



**United Nations Development Programme  
Country: Mongolia**

**PROJECT DOCUMENT  
(Amendment to the original signed on October 29, 2008)**

<b>Project Title</b>	<b>Enterprise Mongolia Project – Phase 2</b>
<b>UNDAF Outcome(s):</b>	Pro-poor socio-economic services available to vulnerable population in disadvantaged regions and areas
<b>Expected CP Outcome(s):</b> <i>(Those linked to the project and extracted from the CPAP)</i>	Capacity of government and disadvantaged groups enhanced to mitigate economic and social vulnerabilities
<b>Expected Output(s):</b> <i>(Those that will result from the project)</i>	<ol style="list-style-type: none"> <li>Enhanced capacity of SMEs and micro and small entrepreneurs in the project target regions to be engaged in sustainable business activities and to produce high value-added products</li> <li>Enhanced operational capacity and financial independence of the four EMCs to support an increased number of the project beneficiaries and to ensure sustainability of quality SME support mechanism on the ground</li> <li>Full integration of the OVOP component under the project into the National OVOP Programme to ensure synergic collaboration between the government's initiative and the project</li> </ol>
<b>Implementing Partner:</b>	Small and Medium Enterprise Agency, Ministry of Food, Agriculture and Light Industry

**Summary of the Revision and Justification**

The amendment to the original Project Document is made (1) to receive the additional funding of USD 641,037 from the Government of Japan, (2) to allocate the funding to new project activities and (3) to appoint the Small and Medium Enterprise Agency under the Ministry of Food, Agriculture and Light Industry as the national execution agency. The Embassy of Japan in Mongolia has become a member of the Project Board.

Programme Period: October 2008- March 2012  Key Result Area (Strategic Plan): Promoting Inclusive growth, gender equality and MDG achievements  Atlas Award ID: 50955  Start date: October 2008 End Date: March 2012 LPAC Meeting Date: September 16, 2008  Management Arrangements: NEX	Total resources required USD 1,207,775 Total allocated resources: <ul style="list-style-type: none"> <li>• UNDP TRAC <u>USD 456,871</u></li> <li>    Carry-over from the EMP-1 <u>USD 109,867</u></li> <li>• Other:             <ul style="list-style-type: none"> <li>○ Government of Japan <u>USD 641,037</u></li> <li>○ Donor _____</li> <li>○ Donor _____</li> </ul> </li> </ul> Financial gap: USD 0.00 Government In-kind contributions About 10% of the total resources required
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On behalf of:	Signature	Date	Name/Title
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<b>Title</b>	<b>ENTERPRISE MONGOLIA – PHASE 2</b>
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<b>Subject (Taxonomy)</b>	Achieving the MDGs and reducing human poverty
<b>Date approved</b>	June 25, 2009
<b>Replaces</b>	This is the revised version of a project document to reflect the funding from the Japan-UNDP Partnership Fund. The revised document maintains the same purpose and scope of UNDP assistance as initially agreed on October 29, 2009.
<b>Is part of</b>	UNDP Mongolia CPD and CPAP 2007-2011, UNDAF 2007-2011
<b>Conforms to</b>	MDG-based National Development Strategy of Mongolia, Mongolia Millennium Development Goals, National Programme for Support of Small and Medium Enterprises, National One-Village One-Product Programme 2005-2012 and UNDP Programme and Operational Policies and Procedures
<b>Related documents</b>	Enterprise Mongolia Project Document 2005-2008 Evaluation of the previous phase of the Enterprise Mongolia Project
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## I. ACRONYMS AND ABBREVIATIONS

<b>ADB</b>	Asian Development Bank
<b>APR</b>	Annual Project Report
<b>APR</b>	Annual Project Review (equivalent to the former Tripartite Review meeting of project stakeholders)
<b>BDS</b>	Business Development Services
<b>CBT</b>	Community-based Tourism
<b>CPAP</b>	Country Programme Action Plan
<b>CSO</b>	Civil Society Organization
<b>EMC</b>	Enterprise Mongolia Center
<b>EOJ</b>	Embassy of Japan
<b>GDP</b>	Gross Domestic Product
<b>GOJ</b>	Government of Japan
<b>GOM</b>	Government of Mongolia
<b>GTZ</b>	German Technical Cooperation Agency
<b>HDI</b>	Human Development Indicator
<b>ILO</b>	International Labour Organization
<b>JBIC</b>	Japan Bank for International Cooperation
<b>JICA</b>	Japan International Cooperation Agency
<b>LCDI</b>	Local Cluster Development Initiative
<b>MDGs</b>	Millennium Development Goals
<b>MED</b>	Micro Economic Development
<b>MFIs</b>	Micro Finance Institutions
<b>MFALI</b>	Ministry of Food, Agriculture and Light Industry
<b>MHDR</b>	Mongolian Human Development Report
<b>MIGA</b>	Microfinance Innovative Grant Award
<b>MIT</b>	Ministry of Industry and Trade
<b>MNCCI</b>	Mongolian National Chamber of Commerce and Industry
<b>MONEF</b>	Mongolian Employers' Federation
<b>NBFIs</b>	Non-Bank Financial Institutions
<b>NEX</b>	National Execution
<b>NGO</b>	Non-government Organizations
<b>NHDR</b>	National Human development Report
<b>NHLCSP</b>	Household Livelihood Capacity Support Programme
<b>NPD</b>	National Project Director
<b>NPM</b>	National Project Manager
<b>ODA</b>	Official Development Assistance
<b>OVOP</b>	One Village One Product
<b>PB</b>	Project Board

<b>PDP</b>	Product Development Process
<b>PIU</b>	Project Implementation Unit
<b>POPP</b>	Programme and Operations Policies and Procedures
<b>PPP</b>	Purchasing Power Parity
<b>PREF</b>	Poverty Research and Employment Facilitation
<b>RED</b>	Regional Economic Development
<b>SBAA</b>	Standard Basic Assistance Agreement
<b>SLMCDP</b>	Sustainable Land Management for Combating Desertification Project
<b>SLP</b>	Sustainable Livelihood Programme
<b>SME</b>	Small and Medium sized Enterprises
<b>UNDP</b>	United Nations Development Programme
<b>UNV</b>	United Nations Volunteer
<b>USAID</b>	United States Agency for International Development
<b>WP</b>	Work Plan

**Mongolian Words**

<b>Aimag</b>	Province
<b>Soum</b>	Town

## II. Situation Analysis

### A. Country background in economy and poverty

The withdrawal of former Soviet Union aid left the Mongolian economy in a very difficult situation at the beginning of the 1990s. The ensuing economic dislocation generated a similarly drastic impoverishment of the population, a phenomenon previously unknown in the past central command system and welfare state. The economic situation has taken a dramatic turn for the better, with high economic growth; however, poverty continues to be a major problem in Mongolia.

Macroeconomic indicators have improved substantially in recent years. The Mongolian GDP growth rate was 10.6% in 2004, but decreased to 7.3% in 2005, and increased again to 8.6% in 2006 and 9.9% in 2007<sup>1</sup>. These impressive growth rates have been the result largely of the extraordinary expansion in the mining sector that has benefited from sustained increases in international gold and copper prices. Good weather conditions in the past few years have also contributed to the growth of Mongolia's herding sector, livestock industry and agricultural production. Robust expansion continues in the services sector, including transport and construction. As a consequence of the economic expansion, Mongolia's per capita GDP in purchasing power parity (PPP) increased from USD 1,706 in 1999 to USD 2,823 in 2006.

However, large segments of Mongolia's population remain vulnerable and insecure. At present, at disaggregated levels, new forms of poverty are appearing, such as growing numbers of urban poor, homeless people, working children and female-headed households. Also youth unemployment is on the rise. The National Human Development report (NHDR) 2007 showed that Mongolia ranks 116th among the 177 rated countries on the Human Development Index of 0.691. According to the National Statistics Office (NSO), 29.7 % of the population still lives below the income poverty line as of the end of 2008<sup>2</sup>.

Equality gaps are getting wider between regions, within urban areas, between rural and urban areas, and between men and women. Poverty levels differ significantly across the country from a low of 27% in Ulaanbaatar to 39% in Khangai and 51% in the Western region. Rural-urban investment imbalances in basic public-service provisioning, including water, sanitation, housing, heating and infrastructure have placed enormous burdens on poor rural households. Currently, there is no systematic gender disaggregated data and analysis available to illustrate a gap in between men and women. However, some statistics in National Human Development Report (NHDR) and Mongolian Statistic Yearbook 2007 imply that women are more disadvantaged than men in terms of poverty and employment. For example, NHDR 2007 shows that 43.8% of female headed households are living below the poverty line compared to 34.\*% of male headed households, and the Purchasing Power Parity (PPP) adjusted per capita income for women is USD 2,611 compared to USD 3,045 for men. Although women in school ages have a relatively higher school attendance rate (83.2%) than men (75.5%), the unemployment rate for women is 3.2% in 2007 which is higher than 2.5% for men.

In addition, although Mongolia has officially kept low unemployment statistics, the country has suffered from high underemployment associated with low productivity and low returns. The labor market experiences imbalances between demand and supply. One of the main challenges is a lack of business skills and convertibility of people. Among vulnerable groups, youth suffer from lack of skills and education. In particular, income generating activities have been demanded to create employment opportunities, particularly, in rural areas.

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<sup>1</sup> Mongolian Statistical Yearbook 2007 \*NSO)

<sup>2</sup> NSO, 2008

## **B. On-going support for medium, small and micro enterprise development in Mongolia**

### Government of Mongolia (GOM)

A number of policy measures to accelerate private sector-led growth to achieve the Millennium Development Goals and reduce poverty were taken on by the GOM. Among them, SME development is one of the higher priorities of the GOM. In April 2005, the GOM approved the Programme for Support of Small and Medium Enterprises which aims to promote the robust growth of SMEs, improve SMEs' competitiveness, and create favorable conditions to encourage the formalization of informal sector and foster creation of new employment opportunities.

Moreover, the GOM approved the National One-Village One-Product Programme 2005-2012 and established the National OVOP Committee under the Deputy Prime Minister's Office. The National OVOP Programme is a strategic effort designed to assist regional development in the country by identifying local products with greater market potential.

### UNDP

UNDP implemented the MicroStart Project in 1997, which led to the establishment of XacBank and first branches for Credit Mongol in rural areas. UNDP has also supported several business Development projects such as the Enterprise Restructuring Project (ERP), Sustainable Grasslands Management Project, and cluster development components targeting micro and small enterprise development.

UNDP alongside with SIDA supported the GOM's second poverty alleviation programme, 'Household Livelihood Capacity Support Programme' (NHLCSPP) through the Poverty Research and Employment Facilitation (PREF) project. This project focused on capacity strengthening of local governments, government agencies and civil society to gather, analyze and monitor social indicators and to review public policies, budgets and programmes that impact on people's well-being. The NHLCSPP emphasized support for poverty reductions at the soum level and thus to further deepen the degree of decentralization and community participation.

UNDP has provided support for the domestic capacity in the area of poverty and economic research within the framework of the PREF supported Poverty Research Group, and periodic reviews of commerce and industrial policy in conjunction with the Ministry of Industry and Trade. The Poverty Research Group's operation assumes responsibilities for commissioning research on poverty-related topics, developing recommendations based on the results of the research, compiling report and evaluation of strategy implementation progress.

In light of increasing importance of SME development to reduce poverty (MDG 1), particularly in rural and remote areas in Mongolia, the GOM formulated the National Programme for SMEs promotion. UNDP together with the Ministry of Industry and Trade launched the Enterprise Mongolia Project (EMP-Phase 1) in June 2005 and with the support from the Government of Japan since 2006. The EMP-Phase 1 was composed of two main components; the Local Cluster development Initiative (LCDI) and the One-Village One-Product Initiative (OVOPI), and has provided micro entrepreneurs and SMEs vocational and business skill trainings, microfinance facilitation and business-related information in order to reduce poverty, particularly in rural areas. Under the LCDI component, the EMP-Phase 1 facilitated organization of 27 business clusters through 5 Enterprise Mongolia Centers (EMCs) in Ulaanbaatar and four aimags (Selenge, Khentii, Uvrkhangai and Khovd). Under the OVOPI component, the following 10 products were identified as the OVOP brand products as of the end of the EMP-Phase 1; (1) red garlic, (2) honey, (3) sea buckthorn, (4) handmade carpet, (5) yak wool products, (6) community-based tourism (Bayan-Ulgii aimag), (7) community-based tourism (Khentii aimag), (8) community-based tourism (Dornogobi aimag) (9) rock salt, and (10) millet. The EMP-Phase 1 has supported more than 1,300 individuals/entrepreneurs over the 3-year project period in order to promote their entrepreneurial

and business challenges in the market.

The following table shows the selected EMP-Phase 1 performance indicators to identify the project outputs and major activities results achieved by respective component in the EMP-Phase 1.

Key Indicators	Baseline (set in the EMP-Phase 1 Project Document)	2006	2007	2008	Project Total (As of September 2008)
<b>One-Village One-Product Initiative (OVOP) component</b>					
*Number of products identified as the OVOP brand products	12	8	10	10	10
*Number of households supported	N/A	178	278	288	288
*Number of individual OVOP beneficiaries (direct beneficiaries)	300	328	742	762	742
Of which women	150	246	457	481	457
**Number of technical assistance (TA) provided	N/A	10	71	28	109
**Total number of individual TA participants/recipients	N/A	100	622	362	1084
**Increase in average household cash income (%) compared to previous year	15-25%	N/A	27.5	33	33
*Employment generated/facilitated by project beneficiaries' businesses	150	49	141	156	156
**Total amount of loans facilitated through OVOP Loan Guarantee Fund (in million MNT)	N/A	0	96.3	81.2	177.5
<b>Local Cluster Development Initiative (LCDI) component</b>					
*Number of business clusters identified and supported by the LCDI	17	17	27	27	27
*Number of individual LCDI beneficiaries (direct beneficiaries)	294	294	575	602	602
Of which women	183	183	376	343	343
**Number of technical assistance (TA) provided	N/A	53	46	17	116
**Total number of individual TA participants/recipients	N/A	995	702	230	1927
**Increase in average household cash income (%) compared to previous year	N/A	N/A	47	N/A	N/A
*Employment generated by LCDI client businesses	N/A	100	177	N/A	277
**Total amount of loans facilitated through Micro Finance Partnership Fund (in million MNT)	N/A	12.40	44.03	16.89	73.32

\* Cumulative figures

\*\* Annual figures

#### Other international organizations, donors and NGOs

Thematically, in addition to UNDP, there has been a considerable emphasis on assistance to SME development through training, technical assistance, advisory services, market promotion, and micro credit by various organizations such as JBIC, JICA, GTZ, World Bank, USAID, ADRA and EU TACIS, etc.

