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Report No: 64427-MN

PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED GLOBAL PARTNERSHIP FOR EDUCATION FUND GRANT

IN THE AMOUNT OF
US$10 MILLION

TO

MONGOLIA

FOR AN

EARLY CHILDHOOD EDUCATION PROJECT

January 19, 2012

Human Development Sector Unit
East Asia and Pacific Region

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CURRENCY EQUIVALENTS

(Exchange Rate Effective January 17, 2011)

Currency Unit = MNT (Tugriks)

1,403.96 MNT = US$1

FISCAL YEAR

January 1 – December 31

ABBREVIATIONS AND ACRONYMS

ADB	Asian Development Bank
ECED	Early Childhood Education and Development
EDCM	Education Donors' Consultative Mechanism
ECE	Early Childhood Education
ECD	Early Childhood Development
EFA-FTI	Education for All – Fast Track Initiative
EGSPRS	Economic Growth Support and Poverty Reduction Strategy
EMIS	Education Management and Information System
ESMP	Education Sector Master Plan
GAP	Government Action Plan
GER	Gross Enrollment Rate
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
GPE	Global Partnership for Education
ICT	Information and Communication Technology
MCC	Millennium Challenge Corporation
MECS	Ministry of Education, Culture, and Science
PER	Public Expenditure Review
PETS	Public Expenditure Tracking Survey
PMU	Program Management Unit
PTR	Pupil-Teacher Ratio
READ	Rural Education and Development Project
TVET	Technical and Vocational Education
UB	Ulaanbaatar

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Table of Contents

I. Strategic Context 1
A. Country Context 1
B. Sectoral and Institutional Context 1
C. Higher Level Objectives to which the Project Contributes 6
II. Project Development Objectives 6
III. Project Description 8
A. Project Components 8
B. Project Financing 8
IV. Implementation 10
A. Institutional and Implementation Arrangements 10
B. Results Monitoring and Evaluation 10
C. Sustainability 11
V. Key Risks 11
VI. Appraisal Summary 12
A. Financial and Economic Analysis 12
B. Technical 16
C. Financial Management 17
D. Procurement 18
E. Social (including safeguards) 19
F. Environment 19
Annex 1: Results Framework and Monitoring 20
Annex 2: Detailed Project Description 24
Annex 3: Implementation Arrangements 30
A. Implementation Structure 30
B. Assessment of the Financial Management Capacity 41
C. Procurement Assessment 42
D. Environmental Safeguards 49
E. Social Safeguards 50
F. Monitoring & Evaluation 53
G. Donor Coordination on ECE 54
Annex 4: Operational Risk Assessment Framework (ORAF) 56
Annex 5: Implementation Support Plan 59

Annex 6: Implementation Status of the EFA-FTI Project, 2007-2011 61
Annex 7: Team Composition 70

List of Figures

FIGURE 1: CHANGES IN ENROLLMENT RATIOS BETWEEN 1991 AND 2010 2
FIGURE 2: ENROLLMENT CHANGES, BY AGE, 2002, 2007, AND 2009 2
FIGURE 3: AGE-ENROLLMENT PROFILE BY QUINTILE, 2009 3
FIGURE 4: PROJECTION OF MONGOLIAN POPULATION, 2010 AND 2015 4
FIGURE 5: ENROLLMENT OF RURAL AND URBAN POPULATION, BY AGE, 2009 5
FIGURE 6: ANNUAL FINANCING OF RECURRENT EXPENDITURE PER CHILD (IN USD) 12
FIGURE 7: SENSITIVE PERIODS OF BRAIN DEVELOPMENT 13
FIGURE 8: EFFECT OF DIFFERENCES IN AMOUNT OF LANGUAGE FROM PARENT TO CHILD ON VOCABULARY GROWTH 13
FIGURE 9: RATES OF RETURN TO HUMAN DEVELOPMENT INVESTMENTS ACROSS ALL AGES 14
FIGURE 10: GER KINDERGARTENS SUPPLIED BY THE ORIGINAL EFA-FTI GRANT AND THOSE PROPOSED BY THE GRANT 17
FIGURE 11: FIXED KINDERGARTENS TO BE BUILT IN UB BY THE PROPOSED GRANT 17
FIGURE 12: ORGANIZATIONAL CHART OF OVERALL COORDINATION AND IMPLEMENTATION OF THE GPE GRANT 30
FIGURE 13: THE STRUCTURE OF THE PROJECT IMPLEMENTATION UNIT 31

List of Tables

TABLE 1: PROJECT COMPONENTS AND GRANT FINANCING 9
TABLE 2: COMPARISON OF SKILLS BETWEEN 6-YEAR-OLDS WHO ATTENDED KINDERGARTENS AND CHILDREN WHO DID NOT 14
TABLE 3: GROSS ENROLLMENT RATES IN NEIGHBORHOOD OF THE KINDERGARTEN SITES 22
TABLE 4: GOODS TO BE SUPPLIED TO SINGLE GER-KINDERGARTEN 26
TABLE 5: GOODS TO BE SUPPLIED TO SINGLE FIXED KINDERGARTEN 27
TABLE 6: TIME LINE OF THE PROJECT'S IMPLEMENTATION PLAN 32
TABLE 7: ELIGIBLE EXPENDITURES OF THE GRANT FINDING 42
TABLE 8: PROCUREMENT METHODS AND THRESHOLDS 44

TABLE 9: PROCUREMENT PLAN, 2012-2013 46
TABLE 10: CONSTRUCTION SITE OF 37 KINDERGARTENS 51
TABLE 11: TRANCHE RELEASE AND DISBURSEMENT OF THE CATALYTIC FUND, 2007-2011 61
TABLE 12: IMPLEMENTATION STATUS OF THE EFA-FTI PROJECT 62
TABLE 13: RESULTS MONITORING – FINAL OUTCOME AND INTERMEDIATE OUTCOME INDICATORS 64
TABLE 14: CUMULATIVE OUTPUTS OF EFA-FTI..... 65

PAD DATA SHEET

MONGOLIA

GLOBAL PARTNERSHIP FOR EDUCATION EARLY CHILDHOOD EDUCATION

PROJECT APPRAISAL DOCUMENT

EAST ASIA AND PACIFIC REGION
HUMAN DEVELOPMENT DEPARTMENT

Date: January 19, 2012 Country Director: Klaus Rohland Sector Director: Emmanuel Y. Jimenez Sector Manager: Luis Benveniste Team Leader(s): Prateek Tandon Project ID: P125445 Lending Instrument: Investment Grant	Sector(s): Pre-primary Education Theme(s): Education for All (100%) EA Category: B (partial assessment)

Project Financing Data:

Proposed terms:

[ ] Loan [ ] Credit [x] Grant [ ] Guarantee [ ] Other:

Source	Total Amount (US$M)
Total Project Cost:	12.85
Cofinancing:	
Borrower:	2.85
Total GPE Fund:	10.00
IBRD	
IDA	
New	
Recommitted	

Borrower: Mongolia

Responsible Agency: Ministry of Education, Culture and Science

Contact Person: Sumyadorj Moonon, Deputy Director, Project Implementation Unit
Telephone No: (976) 99903481
Fax No.:
Email: ftimgl@gmail.com

Estimated Disbursements of the Grant of US$10 million (Bank FY/US$ m)			
FY	FY12	FY13	FY14
Annual	1.0	7.0	2.0
Cumulative	1.0	8.0	10.0

Project Implementation Period: about 2 years
Expected effectiveness date: March 15, 2012
Expected closing date: June 30, 2014

Does the project depart from the CAS in content or other significant respects?	○ Yes X No
If yes, please explain:	

Does the project require any exceptions from Bank policies? Have these been approved/endorsed (as appropriate by Bank management? Is approval for any policy exception sought from the Board?	○ Yes X No ○ Yes ○No N/A ○ Yes ○ No N/A
If yes, please explain:	

Does the project meet the Regional criteria for readiness for implementation?	X Yes ○ No
If no, please explain:	

Project Development Objective: The Project Development Objective is to assist the Government to cope with the surge in total fertility rates by providing access to early childhood education for children in disadvantaged communities. This will be achieved by increasing the supply of fixed kindergartens in urban and peri-urban areas, creating alternative preschool classes in mobile ger-kindergartens that follow herders in the summer, improving teaching and learning environments, supplying learning materials, furniture, equipment, toys, and undertaking monitoring and evaluation.

Project description:
Component 1: Increasing kindergarten capacity in urban and peri-urban areas by building 40 fixed kindergartens in the capital city and provincial capitals (US$12,164,000).
Component 2: Creating alternative pre-school classes in rural areas by supplying 100 mobile-ger kindergartens for herders' children (US$475,000).
Component 3: Grant management and monitoring and evaluation (US$210,000).

Safeguard policies triggered?	
Environmental Assessment (OP/BP 4.01)	x Yes ○ No
Natural Habitats (OP/BP 4.04)	○ Yes x No
Forests (OP/BP 4.36)	○ Yes x No
Pest Management (OP 4.09)	○ Yes x No
Physical Cultural Resources (OP/BP 4.11)	○ Yes x No
Indigenous Peoples (OP/BP 4.10)	x Yes ○ No
Involuntary Resettlement (OP/BP 4.12)	○ Yes x No
Safety of Dams (OP/BP 4.37)	○ Yes x No
Projects on International Waterways (OP/BP 7.50)	○ Yes x No
Projects in Disputed Areas (OP/BP 7.60)	○ Yes x No

Conditions and Legal Covenants:

Financing Agreement Reference	Description of Condition/Covenant	Date Due

I. Strategic Context

A. Country Context

1. Since transitioning from a planned economy to a market democracy in 1990, Mongolia has gone through two decades of dramatic transformation. Until recently, Mongolia was seen as a country with a rich nomadic culture and history, but facing a range of development constraints. It is the least densely populated country in the world with 1.7 persons for one square kilometer of land, making service delivery extremely costly. It is landlocked, making it necessary to import most of its goods by means of a slow and expensive land transport system. It faces extreme climate conditions ranging from over 40 degrees Celsius to minus 50 degrees Celsius, which make the construction seasons short, and can dramatically affect livestock and agriculture. In the winter blizzard of 2010 alone, 20 percent of the country's livestock perished. Although the development of a market economy and mineral resources have increased public revenue, the proportion of people living below the national poverty line still stood at 35 percent in 2008.

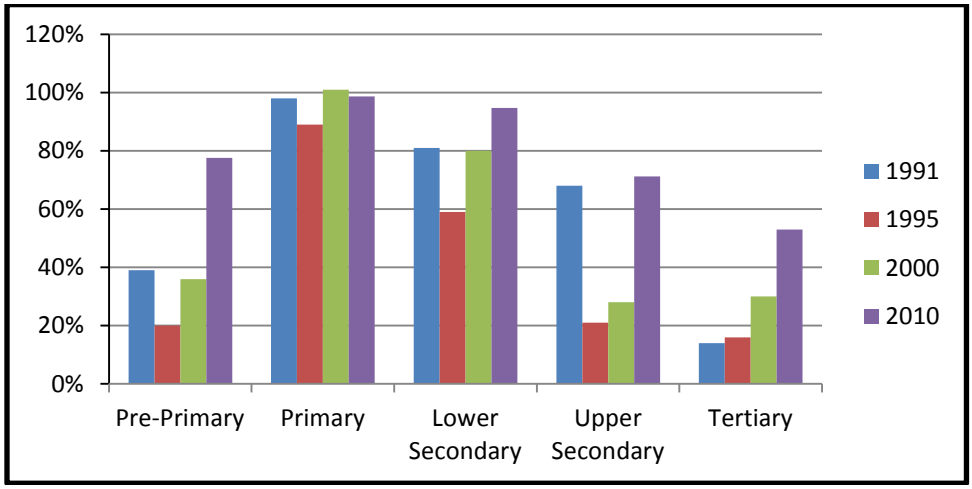
2. About 40 percent of the population lives in the capital city, Ulaanbaatar, and migration to urban areas continues to increase. Poverty is significantly higher in rural areas than in urban centers, at 47 percent versus 27 percent. In education, the urban and rural disparity is manifested in access, school completion rates, and learning outcomes. Inequity in education perpetuates the cycle of poverty.

