOs are given in the table below.

<b>№</b>	<b>Aimags</b>	<b>Name</b>
1	Arkhangai	Ch.Tsetsgee
2	Bayan-Ulgii	Kh.Bolashakh
3	Bayankhongor	D.Boldbaatar
4	Bulgan	Ts.Enkhjargal
5	Gobi-Altai	Ts.Achitmaa
6	Gobi-Sumber	L.Uranchimeg
7	Darkhan-Uul	S.Batkhisig
8	Dornogovi	B.Unurbayan
9	Dornod	G.Tsolmon
10	Dund-Gobi	B.Enkhtuvshin
11	Zavkhan	S.Byambatseren
12	Orkhon	G.Alimaa
13	Uvur-Khangai	T.Narangerav
14	Umnu-Gobi	B.Byambadorj
15	Sukhbaatar	D.Ariunjargal
16	Selenge	D.Tsend-Ayush
17	Tuv	U.Bumanbuyan
18	Uvs	D.Badamnyambuu
19	Khuvsgul	Ch.Batdorj
20	Khentii	J.Davaasuren
21	Khovd	J.Batsaikhan

## PROJECT ACTIVITIES

Major accomplishments, completed works and deliverables are listed below by the project components. Please note that some of the works was not included in the annual work plan, but they were compulsory.

### Component 1: Capacity Building for Local Governance and Livelihoods

№	Task-Deliverables	Details	Outcome	Relevant item of the annual workplan
1-1	Developing TOR for Local Project Officers (LPOs) and selection of LPOs in 21 aimags	Based on the restructuring made during the midterm review held in October 2016, it was agreed to hire only one person to represent the project in each aimag. The PIU developed Terms of Reference for this staff and WB and MoF reviewed and approved the TOR. Selection of the 21 LPOs was carried out by the MoF, and the contracts were signed upon recommendation letters by aimag governors.	All LPOs contracts have been extended from October 10 <sup>th</sup> 2017 to 30 <sup>th</sup> March 2018. (6 months period extended)	1.3
1-2	Orientation training, project implementation manual and work guidances for LPOs	<p>A half day orientation training was provided for LPOs by PIU Staff and Technical Consultants. The training mainly focused on the project implementation manual (PIM).</p> <p>At the end of the training, shortened version of the PIM was distributed LPOs for their reference.</p> <p>Since their contracts are signed, the PIU has been working with LPOs by providing constant guidances and by assigned certain tasks. Several video conferences were done among LPOs and the PIU</p>	Newly recruited LPOs equipped with the clear understanding about the project and overall LDF activities. They are able to plan own work plans to support Soum authorities.	1.1

		depending on the urgency and needs of communication.		
1-3	Detailed Plan of National Level Capacity Building activities for 2017 (roadmap)	The draft plan was developed based on needs identified from the APA 2016 results, recommendations gathered during training held yearly 2017 and other smaller studies conducted in 2016. Detailed budget plan was developed according the Capacity building plan as well.	Capacity Building activities for 2017 were carried out according to the Capacity Building Plan.	1.2 1.4 1.5
1-4	Workshop on Capacity Building in local budgeting and management	<p>From all 21 aimags, 83 participants including an Aimag’s Deputy Governor, a Head of the Finance, Treasury division, a Head of the Investment budget, Development policy and planning division, a Head of the Local equity department participated in the training. Participants were divided into three batches to make the training effective.</p> <p>Presentation topics proposed by MoF included ”2016-2017 Fiscal revenue status of Mongolia and reform in related legislations”, “2016-2017 Budget expenditure status of Mongolia and reform in related legislations”, “Local budget and LDF”, “Local social welfare service delivery”, “Reform in Budget law and LDF regulations”, “Investment budget planning, execution, financing regulations”, “Procurement policy and coordination”, “Treasury payment and settlement regulations”, “Budget transparency, Glass Account law implementation”, and “Financial control and risk management policy, implementation”.</p> <p>Presentations by the PIU included: “APA’, ‘Key issues in the LDF planning, implementation and Procurement”, “Local capacity building activities of</p>	<p>Aimag officials got updates on state budget and planning, and their knowledge on budget law and other related regulations was improved.</p> <p>Aimag official got detailed introduction for SLP-3 and APA on LDF.</p> <p>Findings from the discussion feeds Capacity Building plan of the project.</p>	1.8 1.10