According to Japan's "Assistance Plan for Mongolia" announced in November 2004, poverty reduction through rural/regional development is one of the priorities of Japan's Official Development

Assistance (ODA). The Two-Step-Loan Project for Small and Medium-scale Enterprises Development and Environmental Protection, supported by Japan Bank of International Cooperation (JBIC) since 2006, aims at private sector development and environmental protection through provision of long- and mid-term finance to SMEs mainly in agricultural and industrial sectors. The total amount of loan is approximately USD 27,000,000. The JBIC project has also supported and will support the capacity building of SMEs and commercial banks in loan application and credit provision through technical assistance. The JBIC project will finish the current phase by March 2009, and the possible 2<sup>nd</sup> phase is under discussion between the GOM and GOJ. Among other programmes, the Japan-Mongolia Center for Human Resources Development Cooperation funded by Japan International Cooperation Agency (JICA) offers programmes to develop the human resources that are required for promoting a market economy, including in business studies, practical training in factories and shops, as well as seminars on business diagnostics for SMEs.

Based on the experience of the National Poverty Alleviation Programme (1994-2000), the World Bank initiated a three-phased 12-year programme, the Sustainable Livelihoods Programme (SLP), which is now in the 2<sup>nd</sup> phase and making a significant contribution to rural development. The total budget of the SLP is USD 52,500,000 co-financed by the World Bank, the Government of Mongolia, European Committee and the Government of Japan. The SLP aims at creating income-generating assets for the rural poor and to reduce their vulnerability. This is accomplished through activities in three areas, namely pastoral risk management, micro-finance and a local initiatives fund. Activities have been piloted in 8 provinces during the first phase and the programme is to be scaled up to all 21 provinces for the second and third phases. The 1st pilot phase had a scope to reduce the vulnerability of herders and enhance their resilience to drought and dzuds by risk forecasting, contingency planning, grazing and pasture management, as well as improved hay and fodder stocks. The 2nd phase of the SLP strives for an increase of the effective mechanisms and processes in the local communities and governments nationwide.

The Gobi Regional Economic Initiative-Phase 2 has been implemented by Mercy Corps with the support from the USAID in partnership with Pact, since 2004. The total budget of the project is USD 10,000,000 for its five-year operation until January 2009. The Gobi Initiative has been working in the area of developing and strengthening rural business with a focus on strengthening the skills and knowledge of enterprise operators and herders to enable them to respond effectively to market conditions.

There are some donors and NGOs investigating possibilities to further micro-credit programmes. The ADRA Mongolia's Micro Economic Development (MED) programme focuses on training, consulting and advocacy: each in turn helping to create better conditions for small business development. The MED programme has served over 1,000 households in six provinces and Ulaanbaatar. Gradually, through microfinance, business skills training and capacity development of community leaders, the MED programme aims to lessen the poverty that plagues Mongolia's settlements. In Ulaanbaatar, the MED has operated training and loan facilitation services under the Micro Business Advancement Ulaanbaatar Project since 2003.

GTZ has implemented the Regional Economic Development (RED) Programme since June 2006. The total project budget is approximately USD 15,500,000. The RED Programme plans to complete all the activities by May 2010. The RED Programme aims to enable one-stop competence centers for the industrial sectors of construction, wood, tourism, printing, wool/cashmere and leather to offer advisory and professional development services for SMEs in these areas of business. The enterprises should be in a position to improve the quality of their products and thereby gain better access to the market in order that they generate a bigger turnover and therefore bring about a positive contribution to the employment situation in Mongolia.

### **C. Rationale for the 2<sup>nd</sup> phase**

#### **Request from the Government of Mongolia and contribution to the national rural development strategy**

The EMP-Phase 1 has succeeded in making tangible contribution to business/entrepreneurship development, job creation and, thus, poverty reduction particularly in rural Mongolia. The EMP-Phase 1 has adapted the One-Village One-Product Initiative (OVOPI), which was officially announced as one of the government's rural development strategy, as a concept of the project, and has piloted it on the ground. The results of the project intervention and achievements have been highly appreciated by the GOM. Most of the 10 OVOP brand products identified and supported under the EMP-Phase 1 have been well recognized in the local and national market. On the other hand, under the Local Cluster Development Initiative (LCDI) component, the EMP-Phase 1 has supported small and micro producers to form 27 clusters and provided necessary technical assistance for each cluster so that the beneficiaries can take advantage of economy of scale and, then, be integrated into the formal market economy. Based on these achievements and contribution of the EMP-Phase 1 to the attainment of the MDG 1, the Ministry of Industry and Trade has requested UNDP to continue the support through the project in order to further expand business opportunities for small and medium enterprises and to improve livelihood of micro entrepreneurs and producers in rural communities<sup>3</sup>.

#### **Full sustainability and possible areas of intervention of the EMP-Phase 2**

While the support by the EMP (Phase I) was more in business development, product development and related operation requirement, the original EMP concept intended to support the entire value chain including marketing and sales promotion. The support under the EMP-Phase 1 and the development stage of the project beneficiaries are still halfway as compared to the intended contribution and results. The lack of clear linkage between the One-Village One-Product Initiative (OVOPI) component under the EMP-Phase 1 and the National OVOP Programme is also pointed out as an area for corrective actions.

Considering these particulars and recommendations that were made by the terminal evaluation team, it is necessary to continue UNDP support as the 2nd phase of the EMP so as to ensure full sustainability of the beneficiaries and institutions supported by the project.

It has been anticipated that the project efforts in the mid- to long-run will trigger large scale debates on poverty reduction through SME development at the national level, although this may require additional efforts to strengthen local government capacities.

### **D. Selection of beneficiaries**

The EMP-Phase 2 intends to continue its support to the existing EMP-Phase 1 beneficiaries particularly located in countryside based on their respective performances and areas of possible project intervention in the 2<sup>nd</sup> phase. The EMP-Phase 1 identified five local business service providers as the Enterprise Mongolia Centers (EMCs) in four provinces (Selenge, Khentii, Khovd and Uvrkhangai) and Ulaanbaatar<sup>4</sup>. Based on their performance in the EMP-Phase 1, the EMP-Phase 2 will focus its support on the four EMCs in four provinces out of the five existing EMCs supported by the EMP-Phase 1.

Most of the beneficiaries are engaged in production of agro-based products and handicraft/cottage

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<sup>3</sup> Letter from the MIT to UNDP (MON/05/103)

<sup>4</sup> The Enterprise Mongolia Centers (EMCs) were selected and identified among existing local business support organizations/entities at the early stage of the EMP-Phase 1, and have developed their technical capacity as business service providers with the support from the project.

industry. At the early stage, the EMP-Phase 2 will assess the current status and performance of those Phase 1 beneficiaries to determine the appropriateness of the continuous support by the project for each beneficiary and/or business cluster. In the assessment, the project will also collect the gender disaggregated data on the beneficiaries in order to assess the current status of the beneficiaries from a gender-responsive perspective and to estimate the gender disaggregated impact of the project intervention. Since most of beneficiaries run family-operated businesses, the project expects to extend its positive impact indirectly to lives of those beneficiaries and their family members and, thus, the livelihood of the entire communities.

In addition to the existing beneficiaries, the EMP-Phase 2 also aims to increase the number of beneficiaries supported through the existing four Enterprise Mongolia Centers (EMCs).

#### OVOPI beneficiaries

The OVOPI component targets existing small businesses, which have already had potential to succeed in the market with support from the project. The EMP-Phase 2 focuses on product development of OVOPI beneficiaries to increase the market competitiveness of the selected products. The OVOPI aims to create success models of small enterprises under the brand name of the OVOP, and, thus, targets relatively successful or well-developed segments of small and micro enterprises.

#### LCDI beneficiaries

The LCDI component aims to support small and micro producers and entrepreneurs to make their products meet the specific demand in the local market for the purpose of livelihood improvement for local communities. The LCDI intends to integrate micro producers and entrepreneurs into the formal economy and provide them more opportunities to take advantage of the market economy. In addition to the existing LCDI beneficiaries, by expanding technical and operational capacity of the existing four EMCs, the project intends to increase potential beneficiaries under the LCDI component, therefore, to create more employment opportunities in rural areas. Target indicators for the project beneficiaries and geographic coverage by each EMC will be determined in consultation with the project's local coordinators in the EMCs.

#### Herders' group

The EMP-Phase 2 will explore the possibility to collaborate with the Sustainable Land Management for Combating Desertification Project (SLMCDP, 2008-2012) to extend its support to the selected herders' groups in Uvrkhangai and Selenge in order to enhance its impact on rural poverty reduction. Under the SLMCDP, herders' groups are organized and trained in agricultural production and basic livelihood development skills and knowledge. In close coordination with the SLMCDP, the project will support the selected herders' groups referred by the SLMCDP with provision of business/entrepreneurship development assistance. Considering the geographic overlap between the EMP phase 2 and SLMP, EMCs in Selenge and Uvrkhangai shall be identified to pilot this coordination strategy.

#### Community-based tourism

The EMP-Phase 1 supported three community-based tourism (CBT) clusters under the OVOPI component. The terminal evaluation of the EMP-Phase 1 identified that there has been and will be a limitation in possible assistance by the project to the CBT beneficiaries because the complexity and nature of necessary supports are beyond the scope of the project<sup>5</sup>. Based on recommendations

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<sup>5</sup> The EMP-Phase 1 supported three community-based tourism (CBT) clusters under the OVOPI component. The Evaluation Team for the EMP-Phase 1 pointed out that CBT appears beyond the scope of the current EMP's technical capacity and institutional support due to sectoral complexity of their product (tourism) and constraints such as lack of environment management and insufficient transportation infrastructure. Considering these recommendations, tourism resources available in those CBT sites, performances of respective CBT beneficiaries and possible project intervention

made by the Terminal Evaluation, tourism resources available in respective CBT sites, performances in the EMP-Phase 1 and possible project intervention under the scope of the EMP-Phase 2, the project decided to continue its support to the Dornogobi CBT cluster to improve the tourism contents more attractive in the market, while to adjust the interventions to other two CBT clusters.

It is expected that the 'Altai-Sayan Project' will take over the Sagsai (Bayan-Ulgy aimag) CBT cluster from the EMP. The 'Altai-Sayan Project' has technical capacity and mandate in community-based sustainable environment management and responsible (eco-) tourism development as a part of its main activities. Sagsai soum is one of the Altai-Sayan Project's project sites and the Altai-Sayan Project has a field office in Sagsai with local project staff. The procedures and specific arrangements for the handover will be discussed further and confirmed between the national execution agencies (MFALI and Ministry of Nature, Environment and Tourism), UNDP, the 'Altai-Sayan Project' and other stakeholders by signing Memorandum of Agreements.

Due to the limitation of the technical scope of the EMP-Phase 2, the support to the Dadal (Khentii aimag) CBT cluster will be terminated.

### **III. STRATEGY**

The EMP-Phase 2 will inherit the key strategies of its 1<sup>st</sup> phase. The two pronged approach of the EMP-Phase 1 will be continuously applied: One-Village One-Product Initiative (OVOPI) and Local Cluster Development Initiative (LCDI).

Overall, to assist small and micro enterprises and entrepreneurs, the project adopts the cluster development approach<sup>6</sup>.

The followings are additional strategies specific to the EMP-Phase 2.

#### **A. Building on achievement**

The EMP-Phase 2 will draw on the experience and achievement accumulated during the EMP-Phase 1 for the purpose of ensuring sustainability of the SME support mechanism. By further enhancing technical and operational capacity of the existing four EMCs in four aimags, the project aims to create a fusion between the OVOPI and LCDI which were implemented rather independently with each other under the 1<sup>st</sup> phase of the project. The procedures and selection criteria of possible graduation of the 1<sup>st</sup> phase LCDI beneficiaries into the 2<sup>nd</sup> phase OVOPI component will be discussed and determined at the early stage of the project.

#### **B. Localization of the project's SME support mechanism by strengthening 4 EMCs**

In an attempt of ensuring sustainability of the project activities on the ground, the project aims to localize its support and coordination function by the end of the 2<sup>nd</sup> phase through expanding responsibilities and enhancing operational and management capacity of the existing four EMCs. This includes transferring some functions which were under the PIU during the EMP-Phase 1 to

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under the scope of the EMP-Phase 2, the project will reduce the number of CBT sites to be supported during the EMP-Phase 2.

<sup>6</sup> The cluster development approach is considered one of the major strategies of regional industry development which promote organization of clusters or business groups among small and micro enterprises so that they can overcome disadvantages caused by smallness of their business scale and have more power in the market. It is anticipated that the development of clusters will greatly contribute to the total job generation targets. It is said that business clustering leads cluster members to more access to information, the market and available financial services. Through networking among cluster members, knowledge spillover and information exchange are also expected to result in efficient business development and new business ideas.

direct operation by the EMCs.

The EMP-Phase 2 plans to channel most of its support and coordination for both the OVOPI and LCDI beneficiaries only through EMCs in respective regions. Capacity development of the four EMCs in sustainable center management and operation will be provided so that the four EMCs become able to function not only as one of local business service providers but also a hub of information and coordination of locally available business support resources. This will ensure sustainable and standardized provision of business development services in the target region after the project completion. In the course of implementation, the four EMCs are expected to build their capacity in sustainable center management and to gradually shift their services from free of charge to fee-based provision.

### **C. Consolidated efforts and coordinated action**

UNDP considers aligning the EMP-Phase 2 with on-going SME development activities supported by other projects and organizations in order to better sustain the results of the project after its closure. Specifically, the following arrangements have been under consideration as possible means of coordination and collaboration.

#### Field operation level

Deployment of local coordinators of the four EMCs will be secured by the responsible parties in the respective region by signing a tri-party agreement among the partners, the national execution agency and UNDP. Those local coordinators will assume more responsibilities to the enhanced EMC operation and management, thus, are to be considered as a part of the project implementation team. Possible cost-sharing for personnel expenses for their deployment will be discussed. In addition, in collaboration with international volunteer programme and bilateral donors' volunteer programmes, international volunteers are expected to be assigned as independent field-based monitoring and evaluation officers of the four EMCs in order to monitor and report progress in achieving benchmarks for sustainable EMC management and operation.

#### Inter-projects level

The project will explore a possibility to collaborate with the Sustainable Land Management for Combating Desertification Project (SLMCDP)<sup>7</sup> through the central region EMC in Selenge aimag and the Khangai region EMC in Uvrkhangai aimag to reach out herders' groups to enhance the impact of the project on poverty reduction and livelihood improvement. The livelihood development component under the SLMCDP can be successfully reinforced by follow-up with the advanced or upgraded support in business skill development by the EMP-Phase 2. The eventual graduation of the selected SLMCDP beneficiaries into the LCDI component of the project is expected. The optimal modes of collaboration and implementation arrangements will be discussed further with the national execution agencies, the SLMCDP and UNDP, and confirmed by signing a Memorandum of Agreements at the early stage of the EMP-Phase 2.

The similar kind of collaboration can be considered with the livelihood development component under the 'Altai-Sayan Project'<sup>8</sup> through the Western region EMC in Khovd aimag.