B. Sectoral and Institutional Context

3. Mongolia has a very young population – nearly 30 percent under the age of 14 and about 12 percent under the age of 5, according to the 2010 population census. Basic education in Mongolia has followed the trends of decline and recovery in the economy. The 1990s saw a drastic decline in school enrollment ratios; the 2000s witnessed its recovery to the pre-transition level in pre-primary through lower secondary education; the current decade will see an extension of access in pre-primary and secondary education and an effort to improve quality. Figure 1 displays the trends in enrollment in various subsectors in education.

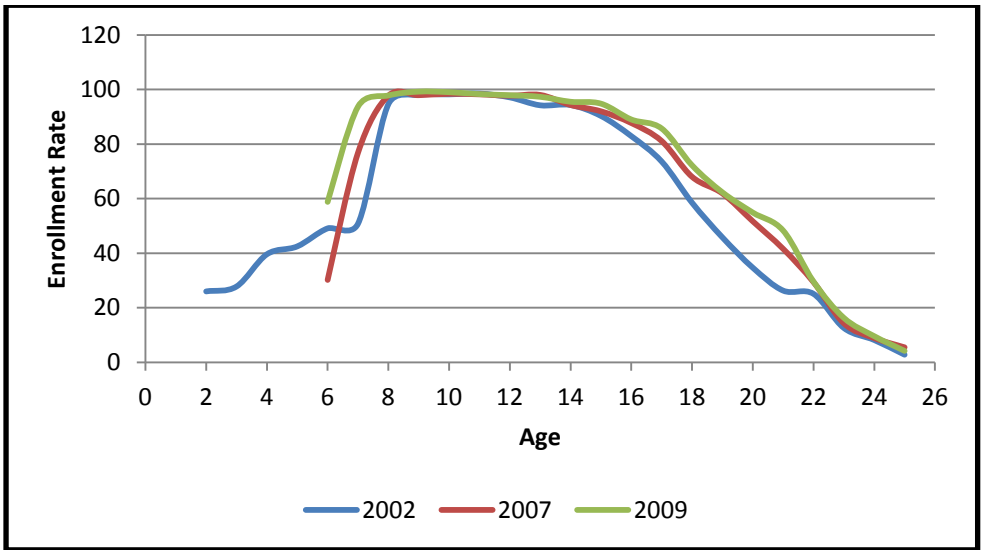
4. The recovery in basic education began with the development of the *Education Sector Master Plan* (2006-2015) and has been supported by the existing Educational for All Fast-Track Initiative (EFA-FTI) Project (2007-2012). This EFA-FTI Grant of US$29.4 million contained five components with the following objectives: (1) improve pre-service and in-service teachers' professional development; (2) increase pre-school enrollment by building mobile ger-kindergartens; (3) increase basic education enrollment by building school-kindergarten complexes and repairing school buildings; (4) increase herder children's enrollment by improving school and dormitory facilities; and (5) enhance effective implementation of the grant project. The EFA-FTI Grant has been instrumental in achieving many of the goals in the *Education Sector Master Plan.* (See Annex 6 for the implementation status and accomplishments of the EFA-FTI Project.) Figure 2 shows changes in enrollment by age between 2002 and 2007, showing that more children had entered schools and stayed longer.

Figure 1: Changes in Enrollment Ratios between 1991 and 2010



Source: MECS administrative data.

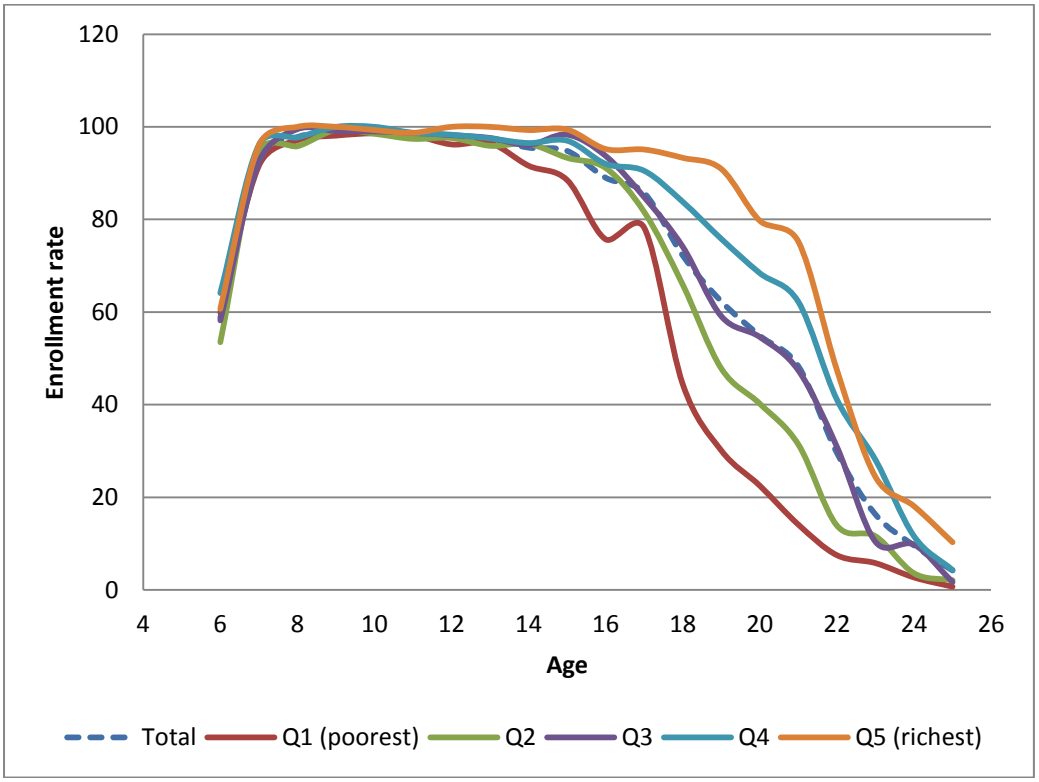
Figure 2: Enrollment Changes, by Age, 2002, 2007, and 2009



Source: Mongolian Living Standards and Measurement Survey (LSMS)
Note: The LSMS 2007/8 did not ask about enrollment information for children below age six. That is why there is no data for comparison with 2002/03.

5. However, Figure 3 shows disparity in enrollment by age between different consumption quintiles. The poorest 20 percent entered school later and begin dropping out by age 13 and 14.

Figure 3: Age-Enrollment Profile by Quintile, 2009



Source: Mongolian Living Standards and Measurement Survey (LSMS)

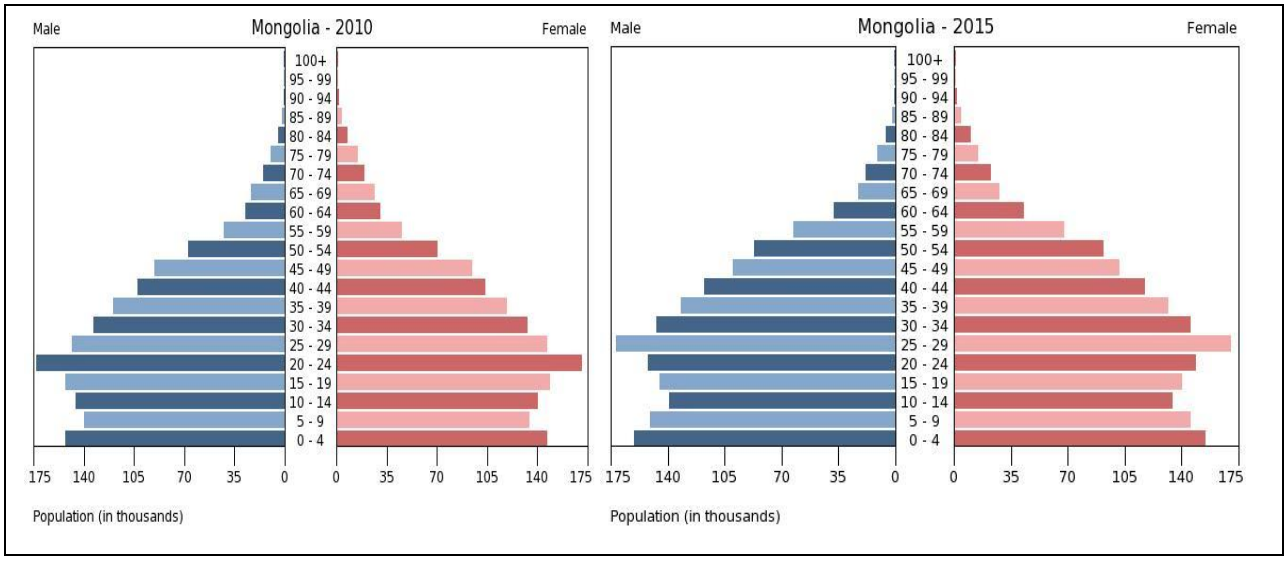
6. The proposed Graduation Grant[1] is a follow-on operation of the EFA-FTI Project and seeks to strengthen the foundation by supporting early childhood education (ECE) for the 2-5 age group. Currently, 24 percent of this age group[2] (44,903 children) does not have access due to the lack of kindergarten facilities, and the vast majority of them are from disadvantaged communities such as herders and the poor in peri-urban areas. The rising total fertility rate from 2.2 in 2000 to 2.7 in 2009 is in part due to the recent government introduction of child care cash transfers payable to every family for each child. At the current level of fertility and capacity, without an increase in supply, gross enrollment rate (GER) in kindergartens may decline sharply from 76 percent in 2010 to perhaps just over 50 percent by 2015, instead of rising to the target of 79 percent in 2012.

[1] The proposed project is referred to as a "Graduation Grant" because being a IDA Category III classified country, Mongolia is no longer qualified to receive funding from the Global Partnership for Education (GPE) (formerly known as the EFA-FTI Catalytic Fund). However, the GPE Board of Directors is considering that IDA Category III countries could be eligible for GPE funding as an exit strategy. The Government of Mongolia has requested a grant of $10 million from the GPE Board. The final GPE allocation to Mongolia will be allocated in December 2011.

[2] Gross enrollment ratios in kindergartens rose dramatically from 57 percent in 2007 to 76 percent in 2010, largely due to the rapid increase of donor-financed mobile ger-kindergartens. However, ger-kindergartens operate only in the summer to reach out to the herders. While having ger-kindergartens better than none, they are not comparable to the services delivered by fixed kindergartens because of its short duration,

7. A MECS study, done in collaboration with UNICEF in 2008, on school readiness found major differences in school readiness between 6-year-olds who had attended kindergartens and those who did not. Therefore, a decline in GER in kindergarten could create a domino effect: far fewer children, particularly those from disadvantaged backgrounds, would have access to free school meals offered in kindergartens to improve their nutritional status; school readiness would necessarily suffer, student achievement would decline, the dropout rate would increase, and overall educational quality would be hampered (see Figure 4 for the projected population age-structure in 2010 and 2015).

Figure 4: Projection of Mongolian Population, 2010 and 2015



Source: US Census Bureau projection

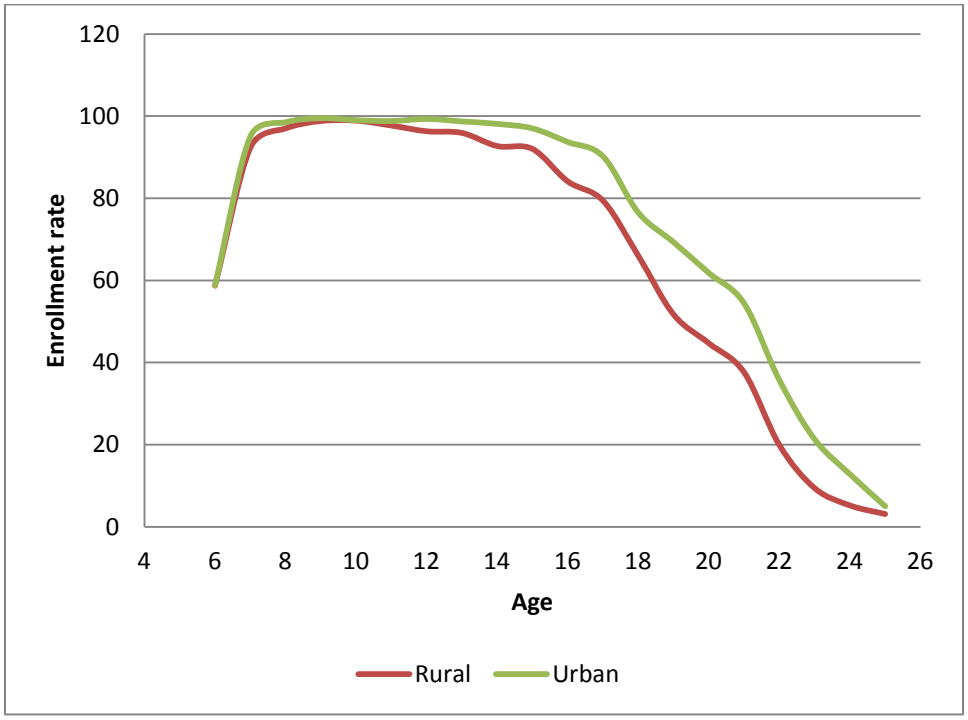
8. The challenges of ECE differ in rural and urban areas. The traditional nomadic lifestyle has often made it nearly impossible for educational services to reach herders' children. MECS data has shown the big rural/urban enrollment gap among children aged 2-5 in 2002/03, which is a historical condition that still needs to be corrected. Unlike older children who can be accommodated in school dormitories, the 2-5 age group needs to be cared for by their parents. Reaching them requires using mobile ger-kindergartens, which is a traditional Mongolian yurt that can be moved to follow movement of herders.