		<p>SLP3”, and “Project Monitoring and Evaluation, Reporting and Communication”</p> <p>At the end of the training, there was discussion among participants on selecting and sorting LDF proposed projects, implementing and monitoring projects, and community participation in these processes. As a result of the discussion, problems and issues around above processes have been identified and potential ways, especially by the project, to solve them were proposed.</p>		
1-5	Piloting draft of Investment Project Appraisal Tool in selected soums	<p>Investment Project Appraisal Tool developed by the international consultant was piloted in Sumber and Shiveegobi soums of Gobisumber aimag and Dalanjargalan soum of Dornogobi aimag. The international consultant, officer in charge of LDF at MoF, representative of WB and PIU met LDF working group members in each soum. The working group was consisted of bag governors, and treasury, procurement and other officers at soum level. They shared their opinion on visibility of the tools at bag and soums levels and concluded that the proposed tool is helpful to improve discussion and prioritization and information flow.</p>	<p>The draft tool was modified based on the discussion with the working group members. In order to verify whether the modified version is applicable at national level, it will be piloted in other soums in different regions.</p>	1.6
1-6	Collection of manuals, books, guidelines and training materials related to LDF.	<p>A small library with collection of manuals and guidelines developed by MoF and other projects is established. The topics of the library includes: budget planning, execution, procurement and community participation.</p>	<p>The library is used as a reference for capacity building activities.</p>	
1-7	Brochures and handouts of Capacity Building activities	<p>Contents of the Brochures and handouts included Community Participation in LDF operation, brief introduction about APA and APA 2016 results and Project Introduction</p>	<p>These are used to promote and introduce project activities.</p>	

1-8	Establishing Aimag Level Support Teams (ALSTs)	<p>During the midterm review held in October 2016, it was decided to establish Aimag Level Support Teams that consists of governor's office staff representing relevant departments and units to provide and facilitate capacity building in their aimags. Another reason was to increase local authorities' participation and roles in the capacity building. With this purpose, the PIU and MoF sent official letters to aimag governors requesting to establish ALSTs in their aimags. 21 aimags out of 21 have established ALSTs. The ALST has 5-9 members including a head of deputy of the governor's office, representatives from Citizens' Representative Khurals, and staff from relevant departments and units at the governors' offices.</p>	LPOs are able to launch capacity building activities in the aimag level with the support and involvement from Aimag Governors' offices.	
1-9	Aimag Level Support Team capacity building training	<p>The purpose of the training was to introduce SLP-3, provide orientation on how ALSTs will with the project on capacity building, and to update them with relevant topics.</p> <p>Aimags are divided into two batches and the training for the first one with 9 aimags was conducted in June in UB and the second training for remaining 12 aimags was conducted in July.</p> <p>Following topics were covered by the MoF during the training: budget and public finance, Budget law, investment planning and execution, LDF planning, execution, monitoring, Procurement, Internal audit, M&amp;E, Community participation, and Training program, plan development methods. The PIU staff introduced the project and its implementation procedures, APA and APA 2016 results.</p>	ALST members have been acknowledged with the overall prospect of project and figured out their roles and responsibilities as a ALST member. In addition, they have streamlined their plans to implement capacity building activities in their aimags.	1.9

		At the end of the training, there was a discussion session among participants. Discussion focused on capacity building needs in each aimag and potential methods and approaches to implement it.		
1-10	Training for local treasury and budget officers	The purpose of the training was to improve local government public financial staffs' knowledge, to provide consultancy to minimize risks in budget planning and implementation. In addition strengthening the usage of the Government Financial and Management Information system and informing the upcoming upgrades in 2017.	<ol style="list-style-type: none"> <li>1. State organization specialists improved their professional knowledge, who serve state financial service to local and all remote users.</li> <li>2. Strengthened capacity of local human resource, reducing the state implementation of errors and any risks will be reduced.</li> <li>3. Reduction of the risks for local state financial services.</li> <li>4. Preparation for specializing staffs for new version of GFMIS V7.</li> </ol> <p>Improved strong state discipline and accountability systems.</p>	1.10
1-11	National level experience sharing event	The main objective of the event was to identify and validate the LDF good practices and collect necessary data for nationwide experience sharing events.	Good practices were identified from top performed soums in APA 2017 and shared among the participants for further dissemination. As a result of the national level experience sharing event the LDF good practices and recommendations were consolidated to enable the nationwide dissemination. This would stimulate improvements in local governance and LDF implementation.	1.11 1.12
1-12	Dissemination of APA results and good practices	LPOs of Bayankhongor and Sukhbaatar aimag visited some of their soums to disseminate the result of APA	One of the observations from the soum visits was that soum officials were not informed well on the APA results. LPOs received a lot of	1.7 1.13