It is also worthwhile to seek possible collaboration with the Global Environment Facility Small Grant

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<sup>7</sup> The SLMCDP has been implemented by the Ministry of Food and Agriculture and Ministry of Nature and Environment with support from the Government of Netherlands and UNDP both of which focus their local level activities to develop capacity of rural herders' groups in sustainable natural resource management and to provide them a wider range of income-generating opportunities.

<sup>8</sup> Community Based Conservation on Biological Diversity in the Mountain Landscapes of Mongolia's Altai-Sayan Eco-Region Project (Altai-Sayan Project. 2004-2011) has been implemented by the Ministry of Nature and Environment with support from the Government of Netherlands and UNDP. The Altai-Sayan Project has livelihood improvement and eco-tourism development components as a part of its sub activities.

Programme<sup>9</sup> to provide small grants to the project beneficiaries for the purpose of introduction of environment friendly techniques and/or facilities in their business operations.

#### **D. Rural employment and job creation through entrepreneurship training**

The project considers creation of rural employment as one of key strategy to reduce rural poverty. The number of direct beneficiaries (direct members of business clusters) of the 1<sup>st</sup> phase is 1,364. Since the project has indirectly supported family members of those direct beneficiaries, the EMP-Phase 1 estimated the total number of direct and indirect beneficiaries more than 5,000. However, the number of immediate and new employment created by the 1<sup>st</sup> phase of project beneficiaries is 433. This is mainly because the scale of businesses of the project beneficiaries is small or even micro and their capacity in generating new employment is limited compared to large companies. Based on this observation, the EMP-Phase 2 will place an emphasis on increasing self-employed individuals by entrepreneurship development and support for business start-ups through the LCDI component under the project. For this purpose, the LCDI aims to support existing and potential micro and small entrepreneurs mainly in the informal sector to be integrated into the formal local economy as self-employed individuals.

#### **E. Fee-based provision of technical assistance through the EMCs**

The project, in principal, intends to provide support to both the OVOPI and LCDI beneficiaries through the four EMCs, and to gradually shift the services from free of charge to fee-based provision. This is to ensure financial independence of the EMC operation and, thus, sustainable provision of SME support in the target regions. The required level of service step-by-step fees and an installment plan will be set as a part of an action and capacity development plan of respective EMC at the early stage of the project. Whereas needed and appropriate, local coordination bodies/entities will be defined as local partners.

#### **F. Gender issue**

Gender is a cross-cutting issue in the UNDP programming and gender-sensitive approach, which stems from the strong links between gender equality and poverty issues, will be incorporated into the project planning and implementation. About 60 % of the EMP-Phase 1 direct beneficiaries were women, but the EMP-Phase 1 did not take gender disaggregated approaches into consideration when it conducted the baseline analysis, activity planning and support provision. In order to bring the balanced power in men and women relationships among the project beneficiaries, and, thus their communities, the EMP-Phase 2 will ensure to mainstream gender responsive approaches in identification and selection of new project beneficiaries as well as in planning and implementation of the project activities. For that purpose, it is essential for the EMP-Phase 2 to conduct the status analysis planned for the early stage of the project, with a gender responsive approach. Gender-disaggregated data collection and analyses will provide the EMP-Phase 2 a baseline to understand and assess whether the project has impact on which social group of people in which context.

#### **G. Exit strategy and sustainability**

The project will implement the exit strategy by ensuring the following three-pillar sustainability by the end of the EMP-Phase 2.

##### **Sustainability of small and micro businesses supported by the project:**

Compared to the LCDI beneficiaries, the OVOPI beneficiaries are fairly well-off with years of experiences in their respective businesses in the market, and, thus, there is a good prospect in their gaining self-sustainability by the end of the EMP-Phase 2. The EMP-Phase 2 will encourage the OVOPI beneficiaries' 'graduation' from the project's support by the end of the 2<sup>nd</sup> phase. The

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<sup>9</sup> Global Environment Facility (GEF) Small Grant Programme is a grant programme by UNDP, which provides small grants to local cooperatives for the purpose of introducing environmental friendly/management skills, techniques and facilities in their daily operations. The geographic targets of the GEF Small Grant programme are Selenge, Khentii, Uvrkhangai and Khovd.

respective OVOP beneficiaries (clusters) will be required to develop action plans for their graduation with timetable, benchmarks and necessary assistance from the project, at the early stage of the project. The four EMCs in respective region will monitor their progress. By the end of the project, the selected OVOPI beneficiaries (clusters) will become independent to produce and market the OVOP brand products in a sustainable manner, generating employment opportunities and increase incomes in the local economy. At the same time, the project intends to promote selected LCDI products (clusters) from the 1<sup>st</sup> phase to the new OVOP brand products for the 2<sup>nd</sup> phase if the Project Board approved their products as eligible and appropriate in terms of their marketability and competitiveness.

Sustainable SME support mechanism through the EMCs on the ground:

While encouraging self-sustainability of respective small and micro businesses, the project aims to enhance existing technical and operational capacity of the four EMCs so as to ensure sustainable provision and coordination of business development services and information in the target areas after completion of the project. The four EMCs are expected to be both operationally and financially self-sustainable, to provide quality services to both LCDI and OVOPI beneficiaries, and to become able to reach out more potential clients (beneficiaries) in respective regions. The project will help the four EMCs to implement the capacity development plans for sustainable center management in accordance with a business plan to be developed for each EMC. Introduction of fee-based service provision is to be considered as one of key approaches towards financial independence of the EMCs. Support for the existing and potential OVOPI and LCDI beneficiaries is expected to continue through the strengthened four EMCs in respective region after the project completion.

Sustainability in the policy framework:

The EMP-Phase 2 aims to institutionalize its support mechanism as a part of the national policy, at least for the OVOPI component. The EMP-Phase 2 will coordinate with the national execution agency (the MFALI) to lobby and encourage a full integration the OVOPI component into the National OVOP Programme so that the project's role and contribution in achieving the national strategy can be clearly defined. Also, technical expertise and supporting know-how accumulated during the project can be shared and utilized among the government agencies and ministries for further implementation of the National OVOP Programme. This is to enhance collaboration between the project and the government initiative in SME and regional development at the policy level. The MFALI will deploy one or two government officials to be a policy coordinator(s) to work with related agencies and ministries for this purpose.

#### **IV. SCOPE OF THE PROJECT**

**A. Duration**

For 3.5 years (42 months) from the late 2008 (The timing of the 2<sup>nd</sup> phase commencement is to be confirmed in the agreement between the GOM and UNDP).

**B. Location**

Regions covered by four Enterprise Mongolia Centers (EMCs) in Selenge, Khentii, Uvrkhangai and Khovd. The exact geographic coverage of four EMCs is to be identified in consultation with EMC local coordinators after the status analysis of each EMC. The OVOPI beneficiaries are to be supported the EMC in charge of respective regions.

**C. Beneficiaries**

The EMP-Phase 2 targets the following three types of beneficiaries;

- (1) Small businesses/ business clusters under the One-Village One-Product Initiative (OVOPI)
- (2) Groups /clusters of small and micro producers and entrepreneurs under the Local Cluster development Initiative (LCDI)

- (3) The selected herders' groups in Uvrkhangai and Selenge referred by the SLMCDP

#### **D. Outcome / Overall Impact**

The anticipated CPAP outcome of the EMP-Phase 2 is that capacity of the government and disadvantaged groups enhanced to mitigate economic and social vulnerabilities.

#### **E. Objectives**

The objective of the project is to improve livelihoods of the poor and marginalized men and women, particularly in rural areas and to contribute to achieving the MDG 1 (poverty reduction) in Mongolia, through income increase and job creation.

#### **F. Project outputs**

1. Sustainability of small and micro businesses supported by the project: Enhanced capacity of SMEs and micro and small entrepreneurs in the project target regions to be engaged in sustainable business activities and to produce high value-added products. The project will apply a gender responsive approach to address the poverty gaps between genders and give special attention to the most disadvantaged groups.
2. Sustainable SME support mechanism through the EMCs on the ground: Enhanced operational capacity and financial independence of the four EMCs to support an increased number of the project beneficiaries and to ensure sustainability of quality SME support mechanism on the ground.
3. Sustainability in the policy framework: Full integration of the OVOPI component under the project into the National OVOP Programme to ensure synergic collaboration between the government's initiative and the project.

#### **G. Activity results**

- 1-1. Skills and knowledge of local SMEs and small and micro entrepreneurs on business development and business management strengthened through trainings, information provision and networking;
- 1-2. Technical capacity of the project beneficiaries in product development improved;
- 1-3. Capacity of the project beneficiaries in marketing and sales promotion developed through technical assistance, consultancy services, information provision and networking;
- 1-4. Access of the project beneficiaries to locally available microfinance services increased;
- 1-5. The selected OVOPI beneficiaries grown to become self-sustainable and 'graduate' from the project; and
- 1-6. Additional OVOP brand products identified among existing LCDI products and developed as higher value-added products with more market competitiveness.
- 2-1. Capacity of the existing four EMC (Khentii, Khovd, Selenge and Uvrkhangai) further enhanced to provide professional client-oriented business development services in a gender responsive manner;
- 2-2. Outreach and networking capacity of the existing four EMCs strengthened to extend their services beyond the current geographic coverage; and
- 2-3. Operation of the existing four EMCs or selected EMC(s) improved to be more self-sustainable.
- 3-1. The OVOPI component fully integrated into the National OVOP Programme, and its role and contribution to the national strategy defined in concrete terms; and
- 3-2. The National OVOP Programme strengthened based on the EMP's know-how to implement product development and promotion under the OVOP brand name.

#### **H. Activities**

#### 1-1. Status analyses, market surveys to identify and prioritize the project Interventions

At the early stage of the project, a market survey will be carried out to analyze the niches and areas of possible success for the project beneficiaries' businesses and products by product for the OVOPI beneficiaries and by cluster for the LCDI beneficiaries. Based on the results, the project will prioritize assistance to meet specific need of the beneficiaries in accordance with the current status of their businesses. The gender disaggregated data collection and analysis need to be applied so that the EMP-2 can effectively target the most socially disadvantaged groups with the baseline data. In addition, the analysis results will be used to identify candidates for additional OVOP brand products among existing LCDI products from the EMP-Phase 1.

#### 1-2. Entrepreneurship and Cluster Management Training

A series of entrepreneurship training will be conducted. The training will provide the project beneficiaries skills and knowledge on business start-up including the cluster development/management strategy. The cluster development approach is one of the major strategies of small and micro enterprise development and was applied to the EMP-Phase1. By forming business groups (business clusters), small and micro enterprises can take advantage of economy of scale which enables them to have more power in the market, more access to the information, more access to financial resources and more efficiency in production.

#### 1-3. Technical Assistance, Skill Training on Business Development /Business Management

The project will continue to provide trainings and necessary information for developing and managing small and micro businesses. The basic business skill standard set up during the 1<sup>st</sup> phase is to be utilized. The subjects cover a range of business development issues, such as business plan development, book keeping, good manufacturing practice (GMP), and etc. Consultancy/advisory services are also provided to the selected project beneficiaries to assess current business status and the technical capacity, analyze the market, identify areas of improvement, and to support their business plan development.

#### 1-4. Technical Assistance on Product Development

Based on the result of the market survey, the project will provide technical assistance and advisory services to the selected business groups to add higher values to their products and increase their marketability. As recommended by the terminal evaluation team, the project will place an emphasis on development and branding of organic agro-based products.

#### 1-5. Market Facilitation and Sales Promotion including legal advices

The project will coordinate with the national implementation partners, related government agencies and the private sector at the both national and local levels to strengthen the institutional/administrative support mechanism for market development and sales (export for the selected OVOP brand products) promotion at the national level. In cooperation with the Ministry of Food, Agriculture and Light Industry (MFALI) and other related agencies, the project will collect and provide necessary information such as legal and quality requirements on the target markets. The project will coordinate with the national and local counterpart agencies to support the selected project beneficiaries to participate in local and national trade fairs and exhibitions. Particularly, the MFALI will take a lead to promote the selected project supported products in the international/national market through the government organized trade fairs and exhibitions in Mongolia and/or abroad. Also, the project will provide technical assistance and advisory services including legal advice in business negotiation, and facilitate referral services in partnership with existing local and national business service providers to match the project beneficiaries to the potential buyers.

#### 1-6. Microfinance Facilitation through 'EMP Loan Guarantee Fund' and referral services

In collaboration with the existing bank and non-bank microfinance institutions, the project will set up a facilitation mechanism to increase the project beneficiaries' access to locally available microfinance programmes and products. This also aims to create synergy between the microfinance component under the project and existing microfinance services.

The EMP-Phase 2 will continue to provide the credit support to the beneficiaries through the 'EMP Loan Guarantee Fund' which was established in partnership with a commercial bank (Xac Bank) in the EMP-Phase 1. Through the 'EMP Loan Guarantee Fund', the project complements required collaterals and guarantees additional credits for beneficiaries' loan applications to financial institutions. This loan guarantee scheme aims to bridge the project beneficiaries to the existing formal microfinance services.

There are various microfinance services and products available in the local market. However, it is difficult for most of micro and small entrepreneurs / enterprises to apply these locally available loans because of lack of sufficient collaterals and/or lack of good business records with formal financial institutions. The EMP-Phase 2, in particular, intends to support the beneficiaries' first loan experience with formal financial institutions. In this light, the maximum amount of loans to be guaranteed by the EMP Loan Guarantee Fund and the loan repayment periods shall be confined to the certain extent in order to prevent risks of default.

After the initial loan experiences with the support from the project, the project beneficiaries are expected to obtain a good financial record with a bank or non-bank financial institution. With such good business records, the project beneficiaries will become capable and eligible to apply other microfinance services which exist outside of the project's loan guarantee scheme but offer upgraded scales of loans with longer repayment periods. In case, the project beneficiaries apply to financial services outside of the project's microfinance scheme, the project will provide referral services to the beneficiaries' applications depending on their previous performance with the project. To develop such synergic cooperation with bank and non-bank financial institutions other than the direct partners with the 'EMP Loan Guarantee Fund', the project facilitate dialogues among local financial institutions to raise their awareness and understanding of the project purposes and activities.

For the 2<sup>nd</sup> phase, the EMP aims to explore its direct partnership not only with Xac Bank (the EMP-Phase 1 partner) but also with other bank and/or non-bank financial institutions. At the early stage of the EMP-Phase 2, potential financial sector partners will be identified and conditions of the partnership agreement will be discussed and confirmed by signing a Memorandum of Agreements.

Technical assistance for loan application such as business plan development, necessary information collection, and advisory services will be provided by the project.

#### 1-7. Information collection, advocacy and provision of referral services

The EMP-Phase 2, through four EMCs, will collect, advocate and disseminate the information on the local business environment, existing business support services as well as microfinance programmes/products accessible in the target areas in order to bridge the project beneficiaries with locally available business support services and resources outside of the project. Posting the information and advocacy materials in the existing local media such as news papers, radio and TV programmes, and other publications will be considered as a means of the information dissemination.