9. Meanwhile, massive migration to urban areas is straining kindergarten capacity. Urban regular kindergartens are overcrowded, with a student-to-teacher ratio (STR) of 32:1, about two to three times as high as the STR in some OECD countries. In some urban classrooms, the student-teacher ratio is above 40:1. High STR has made it difficult to implement an activity-based approach which is the only effective way to help young children learn. Not only are too many children without access to kindergarten, but those that are enrolled, particularly in urban areas, suffer from poor sanitary and health conditions and low quality of education.

10. In addition, existing kindergarten facilities are deteriorating rapidly and are becoming costly to maintain. The 2009 survey of the Construction Client Unit of MECS found that 68

percent of the kindergartens were built before 1990, of which 30 percent were unfit for operation. Most of the older buildings were in constant need of repair, driving up the recurrent costs. Given that most of Mongolia experiences seismic activity, dilapidated buildings are particularly unsafe for very young children who need more assistance in any emergency.

Figure 5: Enrollment of Rural and Urban Population, by Age, 2009



Source: Mongolian Living Standards and Measurement Survey (LSMS)

11. Current government expenditure has not been able to keep pace with rising demand in spite of spending six percent of its GDP on education. Harsh weather conditions and distant, sparsely populated regions make it costly to deliver educational services. The majority of spending on education has been directed toward recurrent costs (which include salaries, training, utilities, insurance, repair and maintenance, and other expenses), and relatively little has been directed toward capital expenditures (which include the construction of new kindergartens and the purchase of new furniture, equipment, and instructional materials). The Government thus seeks aid from international donors to cover part of capital expenditures for the year 2012 and 2013. The recurrent costs implied by these capital expenditures will be borne by the Government.

12. The MECS recognizes that investments in ECE are a highly cost-effective strategy to break the inter-generational transmission of poverty and to improve long term productivity. The Mongolian Pre-school Education Law of 2008 stipulates that the provision of food, books, manuals and appropriate toys for children attending state-owned kindergartens as well as the norm-based variable costs, shall be financed from the state budget. Prior to the law's implementation, parents were obligated to pay 50 percent of food costs and other expenses -- major obstacles for parents to enroll their children to preschool. The law lifted this financial

barrier, and drastically increased demand for preschool education. The trend in public spending per student in kindergarten shows a strong commitment from the Government. Between 2006 and 2011, despite an increase in enrollment from 95,038 to 122,126 students, per student spending increased from US$146 to US$643.

13. A national policy on integrated ECE has been adopted jointly by MECS, the Ministry of Health, and the Ministry of Social Welfare and Labor. The policy coordinates the efforts of state central organizations in charge of mother and child health care, nutrition, social welfare and protection, and education. In addition to building kindergartens for children aged 2–5, the policy provides in-service training for all ECE teachers in Mongolia, consultation services for families, mothers, and women through pediatric and psychological home services, non-formal education services, telephone and internet counseling services, training and information campaigns on radio, television, in newspapers, and other print media. These outreach activities include counseling information on nutrition, hygiene, immunization, health care, and child-rearing practices that can stimulate social and cognitive development. These activities are currently being codified into law: a national law on ECE in Mongolia is currently being drafted for passage by the end of 2011. The government activities, combined with other donor activities in ECE quality and capacity improvement, and the proposed grant activities, constitute the overall policy and investment environment in ECE in Mongolia.

C. Higher Level Objectives to which the Project Contributes

14. The higher level objectives to which the Project contributes are inclusive growth and reduction of inequality by extending access to ECE to children from disadvantaged communities. Mongolia's introduction in 2008 of a 12-year education cycle, expanding its original 10-year cycle to conform with international norms, has enabled the admission of students at the age of six to the first grade. This transition required the government to ensure the school readiness of every 5-year-old child. Enrolling children, particularly those from herder and poor families into kindergarten is essential to strengthen the effectiveness of the transition and increase the quality of primary education. The selection of the sites in Ulaanbaatar's districts focuses on districts with low GERs in kindergartens, which is tantamount to targeting service provision to the underserved, poorer areas (see table on GER under Annex 1). The component that provides mobile ger-kindergartens aims to reach children of herding populations in rural areas.

15. The proposed grant is in full support of the upcoming Country Partnership Strategy (CPS) pillar 2 of inclusive growth. This proposed project complements various on-going interventions by development partners (UNICEF, ADB, JFPR, EFA-FTI), and speaks to a larger coherent vision for moving the sub-sector forward and achieving long term positive impact.

II. Project Development Objectives

A. Project Development Objectives (PDOs)

16. The PDO is to assist the Government to cope with the surge in total fertility rates by providing access to early childhood education for children in disadvantaged communities. This will be achieved by increasing supply of fixed kindergartens in urban and peri-urban areas,

creating alternative preschool classes in mobile ger-kindergartens that follow herders in the summer, improving teaching and learning environments, supplying learning materials, furniture, equipments, and toys, and undertaking monitoring and evaluation.

B. Project Beneficiaries

17. The beneficiaries are children between the ages of two to five who live in communities which have relatively low enrolment ratios in kindergartens. Every year, about 4,000 additional children will be able to attend fixed kindergartens and 1,500 additional children will benefit from the supply of mobile ger-kindergartens. These children will benefit from free school meals which will improve their nutritional status, and from cognitive and social skill development in kindergartens.

18. Parents, particularly the mothers of these children, will benefit from being freed from child care to participate in the labor market. This could potentially contribute to an increase in household income.

C. PDO Level Results Indicators

19. The results indicators will focus on service delivery, service utilization, and whether the benefits have reached the intended beneficiaries because the Project duration is short, and supply of services remains limited.

- Gross enrollment rate of children aged 2-5 in the urban districts in Ulaanbaatar and aimag centers where new kindergartens are provided (disaggregated by gender);
- Number of children attending new mobile ger kindergartens;
- Average daily attendance rates in the 37 fixed kindergartens;
- Percentage of beneficiaries are from disadvantaged communities; and
- Parental satisfaction with the ECE service.

20. The first three indicators will be derived from administrative data. The last two indicators will be collected by a survey of parents. The questionnaire will include questions on parental education, occupation, and employment status to enable an assessment of whether the fixed and mobile ger-kindergartens have reached children from disadvantaged communities (for example, the unemployed, working class, and herders). Annex 1 provides the Results Framework.

21. The National Statistical Office of Mongolia has been implementing the Living Standard Measurement Survey (LSMS) annually since 2009, however, data is not available for analysis until several years after the survey. The availability of the 2011-2013 LSMS will be beyond the implementation period. Nonetheless, the LSMS data will provide information to future policymakers on whether the disparity in access between various consumption quintiles and between the rural and urban areas has been reduced. This will help refine the policy towards ECE after the completion of the Project.

III. Project Description

A. Project Components

22. There are three components in the Project:

Component 1. Increasing Kindergarten Capacity in Urban and Peri-urban Areas (US$12,164,000)

1.1. Build 37 new kindergartens, of which 21 will be located in aimag centers and 19 in Ulaanbaatar. This will create 160 new classrooms for 4,000 children.

1.2. Supply furniture, equipment, indoor and outdoor playgrounds, teaching and learning materials and kitchen for the new kindergartens.

Component 2. Creating Alternative Pre-school Classes in Rural Areas (US$475,000)

2.1. Provide 100 mobile ger-kindergartens in rural areas to serve herders' children. Each ger-kindergarten consists of two gers, desks, chairs, a board, carpet, a stereo player, portable toilets and teaching and learning materials. These mobile ger-kindergartens will be moved to herding communities to provide ECE to their children. Annex 2 provides a detailed description of how ger-kindergartens operate.

2.2. Produce and print learning materials for alternative classrooms

Component 3. Grant Management and Monitoring and Evaluation (US$210,000)

The existing EFA-FTI Project Implementation Unit (PIU) will execute the proposed project and conduct the survey of parents, once at baseline and once prior to the end of the project. Safeguards, Procurement and Financial Management will follow the World Bank's rules and procedures. Monitoring and evaluation of the results and outputs of the Project fall under this component.

B. Project Financing

Lending Instrument

23. The Project asks for financing by a Grant of US$10 million from the Global Partnership for Education. It is a Sector Investment Grant. The Grant will be complemented by co-financing of 3 billion tugriks (US$2.85 million) from the Government of Mongolia (GoM) for capital investment, making the total Project cost to be US$12.85 million. The total Project cost will finance works, goods and services.

24. GoM will finance the annual recurrent cost of 6,519.2 billion tugriks (US$5.2 million) to cover 360 teachers and 360 staff for the new, fixed kindergartens, 200 teachers and 100 staff for

the mobile ger-kindergartens, in-service training of these new teachers, and repair and maintenance of the kindergartens. There will not be any recurrent cost financing in the Project.

25. Due to the short duration of the Project and the country's need for capital investment in this subsector, alternative instruments such as results-based financing was considered but rejected in favor of a traditional investment instrument.

Project Cost and Financing

26. The total project cost is US$12.85 million, of which US$10 million will come from the proposed GPE Grant, and US$2.85 million from the GoM's State Budget. The State Budget has already been allocated and is being used to begin procuring for construction design services and building of several kindergartens. The total amount of Grant financing is presented in the Table below.

Table 1: Project Components and Grant Financing

Project Components	**Total project costs (US$)**	**GPE Financing (US$)**	**% Financing**
Component 1: Increasing kindergarten capacity in urban and peri-urban areas	**$12,164,000**	**$9,315,000**	**81%**
1.1.Building 37 kindergartens, of which 19 are in UB and 21 in aimag centers		$7,715,000	100%
1.2.Supply of furniture and learning materials		$1,600,000	100%
Component 2: Creating pre-school classes in rural areas	**$475,000**	**$475,000**	**100%**
2.1 Supply of 100 mobile ger-kindergarten		$460,500	100%
2.2.Produce and print learning materials for alternative classrooms		$ 14,500	100%
Component 3: Grant Management and Monitoring and Evaluation	**$210,000**	**$210,000**	**100%**
Total Financing Required	**$12,849,000**	**$10,000,000**	**83%**

Lessons Learned and Reflected in the Project Design

27. The EFA-FTI Project has made a major difference in improving the teaching and learning environment in the education sector through investments in school infrastructure, goods and services. These were particularly appreciated by parents and teachers after the long period of decline in education in the 1990s and parts of the 2000s. Parents' high value on education and teachers' enthusiasm will assure that the investments are properly utilized and maintained in good conditions.

28. The EFA-FTI Project was so well implemented that in 2009, a study tour was organized for 23 participants from Laos, Cambodia, Vietnam, Papua New Guinea, and Timor-Leste (including a Vice Minister among them) to visit Mongolia to see how the country has overcome

the inherent conditions to provide education for its children and to share lessons of experience for these countries for their preparation of EFA-FTI proposals.

29. The proposed Project follows on from the lessons and successes of the EFA-FTI Project. Allocating resources to match the known demand of kindergartens in project locations will likely result in good results.