		and share identified good practices to local officials and citizens' representatives.	questions about the APA and its results. As a result, soum officials were well informed on APA results and LDF good practices.	
1-13	A3 certificate training for all soums	<p>Training for A3 certificate was organized in all aimags jointly with Procurement Division, Legal Department, MoF and State Property Management Policy and Coordination Agency in November, 2017.</p> <p>1023 local officers and citizens' representatives attended the training. 7 NGOs licensed to conduct A3 training delivered the trainings.</p> <p>Representatives of WB, MoF and PIU carried out spot check during trainings organized in Bayan-Ulgii, Uvs, Arkhangaim Dornod, Dornogobi and Dundgobi.</p>	<p>741 out of 1023 participants (pass rate 72.4%) passed the online exam and received the A3 certificate.</p> <p>MoF supported recommendation on improvement online exam system and curriculum and change pass-mark level developed by WB and PIU based on observation and opinion of the stakeholders involved in conducting the trainings.</p>	
1-14	Support MoF in upgrading LDF related regulations	<p>With the purpose of revising unfair distribution of LDF funds and formalizing grants and additional funds by the Project to the LDF, Government resolution #30 about Procedure of transfers from GLD and LDF needs to be revised and the PIU worked on the revision and submitted it to the MoF.</p> <p>In addition, the draft of revision of the regulations for Local budget Planning and LDF guidelines was developed by the PIU and sent to the MoF in December, 2017.</p>	The revised regulation on LDF allocation was approved by Cabinet in August, 2017.	

## Component 2: Good Governance Performance-Based Support Program

№	Task- Deliverables	Details	Outcome	Relevant item of the annual workplan
2-1	Transferring Performance Based Grants	<p>Based on APA 2016 results, qualified 154 soums received PBGs in 2017 as a result of the state budget revision approved in April, 2017. PBG was calculated as a 25% top-up of soums' regular LDF allocation in 2017.</p> <p>Prior to transferring PBGs, soum LDF expenditure reports were prepared by those 154 soums with assistance of the PIU and MoF, and submitted to the WB according to the PIM.</p>	154 soums out of 330 soums received PBGs of 7,152 billion tugrugs.	2.1
2-2	Spreading out APA 2016 results to aimags and soums.	<p>Special reports with APA 2016 results were prepared for each aimag and sent to aimag Governors through official letters from the Minister of Finance dated 10<sup>th</sup> May 2017.</p> <p>The report contains performances by each criteria and group, as well as specific observations of each soum.</p>	Aimags and soums have been informed with their performances, and are expected to work on it to improve further.	
2-3	Revising PBG allocation plan by the project	Due to unexpected reduction in GLDF since 2015, it was anticipated that significant amount of fund for PBG will be unspent at the end of the project due to low PBG allocation based on recent resource for GLDF in the MTF. Thus, the project needs to change the plan to spend all available fund. New proposal was prepared by the PIU along with international consultants and submitted to MoF and the WB.	Stakeholders proposed to provide all soums with bridging financing in 2018 and 2019. During the mid term review by WB and SDC, the proposal was formally documented by parties.	