#### 2-1. Technical assistance and advisory services for sustainable EMC management and operation

The project will provide technical assistance, trainings and advisory services to local coordinators and the existing four EMCs in four aimags (Selenge, Khentii, Khovd, Uvrkhangai)

to further develop their operational and financial self-sustainability. This aims to localize the SME support mechanism under the project and to increase the number of potential beneficiaries to be supported by the four EMCs. Also, it is expected the four EMCs to become able to provide direct support both to the LCDI and OVOPI beneficiaries<sup>10</sup>. With the support from the project, each EMC will be required to develop a capacity development plan with benchmarks and a business/operation plan with budget and revenue estimates for next 3-5 years. Based on the results of the status analysis to be conducted at the early stage, the project will identify the optimal modes of operation for each EMC and help them identify necessary capacity development by the end of the project (3 years) as well as after the project. The benchmarks can include increase in income generated by the project activities; increase in the share of income earned outside of the project; and expanded geographic areas to build a broader base of potential clients. A field-based monitoring-corrective action framework to assess the progress in achieving the benchmarks shall be established for each EMC.

### 3-1. Coordination at the policy level to enhance the National OVOP Programme

Led by the national counterpart agency (MFALI), the project will facilitate policy dialogues among related ministries and governmental agencies such as Regional Development Council (RDC) to integrate the OVOPI component under the project into the National OVOP Programme. Knowledge and information on how to manage and operate the OVOP brand development shall be shared with the related ministries and agencies.

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<sup>10</sup> During the EMP-Phase 1, assistance to the OVOPI beneficiaries was organized and coordinated directly by the PIU in Ulaanbaatar.

**V. WORK PLAN (As of June 2009) to be inserted**

## VI. MANAGEMENT ARRANGEMENTS

### A. Project management

The project shall be implemented in the National Execution (NEX) modality whereby the full responsibility for the production of the agreed outputs and use of UNDP resources rests with the Small and Medium Enterprise Agency (SME Agency) of the Ministry of Food, Agriculture and Light Industry (MFALI) as the national executing agency. The project shall be managed in accordance with the rules and procedures outlined in the UNDP's Programme and Operations Policies and Procedures (POPP). It may be managed on the basis of government programme/project management policies and procedures if and when comparable systems are fully in place and an agreement is appropriately reached between the SME Agency and UNDP.

The project will be led by the **Project Board (PB)** which brings together the roles and responsibilities of the Executive (GOM and UNDP), the Suppliers (donors and implementing partners) and the Users (beneficiaries/ representatives from the private sector) of the project outputs (see the project organigram in this section). The Project Board is composed of the MFALI, Embassy of Japan as a representative of the Government of Japan, Mongolian Employers' Federation (MONEF), Regional Development Council as a government representative in charge of the National OVOP Programme, SME Agency and UNDP. A representative of the MFALI will chair the Project Board. This group is responsible for the overall direction and management of the project. It reviews and approves project Annual Work Plans (AWPs) and progress reports, ensures that required resources are committed and arbitrates on any conflicts within the project and/or negotiates a solution to any problems between the project and external bodies. The PB authorizes any major deviation from the agreed plans when the project modification is required or when project tolerances (approved budget and delivery deadlines) have been exceeded. The PB members will individually and collectively ensure that potential risks in the project's policy and political environment that may undermine the achievement of project objectives or production of its outputs are removed or mitigated in a timely and effective manner. The PB approves any delegation of its Project Assurance responsibilities.

The PB members will have to be ready to recommend modifications in the scope and management framework of the project, such as in the case of rapid increase in interest rates, product certification, management standardization, and others.

The PB meetings are open to representatives of the third-party cost-sharing donor(s), who will be notified of the forthcoming meeting and provided with relevant documents in advance.

As the **Executives**, a representative of the GOM (SME Agency/MFALI) and UNDP Programme Director/Deputy Resident Representative represent the ownership of the project and assume ultimate responsibility for its successful implementation. The Executives will appoint an alternate Executive, if necessary.

The Mongolian Employers' Federation (MONEF) will be the **Senior User** (the private sector representative) responsible for coordinating other users in specifying needs in the private sectors, providing necessary support to achievement of the project results, monitoring quality standards and ensuring that the project delivers its ultimate benefits.

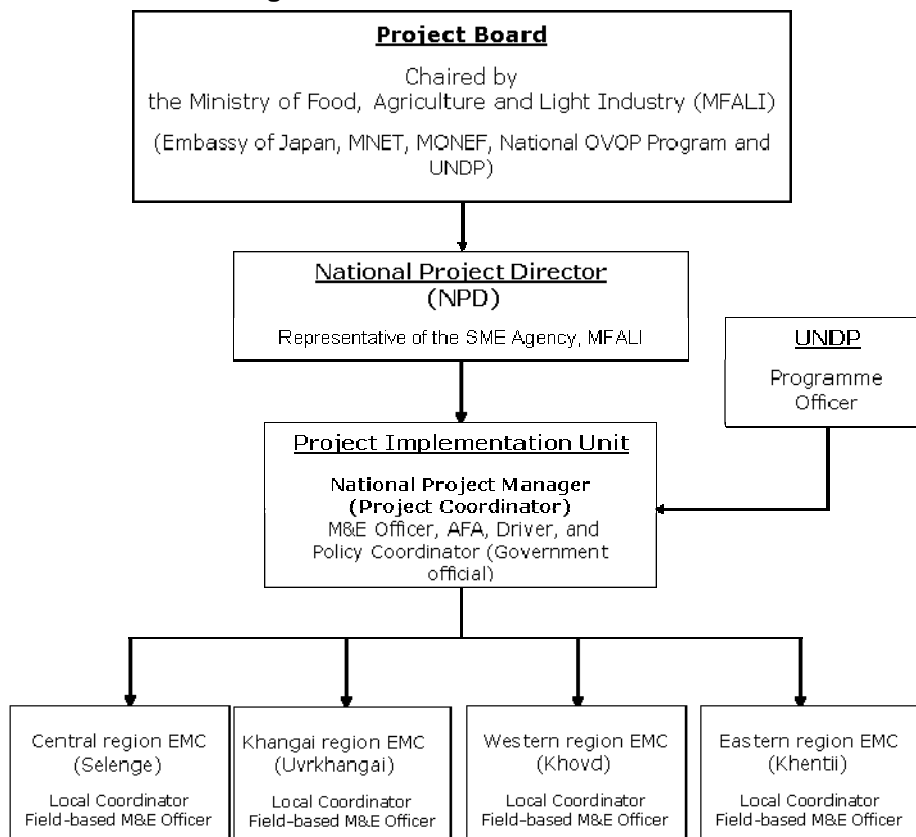
**Project Assurance** is the responsibility of each PB member and a function of objective oversight and monitoring which is independent of the National Project Manager. Project assurance support will be provided to the PB by a designated Senior Specialist from the Information, Monitoring and Evaluation Department of the Ministry of Food, Agriculture and Light Industry and UNDP Programme Officer.

A **National Project Manager (NPM)** is fully accountable to the **National Project Director (NPD)**, a representative of the SME Agency of the MFALI, and the Project Board for the satisfactory execution of the entire project. He/She will be responsible for day-to-day operation and implementation of the project activities. The NPM's prime responsibility is to ensure the project outputs as specified in the project document, in accordance with the NEX modality, and the required quality standard of the outputs within the specified constraints of time and cost. He/she will be managing and monitoring the project risks initially identified, submit new risks to the Executive for consideration and decision on possible actions if required; update the status of these risks by maintaining the Project Risks Log. The full-time NPM will be selected jointly by the SME Agency and UNDP and contracted by UNDP on behalf of the SME Agency.

**Project Implementation Unit (PIU)** is a provision of administrative and management support to the NPM. There will be 3 staff members; a Monitoring and Evaluation Officer, an Administrative and Finance Assistant, and a Driver that are requisite for the extensive operations of this complex project. A Policy Coordinator(s) shall be assigned by the national execution agency (SME Agency) from the responsible department(s) to make necessary coordination among the national government, particularly with Regional Development Council, in achieving integration of the OVOPI component under the project into the National OVOP Programme. Additional professional staff for the PIU can be hired upon the agreement between the SME Agency and UNDP.

Local coordinators and field-based monitoring & evaluation officers will be deployed for management and operation of the four EMCs in the field. Their personnel expenses are to be cost-shared between external responsible parties and UNDP.

### Management Structure of the EMP-Phase 2



**B. UNDP support service**

UNDP will provide human resources, procurement, and other administrative and management services in line with the *Standard Letter of Agreement between the UNDP and the Government for the Provision of Support Services* (Please refer the letter available in the UNDP Mongolia website). The cost recovery rules and procedures will be applied for the services provided by UNDP.

**C. Prior obligation and prerequisites**

The Government of Mongolia will provide strategic oversight and coordination to ensure the use of best national and international practice and complementarities with other interventions in the fields specific to this project. It will ensure ownership of the project by securing legal and regulatory frameworks necessary for institutionalization and mainstreaming of its outputs as basic concepts and means of poverty reduction through small and micro enterprise development.

Non-state stakeholders will commit human and other resources to make the most of the opportunities for participation and capacity development offered by the project, and amplify the benefits of the project by undertaking advocacy to raise public awareness and knowledge of poverty and human development issues and related policy needs and challenges.

The national project counterparts shall provide the following in-kind contribution:

<b>Contribution</b>	<b>Contributor</b>	<b>Terms of provision</b>
Project Implementing Unit office space	SME Agency, MFALI	In-kind contribution
Office space for short-term consultants (international and national)	SME Agency, MFALI and other national counterparts	Same as above
Meeting venues	SME Agency, MFALI and other national counterparts	Same as above
Time and salary of NPD and respective government staffs for the PB and other project related activities	SME Agency, MFALI and other national counterparts	Same as above
Time and salary of government staff (MFALI) to join PIU as Policy Coordinator between the national government	SME Agency, MFALI	Same as above
Transportation, if and when required	SME Agency, MFALI and other national counterparts	On a cost-sharing basis (the driver's time and petrol used, or applicable government-approved rental fee)

**D. Audit arrangements**

The project shall be subject to management and financial audits in accordance with UNDP's POPP

and National Execution Guidelines.

**E. Agreements on intellectual property rights and use of UNDP and the GOM logo on the project deliverables**

The UNDP shall be entitled to all intellectual property and other proprietary rights including but not limited to patents, copyrights and trademarks, with regard to documents and other materials which bear a direct relation to or are prepared or collected in consequences. The Contractor, at the UNDP's request shall take all necessary steps, execute all necessary documents and generally assist in securing such proprietary rights and transferring the same to the UNDP in compliance with the requirements of the applicable law.

The Contractor shall not advertise or otherwise make public the fact that it is a contractor with the UNDP. Also the Contractor shall, in no manner whatsoever use the name, logo of the UNDP or any abbreviation of the name of the UNDP in connection with its business or otherwise.

**VII. MONITORING FRAMEWORK AND EVALUATION**

Project monitoring and evaluation will be conducted in compliance with the programming policies and procedures set out in UNDP's Programme and Operations Policies and Procedures (POPP) and on the basis of a Monitoring Schedule Plan to ensure the achievement of the stated results within the agreed budget and schedule.

The project shall be monitored through the following:

Within the annual cycle (monthly and quarterly)

- Monthly project progress updates will be provided by the Project Manager to the Implementing Partner's and UNDP Programme Officer.
- On a quarterly basis, a quality assessment shall record progress towards the completion of key results, based on quality criteria and methods captured in the Quality Management table below.
- An Issue Log shall be activated in Atlas and updated by the Project Manager to facilitate tracking and resolution of potential problems or requests for change.
- Based on the initial risk analysis submitted (see annex 1), a Risk Log shall be activated in Atlas and regularly updated by reviewing the external environment that may affect the project implementation.
- Based on the above information recorded in Atlas, Quarterly Progress Reports (QPR) shall be submitted by the Project Manager to the Project Board through Project Assurance, using the standard report format available in the Executive Snapshot.
- a project Lesson-Learned Log shall be activated and regularly updated to ensure on-going learning and adaptation within the organization, and to facilitate the preparation of the Lessons-learned Report at the end of the project
- a Monitoring Schedule Plan shall be activated in Atlas and updated to track key management actions/events

Annually

- **Annual Review Report.** An Annual Review Report shall be prepared by a NPM and shared with the Project Board. The Annual Review Report shall consist of the Atlas standard format for the QPR covering the whole year with updated information for each

above element of the QPR as well as a summary of results achieved against pre-defined annual targets at the output level.

- **Annual Project Review.** Based on the above report, an annual project review shall be conducted during the fourth quarter of the year or soon after, to assess the performance of the project and appraise the Annual Work Plan (AWP) for the following year. In the last year, this review will be a final assessment. This review is driven by the Project Board and may involve other stakeholders as required. It shall focus on the extent to which progress is being made towards outputs, and that these remain aligned to appropriate outcomes.

#### Field-based monitoring, evaluation, and reporting

A field-based M&E framework will be established to monitor the project progress in achieving benchmarks in line with particular capacity development plans and business plans, and to provide appropriate reporting to the NPD and UNDP. It is expected to assign international volunteers as independent field-based monitoring and evaluation officers to respective four EMCs in collaboration with bilateral donors' volunteer programmes, such as VSO, Peace Corp and JOCV. The field-based monitoring and evaluation officers will monitor the project progress on the ground at different levels in accordance with respective action and capacity development plans and make necessary reporting to the NPD and UNDP in a timely manner. When necessary, the NPD will request the Monitoring and Evaluation Officer in the PIU to take actions to ensure overall coordination among four EMCs, the national government and other external stakeholders.

The field-based monitoring and evaluation aims to monitor and manage the project outputs and outcomes under the Result-based Management framework with respective indicators set and collected by the project and respective four EMCs. Since the project expects the existing four EMCs to become self-sustainable by the end of the 2<sup>nd</sup> Phase, the field-based monitoring and evaluation framework will monitor and report the progress in achieving benchmarks set in respective action and capacity development plans of four EMCs. A mechanism to introduce short corrective actions and a fallback strategy in case of unsuccessful implementation will also be developed.

The field-based monitoring and evaluation intends to monitor at least the following aspects associated with the project activities; environment sustainability of the project beneficiaries' businesses, income growth of the project beneficiaries (particularly incremental revenue derived from participating in the project), and changes in life quality by family income/expenditure analysis and HDI of the project beneficiaries.

In order to monitor and assess the progress, collection of baseline data from the target areas and project beneficiaries and track record keeping are essential. The prevailing high literacy among the project beneficiaries indicates considerable potential in enhancing capacity of the project beneficiaries in record keeping through targeted training in cost accounting.