30. The Project Implementation Unit (PIU) of the current EFA-FTI Project has gained much valuable experience in implementing an investment project, in terms of procurement, financial management, contract management, and working with the Education Donors' Consultative Mechanism. If the existing staff is to continue, there is a high degree of assurance that implementation will be executed well and in a timely manner.

IV. Implementation

A. Institutional and Implementation Arrangements

31. Under the original EFA-FTI Grant in Mongolia, the participating parties will ensure the management mechanism of the proposed Project is consistent with the overall management structure of the implementation of the Education Sector Master Plan and the sector-wide approach. At the management level, MECS, in cooperation with the Education Donors' Consultative Mechanism (ECDM) which consists of some 40 donors, and the World Bank as the Trustee of the EFA-FTI Partnership and the supervising entity, will oversee project activities. The EDCM will endorse action plans, progress reports, and perform overall coordination. MECS will submit all progress reports and action plans to the EDCM for review and action. The Project Implementation Unit (PIU) responsible for implementation of the original EFA-FTI Project and the proposed Graduation Grant, will operate under a larger PIU that coordinates ADB, Japan, and UNICEF projects. The PIU for the ETA-FTI Project comprises a Deputy Director, a Procurement Officer, a Financial Officer, and an M&E Officer. They will be responsible for everyday implementation of the Grant at the operational level. The World Bank, as the supervising agency on behalf of the GPE Board of Directors, will oversee the general implementation of the grant as articulated in the Memorandum of Understanding between trustees of EFA-FTI.

B. Results Monitoring and Evaluation

32. The PIU will coordinate with the Department of Monitoring and Evaluation in MECS to monitor the Project. This will be done within the M&E framework of the Master Plan implementation. The proposed monitoring indicators are provided in Annex I. The data related to output indicators will be provided by the PIU semiannually. MECS will provide outcome related data annually. The progress in meeting target indicators described in Annex I will be reviewed by the PIU semiannually and will be reported to the MECS and the EDCM. All data collected will be disaggregated by gender and by urban districts or aimags, in order to understand and respond to specific issues.

33. Although during the life of the Project, it will not be possible to evaluate the quality of outputs and child development outcomes, it is advisable for MECS to undertake several evaluative studies. These include the following: (a) classroom observation to assess the quality of the teaching and learning process and social interaction among children; (b) an impact evaluation to measure the child development outcomes of physical growth and social and cognitive development by comparing the baseline and follow-up measures of the "treatment group" of children who have benefited from enrollment in kindergartens and a control group of children who have not been to kindergartens; and (c) early grade assessment in Grades 1 and 2 after children have graduated from kindergartens, and compare their achievement with children who have never attended kindergartens. Information from such evaluations will help policymakers make evidence based policies and design corrective measures.

C. Sustainability

34. The Project will be sustainable because of the track record of GoM in implementing projects to meet the goals of its Master Plan in extending access and improving quality of education to benefit all children. The Government has already allocated 4 billion tugriks (US$2.85 million) and has started procurement of construction design even before the Grant is allocated. In addition, the GoM's allocation of the recurrent cost in the amount of US$5.2 million per annum for the new teachers also provides assurance that these costs are embedded in the public expenditure of education and will be sustained after project closure. In addition, these recurrent expenditures are over and above the total Project cost. The overwhelming enthusiasm of parents and communities for pre-school education has provided an additional insurance that the Project will be sustained from the demand side.

V. Key Risks

35. The overall risk to the achievement of the Project Development Objective is low during preparation and modest during implementation for the following reasons (See Annex 4 for the Operational Risk Assessment Framework (ORAF)):

- Stakeholder risks are low because the GoM, civil society, donors, and the Bank's interest in this Project are closely aligned.

- The implementing agency risk is also low. In terms of capacity, because this is a follow-on operation of the EFA-FTI Project which also undertook supply of ger-kindergartens and renovation of fixed kindergartens, the existing PIU and staff will bring their experience to bear.

- On the issue of governance, the PIU will collaborate with UB and Aimag Departments of Education.

- Community participation and social audit would be relied upon to ensure high quality service delivery.

36. The Project risk is also low. The project design is a straight forward Sector Investment Grant, and a follow-on operation to the original EFA-FTI Project. Given the importance of civil works in the Project, attention to the structural soundness and functionality of the kindergartens will be important and this could involve independent engineers in review and supervision as well as coordination with Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) engineers. There is no major and irreversible environmental impact. An Environment Management Plan would take care of the issues and PIU staff will be trained in these aspects. Social assessment of the Kazakh community in Bayan-Ulgii was undertaken to ascertain their support of the project and will benefit from it. The EDCM is supportive of the Project. Project monitoring is supported by MECS. Project will be sustainable due to commitment of financing by GoM and strong demand from communities

VI. Appraisal Summary

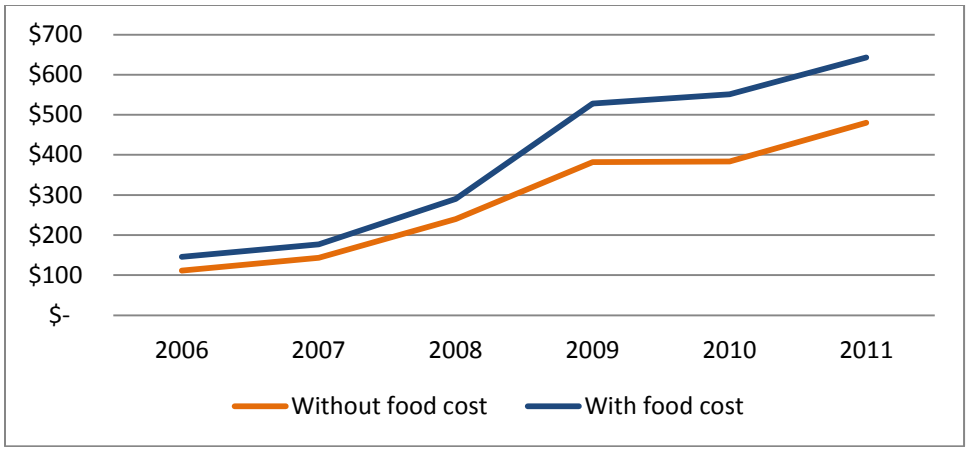
A. Financial and Economic Analysis

37. The cost of education is high due to the sparse population and wide geographical spread. The Government has been spending more than 20 percent of its budget and over 6 percent of its GDP on education since 2006. The target is to reach 10 percent by 2012. Public spending on kindergartens accounted for 21 percent of total public expenditure on education in 2009.

38. To cope with the surge in the total fertility rate and extend access to disadvantaged communities, the Government seeks aid from international donors to cover part of capital expenditures, and the donors such as ADB and Japan have been responding to it (see Annex 6, Section G for donor coordination). The recurrent costs implied by these capital expenditures will be borne by the Government.

39. The trend of public spending per child from 2006 to 2011 shows consistent increases, even taking into account the rising enrollment and the fluctuation of the exchange rates (see Figure 6). In particular, during the recession of 2008 and 2009, it should be noted that there was no budget cut on education. On the contrary, the Government provided free textbooks to children in the lower grades to ensure that they would not drop out due to financial reasons. The trend of per student public expenditure on kindergarten shows the Government's commitment to meet its own target. Because of this strong track record, there is no risk that the project will not sustain in the future.

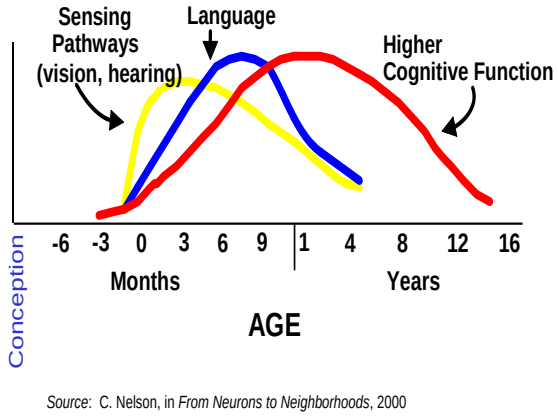
Figure 6: **Annual Financing of Recurrent Expenditure per Child (in USD)**



Source: Finance and Investment Department and Monitoring and Evaluation Department of MECS.

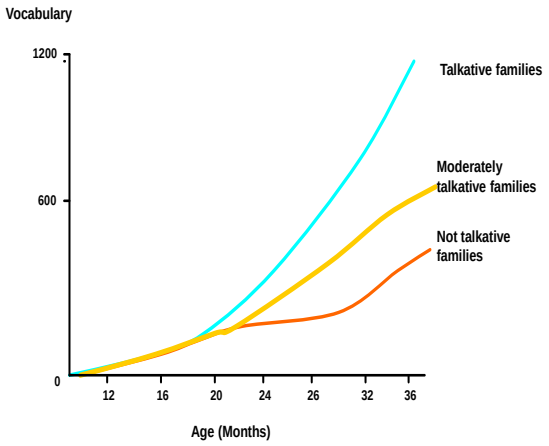
40. Neuroscience and longitudinal studies of ECE have confirmed that prenatal care and experiences from birth to the first six years (0-6), affect physical and brain development of children, and, thereby, their cognitive and socio-emotional development in subsequent stages of their lives (Figures 7 and 8). Lack of access to nutrition and health care, insufficient stimulating human interaction, and non-enrollment in pre-primary education are associated with lower educational attainment and achievement, which, in turn, reduce life-time earnings. Longitudinal survey of ECE beneficiaries versus similar children who had not benefited has yielded the aforementioned dramatic results, following them for decades.

Figure 7: Sensitive Periods of Brain Development



Source: C. Nelson, in *From Neurons to Neighborhoods*, 2000

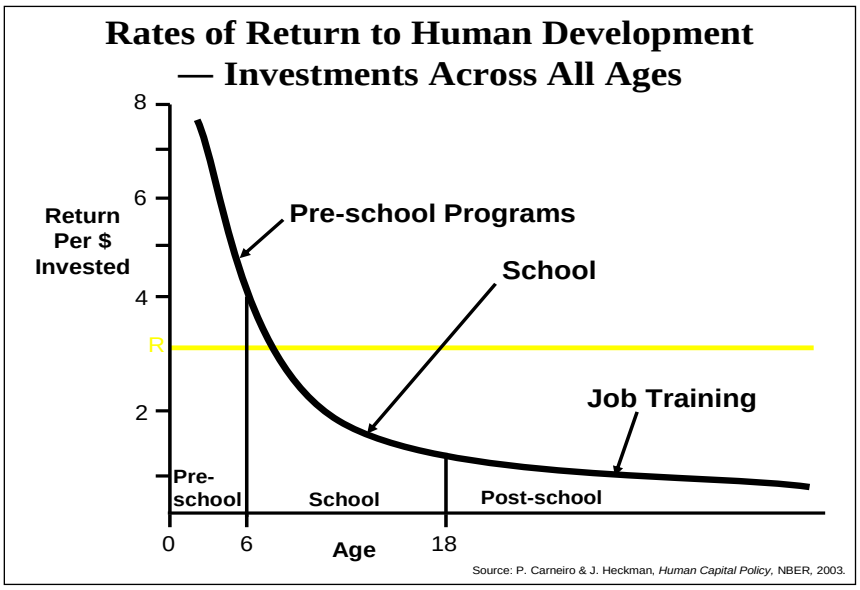
Figure 8: Effect of Differences in Amount of Language from Parent to Child on Vocabulary Growth



Source: B.Hart & T. Risley. *Meaningful Differences in Everyday Experiences of Young American Children*, 1995.

41. Investing in ECE yields the highest economic returns of any educational investment because early learning and formation of good habits and social skills are far more productive than later, remedial education and training. The internal rates of return of rigorously evaluated ECE programs range from 7 percent to 18 percent, higher than the rates of return to financial capital (Figure 9). The Millennium Development Goals (MDG) and EFA goals stress the importance of having strong ECE as the basis to help children meet the school readiness requirements of social, emotional and cognitive development.

Figure 9: Rates of Return to Human Development Investments across All Ages



42. Dramatic differences in school readiness were also observed in Mongolia. MECS's study on school readiness, conducted in 2008 with UNICEF, found that 6-year-olds who were enrolled in kindergartens had higher scores in social development, speech development, elementary writing and mathematics s: kills than those who had never attended kindergartens (Table 2). In other words, the justification on economics and human development grounds of ECE is based on evidence.