2-4	Refining APA methodology for APA 2017	<p>Based on lessons learned and findings from APA 2016, APA criteria and methodology was updated slightly. APA 2017 timing was also considered for criteria and their assessment methodology. Revised methodology was also tested in few soums.</p> <p>Purpose of changes to the APA methodology and process was to improve consulting companies' responsibility.</p> <p>After revising APA methodology, it was introduced and shared to MoF and other Stakeholders.</p>	APA methodology was approved by the PSC on 8 <sup>th</sup> June.	2.2
2-5	Procurement of consulting services for conducting APA	Selection of consulting companies was undertaken by MoF according to the WB's Procurement Guidelines. Overall scope of APA was divided into 3 lots, and IRIM LLC, ERI NGO and MMCG LLC were recruited for lot 1, 2 and 3 respectively.	Consulting firms completed the fieldwork and submitted the final reports according to the timelines.	2.3
2-6	APA methodology training for selected contractors	The PIU provided training for assessors of all three consulting firms on APA criteria and assessment methodology. The training was delivered to each consulting firm separately in order to increase effectiveness of the training. Each training lasted for 1 day and after 3 days training, there was wrap-up session held on 4th day for all field team leaders and lot supervisors.	APA assessors were trained properly and assessment was conducted with the same standards for each soum.	2.3
2-7	Annual Performance Assessment 2017	Fieldwork of the assessment was commenced on 19 <sup>th</sup> June, and completed on 19 July, 2017. During the assessment, spot checks were conducted by the PIU, MoF and the WB, and quality check on assessment results were undertaken by the PIU. Eligible soums to receive PBG in 2018 were identified based on ranking all soums.	PBG allocation to eligible soums were reflected in state budget proposal in align with public financial planning cycle and approved by the Parliament in November, 2017 and local Citizens Representative Hural in December, 2017	2.4

2-8	Soum Bridging Financing	<p>In accordance with the restructuring formalized in September 2017, in years 2018-2019, the project will provide bridging financing to all soums along the side of the PBGs to the well performing soums in order to maintain the LDF total financing relatively stable during the next couple of years of general economic distress in the country (please refer to the table below for details). The revised formula for LDF allocations as per the updated Resolution no. 230 of the Cabinet will be applied to allocating the bridging financing under the project for subsequent inclusion in the state budget.</p>	<p>Allocation of bridging financing for all soums for 2018FY was reflected in the state budget proposal and approved by the Parliament and local Citizens representative Hural in December, 2017.</p>	
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### Component 3: Project Management and Monitoring & Evaluation

№	Task- Deliverables	Details	Outcome	Relevant item of the annual workplan
3-1	Revising the Project Result framework	<p>Since the initial design of the project was developed, there was some delay in commencing the Project operation, during that time LDF management circumstances were altered notably. Due to this rationale, the project result framework needs to be reviewed and updated to be consistent with today's LDF implementation practice.</p> <p>Discussion on revision started in November 2016 and was finalized in May 2017 after WB's mission.</p>	The indicators became more realistic and more consistent with the current project implementation.	3.5
3-2	The Baseline Survey	<p>Inter-Consulting Group LLC was selected as a consultant for this work, and consultancy service contact was signed 29<sup>th</sup> June. Selection of the company was undertaken by MoF according to the Procurement Guidelines of the WB.</p> <p>All deliverables before the field surveys were delivered. The field survey and data collection was completed on time. Survey data was compiled and ready for analysis.</p> <p>The final survey draft report due date was on 15<sup>th</sup> of December but due to some misunderstanding there was delays in submission of the report, so it was not submitted by the end of year.</p>	The survey were carried out by the Company firm under supervision of M&E officer of PIU. The M&E officer undertaken spot check during the survey.	3.1
3-3	Converting project controlling and planning	Project plans and subproject plans (CB, APA and Baseline survey) were converted into MS Project format as requested by the project coordinator.	Planning and controlling project activities, and generating reports for them became more	3.9