Other monitoring and evaluation activities will be:

- Regular field visits by PIU as outlined in the Monitoring Schedule Plan
- Periodic project management meetings and meetings with partners and stakeholders, as required
- Donor reporting such as annual progress reports and/or monitoring field visits
- Any additional monitoring and evaluation activities requested by stakeholders and donors

It is deemed that the complexity of this multi-component project, the innovative activities proposed and the expected outputs of high importance to poverty reduction in rural and remote Mongolia through small and micro enterprise development may call for an evaluation either towards the end of the project or after its completion (ex-post). In accordance with UNDP Evaluation Policy, UNDP and the Government in consultation with other stakeholders will jointly agree on the purpose, use,

timing, financing mechanisms and terms of reference for such an evaluation. UNDP shall commission the evaluation, and the evaluation exercise shall be carried out by external independent evaluators identified jointly by the PB and the cost-sharing donor(s).

The project will be subject to obligatory external in-depth evaluations in mid-2010 (the mid-term evaluation) and before its operational completion (the terminal evaluation) in order to assess the progress and achievement of the project intervention and to ensure the completion of the planned exit strategy.

The Quality Management Matrix for Project Activity Results is available in the next page.

### Quality Management for Project Activity Results

To be completed during the process "Defining a Project" if the information is available. This table shall be further refined during the process "Initiating a Project".

<b>OUTPUT 1: Enhanced capacity of SMEs and micro and small entrepreneurs in the project target regions to be engaged in sustainable business activities and to produce high value-added products.</b> The objective of this Output is to enhance capacity of the project beneficiaries in business development and to increase sustainability of small and micro businesses in rural Mongolia.		
<b>Activity Result 1 (Atlas Activity ID)</b>	<b>Skills and knowledge of local SMEs and small and micro entrepreneurs on business development and business management strengthened through trainings, information provision and networking</b>	Start Date: January 2009 End Date: December 2011
<b>Purpose</b>	To support SMEs and micro entrepreneurs to start their own business through capacity development and fostering their skills and knowledge on business management and development.	
<b>Description</b>	Entrepreneurship training; technical assistance and advisory services for business start-up; cluster management training; standardized training for basic business skills; technical assistance and advisory services for business plan development; training on book/record keeping with cost accounting; good manufacturing practice (GMP) training; and detailed status analysis of each beneficiaries business.	
<b>Quality Criteria</b> <i>how/with what indicators the quality of the activity result will be measured?</i>	<b>Quality Method</b> <i>Means of verification. What method will be used to determine if quality criteria has been met?</i>	<b>Date of Assessment</b> <i>When will the assessment of quality be performed?</i>
The results of the status analysis identify the current status of the project beneficiaries' businesses with baseline data and prioritize local needs (baseline data includes HDIs by region).	Review of results of the status analysis and confirmation of the baseline data.	January 2009
Business clusters are competent to develop feasible business plans and employ improved business management skills to operation of their clusters.	Review and approval of business plans prepared by business clusters with support of the project, quarterly field-based monitoring and evaluation	Quarterly (starting from 2009)
Self-sustainable business clusters are functioning effectively	Daily and quarterly field-based monitoring and evaluation	Quarterly (starting from 2009)
The number of job and employment created with the support from the project. (Note: employment includes self-employment)	Daily and quarterly field-based monitoring and evaluation	Quarterly (starting from 2009)
The number and percentage of the project beneficiaries who improve their skills and	Ex-post evaluation and follow-up reviews of technical assistance and training; and field-based	Quarterly (starting from 2009) Upon completion of each

knowledge in business development and management	monitoring and evaluation	technical assistance/training and 3 months after the completion.
The number and percentage of the beneficiaries who keep and manage track record of performance of their businesses	Quarterly field-based monitoring and evaluation	Quarterly (starting from 2009)
The amount and percentage of incremental revenue derived from participating in the project compared to the total revenue	Yearly-base family income-expenditure analysis, and yearly field-based monitoring and evaluation	Annual (Starting from December 2009 or January 2010)
The amount and percentage of increase in family income compared to the baseline data.	Yearly-base family income-expenditure analysis, and yearly field-based monitoring and evaluation	Annual (Starting from December 2009 or January 2010)
The quality of lives and family welfare of the beneficiaries improved	Yearly-base family income-expenditure analysis, yearly-base monitoring of changes in HDIs in the target regions	Annual (Starting from December 2009 or January 2010)
<b>Activity Result 2 (Atlas Activity ID)</b>	<b>Technical capacity of the project beneficiaries in product development improved</b>	Start Date: January 2009 End Date: December 2011
<b>Purpose</b>	To support micro and small enterprises to produce higher value-added products with higher marketability	
<b>Description</b>	Market survey to analyze niches and areas of possible success for the project beneficiaries' businesses and products; identification of areas of the project intervention; and provision of technical assistance and advisory services to develop and/or improve the project supported products.	
<b>Quality Criteria</b> <i>how/with what indicators the quality of the activity result will be measured?</i>	<b>Quality Method</b> <i>Means of verification. What method will be used to determine if quality criteria has been met?</i>	<b>Date of Assessment</b> <i>When will the assessment of quality be performed?</i>
The project, local coordinators and beneficiaries understand the target market for the project supported products.	Review of the market analysis result and tri-party confirmation on the target market among the project, local coordinators and beneficiaries.	Quarterly (starting from March 2009)
Possibilities of business success in the target market, necessary product development/improvement and potential project intervention are identified.	Review of the market analysis and consultation result, and tri-party confirmation on the possible support by the project among the project, local coordinators and beneficiaries.	January 2009
Value-added products produced with the support of the project	Identification of the value-added products developed.	Annual (starting from 2009)

<b>Activity Result 3 (Atlas Activity ID)</b>	<b>Capacity of the project beneficiaries in marketing and sales promotion developed</b>	Start Date: January 2009 End Date: December 2011
<b>Purpose</b>	To increase accesses of micro and small enterprises to the target market and promote sales of their products	
<b>Description</b>	Market survey to analyze niches and areas of possible success for the project beneficiaries' businesses and products; collection and provision of the information necessary to penetrate the target market; coordinated support for participation of the selected project beneficiaries in market facilitation events (trade fairs and exhibitions); technical assistance and advisory services including legal advice in business negotiation; and provision of referral services to match the project beneficiaries to the market.	
<b>Quality Criteria</b> <i>how/with what indicators the quality of the activity result will be measured?</i>	<b>Quality Method</b> <i>Means of verification. What method will be used to determine if quality criteria has been met?</i>	<b>Date of Assessment</b> <i>When will the assessment of quality be performed?</i>
The project, local coordinators and beneficiaries understand the target market for the project supported products.	Review of the market analysis result and tri-party confirmation on the target market among the project, local coordinators and beneficiaries.	March 2009
Marketing strategies are built by respective clusters.	4 EMCs and the project reviewed market strategies prepared by short-term consultants, and tri-party confirmation on the strategies among the project, local coordinators and beneficiaries.	March 2009
Marketing and negotiation skills of the beneficiaries improved with the support from the project.	Ex-post evaluation and follow-up reviews of technical assistance and training; and field-based monitoring and evaluation	Quarterly (starting from 2009) Upon completion of each technical assistance/training and 3 months after the completion.
Sales channels of the project supported products in the identified market expanded.	Track record on the number and quality of sales channels which the project beneficiaries have regular contacts (field-based monitoring and evaluation)	Quarterly (starting from 2009)
The number of the project supported products, which successfully penetrate in the identified market, increased	Yearly-base monitoring and evaluation	Annual (Starting from December 2009 or January 2010)
<b>Activity Result 4 (Atlas Activity ID)</b>	<b>Access of the project beneficiaries to locally available microfinance services increased</b>	Start Date: March 2009 End Date: December 2011

<b>Purpose</b>	To support micro and small enterprises to get sufficient capital to develop and expand their businesses	
<b>Description</b>	Set-up of a loan facilitation mechanism such as a loan guarantee fund for the project beneficiaries; technical assistance for loan application; information collection and referral services.	
<b>Quality Criteria</b> <i>how/with what indicators the quality of the activity result will be measured?</i>	<b>Quality Method</b> <i>Means of verification. What method will be used to determine if quality criteria has been met?</i>	<b>Date of Assessment</b> <i>When will the assessment of quality be performed?</i>
An increased number of loans disbursed under the facilitation mechanism such as a Loan Guarantee Fund	Quarterly review and monitoring by the project's bank partner(s), result review of loan appraisal with the project's bank partner(s), and field-based monitoring and evaluation	Quarterly (starting from March 2009)
The number of loans which meet the repayment plans with commercial bank(s)	Quarterly review, monitoring and evaluation by the project's bank partner(s), and field-based monitoring and evaluation	Quarterly (starting from March 2009)
The percentage of loan default by the project beneficiaries	Quarterly review, monitoring and evaluation by the project's bank partner(s), and field-based monitoring and evaluation	Quarterly (starting from March 2009)
The number of beneficiaries who receive loans from existing local financial institutions outside of the project by making use of the project's referral services	Quarterly field-based monitoring and evaluation by EMCs	Quarterly (starting from March 2009)
The average number of days required to disburse a loan from the time when its application is officially filed	Quarterly review and monitoring by the project's bank partner(s), result review of loan appraisal with the project's bank partner(s), and field-based monitoring and evaluation	Quarterly (starting from March 2009)
<b>Activity Result 5 (Atlas Activity ID)</b>	<b>The selected OVOPI beneficiaries grown to become self-sustainable and 'graduate' from the project</b>	Start Date: January 2009 End Date: December 2011
<b>Purpose</b>	To pilot a graduation model for OVOPI by ensuring self-sustainable business operation and management of the project beneficiaries	
<b>Description</b>	Provision of technical assistance and consultation to develop an action and capacity development plan 'graduation'; technical assistance and advisory services for the capacity development; and field-based monitoring.	
<b>Quality Criteria</b> <i>how/with what indicators the quality of the activity result will be measured?</i>	<b>Quality Method</b> <i>Means of verification. What method will be used to determine if quality criteria has been met?</i>	<b>Date of Assessment</b> <i>When will the assessment of quality be performed?</i>

Capacity development plans for the 'graduation' are developed and agreed among the OVOPI beneficiaries, local coordinator(s) and the project	Review of the action and capacity development plans and tri-party confirmation on the plans among the project, local coordinators and the OVOPI beneficiaries.	February 2009
Technical assistance and advisory services are provided in accordance with the capacity development plan(s)	Quarterly field-based monitoring and evaluation by EMCs	Quarterly (starting from March 2009)
The OVOPI beneficiaries meet the benchmarks and timetable set in the capacity development plan(s)	Ex-post evaluation and follow-up reviews of technical assistance and training; and field-based monitoring and evaluation	Quarterly (starting from 2009) in accordance with the action and development plans Upon completion of each technical assistance/training and 3 months after the completion.
The number of the OVOPI beneficiaries (products) which graduate from the project support by the end of the project	Field-based monitoring and evaluation, and the project terminal evaluation by the end of the project	January-March 2012 (Upon the project terminal Evaluation)
<b>Activity Result 6 (Atlas Activity ID)</b>	<b>Additional OVOP brand products identified among existing LCDI products and developed as higher value-added products with more market competitiveness</b>	Start Date: January 2009 End Date for the Additional Identification: June 2009, End Date for Technical Assistance: December 2011
<b>Purpose</b>	To increase the number of OVOP brand products which have a potential competitiveness in the market by provision of upgraded support to the selected beneficiaries based on the status and development of their businesses	
<b>Description</b>	Status analysis; for candidate LCDI products referred by the 4 EMCs; technical assistance and advisory services for additional product development; and field-based monitoring.	
<b>Quality Criteria</b> <i>how/with what indicators the quality of the activity result will be measured?</i>	<b>Quality Method</b> <i>Means of verification. What method will be used to determine if quality criteria has been met?</i>	<b>Date of Assessment</b> <i>When will the assessment of quality be performed?</i>
Potential of candidate LCDI beneficiaries (clusters) and necessary technical assistance to become new OVOP brand products identified with the status analysis	Review of the status analysis and tri-party confirmation on the plans among the project, local coordinators and the LCDI beneficiaries (clusters).	February 2009

The number of LCDI beneficiaries (clusters) which are identified as candidates for new OVOP brand products	The project, local coordinator(s) at EMCs, the national execution agency and other necessary stakeholders identify and agree the result of the candidates	June 2009
Technical assistance and advisory services in line with the recommendation of the status analysis provided	Quarterly field-based monitoring and evaluation by EMCs	Quarterly (starting from March 2009)
The number of LCDI candidates (clusters) which are officially certified as new OVOP brand products by the end of the project	Field-based monitoring and evaluation, and the terminal evaluation of the project	January-March 2012 (Upon the project terminal Evaluation)

<p><b>OUTPUT 2: Enhanced operational capacity and financial independence of the 4 EMCs to support an increased number of the project beneficiaries and to ensure sustainability of quality SME support mechanism on the ground</b></p> <p>The objective of this Output is to ensure sustainable and standardized provision of business development services in the target region after the project completion.</p>		
<b>Activity Result 1 (Atlas Activity ID)</b>	<b>Capacity of the existing 4 EMC (Khentii, Khovd, Selenge and Uvrkhangai) further enhanced to provide professional client-oriented business development services</b>	Start Date: January 2009 End Date: December 2011
<b>Purpose</b>	To strengthen existing local business service providers by developing their capacity to provide and facilitate business support services available in the region.	
<b>Description</b>	Status analysis; provision of technical assistance and consultation to develop an action and capacity development plan; training of local coordinators; training of trainers; facilitation of networking; special technical assistance and consultation to start handling EMC-based supports for the OVOPI beneficiaries; and field-based monitoring and evaluation.	
<b>Quality Criteria</b> <i>how/with what indicators the quality of the activity result will be measured?</i>	<b>Quality Method</b> <i>Means of verification. What method will be used to determine if quality criteria has been met?</i>	<b>Date of Assessment</b> <i>When will the assessment of quality be performed?</i>
Respective 4 EMCs' technical capacity in provision of business development services (as trainers) identified through the status analysis	Review and confirmation of the results of the status analysis between local coordinators and the project	January 2009
Training of trainers in selected business support services is provided to 4 EMCs based on the results of the status analysis	Ex-post evaluation and follow-up reviews of technical assistance and training; and field-based monitoring and evaluation	Quarterly (starting from 2009) in accordance with the action and development plans Upon completion of each technical assistance/training and 3 months after the

		completion.
Training of trainers in OVOPI specific technical assistance is provided to 4 EMCs based on the result of the status analysis	Ex-post evaluation and follow-up reviews of technical assistance and training; and field-based monitoring and evaluation	Quarterly (starting from 2009) in accordance with the action and development plans Upon completion of each technical assistance/training and 3 months after the completion.
The 4 EMC enhance their capacity in provision of business development services to the local community	Field-based monitoring and evaluation, yearly comparative analysis of progress, and the terminal evaluation of the project	Annual (Starting from December 2009 or January 2010) January-March 2012 (Upon the terminal evaluation)
<b>Activity Result 2 (Atlas Activity ID)</b>	<b>Outreach and networking capacity of the existing 4 EMCs strengthened to extend their services beyond the current geographic coverage</b>	Start Date: January 2009 End Date: December 2011
<b>Purpose</b>	To increase the number of project beneficiaries, enhance local coordination mechanism for finding potential beneficiaries and customers of the EMCs, and further expand the geographical reach.	
<b>Description</b>	Status analysis; development of an outreach plan as a part of an action/capacity development plan; technical assistance and advisory services for outreach and networking; training on cluster development; and field-based monitoring and evaluation.	
<b>Quality Criteria</b> <i>how/with what indicators the quality of the activity result will be measured?</i>	<b>Quality Method</b> <i>Means of verification. What method will be used to determine if quality criteria has been met?</i>	<b>Date of Assessment</b> <i>When will the assessment of quality be performed?</i>
Respective EMCs' capacity on current geographic coverage and outreach identified with the status analysis	Review and confirmation of the results of the status analysis between local coordinators and the project	January 2009
Outreach plans are developed, approved and disseminated	Review and confirmation of the results of the outreach plan between local coordinators and the project	January 2009