Table 2: Comparison of Skills between 6-year-olds who attended kindergartens and children who did not

% of Children with satisfactory performance in the following domains:	Attended kindergartens	Did not attend Kindergartens
Social development	86.2	68.5
Speech development	67.7	45.9
Elementary writing	91.7	70.6
Mathematics skills	High	Low
Total number of 6-year-olds in sample	63 urban, 190 rural	37 urban, 79 rural

Source: MECS, School Readiness Report, 2008 (done in collaboration with UNICEF).

B. Technical

43. This Project has met all four criteria of a sound project design and is likely to meet the development objectives.

- First, there has been a comprehensive policy framework and prior investments in the subsector: (i) Several new laws have been passed; (ii) the Education Sector Master Plan (2006-2015) was revised with a clear vision about how to improve school readiness through ECE, (iii) interventions proposed in this Project has been tested in a number of Projects, including the original EFA-FTI Project, and have proven to be effective; and (iv) analytical work undertaken by several donors, including UNICEF and the ADB, have analyzed the situation, identified issues and made recommendations, on which the Project was designed.

- Second, the Project design reflects a strong demand for infrastructure investments in this subsector. Ensuring supply of places in kindergarten is critical to meeting such demand.

- Third, the GoM will finance the inputs in teacher training to ensure effective use of the civil works and learning materials and equipment. It will fund the recurrent cost of the salary of additional teachers and staff, and repair and maintenance of infrastructure.

- Fourth, there has been special attention to meeting the long-neglected demand of disadvantaged communities (i.e. herders' children and poor children in peri-urban areas). Figure 10 shows the distribution of the fixed kindergartens and mobile-ger kindergartens supplied by the original EFA-FTI Project and under the proposed Project. Figure 11 shows the distribution of the 19 fixed kindergartens in the capital city, Ulaanbaatar (UB). Note that the UB kindergartens are concentrated in the north where the communities are far poorer than others, and also in the mining town of Baganuur that is 135 kilometers from UB, but is still a part of the UB district.

Figure 10: Ger Kindergartens Supplied by the Original EFA-FTI Grant and Those Proposed by the Grant

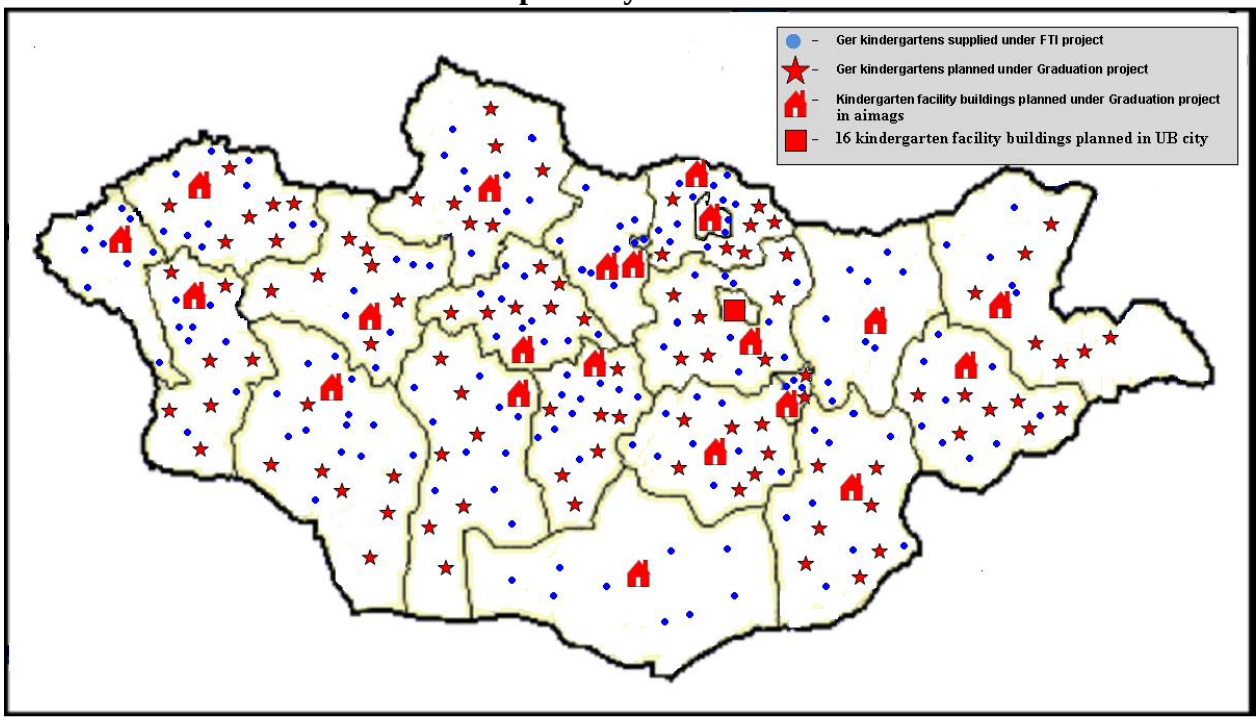
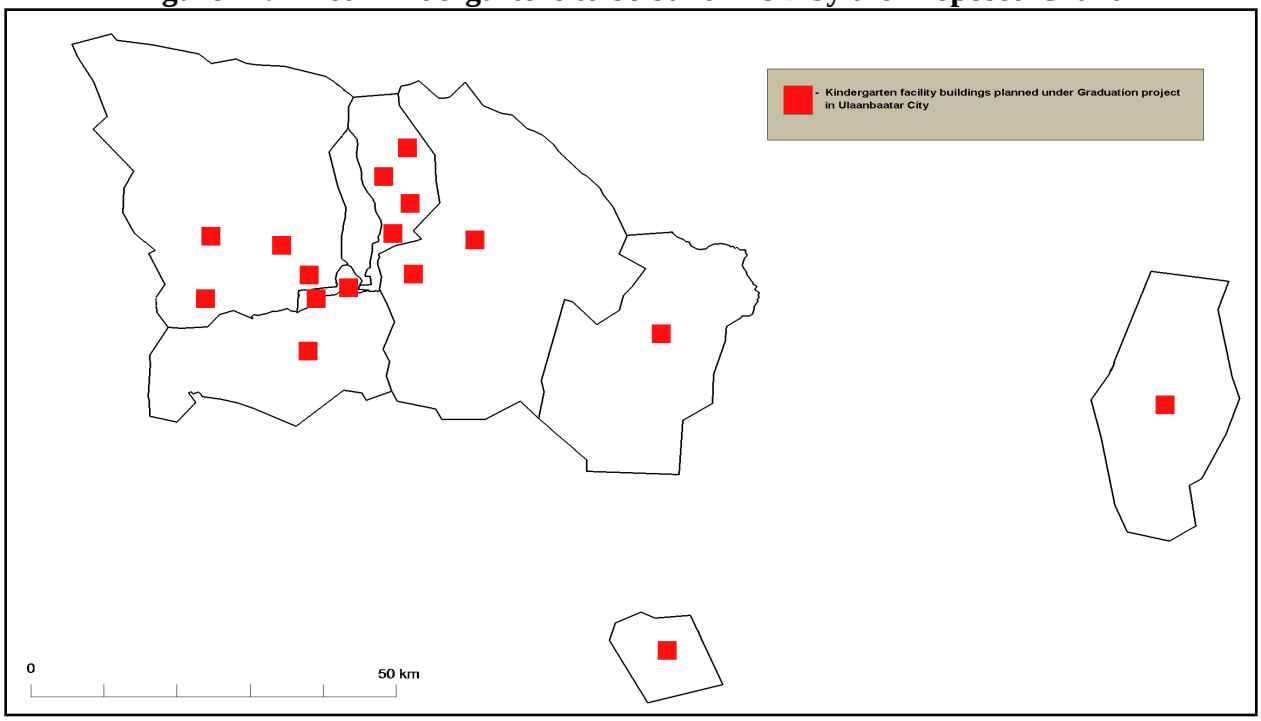


Figure 11: Fixed Kindergartens to be built in UB by the Proposed Grant



C. Financial Management

44. By overseeing the project Designated Account, the Ministry of Finance (MOF) and the MECS, will manage the Bank grant proceeds. A financial management (FM) capacity assessment has been conducted by the Bank and actions to strengthen the Project's financial management capacity have been agreed upon with the relevant implementing agencies. The FM assessment has concluded that with implementation of the proposed actions, the financial management arrangements will satisfy the Bank's minimum requirements under OP/BP 10.02. Annex 3 provides additional information on financial management.

D. Procurement

45. The procurement risk assessment has identified two key risks: (i) over ambitious timelines for the selection of consultants for the design of the kindergartens and for the construction which could lead to incorrect shortcuts in the selection and procurement procedures; and (ii) the influence of the national procurement practices which sometimes leads to unacceptable evaluation of bids and iterative reviews by the Bank.

46. Measures to address the identified risks include: (i) agreement with MECS on the procurement plan for the Project (including any advance procurement), and (ii) the Bank's organization of procurement training for MECS, which will focus on the generic procurement issues identified during the implementation of the predecessor project and the differences between the Bank's Procurement and Consultant Selection Guidelines (January 2011 versions) and the GoM procurement practice. The workshop will emphasize that in the event of differences between the Mongolian Procurement Law and the Bank's Guidelines, the Bank Guidelines prevail.

47. Procurement activities of the Project will be carried out by the EFA-FTI Project Implementation Unit (PIU) established at MECS. The PIU is experienced in handling Bank financed projects since 2007 and has adequate capacity to handle high value procurement. . The applicable procurement procedures along with the thresholds for Bank review have been determined in the Procurement Plan for the entire duration of the project which was prepared by MECS and reviewed by the Bank. The Procurement Plan will be updated regularly, at least annually, and for each update Bank prior approval is required. (See Annex 3 for details of procurement of works, goods and services).

48. This Project will have a built-in mechanism for a third party verification through community participation and social audit. The amendment to the Procurement Law that passed in June 2011 has mandated the decentralization of procurement, community participation in bid evaluation, and social audits. This is the legal basis of the third party verification.

49. Even before the legal amendment, there has been ongoing informal community participation under the existing EFA-FTI and READ Projects, where active parental participation has been observed all over the country and noted in supervision findings. Mongolia has close knit communities, as an aimag center (each provincial capital) has only tens of thousands of population, and soum and bagh have several thousands. Thus, the scale of these communities has enabled them to be more easily involved in social monitoring as well.

E. Social (including safeguards)

50. The Project has a strong equity focus as it aims to provide access to ECE in disadvantaged communities in peri-urban and rural areas.

51. The Bank's OP/BP 4.10 on Indigenous Peoples was triggered because the Project will be implemented in the Bayan-Ulgii Aimag which has a majority of Kazakh inhabitants. The Kazakh are an ethnic group distinct from Mongolians and according to the Bank's OP4.10, the Kazakh communities are "Indigenous People". A social assessment was conducted in July 2011 to evaluate the subcomponent's potential positive and adverse effects on the Kazakh communities in Bayan-Ulgii and examine project alternatives where adverse effects may be significant. Free, prior and informed consultation with Kazakh communities had been conducted during the social assessment exercise. The assessment showed strong support from the communities for the implementation of the subcomponent. Since the Kazakh communities are the overwhelming majority of the beneficiaries in Bayan-Ulgii, and the element of an Indigenous Peoples Plan (IPP) will be included in the overall project design, a separate IPP is not required.

52. All proposed 37 construction sites will be located on state-owned land and the use of land will not result in any: (i) relocation or loss of shelter; (ii) loss of assets or access to assets; or (iii) loss of income sources or means of livelihood. The PIU is asked to keep copies of the stamped certifications of the land entitlement from the Ulaanbaatar municipal authority and other local governmental authorities on file. Having these documents on file will likely be helpful if further questions about the land entitlement issues come up during the domestic Parliamentary approval process.