	into a project management software		straightforward and quicker for the project coordinator.	
3-4	Promotion activities of the project	<p>The PIU attended the Open Day Event of the MoF organized in the Central square. During the event, the PIU introduced the project to the public and distributed brochures and handouts, and details were delivered to individuals.</p> <p>A representative of the PIU joined training by the UNICEF in Khuvsgul province and introduced the project and APA to the participants including officials from Aimag governors' office and Citizens' Representative Khural of Khuvsgul aimag.</p> <p>A brown bag meeting was organized among representatives from the PIU, MoF, SDC, WB and other SDC projects to share SLP-3 implementation progress, APA results and Capacity building plans.</p>	<p>The Public awareness is increased with general information of the project and LDF and Public Financial Management.</p> <p>Officials of Khuvsgul aimag received detailed introduction of the Project and APA 2016.</p> <p>Stakeholders of the SLP-3 were informed with the project progresses and potential cooperation with other projects have been identified.</p>	
3-5	An implementation support missions	<p>A small technical mission by international consultants was carried out to support APA 2016 analysis and Capacity building planning.</p> <p>An implementation support mission was carried out from April 17 to May 5, 2017 by the World Bank and SDC, in collaboration with the SLPIII Project Implementation Unit (PIU) and the Ministry of Finance (MoF). The objectives of the mission were to review and finalize the project restructuring that is needed to adjust to new circumstances, to review project human resource needs and agree on the implementation arrangements, to finalize the capacity building work plan for 2017 and the Annual Performance Assessment methodology revisions, to review the M&amp;E aspects of the project, including the</p>	As a result of the mission, the project result framework was revised, and several decisions related to project structure, and project progress were completed.	

		MIS system, agree on special studies needed, and update the Project Results Framework; and to review project communications plan and activities. The mission included a field trip to Selenge and Darkhan-uul aimags. The 7th implementation support mission (ISM) of the Mongolia Third Sustainable Livelihoods Project (SLP III) was carried out from September 4-22, 2017, by the World Bank and Swiss Agency for Development and Cooperation (SDC) in collaboration with the SLP III Project Implementation Unit (PIU) and the Ministry of Finance (MoF). Restructuring including financing plan for soum bridging finance was concluded, next steps were identified and project staffing concern was raised during the Mission. Delegates attended the Good experience sharing event, which was held in September, 2017.		
3-6	Proposal of upgrading LDF Management Information System	The proposal was prepared by PIU staff and international consultants based on findings from APA 2016 and other observations and studies to improve the MIS in terms of data content, quality, timely manner, as well as its usage in different levels.	Based on this proposal further measurements e.g. hiring technical consultants etc. will start.	3.8
3-8	Financial audit on project activities	Financial audit was conducted all activities of the project of 2015 and 2016, and PIU supported it with necessary documents and reference materials.	Audit was conducted and reports are expected to be shared soon.	3.7
3-7	Other administrative tasks	PIU staffs participated the training of World Bank Procurement System, and entered the SLP-3 2017 procurement plan and all procurement records with its supporting documents into the system according to the guidance.	All procurement and records were entered into the WB procurement system.	

## ANNEX – 1. PROGRESS OF THE ANNUAL WORK PLAN OF 2017

APPROVED BY:

DORJSEMBED.B /HEAD OF SLP-3 PROJECT STEERING  
COMMITTEE AND  
DIRECTOR OF DEVELOPMENT FINANCING DEPARTMENT  
MINISTRY OF FINANCE/

Annex №1 of the resolution  
number ..... from the Steering  
Committee Meeting, Third  
Sustainable Livelihoods Project,  
February 9th, 2017

### ANNUAL WORK PLAN OF 2017, THIRD SUSTAINABLE LIVELIHOODS PROJECT

Duration: January 1st, 2017 - December 31, 2017

№	Activities	Completion date (quarters)				Task owner	Outcome	Notes	Progress	%
		I	II	III	IV					
<b>Component1.Capacity Building for Local Governance and livelihoods</b>										
1.1	Orientation training for local project officers in all 21 aimags					PIU	Local project officers will be familiar with project objectives and activities		Training was held on April 7 <sup>th</sup> , 2017 in UB	100%
1.2	Priority CB activities for each aimag based on APA result and defining CB Strategy					PIU, ALST,LPOs	CB strategy will be defined		CB strategy and Plan has been defined	100%
1.3	Selection of LPOs in 21 aimags					PIU, MOF	LPO's will be selected.		21 LPOs were recruited	100%
1.4	<i>Develop aimag level CB activity plan</i>					PIU, MoF, International consultants	CB activity plan will be made for each aimag	There shall be a specific plan for each aimag	Initial Drafts have been developed by LPOs and reviewing and refining the drafts are being conducted.	50%