The number of the project beneficiaries by EMC increased and the progress in achieving the outreach plans supported	Field-based monitoring and evaluation, yearly comparative analysis of progress, and the terminal evaluation of the project	Quarterly (Starting from March 2009) January-March 2012 (Upon the terminal evaluation)
<b>Activity Result 3 (Atlas Activity ID)</b>	<b>Operational capacity of the existing 4 EMCs or the selected EMC(s) strengthened to become self-sustainable.</b>	Start Date: January 2009 End Date: March 2012
<b>Purpose</b>	To ensure sustainability and economic independence of the existing 4 EMCs or the selected EMC(s) as functional local business service provider/coordinator after the end of the project.	
<b>Description</b>	Status analysis on managerial and operational capacity of the 4 EMCs; development of action/capacity development plans for 4 EMCs; development of business plans with mid-term budget and revenue estimates for sustainable center operation; development of a revenue generation plan; technical assistance, training and consultation on sustainable center management; and field-based monitoring and evaluation.	
<b>Quality Criteria</b> <i>how/with what indicators the quality of the activity result will be measured?</i>	<b>Quality Method</b> <i>Means of verification. What method will be used to determine if quality criteria has been met?</i>	<b>Date of Assessment</b> <i>When will the assessment of quality be performed?</i>
The status analysis identifies respective 4 EMCs' management and operation capacity	Review and confirmation of the results of the status analysis between local coordinators, the project and other local responsible parties, if necessary	January 2009
Business plans with budget and revenue estimates for operationally and financially self-sustainable EMCs are prepared and confirmed	Review and confirmation of the action plans between local coordinators, the project and other local responsible parties, if necessary	January 2009
Income from the project activities generated by respective EMCs in line with the business plans	Field-based monitoring and evaluation, yearly comparative analysis of progress, and the terminal evaluation of the project	Quarterly (Starting from March 2009) January-March 2012 (Upon the terminal evaluation)
Respective EMCs are properly managed and operated with necessary management skills and knowledge with the project support	Field-based monitoring and evaluation, quarterly management review by the project and the terminal evaluation.	Quarterly (Starting from March 2009) January-March 2012 (Upon the terminal evaluation)

<p><b>OUTPUT 3: Full integration of the OVOPI component under the project into the National OVOP Programme to ensure synergic collaboration between the government's initiative and the project.</b></p> <p>The objective of this Output is to institutionalize the project's achievements as a part of the national strategy at the policy level so that sustainability of the project can be defined in the national policy framework</p>		
<p><b>Activity Result 1 (Atlas Activity ID)</b></p>	<p><b>The OVOPI component fully integrated into the National OVOP Programme, and its role and contribution to the national strategy defined in concrete terms</b></p>	<p>Start Date: January 2009 End Date: March 2012</p>
<p><b>Purpose</b></p>	<p>To officially define the project's role and contribution in achieving the national strategy for regional development.</p>	
<p><b>Description</b></p>	<p>Deployment of a policy coordinator(s) from the national execution agency (MFALI); facilitation of policy dialogues among the MFALI, Regional Development Council related ministries and government agencies; and lobbying and advocacy among the GOM to integrate the OVOPI component under the project into the National OVOP Programme.</p>	
<p><b>Quality Criteria</b> <i>how/with what indicators the quality of the activity result will be measured?</i></p>	<p><b>Quality Method</b> <i>Means of verification. What method will be used to determine if quality criteria has been met?</i></p>	<p><b>Date of Assessment</b> <i>When will the assessment of quality be performed?</i></p>
<p>Enhanced application of legal instruments for the integration of OVOPI component in regional development</p>	<p>Quarterly review, comparative analysis of progress, and the terminal evaluation of the project</p>	<p>Quarterly (Starting from March 2009) January-March 2012 (Upon the terminal evaluation)</p>
<p>OVOPI component formally incorporated by the GOM into the National OVOP Programme</p>	<p>Monitoring of the progress in coordination and lobbying by Policy Coordinator(s) among the MFALI, Regional Development Council and other related ministries, quarterly review and evaluation, and the terminal evaluation</p>	<p>Quarterly (Starting from March 2009) January-March 2012 (Upon the terminal evaluation)</p>
<p><b>Activity Result 2 (Atlas Activity ID)</b></p>	<p><b>The National OVOP Programme strengthened based on the EMP's know-how to implement product development and promotion under the OVOP brand name</b></p>	<p>Start Date: January 2009 End Date: March 2012</p>
<p><b>Purpose</b></p>	<p>To build up on knowledge and information gained in project implementation to further implement the National OVOP brand development.</p>	
<p><b>Description</b></p>	<p>Organizing the project know-how and lessons on the OVOPI implementation; consolidation of technical standard and training curricula for the OVOP brand development; and coordination with Regional Development Council.</p>	
<p><b>Quality Criteria</b> <i>how/with what indicators the quality of the activity result will be measured?</i></p>	<p><b>Quality Method</b> <i>Means of verification. What method will be used to determine if quality criteria has been met?</i></p>	<p><b>Date of Assessment</b> <i>When will the assessment of quality be performed?</i></p>

The project know-how and best practices on the OVOP implementation consolidated and projected for further use by various stakeholders	Handbooks and/or guidelines for the OVOP brand development is published in coordination with the National OVOP Programme	December 2011
Advocacy and experience sharing workshops are held at the national level*	Ex-post evaluation and follow-up reviews of advocacy and workshops, and the terminal evaluation	Upon completion of each technical assistance/training and 3 months after the completion. Terminal Evaluation
Enhanced institutional processes and the capacity to promote the National OVOP brand name by related ministries	Monitoring of the progress, quarterly review and evaluation, and the terminal evaluation	December 2011

\* Advocacy and training workshops for the National OVOP brand development at aimag level are to be organized by the GOM's initiative under the National OVOP Programme and will be out of the scope of the project.

## VIII. LEGAL CONTEXT

This document together with the Country Programme Action Plan (CPAP) signed by the Government and UNDP which is incorporated by reference, constitute together a Project Document as referred to in the Standard Basic Assistance Agreement (SBAA) and all CPAP provisions apply to this document.

Consistent with the Article III of the SBAA, the responsibility for the safety and security of the implementing partner (formerly "executing agency") and its personnel and property, and of UNDP's property in the implementing partner's custody, rests with the implementing partner.

The implementing partner shall:

- a) put in place an appropriate security plan and maintain the security plan, taking into account the security situation in the country where the project is being carried;
- b) assume all risks and liabilities related to the implementing partner's security, and the full implementation of the security plan.

UNDP reserves the right to verify whether such a plan is in place, and to suggest modifications to the plan when necessary. Failure to maintain and implement an appropriate security plan as required hereunder shall be deemed a breach of this agreement.

The implementing partner agrees to undertake all reasonable efforts to ensure that none of the UNDP funds received pursuant to the Project Document are used to provide support to individuals or entities associated with terrorism and that the recipients of any amounts provided by UNDP hereunder do not appear on the list maintained by the Security Council Committee established pursuant to resolution 1267 (1999). The list can be accessed via <http://www.un.org/Docs/sc/committees/1267/1267ListEng.htm>. This provision must be included in all sub-contracts or sub-agreements entered into under this Project Document.

**IX. RISK LOG MATRIX**

RISK ID	Description	Date identified	Type	Impact and probability scale 1-low; 5-high		Countermeasure / management response	Owner	Submitted/ Updated by	Timing of update	Current status
				Impact	Probability					
01	Unfavourable external economic conditions: national economic instability, high interest rates, exchange rate fluctuation, inflation, etc.)	During project document development (August 2008)	Others	5	4	Review planned project activities and budget plans, and revise AWP Discuss and consider next measures via Tripartite Review	Project Board	NPM	Quarterly	
02	Decreased capacities and commitment of national implementation in the overall coordination for the project implementation	During project document development (August 2008)	Organizational	5	2	Coordinate with the national implementation partner	NPD & Project Board	NPM	Quarterly	
03	Changes in the GOM's policy and support for SME and micro enterprise development	During project document development (August 2008)	Political / Regulatory	4	1	Reassess the continuation of the project / review and revise AWP	NPD & Project Board	NPM	Quarterly	
04	Instability of the project management structures due to the restructuring of the ministries (merger or separation of the Ministries)	During project document development (August 2008)	Political	3	4	Coordinate with the current national implementation partner in the GOM to identify the appropriate ministry/agency and appoint a government representative (NPD) in charge of the project	Project Board	NPM	Quarterly	
05	Key project stakeholders respond negatively & lower support	During project document development (August 2008)	Political	3	4	Contact individual key stakeholders, seek support/solutions and build consensus	NPD, Project Board & NPM	NPM	Quarterly	
06	Decreased support & declined confidence of financial sector partners (financial institutions)	During project document development (August 2008)	Organizational	4	3	Negotiate condition with the financial institutions / seek new schemes & solutions	NPD, Project Board & NPM	NPM	Quarterly	

07	Project financial insufficiency for the work to be undertaken (potential project expansion/extension, overspending)	During project document development (August 2008)	Financial	4	2	Identify requirements / review and revise the AWP's and carry out resource mobilization for additional funding	NPD, Project Board & NPM	NPM	Quarterly	
08	Weakened SME performance and slow expansion of dynamic clusters	During project document development (August 2008)	Operational	4	4	Review SMEs' performance with key stakeholders, ensure that processes are focused on the end goal, attain additional resources if required	NPM & EMC local coordinators	NPM	Quarterly	
09	Inefficient project management and performance (unsound operational performance, staff turnover, understaffing)	During project document development (August 2008)	Operational	3	5	Reassess management arrangements for the project's daily operation / continued training and capacity development of the project staff	NPM	NPM	Quarterly	

## X. TERMS OF REFERENCE

### Terms of Reference and Mandate of the Project Board (draft)

#### **Background:**

In 2008, the Government of Mongolia starts implementing the second phase of the UNDP-supported project ENTERPRISE MONGOLIA (EMP-Phase 2). The EMP-Phase 1 has succeeded in making tangible contribution to business/entrepreneurship development, job creation, thus poverty reduction particularly in rural Mongolia. Through organizing business clusters among the project beneficiaries, it has provided technical assistance and consultancy services to local small and micro enterprises and linked them up to microfinance.

The EMP-Phase 2 will build on achievements and lessons learnt from the 1st phase, and will enhance, up-scale, and complement on-going poverty reduction and employment generation activities in Mongolia, such as the National Programme for Support of SMEs and others interventions of similar nature. It has been anticipated that the project efforts in the mid- to long-run will trigger large scale debates on poverty reduction through SME development at the national level, although this may require additional efforts to strengthening local government capacities.

The EMP-Phase 2 intends to create synergic partnerships with other locally available business support services, including microfinance, by enhancing technical and operational capacity of the existing four Enterprise Mongolia Centers in four provinces (Selenge, Khentii, Khovd and Uvrkhantai). This will ensure sustainability of SME support on the ground after the project's completion. The EMP-Phase 2 is required to institutionalize its support mechanism for the One-Village One-Product brand development as a part of the national policy.

The project will support technical capacity building of SMEs and micro and small entrepreneurs in the project target regions (Output 1), strengthen operational capacity and financial independence of the four EMCs to support an increased number of the project beneficiaries and to ensure sustainability of quality SME support mechanism on the ground (Output 2), and aims full Integration of the OVOPI component under the project into the National OVOP Programme to ensure synergic collaboration between the government's initiative and the project (Output 3).

#### **Composition**

The Project Board will be chaired by the Ministry of Food, Agriculture and Light Industry (MFALI), and consist of the following representatives from key Stakeholder groups to ensure timeliness and efficiency of guidance and decision-making:

- Embassy of Japan (as a representative from the Government of Japan)
- Ministry of Food, Agriculture and Light Industry;
- Regional development Council (a government representative in charge of the National OVOP Programme);
- Mongolian Employers' Federation;
- SME Agency
- UNDP;
- Other cost-sharing donor(s), if any; and
- Any other stakeholders, to be identified if necessary.

#### **Key Tasks and Responsibilities:**

The primary tasks of the Project Board for EMP Phase 2 is to provide over all strategic policy and implementation guidance and support so that the project achieves its stated impacts.

Appointments to the Project Board will be an honorary basis and no fees will be paid. The Project Board is expected to meet semi-annually and perhaps more frequently in the beginning of the EMP-Phase 2. The PB members will individually and collectively ensure that potential risks in the project's policy and political environment that may undermine the achievement of project objectives or production of its outputs are removed or mitigated in a timely and effective manner.

The specific tasks and responsibilities of the Project Board are the following:

1. To monitor the progress of the implementation of the EMP Phase 2 in terms of effectiveness and timeliness of inputs and in terms of success of the project activities, and propose corrective measures, where appropriate;
2. To monitor project implementation to ensure that it remains in-line with the approved project document, financial rules and regulations of UNDP and requirements of any other donors providing co-funding;
3. To serve as a forum for the consideration of issues that may impede the correct project performance and propose ways to address the identified obstacles;
4. To provide specialist knowledge on particular aspects of the project (e.g. technical, financial, quality, support, practice etc.);
5. To provide a forum for ensuring an integrated approach to project activities and serve as a forum for stakeholder input and discussion;
6. To discuss and provide recommendations on future directions, to identify the risks and opportunities of suggested changes;
7. To resolve any conflicts or disagreements that arises with respect to project activities that cannot be resolved by the project working groups;
8. To facilitate implementation of project activities in their respective organizations;
9. To review annual work plans and budgets for project activities and consider proposed changes as recommended;
10. To review findings of the summary audit reports consolidated by the internal audit service of the Administrative Agent;
11. To participate in a Tripartite Review and to review Annual Project Reports (APRs), or nominate a suitable delegate when unable to participate.

#### **Time Frame and Organization of the meetings**

- The Project Board is constituted commencing in October 2008 through the end of the project implementation
- The Project Board will gather on semi-annually basis to provide advice at key points in the project.
- The meetings of the Project Board will be convened by PIU with guidance of the Chair of the Project Board.
- The Project Board will take decisions by consensus; these decisions shall be duly recorded.
- Working groups and/or sub-committees may be convened to address specific issues or undertake activities as required.
- The Project Board will review its Terms of Reference each year and may revise them for the remaining duration of the Board.