F. Environment

53. The Project's potential impacts on the environment are deemed to be minor, site-specific, and reversible in nature, and for which mitigation measures can be readily designed. Given the nature and small scale of the proposed civil works under the project, a formal environmental assessment report was not considered necessary. However, as the construction activities are going to be undertaken in urban areas, there are likely to be some concerns relating to inconveniences or nuisances to surrounding areas during construction. Therefore, for the purpose of enhancing environmentally-friendly measures and mitigating any adverse impacts caused by the construction activities, an Environmental Safeguard Guidelines has been prepared (Annex 3). It includes a checklist on construction sites, a checklist on Environmentally-Friendly Design Criteria, a standardized Environmental Management Plan, institutional arrangements to follow the Guideline, as well as requirements on monitoring, supervision and reporting. These guidelines will be included in the requisite bidding documents.

54. The Environmental Safeguards Guidelines were publicly disclosed in June 2011 on the MECS website, as well as in the two largest libraries within Ulaanbaatar (40 hardcopies of the guidelines were delivered to both the Mongolian National Library and the Library of Natsagdorj.) All 21 aimag's education departments have disclosed the guidelines either on their websites or in their public bulletin boards.

Annex 1: Results Framework and Monitoring
Mongolia: Global Partnership for Education Early Childhood Education Project

Project Development Objective (PDO):

PDO Level Results Indicators*	Core	Unit of Measure	Baseline	Cumulative Target Values**		Frequency	Data Source/ Methodology	Responsibility for Data Collection	Description (indicator definition etc.)
				YR 1	YR 2				
Indicator One: • Gross enrollment rate of children aged 2-5 in the urban districts in Ulaanbaatar and aimag centers where new kindergartens are provided (disaggregated by gender)	X	Gross Enrollment Rate for girls and boys.	UB=67.9% UB Boys=66.8% UB Girls=69.1% Aimag Centers=89.2 % Aimag Center Boys = 86.8%; Aimag Center Girls =91.6%	UB=67.9% UB Boys=66.8 % UB Girls=69.1 % Aimag Centers=89 .2% Aimag Center Boys = 86.8%; Aimag Center Girls =91.6%	UB=67.9% UB Boys=66.8% UB Girls=69.1% Aimag Centers=89. 2% Aimag Center Boys = 86.8%; Aimag Center Girls =91.6%	Annual	Administrative data	UB Department of Education and Aimag Departments of Education	Total number of kindergarten enrollees disaggregated by gender in the targeted districts/aimags divided by the population of kindergarten age children 2-5years old.
Indicator Two: • Number of children attending new mobile ger kindergartens;	X	Number of children	0	0	1,500	Annual	Administrative data	UB Department of Education and Aimag Departments of Education	Total number of mobile ger kindergarten enrollees disaggregated by gender in the targeted districts/aimags
Indicator Three: • Average daily attendance rate of the 37 fixed kindergartens		Average daily attendance rate for each kindergarten	0%	0%	90%	Annual	Administrative data available in school	UB Department of Education and Aimag Departments of Education	Aggregate the average daily attendance for the year across the 37 kindergartens
Indicator Four: • Satisfaction of parents with the service.		% of parents being satisfied with services	0%	0%	60%	At the end of 2012-13 school year	Parents Survey to be carried out by fixed kindergartens and	PIU to supply questionnaire to fixed and mobile kindergartens	Derived from analysis of parent survey data

							ger-kindergartens	and report findings.	
Indicator Five: • Enrollees at 37 kindergartens and new mobile ger-kindergartens are from disadvantaged communities		% of parents who are unemployed, herders, or working class	0%	0%	50%	At the end of 2012-13 school year	Parents survey to include questionnaires on parental education, occupation and employment status	PIU to supply questionnaire to fixed and mobile kindergartens and report findings	Derived from analysis of parent survey data
Intermediate Results Indicators									
• ***Intermediate Result Indicator One***: Increase state-owned kindergarten facilities by 5.1%	☐	Number of public kindergartens	722	722	759	Annual	Administrative data	UB Department of Education and Aimag Departments of Education	Sum of the number of public kindergartens
• ***Intermediate Result Indicator Two*:** Increase mobile alternative teaching classes by 14.1%	☐	Number of mobile alternative teaching classes	711	711	811	Annual	Administrative data	UB Department of Education and Aimag Departments of Education	Sum of the number of mobile alternative teaching classes
• ***Intermediate Result Indicator Three*:** Increase the number of children enrolled in kindergartens by 5,500		Number of children enrolled in kindergartens	142,065	142,065	147,565	Annual	Administrative data	UB Department of Education and Aimag Departments of Education	Number of children enrolled in kindergartens

***Please indicate whether the indicator is a Core Sector Indicator (see further http://coreindicators)**
****Target values should be entered for the years data will be available, not necessarily annually.**

Table 3: Gross Enrollment Rates in Neighborhood of the Kindergarten Sites

№	Name of the city, aimag	Name of the soum, district	Name of the bagh, khoroo	Population of kindergarten age children (2-5 years old, 2010)	Enrollment of children in kindergarten (at khoroo level)	Gross enrollment ratio of the khoroo
Capital city : Ulaanbaatar						
1	Ulaanbaatar	Songinokhairkhan district	6th khoroo	493	160	32.45%
2	Ulaanbaatar	Songinokhairkhan district	18th khoroo	880	561	63.75%
3	Ulaanbaatar	Songinokhairkhan district	21st khoroo	306	158	51.63%
4	Ulaanbaatar	Songinokhairkhan district	32nd khoroo	611	91	14.89%
5	Ulaanbaatar	Bayanzurkh district	11th khoroo	348	156	44.83%
6	Ulaanbaatar	Bayanzurkh district	21st khoroo	1430	258	18.04%
7	Ulaanbaatar	Bayangol district	12th khoroo	760	500	65.79%
8	Ulaanbaatar	Bayangol district	19th khoroo	494	154	31.17%
9	Ulaanbaatar	Sukhbaatar district	16th khoroo	584	130	22.26%
10	Ulaanbaatar	Sukhbaatar district	8th khoroo	311	176	56.59%
11	Ulaanbaatar	Sukhbaatar district	17th khoroo	576	212	36.81%
12	Ulaanbaatar	Sukhbaatar district	18th khoroo	435	202	46.44%
13	Ulaanbaatar	Khan-Uul district	9th khoroo	1232	295	23.94%
14	Ulaanbaatar	Bagakhangai district	2nd khoroo	147	107	72.79%
15	Ulaanbaatar	Baganuur district	4th khoroo	329	389	118.24%
16	Ulaanbaatar	Nalaikh district	7th khoroo*	-	-	-

*7th khoroo in Nalaikh district is newly established and related data will not be available until March of 2012

Province (aimag) centers						
№	**Name of the city, aimag**	**Name of the soum, district**	**Name of the bagh, khoroo**	**Population of kindergarten age children (2-5 years old, 2010)**	**Enrollment of children in kindergarten (at soum level not at bagh level)**	**Gross enrollment ratio of the soum, (not the bagh)**
17	Arkhangai	Erdenebulgan soum	2nd bagh	1395	1383	99.1
18	Bayankhongor	Bayankhongor soum	4th bagh	1937	1604	82.8
19	Bayan-Ulgii	Ulgii soum	4th bagh	2197	2042	92.9
20	Bulgan	Bulgan soum	5th bagh	794	864	108.8**
21	Gobi-Altai	Tonkhil soum	-	196	118	60.2
22	Gobisumber	Sumber soum	1st bagh	884	822	92.9
23	Darkhan-Uul	Darkhan soum	8th khoroo	5161	3292	63.7
24	Dornod	Kherlen soum	1st bagh	3010	1909	63.4
25	Dornogobi	Sainshand soum	4th bagh	1651	1425	86.3
26	Dundgobi	Saintsagaan soum	5th bagh	875	1196	136.6**
27	Zavkhan	Uliastai soum	Ulziit bagh	1105	1765	159.7**
28	Khovd	Jargalant soum	Bichigt bagh	1874	2501	133.4**
29	Khentii	Undurkhan soum	1st bagh	1452	1282	88.29
30	Khuvsgul	Murun soum	8th bagh	2391	3046	127.3**
31	Orkhon	Bayan-Undur soum	Bulag bagh	6270	4841	77.2
32	Umnugobi	Dalanzadgad soum	3rd bagh	1346	939	69.7
33	Uvs	Ulaangom soum	9th bagh	1934	1761	91.05
34	Uvurkhangai	Kharkhorin soum	Vangiin ovoo bagh	858	617	71.9
35	Sukhbaatar	Baruun Urt soum	5th bagh	1168	876	75
36	Selenge	Sukhbaatar soum	2nd bagh	1497	1609	107.4**
37	Tuv	Zuunmod soum	5th bagh	959	861	89.7

** Percentage could be higher in reality due to the possibility that the total population was not covered by population and housing census, due to migration among soums.

Source: ECDE specialist of Education and Cultural Department Ulaanbaatar city, Education statistics 2010-2011 released by MECS.

Annex 2: Detailed Project Description
Mongolia: Global Partnership for Education Early Childhood Education Project

1. This Project has three components.

Component 1. Increasing Kindergarten Capacity in Urban and Peri-urban Areas (US$12,164,000)

2. Component 1 will contribute to increasing pre-school enrollment by building new kindergarten facilities, providing furniture, equipments, indoor and outdoor playgrounds and toys, and teaching materials to kindergartens.

Activity 1.1 Building new kindergarten facilities including supervision (US$10,564,000)

3. Under this activity 37 new kindergartens (and 160 new classrooms) will be built throughout overcrowded urban and rural areas. The outcome of the activity will meet the Education Sector Master Plan midterm objective of building new classrooms to increase preschool enrollment in both urban and rural areas. The activity will create an opportunity for an additional 4,000 children to enroll in kindergarten annually and receive quality early childhood education.

4. In accordance with the Mongolian Construction Law, the PIU, under the supervision of MECS, will be responsible for school construction supervision and technical control of the civil works. Approximately two percent of the total construction budget will be allocated to cover control costs (travel, per diem, etc) on a contractual basis.

Activity 1.2 Supply of furniture, equipment, indoor and outdoor playground toys, and teaching materials (US$1,600,000)

5. This activity will complement Activity 1.1 and will supply furniture, kitchen and other equipment, indoor and outdoor playground toys, and teaching materials (worth US$40,000 per kindergarten) to each of the 37 new kindergartens. The full list of goods and services to be procured at each ger-kindergarten and fixed kindergarten is presented in Tables 4 and 5, respectively.

Component 2. Creating Alternative Preschool Classes in Rural Areas (US$475,000)

Activity 2.1 Supplying mobile ger-kindergarten (US$460,500)

6. Under the original 2007-2009 EFA-FTI grant 171 mobile ger-kindergartens were supplied to various rural soums. The mobile ger-kindergarten became an important tool to increase preschool enrollment in rural areas by providing alternative preschool education to herders' children.

7. Under this activity 100 ger-kindergartens will be supplied and distributed to rural areas with large populations of herders' children and where the pre-school enrollment rate is especially

low. Each ger-kindergarten will consist of two gers, desks, chairs, a blackboard, carpet, toys, a stereo player, portable toilet and other learning materials.

8. The ger-kindergarten is a UNICEF innovation, which has been supported and extended by the EFA-FTI Project, Japan, and ADB. The ger-kindergartens in the proposed project will be centrally procured and distributed to the relevant soums and baghs. In each soum and bagh, the local educational departments will administer these kindergartens and will be responsible for their operation and maintenance. The ger-kindergartens can be considered as satellite kindergartens affiliated with fixed kindergartens. The fixed kindergartens are asked by the Provincial Department of Education to deliver services to herders after they were given these gers, furniture and instructional materials.

9. Each ger kindergarten comprises two gers -- one for teaching and learning, and the other for cooking and sleeping. The mobile ger-kindergartens are in operation in the summer only, to reach out to herders. Teachers of regular fixed kindergartens go to teach in the mobile kindergartens after the summer recess begins. They are paid additional salary for this service. The gers are loaded in a pick-up truck and driven to the countryside where about 10-15 herding families could be found. Teachers stay in the ger-kindergarten for the entire duration of its operation. The government's budget provides for the teachers to procure meat and milk from the herders.

10. It takes Mongolians a couple of hours to set up the ger. After about 2 to 3 weeks, the ger-kindersgartens will be moved to another locality as herders often move around in search of fresh grazing ground, and so the kindergartens move camps as well. After the summer, the ger-kindergartens are often set up in the compound of the fixed kindergartens and are used as an extra classroom for the teaching of regular children. During the summer, contacts by teachers with herder-parents also enable transmission of new parenting information.