1.5	Develop national level CB activity plan					PIU, MoF, International consultants	CB activity plan will be made for national level	National level CB plan	The National Level CB Plan has been made	100%
1.6	Develop manuals on relevant rules and laws based on CB needs assessment					PIU, ALST, LPOs	Manuals for LDF implementation will be available		Investment Project Appraisal Tool for LDF proposed by international consultant was piloted at Shiveegovi and Sumber soums of Gobisumber aimag and Dalanjargalan soum of Dornogobi aimag in September.	10%
1.7	Organize local trainings and workshops					PIU, MoF, Training contractors		According CB activity plan	Sukhbaatar and Bayankhongor have organized in December	5%
1.8	National Level Trainings on Community Participation, Budget planning and Procurement					PIU, MoF, Training contractors	Capacity of local administration staff will be built.		The training was conducted in January through February	100%
1.9	Aimag level specific trainings					MoF, PIU, ALST, LPOs	Capacity of local administration staff will be built.	Training topics will be identified based on needs assessment of an aimag	The first batch of the training was held in June 15-16 and July 21-22	50%
1.10	Capacity building trainings for treasury staff at the Ministry of Finance and aimag administration offices					PIU, MoF, Training contractors	Relevant officers and staff will be trained	Will be based on CB needs assessment	The training has been conducted in June	100%
1.11	Experience sharing activities					PIU, ALST, LPOs		According CB activity plan	Event was held in September 11-13	50%
1.12	Good LDF experience sharing activities among aimags					PIU, ALST, LPOs	Good practices will be adopted.	Good LDF experience will	Event was held in September 11-13	100%

							be shared with other aimags		
1.13	Good LDF experience sharing activities among soums				PIU, ALST,LPOs	Good practices will be adopted.	Good LDF experience will be shared with other soums	In Sukhbaatar and Bayankhongor, activities were carried out in December	5%
1.14	Mid year review of CB				PIU, International Consultants	Implementation of CB will be reviewed		Planned to be conducted at the end of year.	0%
<b>Component 2. Good Governance Performance-Based Support Program</b>									
2.1	Approval of PBG allocation for 2016 by PSC and include it in budget amendment				PIU, MOF	PBGs will be approved by the PSC and qualified soums be ready to get PBGs		PBGs were approved by the PSC on Feb 9 <sup>th</sup> , and 7.1 billion tugrugs were transferred to the treasury as PBG	100%
2.2	Proposal on adjusting or revising APA methodology, and getting approval from the PSC on it.				PIU, PSC	APA criteria and methodology for 2017 will be approved by the PSC		Approved by the PCS on 7 <sup>th</sup> June	100%
2.3	Procurement of consulting services on APA, and APA methodology training for selected contractors				PIU, MoF	Consulting firms for APA will be recruited		APA 2017 Consulting companies were selected according to the agreed procurement procedure. Training on APA methodology was carried out for the selected evaluation teams of the Contractors.	100%
2.4	Implementation of APA processes				PIU, APA Contractors	APA on soums will be completed		APA 2017 fieldwork started on 19 <sup>th</sup> June and completed on 19 <sup>th</sup> July, 2018.	100%

2.4.1	Verification of all 330 soum APA results and generating final reports of APA				PIU, MoF	APA results of all 330 soums will be verified and PBG allocations are determined.		Quality check of APA carried out in 330 soums were completed in August, 2017 and reports were reviewed by PIU	100%
2.4.2	PBG allocation reports to be send to the MoF				PIU, MoF	a list of soums to be awarded for PBG will be available		Based on APA result, 330 soums were ranked by their scores and PBG allocation report was submitted to the MOF.	100%
2.4.3	Verification on PBG allocations on LDF by the MoF				MoF	PBG allocations will be verified by relevant units of MoF		PBG allocation was reviewed by MoF in August, 2017.	100%
2.4.4	Approval on PDG allocation on LDF by the PSC and reflect to 2018 state budget proposal				MoF	PBG allocation on LDF will be approved by the PSC by each soums and aimags		PSC approved PBG allocation and MoF included PBG and Top-up allocation in state budget proposal for 2018.	100%
2.5	Workshop for evaluating APA performance and further improvements				PIU, APA Contractors	Findings and Lessons learned will be discussed for next year's APA		During good experience sharing workshop, APA result was presented to representatives of each aimag, SDC and WB and further improvements of methodology was discussed. Report on APA results for 2016 and 2017 was officially delivered to ALST in Dec, 2017	50%
<b>Component 3. Project management and M&amp;E</b>									