#### **Reporting requirements**

- The minutes of the Project Board meetings shall be formally recorded by the NPM, submitted to the NPD, and promptly communicated to the members of the Project Board, including participating agencies and donors, as appropriate.

### **Terms of Reference for National Project Director (Draft)**

#### **Background:**

In 2008, the Government of Mongolia starts implementing the second phase of the UNDP-supported project ENTERPRISE MONGOLIA (EMP-Phase 2). The EMP-Phase 1 has succeeded in making tangible contribution to business/entrepreneurship development, job creation, thus poverty reduction particularly in rural Mongolia. Through organizing business clusters among the project beneficiaries, it has provided technical assistance and consultancy services to local small and micro enterprises and linked them up to microfinance.

The EMP-Phase 2 will build on achievements and lessons learnt from the 1st phase, and will enhance, up-scale, and complement on-going poverty reduction and employment generation activities in Mongolia, such as the National Programme for Support of SMEs and others interventions of similar nature. It has been anticipated that the project efforts in the mid- to long-run will trigger large scale debates on poverty reduction through SME development at the national level, although this may require additional efforts to strengthening local government capacities.

The EMP-Phase 2 intends to create synergic partnerships with other locally available business support services, including microfinance, by enhancing technical and operational capacity of the existing four Enterprise Mongolia Centers in four provinces (Selenge, Khentii, Khovd and Uvrkhantai). This will ensure sustainability of SME support on the ground after the project's completion. The EMP-Phase 2 is required to institutionalize its support mechanism for the One-Village One-Product brand development as a part of the national policy.

The project will support technical capacity building of SMEs and micro and small entrepreneurs in the project target regions (Output 1), strengthen operational capacity and financial independence of the four EMCs to support an increased number of the project beneficiaries and to ensure sustainability of quality SME support mechanism on the ground (Output 2), and aims full Integration of the OVOP component under the project into the National OVOP Programme to ensure synergic collaboration between the government's initiative and the project (Output 3).

#### **Duties and responsibilities:**

1. The Small and Medium Enterprise Agency (SME Agency) of the Ministry of Food, Agriculture and Light Industry (MFALI) have been designated the Implementing Partner by the Government of Mongolia to oversee the national execution (NEX) of this project on its behalf.
2. A National Project Director (NPD) appointed by the SME Agency, MFALI is a government representative, in charge of guiding the implementation of the project. The NPD serves as the focal point on the part of the Implementing Partner and as such ensures effective communication between the government and other relevant national stakeholders/actors and monitor the progress towards expected output and strategic results under the project.
3. In case the NPD is not available in full capacity, an Alternate NPD will substitute the NPD with a full responsibility.
4. In particular, the NPD's major responsibilities, in close collaboration with UNDP CO and the Implementing Agency are:
  - Undertake the project advocacy at the policy level (high officials of the parliament, cabinet, line ministries, government agencies, and other public sector institutions, civil society, private sector, and the donor community) to ensure national commitment and contribution to the project objectives;
  - Undertake policy level negotiations and other activities to facilitate effective and efficient project implementation and maximize its impact.
  - Provide policy guidance to the Project Implementation Unit (PIU) congruent with national policies, including for the selection of local consultancy, training and other specialist services

- In consultancy with the Ministry of Finance (MOF) ensures that requisite financial allocations are contained in the national budget, in accordance with the in-kind contribution and if required cash or cost-sharing budgets, and the established schedules of payment.
- Ensure that the project document revisions requiring the Government's approval are processed in accordance with established procedures;
- Participate in the finalization and approve the Project Annual and Quarterly Work Plans and budget, in close discussion with the UNDP, to maximize the leverage of the project resources in order to achieve the desired overall state of development and immediate objectives set out in the project document; s/she may also approve individual payments on a day-to-day basis.
- Supervise and approve the project budget revision and NEX delivery reports
- Review jointly with the PIU success indicators and progress benchmarks against expected project outputs so that progress can be assessed, and review and clear Annual Project Progress and Final reports;
- Report regularly to the Project Board on the project progress, in conjunction with the PIU staff.
- Assess on regular basis staff work performance in the PIU , including that of the National Project Manager, Administrative & Finance Assistant and other staff;
- Establish close linkages with other UNDP- and UN Agency-supported as well as other donor or nationally funded projects/programmes in the same sector
- Act as the authorized official of the Government of Mongolia to request funds from UNDP and certify payment requests

### Terms of Reference for National Project Manager (Draft)

#### **Background:**

In 2008, the Government of Mongolia starts implementing the second phase of the UNDP-supported project ENTERPRISE MONGOLIA (EMP-Phase 2). The EMP-Phase 1 has succeeded in making tangible contribution to business/entrepreneurship development, job creation, thus poverty reduction particularly in rural Mongolia. Through organizing business clusters among the project beneficiaries, it has provided technical assistance and consultancy services to local small and micro enterprises and linked them up to microfinance.

The EMP-Phase 2 will build on achievements and lessons learnt from the 1st phase, and will enhance, up-scale, and complement on-going poverty reduction and employment generation activities in Mongolia, such as the National Programme for Support of SMEs and others interventions of similar nature. It has been anticipated that the project efforts in the mid- to long-run will trigger large scale debates on poverty reduction through SME development at the national level, although this may require additional efforts to strengthening local government capacities.

The EMP-Phase 2 intends to create synergic partnerships with other locally available business support services, including microfinance, by enhancing technical and operational capacity of the existing four Enterprise Mongolia Centers in four provinces (Selenge, Khentii, Khovd and Uvrkhantai). This will ensure sustainability of SME support on the ground after the project's completion. The EMP-Phase 2 is required to institutionalize its support mechanism for the One-Village One-Product brand development as a part of the national policy.

The project will support technical capacity building of SMEs and micro and small entrepreneurs in the project target regions (Output 1), strengthen operational capacity and financial independence of the four EMCs to support an increased number of the project beneficiaries and to ensure sustainability of quality SME support mechanism on the ground (Output 2), and aims full Integration of the OVOP component under the project into the National OVOP Programme to ensure synergic collaboration between the government's initiative and the project (Output 3).

#### **General responsibilities:**

The National Project Manager (NPM) is the head of the Project Implementation Unit (PIU) with overall responsibility for the co-ordination of the day-to-day project implementation, including the mobilization of all project inputs and supervision over all project staff. The NPM is fully accountable to the National Project Director (NPD) and the Project Board for the satisfactory execution of the entire project. The NPM is responsible to ensure the project outputs as specified in the project document, in accordance with the NEX modality, and the required quality standard of the outputs within the specified constraints of time and costs.

#### **Duties and Responsibilities:**

1. Ensure overall management of the project;
2. Supervise, co-ordinate and ensure project outputs are produced in line with the project document;
3. Prepare and ensure timely submission of monthly progress reports, quarterly financial consolidated reports, quarterly consolidated progress reports, mid-term reports, annual reports, a project completion report, and other reports as may be required by UNDP;
4. Ensure the technical coordination of the project activities;
5. Mobilize all project inputs in accordance with UNDP procedures for NEX projects;
6. Coordinate the recruitment and selection of project personnel;
7. Supervise and coordinate the work of all project PIU staff and consultants;
8. Work closely with project partners to co-ordinate all the stakeholders involved with achieving Project Objectives, Outputs and Activities;
9. Prepare project work plans and financial plans, as required by the Government and UNDP, in collaboration with project staff;

10. Manage all procurement of goods and services under UNDP guidelines and oversight of contracts;
11. Ensure proper management of funds consistent with UNDP requirements, and budget planning and control;
12. Implement monitoring and evaluation activities according to work plans and the project document;
13. Report the project progress to the NPD/Project Board;
14. Oversee the exchange and sharing of experiences and lessons learnt with relevant development projects;
15. Undertaking any other activities that may be assigned.

#### **Responsibilities on project completion and follow up:**

In order to ensure the efficient termination of project activities, the NPM will:

1. Prepare a draft project completion report for consideration at the final review meeting of the Project Board and submit a copy to the GOM and UNDP;
2. Make a final check of all equipment purchased under the project through a physical inventory, indicating the condition of each equipment item and its location; discuss and agree with the UNDP and the implementing partner the mode of disposition of such equipment and follow up on the exchange of letters; ensure that action to implement the agreed disposition of equipment in consultation with the project parties are implemented.
3. Attend the Terminal Tripartite Review (Terminal Project Board Meeting) and contribute towards the final preparation of the Terminal Report; and
4. Ensure all terminal arrangements relating to project personnel are completed at the final closure of the project.

#### **Accountability:**

The NPM will work under the general guidance of and report to the NPD. The NPM is accountable to UNDP for the manner in which s/he discharges the assigned functions.

The NPM shall discharge his/her duties in line with the rules and procedures set forth in the UNDP POPP and NEX manual and other project management guidelines including, where applicable, the provisions of the agreement concluded with cost-sharing donors. The NPM acts as the Certifying Officer. As such, s/he will be responsible for actions taken in course of his/her official duties. The NPM may be held personally responsible and financially liable for the consequences of actions taken in breach of the prevailing financial rules and regulations.

#### **Qualifications and competencies:**

- Education:** Master's degree or higher in economics, finance, business administration and/or related fields.
- Experience:** A minimum of ten (10) years of relevant work experience in the field of SME-development, cooperative development, micro-finance or other related fields; Experience with multi stakeholders' participatory approaches; and Previous experience/familiarity with UN, other international organizations and/or other donors is an asset.
- Skills:** Sound analytical, organizational, and project management and coordination skills;  
 Good capacities for strategic thinking and planning;  
 Ability to establish priorities and to plan and coordinate work;  
 Ability to effectively coordinate a complex, multi-stakeholder project;  
 Excellent teamwork and participatory process skills;  
 Financial management skills required;  
 Strong organizational skills and attention to detail;  
 Ability to plan and prioritize work duties as well as work competently under pressure and tight deadlines;  
 Good interpersonal and communication skills; and  
 Computer literacy, particularly, with MS Office is essential

Languages: Excellent command on both written and spoken English and Mongolian required  
(Certificates of English proficiency such as TOEFL required)

Other requirements:

In case, the applicant has experienced any kinds of medical conditions requiring hospitalization and/or specialized medical treatments, within past 6 months, submission of doctor's certification(s) to ensure his/her current condition is required; and

Strong client-orientation is required.

### Terms of Reference for Monitoring & Evaluation Officer (Draft)

#### **Background:**

In 2008, the Government of Mongolia starts implementing the second phase of the UNDP-supported project ENTERPRISE MONGOLIA (EMP-Phase 2). The EMP-Phase 1 has succeeded in making tangible contribution to business/entrepreneurship development, job creation, thus poverty reduction particularly in rural Mongolia. Through organizing business clusters among the project beneficiaries, it has provided technical assistance and consultancy services to local small and micro enterprises and linked them up to microfinance.

The EMP-Phase 2 will build on achievements and lessons learnt from the 1st phase, and will enhance, up-scale, and complement on-going poverty reduction and employment generation activities in Mongolia, such as the National Programme for Support of SMEs and others interventions of similar nature. It has been anticipated that the project efforts in the mid- to long-run will trigger large scale debates on poverty reduction through SME development at the national level, although this may require additional efforts to strengthening local government capacities.

The EMP-Phase 2 intends to create synergic partnerships with other locally available business support services, including microfinance, by enhancing technical and operational capacity of the existing four Enterprise Mongolia Centers in four provinces (Selenge, Khentii, Khovd and Uvrkhantai). This will ensure sustainability of SME support on the ground after the project's completion. The EMP-Phase 2 is required to institutionalize its support mechanism for the One-Village One-Product brand development as a part of the national policy.

The project will support technical capacity building of SMEs and micro and small entrepreneurs in the project target regions (Output 1), strengthen operational capacity and financial independence of the four EMCs to support an increased number of the project beneficiaries and to ensure sustainability of quality SME support mechanism on the ground (Output 2), and aims full Integration of the OVOP component under the project into the National OVOP Programme to ensure synergic collaboration between the government's initiative and the project (Output 3).

#### **Organizational setting:**

The Monitoring & Evaluation Officer (M&E Officer) will work in the Project Implementation Unit (PIU) under the direct supervision of the National Project Manager (NPM) in order to develop and manage the project overall monitoring and evaluation activities and reporting in a timely manner. The M&E Officer consolidates and analyzes the findings and data including quarterly and annual reports prepared by the field-based monitoring evaluation officers in the four EMCs.

#### **Job content:**

- Design and implementation of a broad based monitoring and evaluation system for the project in accordance with the programming policies and procedures set out in UNDP's Programme and Operations Policies and Procedures (POPP). The system developed will place major emphasis on the direct involvement of target communities; and the development of a field based reporting system that allows the continuing identification of best practices and lessons learnt
- Supervise the implementation and operation of this system at all levels, including the on-going training of staff at all levels.
- Provide the implementing partners, EMC local coordinators and field-based M&E officers with support and guidance to all M&E activities in the field
- Regularly analyze M&E system reports to determine outputs, impacts, best practices, innovations, most significant stories and policy issues affecting target communities
- Assist with the preparation of progress reports using information from the M&E system
- In collaboration with other project personnel, identify training needs for capacity building on the use and management of all M&E tools/other project specific areas

- Report on progress of the project performance on a timely basis to the Implementing Partners, UNDP and all stakeholders (quarterly and annual monitoring reports)
- Assist external evaluation teams to conduct the mandatory mid-tem and terminal evaluations
- Conduct any other duty as requested by the National Project Manager

**Qualifications and competencies:**

Education: Advanced university degree or higher in appropriate disciplines e.g. in the fields of development studies, social sciences with specialized training in project management, M&E, social statistics; etc.

Experience:

- A minimum of five (5) years professional experience in project planning, monitoring, research and evaluation, including data collection and analysis.
- Demonstrated experience in the designing of M&E system and implementation and management of complex field based monitoring and evaluation processes.
- Demonstrated experience in writing and developing monitoring and evaluation training packages.
- Demonstrated experience in developing project budgets and reporting on project expenditures and acquittals; and
- Desk and applied research experience

Skills: Skills and knowledge on the project monitoring and evaluation tools and schemes;

Excellent teamwork and participatory process skills;

Strong organizational skills and attention to detail;

Ability to plan and prioritize work duties as well as work competently under pressure and tight deadlines;

Good interpersonal and communication skills; and

Computer literacy, particularly, with MS Office is essential

Languages: Excellent command on both written and spoken English and Mongolian required (Certificates of English proficiency such as TOEFL required)

Other requirements:

In case, the applicant has experienced any kinds of medical conditions requiring hospitalization and/or specialized medical treatments, within past 6 months, submission of doctor's certification(s) to ensure his/her current condition is required; and

Strong client-orientation is required.