11. The ger kindergartens will remain with the fixed kindergartens and owned by them. Just like the fixed kindergartens, they will be centrally procured, be built on land that will be aimag/soum/bagh property and will continue to provide service after project closure.

Activity 2.2 Develop and print visual aids and children's workbooks in accordance with the alternative pre-school curriculum (US$14,500)

12. Under this activity visual aids and children's workbooks in accordance with the alternative preschool curriculum will be developed, printed, and distributed with the ger-kindergartens. These visual aids and workbooks will serve as a primary instruction tool and will be specially designed for MECS's alternative pre-school curriculum. Of this amount, US$3,000 will be used to finance an evaluation of the quality of the workbooks.

Component 3. Grant Management and Monitoring and Evaluation (US$210,000)

13. The existing EFA-FTI PIU will execute the proposed project. The proposed grant implementation will follow the World Bank's procurement and financial management rules and procedures. The PIU Director (PIUD) will provide overall coordination of the proposed grant.

S/he will be assisted by a Deputy Project Implementation Director (DPID) in charge of the day-to-day operation and implementation of activities. The DPID will be supported by 4 key staff members including project officers in charge of procurement, finance, and monitoring and evaluation, and a driver. The EFA-FTI project staff members will be trained in the World Bank procurement and financial management rules and procedures. The project team will ensure that the policies and procedures for the flow of funds, settlement of payments, accounting and reporting that are set forth in the Financial Management Manual will be followed. The Manual will be updated and approved by the World Bank.

14. Monitoring and evaluation of the progress and outcomes of the project objectives and activities will fall under Component 3. Since the proposed project includes building new kindergartens in rural areas, there will be a large need to travel to the countryside to do monitoring and evaluation. Monitoring and evaluation of the grant will match the monitoring and evaluation framework of the Education Sector Master Plan.

15. Furthermore, to ensure accountability of service delivery, the PIU will publish the sources and uses of funds for each of the 37 kindergartens constructed under the project at the construction sites. The sources and uses of funds will be displayed in a publically accessible area in the kindergarten and be accessible to parents and community members. Additionally, a client satisfaction survey will be distributed to parents a year after each kindergarten opens to receive an assessment of community views on the project. Through these tools, parents and community members will be able to share their feedback to the PIU of what has gone well under the project and what could be improved in order to share lessons for future pre-school activities in Mongolia.

Table 4: Goods to be supplied to single ger-kindergarten

№	Item name	Quantity
1	Ger	2
2	Stove	1
3	Chimney	1
4	Wood box	1
5	Pan	1
6	Sink	1
7	Carpet	2
8	Children's desk	2
9	Children's chair	20
10	Teacher's table	1
11	Teacher's chair	1
12	Board	1
13	Book shelf	4
14	Mattresses	20
15	Blanket	20
16	Pillow	20

17	Bed sheet	20
18	Potty	10
19	Kitchen utensil case	1
20	Saucepan 20L	1
21	Saucepan 40L	1
22	Cup	20
23	Soup dish	20
24	2nd course dish	20
25	Spoon	20
26	Stereo cassette player	1
27	Set of wooden toys-educational	1
28	Set of wooden toys-music	1
29	Set of wooden toys-science	1
30	Set of wooden toys-physical activity	1
31	Visual aid /shapes, colors, animals, items and etc/	6
32	Children's workbook /for painting, drawing, writing, math calculation/	20

Table 5: Goods to be supplied to single fixed kindergarten

№	Item name	Quantity
1	Children's table	30
2	Children's chair	100
3	Teacher's desk	4
4	Teacher's chair	6
5	Wardrobe for keeping teaching materials	10
6	Cupboard	3
7	Blackboard	4
8	Wardrobe	40
9	Bookshelf	24
10	Pianist's chair	2
11	Principal's desk	30
12	Rack	4
13	Scale	1
14	Height measurer	1
15	Patient's bed	1
16	Medical case	1
17	Shelf for toys	60
18	Carpet	6
19	Rug	6
20	Shelf for towel, toothpaste, toothbrush	10

21	Kitchen shelf	5
22	Pillow	100
23	Mattresses	100
24	Blanket	100
25	Bed sheet	100
26	Cooking table	2
27	Soup dish	120
28	2nd course dish	120
29	Cup	120
30	Glass	120
31	Spoon	120
32	Fork	120
33	Deeper	6
34	Cooking spoon	4
35	Knife	10
36	Saucepan 20L	4
37	Saucepan 40L	4
38	Food scale	1
39	Meal pot	10
40	Kettle	10
41	Computer	4
42	Printer	4
43	Copier machine	1
44	Piano	1
45	CD DVD mp3 player	4
46	TV	5
47	Cassette player	6
48	Water boiler	2
49	Cooker	1
50	Refrigerator	2
51	Freezer	2
52	Dishwasher	2
53	Soup kettle (for 1st course)	2
54	Fryer (for 2nd course)	2
55	Meat grinder	1
56	Vegetable cutting machine	1
57	Rice cooker	2
58	Iron	5
59	Washing machine	2
60	Set of wooden toys-educational	1
61	Set of wooden toys-music	1

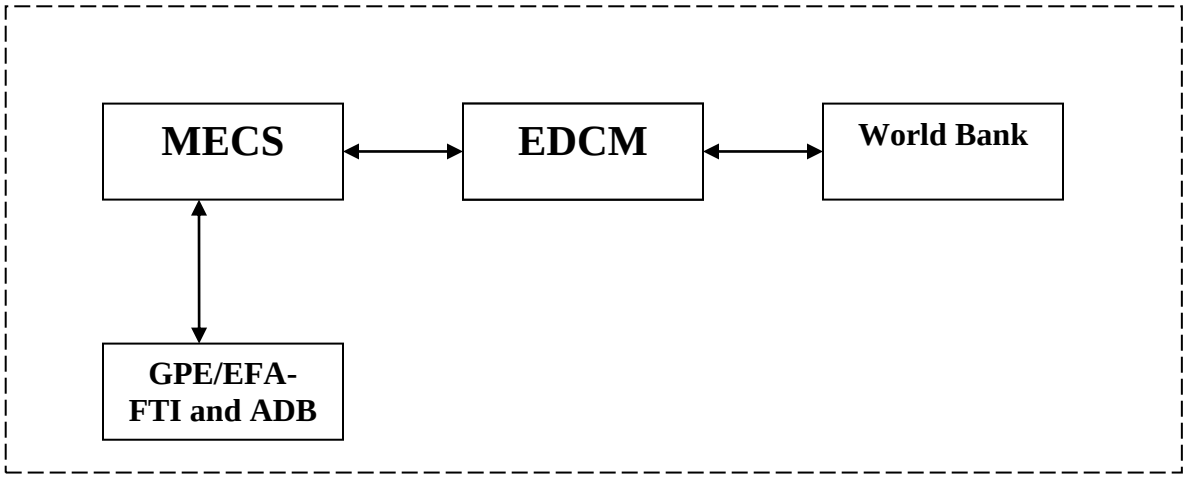
62	Set of wooden toys-science	1
63	Set of wooden toys-physical activity	1

Annex 3: Implementation Arrangements
Mongolia: Global Partnership for Education Early Childhood Education Project

A. Implementation Structure

1. This Project will follow the implementation structure of the original EFA-FTI Grant in Mongolia, which is presented as follows (Figure 12):

Figure 12: Organizational Chart of Overall Coordination and Implementation of the GPE Grant



2. While the Ministry of Finance (MOF) is the Grant recipient, the Ministry of Education, Culture, and Science (MECS) is the executing agency of the project. It leads participating parties based on the sector-wide approach framework.

3. The Education Donors' Consultative Mechanism (EDCM) which comprises about 40 donors, will coordinate the implementation of the proposed Grant with other donors' activities, assist in project planning, share information, clear the technical proposal and the procurement plan, and monitor the overall process of the grant as articulated in Terms of Reference that was approved by the EDCM in 2007.

4. The World Bank, as supervising entity, will supervise the general implementation of the grant as articulated in the Grant agreement between the GoM and the Bank.

5. The Project Implementation Unit will be in charge of day-to-day operation. The original EFA-FTI Grant was implemented by a group of five professionals (Deputy Director, Procurement Officer, Financial Officer, Construction Officer, Monitoring and Evaluation Officer). They are part of a larger Project Implementation Unit that is headed by a Director and that implements several ADB, Japanese and UNICEF projects. The Graduation Grant will follow this arrangement, with the exception that there will not be a Construction Officer, as the Construction Client Unit of MECS will be responsible for implementing the civil

works in coordination with the PIU. The Graduation Grant Project will follow the World Bank's procurement and financial rules according to the Grant Agreement (Figure 13). Table 6 provides the implementation time line.

Figure 13: The Structure of the Project Implementation Unit

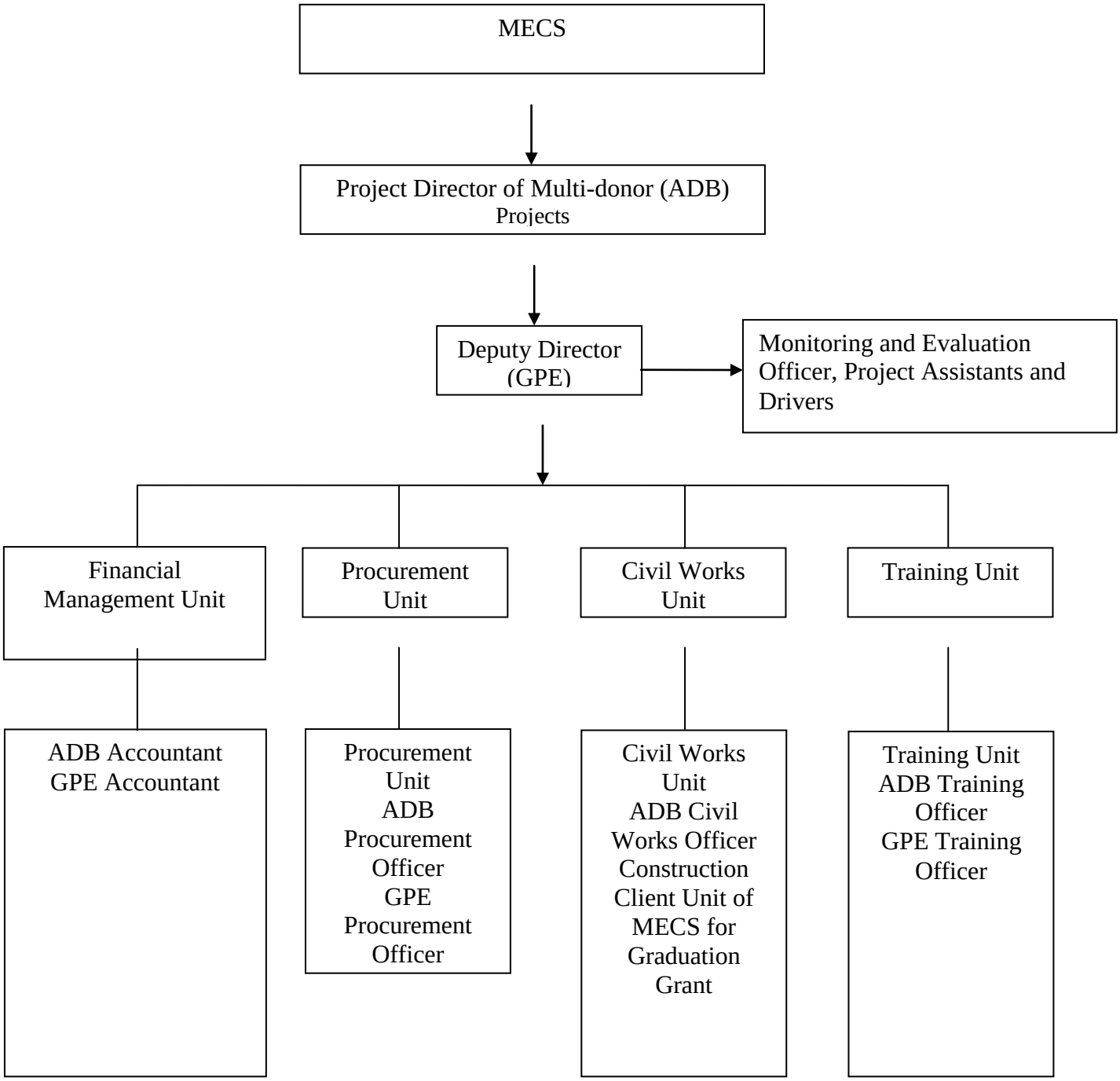


Table 6: Time Line of the Project's Implementation Plan

No	Activities	2012 (months)												2013 (months)											
		1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12
COMPONENT 1: Increasing kindergarten capacity in urban and peri-urban areas																									
Activity №1: Constructing new kindergarten facilities																									
1	Select and finalizing construction sites	x																							
2	Possess land ownership	x																							
3	Announce bidding on conducting soil assessment	x																							
4	Finalize soil assessment	x																							
5	Prepare technical specification of heating, electricity, water, sewage and communication	x																							
6	Prepare technical specification of design and blue print of the kindergarten, cost estimation	x	x																						
7	Get expertise on the blue print and cost		x	x	x																				
8	Establish Bid evaluation committee, complete the bidding						x	x																	
9	Complete foundation, external sewer, water and electrical line work of kindergartens							x	x	x															
10	Complete wooden structure, interior work of kindergartens									x	x	x	x	x											
11	Alignment and adjustment work													x	x										
12	Technical committee work														x	x									
13	State construction committee work															x									
Activity №2: Supply of furniture, equipments, indoor and outdoor																									