3.1	Implementation of the Project Baseline Survey					PIU, Consulting firm	Baseline indicators and initial conditions of the project area will be defined		A consulting company to conduct the baseline survey was selected and field survey and data collection finished.	80%
3.2	Procurement of office furniture, equipment and vehicle for local project officers					PIU, MoF	Local project officers will be able to work normally		As a result of shopping procurement process, 2 supplier were selected and delivery of the furniture and equipment were delivered to LPOs.	100%
3.3	Capacity building training for project staff					PIU	Capacity of project staff will be improved			
3.4	Experience sharing trip to abroad					PIU, MoF, members from PSC	Good international practices will be adapted			
3.5	Revise result framework					PIU, WB	Result framework will be revised	a NOL shall be obtained from the World Bank	RFW has been revised	100%
3.6	Implementation of public relation activities of the project					PIU	Information of Project activities and LDF will be disseminated to the public			
3.7	Financial audit on project activities					PIU, MoF	Project activities will be audited and verified.		Done by "Od Audit" LLC	100%
3.8	Procurement of consulting service on LDF Management Information system					PIU, MoF	LDF Management Information System will be improved and upgraded		TOR for MIS Upgrading Consulting Service is being developed	10%
3.9	Upgrading project controlling and reporting system through a project management software					PIU	Upgraded and effective project controlling system		Sub project plans (APA and CB etc) have been converted into MS Project as the Project	100%





## ANNEX – 2. RESULTS FRAMEWORK, THIRD SUSTAINABLE LIVELIHOODS PROJECT

### Project Development Objectives

PDO Statement

**Project Development Objective is to improve governance and community participation for the planning and delivery of priority investments in rural areas of Mongolia.**

These results are at

Project Level

### Project Development Objective Indicators

Indicator Name	Baseline	Cumulative Target Values				
		2016	2017	2018	2019	2020
<p><i>Indicator 1: Average Soums' Annual Performance Assessment score</i></p> <p>This indicator replaces the previous PDO indicator 2. Indicator will be collected from the APA annually.  <i>Description of indicator: Average APA score of soums (calculated based on 10 core criteria)</i></p>	<p>31.4%                      2016 APA; based on the average score of the 10 criteria</p>			40%	50%	60%
<p><i>Indicator 2: Percentage of Soums' citizens surveyed reporting that LDF financed investments reflect their priority needs, disaggregated by gender</i></p> <p>- Total                      - Female</p>	<p>TBD by Household Survey</p>		<p>T-48.0%                      F-47.6%</p>			<p>- TBD                      - TBD</p>

<i>Indicator 3: Participation: Percentage of bagh households participating in public Bagh meetings</i>	TBD by Household Survey		38%			
Number of subprojects completed	0			TBD	TBD	TBD
Direct project beneficiaries (Core WB indicator) (Number) - (Core)	0	--		1,637,197	1,637,197	1,637,197
Female beneficiaries (Percentage - Sub-Type: Supplemental) - (Core)	Not Applicable	--		50%	50%	50%

### Intermediate Results Indicators

Indicator Name	Baseline	Cumulative Target Values				
		2016	2017	2018	2019	2020
<b>Component 1 Objective:</b> The objective 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						
Percentage of trained Aimag Local Support Team and national government staff applying learned skills through the project (quality ToT in planning, procurement, financial management, community participation and M&E)	Not Applicable			TBD	TBD	TBD
Percentage of Soums' government staff trained by Aimag local support team with improved capacity (applying learned skills in planning, procurement, financial management, community participation and M&E)	Not Applicable			TBD	TBD	TBD
Number of Aimag Local Support Team, national government staff, and Soums' government staff trained	0			TBD	TBD	TBD

**Component 2 Objective:** The objective of the PBF would be 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

Percentage of Bagh citizens who know the approximate current annual LDF allocation for their Soum - Total - Female  This indicator refines previous Intermediate indicator one “Awareness”	TBD by Household Survey		T-0.8% F-0.5%			TBD
Guidelines necessary to improve governance and community participation for the planning and delivery of LDF developed	Yes/No		Yes			
Number of LDF related or other MoF regulations, which have been submitted for MoF review, with SLP 3 support.	0		1	1	1	3