### **Terms of Reference for Administrative and Finance Assistant (Draft)**

#### **Background:**

In 2008, the Government of Mongolia starts implementing the second phase of the UNDP-supported project ENTERPRISE MONGOLIA (EMP-Phase 2). The EMP-Phase 1 has succeeded in making tangible contribution to business/entrepreneurship development, job creation, thus poverty reduction particularly in rural Mongolia. Through organizing business clusters among the project beneficiaries, it has provided technical assistance and consultancy services to local small and micro enterprises and linked them up to microfinance.

The EMP-Phase 2 will build on achievements and lessons learnt from the 1st phase, and will enhance, up-scale, and complement on-going poverty reduction and employment generation activities in Mongolia, such as the National Program for Support of SMEs and others interventions of similar nature. It has been anticipated that the project efforts in the mid- to long-run will trigger large scale debates on poverty reduction through SME development at the national level, although this may require additional efforts to strengthening local government capacities.

The EMP-Phase 2 intends to create synergic partnerships with other locally available business support services, including microfinance, by enhancing technical and operational capacity of the existing four Enterprise Mongolia Centers in four provinces (Selenge, Khentii, Khovd and Uvrkhangaï). This will ensure sustainability of SME support on the ground after the project's completion. The EMP-Phase 2 is required to institutionalize its support mechanism for the One-Village One-Product brand development as a part of the national policy.

The project will support technical capacity building of SMEs and micro and small entrepreneurs in the project target regions (Output 1), strengthen operational capacity and financial independence of the four EMCs to support an increased number of the project beneficiaries and to ensure sustainability of quality SME support mechanism on the ground (Output 2), and aims full Integration of the OVOP component under the project into the National OVOP Programme to ensure synergic collaboration between the government's initiative and the project (Output 3).

#### **Organizational setting:**

The Administrative and Finance Assistant will work in the Project Implementation Unit (PIU) under the direct supervision of the National Project Manager (NPM) and carry out basic administrative functions in the following areas:

#### **Job content:**

- Provide necessary assistance in the operational management of the project according to the project document and the NEX procedures;
- Undertake the day-to-day financial management of the project, including managing petty cash vouchers and preparing direct payment request;
- Keep and manage financial records and prepare financial reports required for NEX financial rules and procedures;
- Make logistical arrangements for project staff, consultants and invited guests coming for project activities (visas, transportation, hotel bookings, etc.);
- Undertake the preparation of project events, including workshops, meetings, trainings, etc.;
- Undertake all the preparation work for the procurement of office equipment, stationary and support facilities;
- Working on ATLAS system to prepare purchase requisitions, travel authorization and provide information on financial issues;
- Maintain petty cash transactions (writing of receipts, preparation of payment request forms, receipt and disbursement of cash and clearance of advances);
- Receive, screen and route incoming and outgoing correspondence;

- Routine translation/interpretation between Mongolian and English and drafting of correspondence as requested; and
- Conduct any other duty as requested by the National Project Manager

**Qualifications:**

- Education: University Degree in Accounting and Finance or Business Administration, or a related field.
- Experience: Solid working experience (minimum 3 years) in project assistance and administration;  
Experience in project administration and financial management (budgeting, planning, accounting and related fields);  
Experiences, skills and knowledge of using ATLAS system and;  
Experience of work for UN or other international organizations is an asset.
- Skills: Proficiency in the use of information technologies and good computer skills, particularly in the use of MS Office Package.  
Knowledge of computer-based accounting software is an asset  
Strong organizational skills and attention to detail  
Ability to plan and prioritize work duties as well as work competently under pressure and tight deadlines
- Languages: Excellent command on both written and spoken English and Mongolian required
- Other requirements:  
In case, the applicant has experienced any kinds of medical conditions requiring hospitalization and/or specialized medical treatments, within past 6 months, submission of doctor's certification(s) to ensure his/her current condition is required; and  
Strong client-orientation is required.

### **Terms of Reference for Project Driver (Draft)**

#### **Background:**

In 2008, the Government of Mongolia starts implementing the second phase of the UNDP-supported project ENTERPRISE MONGOLIA (EMP-Phase 2). The EMP-Phase 1 has succeeded in making tangible contribution to business/entrepreneurship development, job creation, thus poverty reduction particularly in rural Mongolia. Through organizing business clusters among the project beneficiaries, it has provided technical assistance and consultancy services to local small and micro enterprises and linked them up to microfinance.

The EMP-Phase 2 will build on achievements and lessons learnt from the 1st phase, and will enhance, up-scale, and complement on-going poverty reduction and employment generation activities in Mongolia, such as the National Programme for Support of SMEs and others interventions of similar nature. It has been anticipated that the project efforts in the mid- to long-run will trigger large scale debates on poverty reduction through SME development at the national level, although this may require additional efforts to strengthening local government capacities.

The EMP-Phase 2 intends to create synergic partnerships with other locally available business support services, including microfinance, by enhancing technical and operational capacity of the existing four Enterprise Mongolia Centers in four provinces (Selenge, Khentii, Khovd and Uvrkhantai). This will ensure sustainability of SME support on the ground after the project's completion. The EMP-Phase 2 is required to institutionalize its support mechanism for the One-Village One-Product brand development as a part of the national policy.

The project will support technical capacity building of SMEs and micro and small entrepreneurs in the project target regions (Output 1), strengthen operational capacity and financial independence of the four EMCs to support an increased number of the project beneficiaries and to ensure sustainability of quality SME support mechanism on the ground (Output 2), and aims full Integration of the OVOP component under the project into the National OVOP Programme to ensure synergic collaboration between the government's initiative and the project (Output 3).

#### **Organizational setting**

The driver will work in the Project Implementation Unit (PIU) under the direct supervision of the National Project Manager and provide assistance to the project office and project visitors, including experts.

#### **Job content**

- Drive and maintain a project vehicle for transportation of authorized personnel and delivery/collection of mail, documents, and other items.
- Undertake airport pick-ups and send-offs, and facilitate immigration and custom formalities as needed.
- Ensure that the steps required by UNDP rules and regulations are taken in case of involvement in accident.
- Check vehicle condition/requirement and fill the Log Book properly for official trips, record daily mileage, gas consumption, oil change and greasing, etc.
- Perform all other related duties.

#### **Qualifications and competencies**

Education: General secondary education.

Experience: Valid driver license of category B;  
Safe driving record;  
At least five (5) years of work experience as a driver (recommendations/reference letters required);  
Excellent knowledge of applicable Traffic Rules of Mongolia;  
Skills in minor and emergency vehicle repair;

Experiences, skills and knowledge of driving and maintenance of Toyota 'Land Cruiser' and similar type of vehicles preferred;  
Experience of work for UN or other international organizations is an asset;  
Excellent communication skills, including inter-personal; and  
Good orientation in driving in the countryside.

Languages: Mongolian and elementary knowledge of English

Other requirements:

In case, the applicant has experienced any kinds of medical conditions requiring hospitalization and/or specialized medical treatments, within past 6 months, submission of doctor's certification(s) to ensure his/her current condition is required;

The applicant for the Project Driver is required to submit the result of an eyesight check; and

Strong client-orientation is required.

### **Terms of Reference for EMC Local Coordinators (Draft)**

#### **Background:**

In 2008, the Government of Mongolia starts implementing the second phase of the UNDP-supported project ENTERPRISE MONGOLIA (EMP-Phase 2). The EMP-Phase 1 has succeeded in making tangible contribution to business/entrepreneurship development, job creation, thus poverty reduction particularly in rural Mongolia. Through organizing business clusters among the project beneficiaries, it has provided technical assistance and consultancy services to local small and micro enterprises and linked them up to microfinance.

The EMP-Phase 2 will build on achievements and lessons learnt from the 1st phase, and will enhance, up-scale, and complement on-going poverty reduction and employment generation activities in Mongolia, such as the National Program for Support of SMEs and others interventions of similar nature. It has been anticipated that the project efforts in the mid- to long-run will trigger large scale debates on poverty reduction through SME development at the national level, although this may require additional efforts to strengthening local government capacities.

The EMP-Phase 2 intends to create synergic partnerships with other locally available business support services, including microfinance, by enhancing technical and operational capacity of the local implementation partners in four aimags which were identified as Enterprise Mongolia Centers (Selenge, Khentii, Khovd and Uvrkhangai) in the EMP-Phase 1. This will ensure sustainability of SME support on the ground after the project's completion. The EMP-Phase 2 is required to institutionalize its support mechanism for the One-Village One-Product brand development as a part of the national policy.

The project will support technical capacity building of SMEs and micro and small entrepreneurs in the project target regions (Output 1), strengthen operational capacity and financial independence of the four EMCs to support an increased number of the project beneficiaries and to ensure sustainability of quality SME support mechanism on the ground (Output 2), and aims full Integration of the OVOP component under the project into the National OVOP Programme to ensure synergic collaboration between the government's initiative and the project (Output 3).

UNDP through the EMP-Phase 2 will continue to collaborate with the four local implementation partners (local branches of three NGOs and an academic institution), for the purpose of smooth implementation and coordination of the local SME support activities at/through the EMCs. The terms and condition of collaboration will be confirmed by Memorandums of Agreements.

#### **Organizational setting:**

Four local coordinators are envisaged one in each four EMCs on order to implement and coordinate the project related activities. In principle, the local coordinators are staff of the local implementation partners which are existing local business support service providers in respective aimags. The local coordinators are expected to carry out the project related tasks and responsibilities in addition to their original tasks and mandates defined by their own organizations. Depending on needs, the local implementation partners can request UNDP to share the salary of the local coordinators in accordance with the amount of the project related work in the entire workload of the local coordinators. The EMC local coordinators will work at the respective four EMCs under the supervision of the National Project Director (NPD) and National Project Manager (NPM). S/he will be the principal representative of executing the overall activities at the field level and report to the NPM. The major role and responsibilities of the EMC local coordinators will be to establish strong coordination and linkages amongst the existing and potential project beneficiaries under both LCDI and OVOP components as well as all major stakeholders in the field level to ensure the smooth implementation of the EMP-Phase 2. The EMC local coordinators will each be responsible for managing the field-level project implementation to achieve the field-level outputs. Field-based monitoring and evaluation officers are to be deployed independently to respective four EMCs to monitor the progress on a daily-basis.

**Job content:**

- Develop 3-year capacity development plans and business plans of the respective EMC under his/her responsibility with the assistance from the project at the early stage of the EMP-Phase 2. The plans are to be reviewed and adjusted in the beginning of the UNDP fiscal year;
- Prepare drafts of annual work plans at the field level, quarterly progress reports, annual progress reports and other plans and reports as required in collaboration with field-based monitoring and evaluation officers, and ensure timely submission to the PIU.
- Maintain and manage the respective four EMCs under his/her responsibility with annual work plans, business plans and capacity development plans to be developed for each EMC at the early stage of the EMP-Phase 2;
- Coordinate the project activities in respective areas of responsibility as per annual work plans and budget;
- Ensure the implementation of field-level work plans consistent with the expected outputs and objectives stated in the project document;
- Ensure a coordinated and collaborative approach to be undertaken among project partners at the field-level;
- Assist the NPM in assessing and identifying required skill training and capacity development of the project beneficiaries in his/her responsible aimags
- Update and reports to the NPM on a regular basis about the progress and constraints which may affect the project implementation;
- Act as field level representatives, as called upon by the PB, during review meetings, evaluation missions and discussions;
- Provide additional supports to the PIU as required.

### **Terms of Reference for Field-based Monitoring & Evaluation Officer (Draft)**

#### **Background:**

In 2008, the Government of Mongolia starts implementing the second phase of the UNDP-supported project ENTERPRISE MONGOLIA (EMP-Phase 2). The EMP-Phase 1 has succeeded in making tangible contribution to business/entrepreneurship development, job creation, thus poverty reduction particularly in rural Mongolia. Through organizing business clusters among the project beneficiaries, it has provided technical assistance and consultancy services to local small and micro enterprises and linked them up to microfinance.

The EMP-Phase 2 will build on achievements and lessons learnt from the 1st phase, and will enhance, up-scale, and complement on-going poverty reduction and employment generation activities in Mongolia, such as the National Program for Support of SMEs and others interventions of similar nature. It has been anticipated that the project efforts in the mid- to long-run will trigger large scale debates on poverty reduction through SME development at the national level, although this may require additional efforts to strengthening local government capacities.

The EMP-Phase 2 intends to create synergic partnerships with other locally available business support services, including microfinance, by enhancing technical and operational capacity of the local implementation partners in four aimags which were identified as Enterprise Mongolia Centers (Selenge, Khentii, Khovd and Uvrkhangai) in the EMP-Phase 1. This will ensure sustainability of SME support on the ground after the project's completion. The EMP-Phase 2 is required to institutionalize its support mechanism for the One-Village One-Product brand development as a part of the national policy.

The project will support technical capacity building of SMEs and micro and small entrepreneurs in the project target regions (Output 1), strengthen operational capacity and financial independence of the four EMCs to support an increased number of the project beneficiaries and to ensure sustainability of quality SME support mechanism on the ground (Output 2), and aims full Integration of the OVOP component under the project into the National OVOP Programme to ensure synergic collaboration between the government's initiative and the project (Output 3).

UNDP through the EMP-Phase 2 will continue to collaborate with the four local implementation partners (local branches of three NGOs and an academic institution), for the purpose of smooth implementation and coordination of the local SME support activities at/through the EMCs. The terms and condition of collaboration will be confirmed by Memorandums of Agreements.

#### **Organizational setting:**

A field-based M&E framework will be established to monitor the project progress in achieving benchmarks on the ground at different levels in line with particular capacity development plans and to provide appropriate reporting to the NPD and UNDP. It is expected to assign international volunteers as independent field-based monitoring and evaluation officers to respective four EMCs in collaboration with bilateral donors' volunteer programmes. The terms and conditions of their deployment will be respectively discussed and confirmed between the NPD, the partner agency and UNDP by signing the Memorandum of Agreements.

The field-based monitoring and evaluation officers will work in close coordination with the EMC local coordinators, but directly report to the NPD and UNDP. The field-based monitoring and evaluation officers will monitor the project progress on the ground at different levels in accordance with respective action and capacity development plans and make necessary reporting to the NPD and UNDP in a timely manner. When necessary, the NPD will request the Monitoring and Evaluation Officer in the PIU to take actions to ensure overall coordination among four EMCs, the national government and other external stakeholders.

**Job content:**

- Monitor the project progress in achieving benchmarks in accordance with capacity development plans and business plans for his/her responsible EMC. At least the following aspects associated with the project activities are subject to the field-base monitoring and evaluation; environment sustainability of the project beneficiaries' businesses, income growth of the project beneficiaries (particularly incremental revenue derived from participating in the project), and changes in life quality by family income/expenditure analysis and HDI of the project beneficiaries;
- Update and report the progress to the NPD and UNDP by submitting quarterly reports in a timely manner;
- Support the PIU to establish a mechanism to introduce short corrective actions and a fallback strategy in case of unsuccessful implementation;
- Provide additional supports to the NPD as required.