Table 6: Time Line of the Project's Implementation Plan

No	Activities	2012 (months)												2013 (months)											
		1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12
toys /playground/, and teaching materials																									
1	Establish working group			x																					
2	Assign working group duties			x																					
3	Conduct on site and related research				x																				
4	Evaluate the findings, develop furniture, equipment, toy, teaching material list, prepare a technical specification				x	x																			
5	Establish the Bid evaluation committee					x																			
6	Prepare the bidding document						x																		
7	Get World bank and Ministry of Finance approval on the Bidding document							x																	
8	Announce the bidding								x																
9	Bid opening								x																
10	Bid evaluation									x															
11	Send BER to WB and MoF for review, get NOL									x															
12	Award the contract										x														
13	Sign the contract										x														

Table 6: Time Line of the Project's Implementation Plan

No	Activities	2012 (months)												2013 (months)											
		1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12
14	Inspect and receive goods by working group															x									
15	Deliver goods to kindergartens																x								
Activity №3: Estimate annual administrative and operational expenses, include in the state budget																									
1	Estimate annual administrative and operational expenses of newly constructed kindergartens, include in the annual state budget planning						x	x	x											x	x	x				
2	Estimate annual expenses related to alternative class of soums receiving a ger kindergarten, include in the annual state budget planning						x	x	x											x	x	x				
Activity №4: Start the recruitment of necessary principals and teachers																									
1	Disseminate criterias and requirements for the kindergarten principals position to Governor's offices of Ulaanbaatar and aimag centers, start hiring; monitor the hiring process for competitiveness and transparency											x													
2	Conduct a research on unemployed professional ECE teachers who are willing to work at newly constructed kindergartens in both Ulaanbaatar and aimag centers														x										
3	Survey students graduating from ECE teacher's college and determine number of students who are willing to work at newly constructed kindergartens in both Ulaanbaatar and aimag centers														x										
4	Consolidate previous researches and the survey and determine a labor source for newly constructed														x										

Table 6: Time Line of the Project's Implementation Plan

No	Activities	2012 (months)												2013 (months)											
		1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12
	kindergartens																								
5	Disseminate criterias and requirements for teaching position to Governor's offices of Ulaanbaatar and aimag centers, start teacher hiring; monitor the hiring process for competitiveness and transparency															x									
6	Appoint teachers and other employees to the job positions															x	x								
COMPONENT 2: CREATING ALTERNATIVE PRESCHOOL CLASSES IN RURAL AREAS																									
Activity №1: Deploy mobile "ger-kindergartens" and supply furniture, equipment, learning materials																									
1	Establish Evaluation Committee								x																
2	Review the list of furniture and equipment with technical specification and develop the bidding document									x															
3	Receive NOL from WB on Bidding document										x														
4	Announce the bidding											x													
5	Open the bid											x													
6	Evaluate the bid												x												
7	Receive NOL from WB on Bid Evaluation Report												x												
8	Award the contract													x											

Table 6: Time Line of the Project's Implementation Plan

No	Activities	2012 (months)												2013 (months)											
		1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12
9	Sign the contract													x											
10	Deliver the furniture and equipment to Ulaanbaatar city																	x							
11	Accept the goods by Examination group																	x							
12	Deliver the goods to kindergartens in rural areas																	x	x						
Activity №2: Develop visual teaching aids and children's workbooks based on existing alternative preschool curriculum																									
1	Develop children's workbooks and visual aids in accordance with alternative preschool curriculum											x	x												
2	Print and deliver the visual aids and the workbooks												x	x	x	x	x								
COMPONENT 3: GRANT MANAGEMENT																									
Activity №1: Project unit, management and implementation																									
1.a Management set up and preparation																									
a-1	Organize the project implementation in line with Education Master Plan, Government action plan as well as MECS' policy and planning				x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
a-2	Provide prompt guidance to make project outcomes to be effective and with high quality				x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
a-3	Get project operational and procurement plans reviewed and approved, implement those									x				x					x						
a-4	Set up internal control plan of project financing and other				x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x

Table 6: Time Line of the Project's Implementation Plan

No	Activities	2012 (months)												2013 (months)											
		1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12
	activities																								
a-5	Organize the monitoring and evaluation with high quality and effectiveness				x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
a-6	Implement the project in line with law, procedure, guidelines of Mongolian government and WB, follow up control				x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
a-7	Maintain close collaboration and correlation with MECS, WB and other organizations				x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
a-8	Evaluate the performance of project staff and correct any imperfection promptly				x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
a-9	Prepare the progress report every six months and submit to respective management, department, agencies												x						x						x
a-10	Prepare the project annual report and submit to respective management, department, agencies												x	x											x
a-11	Organize the WB supervision mission and support the mission team agenda									x								x				x			
a-12	Translate necessary documents and submit to respective management, departments, agencies				x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
a-13	Receive documents, letters related to project implementation, take appropriate measures and provide necessary response				x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
1.b Finance set up and preparation																									

Table 6: Time Line of the Project's Implementation Plan

No	Activities	2012 (months)												2013 (months)											
		1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12
b-1	Open designated bank account				x																				
b-2	Set up client connection				x																				
b-3	Submit withdrawal application for advance				x																				
b-4	Prepare 2012 budget and get approval				x																				
b-5	Prepare job descriptions (TORs)		x																						
b-6	Prepare Financial Management Manual (FMM)		x																						
b-7	Prepare project chart of account, assign codes		x																						
b-8	Install the financial software and go live			x																					
b-9	Start processing payments				x																				
b-10	Submit expenditure reports/ withdrawal applications to WB			x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
b-11	Prepare quarterly FMR's and submit to WB				x			x			x			x			x			x			x		
b-12	Prepare monthly financial implementation report			x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
b-13	Prepare budget estimation of 2012 and 2013 activities, get approval				x								x												
b-14	Financial audit (2012 and 2013)																		x						
1.c	*Procurement set up and preparation*																								

Table 6: Time Line of the Project's Implementation Plan

No	Activities	2012 (months)												2013 (months)											
		1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12
c-1	Construction of 37 new kindergarten facilities				x	x	x	x	x	x	x	x	x	x	x	x									
c-2	Supply of furniture, equipments, indoor and outdoor /playground/ toys, and teaching materials to new kindergartens							x	x	x	x	x	x	x	x	x									
c-3	Supply of ger-school									x	x	x	x	x	x	x	x	x							
c-4	Provide project staff with guidance on WB procurement procedure				x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
c-5	Prepare project procurement plan				x	x	x						x												
c-6	Supervise every step of project procurement (prepare bidding document, TOR and etc.) and provide guidance							x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
c-7	Conduct monitoring and evaluation on procurement implementation (in urban and rural areas)										x						x						x		
c-8	Provide MECS, CCU staff with guidance and consultation on conducting project procurement activities in line with WB procedure				x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
Activity №2: Monitoring and evaluation																									
1	Prepare project operational plan				x								x						x						
2	Prepare monitoring and evaluation plan in correlation with project operational plan				x								x						x						
3	Define method/approach for conducting assessment according to monitoring and evaluation plan				x								x						x						

Table 6: Time Line of the Project's Implementation Plan

No	Activities	2012 (months)												2013 (months)											
		1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12
4	Assess and evaluate the implementation and outcome of activities				x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
5	Collect data and information on project implementation, determine data collection time				x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
6	On site project implementation assessment					x		x		x		x		x		x		x		x		x		x	
7	Prepare quarter, semi-annual, annual reports						x						x						x						x
8	Conduct survey on similar activities done by other projects and organizations to avoid duplication of activities												x	x	x	x	x	x	x	x	x	x	x	x	x
9	Parental satisfaction survey															x									x

B. Assessment of the Financial Management Capacity

a. Financial management

6. Overall, the residual financial management risk has been assessed as "Moderate".

7. **Risks and mitigation**: The FM capacity assessment identified the following key risk: a major component of the project requires disbursements against construction of kindergartens necessitating a well-established internal control system to insure that payments are released against satisfactory and quality civil works.

8. **Mitigation measures** agreed include: internal control policies and procedures, especially those relating to construction contract payments, will be tailored for this project and described in detail in the project financial management manual (FMM). The FMM of the ongoing project will be revised for the purpose of making it fit to the proposed project's specific characteristics.

9. **Budgeting**: Annual financial/disbursement plan will be prepared by the PIU and approved by the Education Donors Consultative Mechanism (EDCM). The PIU will conduct regular variance analysis to ensure project activities are implemented as planned. When large discrepancies are noted between the planned and actual amounts, the PIU will communicate the issue with the task team and take the relevant actions as required.

10. **Funds flow**: The grant proceeds will flow from the Bank to a project designated account (DA) to be set up in USD at a commercial bank and managed by the PIU. From the DA, the project funds will then be disbursed against eligible project expenditures. Further advances from the DA will be made into a MNT Operating Account (OA) through which payments for incremental operating costs and staff remuneration will be executed. Petty cash, with the ceiling of an equivalent of US$500, can be withdrawn from the OA and used for covering small project expenditures.

11. **Accounting and Financial Reporting**: Administration, accounting, and reporting of the Project will be established in accordance with the Bank requirements, which obligate the recipient to prepare annual financial statements in accordance with acceptable accounting and financial reporting standards. The PIU will adopt the cash basis of accounting for preparing financial statements.

12. The PIU will continue using its current computerized accounting software for recording and maintaining the project's financial transactions. Appropriate chart of accounts and sub-ledgers will be established and maintained.

13. The PIU will be responsible for accounting for payments funded only by the grant proceeds and not the by the counterpart funds financed from the budget of the Government of Mongolia (GoM).

14. Unaudited Interim Financial Reports (IFRs) will be prepared by the PIU and submitted to the Bank no later than 45 days following the end of the reporting quarter, in the form and substance satisfactory to the Bank.

15. **Internal Control**: All relevant financial management procedures and practices for the project will be reflected, in detail, in the project FMM. The existing FMM for the ongoing EFA-FTI project will be used as the basis for the FMM for the proposed project.

16. **Audit**: In line with other Bank-financed projects in Mongolia, the GoM will appoint an independent external auditor acceptable to the Bank to conduct annual audits of the project accounts, in accordance with International Standards on Auditing, under terms of reference satisfactory to the Bank. The audit will be financed from the grant proceeds. The annual audit report will be due to the bank within 6 months after the end of each calendar year.

b. Disbursement

17. **Four disbursement methods**: advance, reimbursement, direct payment, and special commitment will all be available for the Project. Supporting documents required for the different disbursement methods will be documented in the Disbursement Letter issued by the Bank.

18. The grant proceeds will flow from the Bank to a separate DA in USD established at a commercial bank acceptable to the Bank and managed by the PIU. DA ceiling will be determined and documented in the Disbursement Letter from the Bank.

19. The grant proceeds would be disbursed against eligible expenditures (inclusive of taxes) as shown in Table 7:

Table 7: Eligible Expenditures of the Grant Finding

Category No.	Amount of Grant (US$) (Tax Inclusive)	Budget amount
1	Civil works	7,715,000
2	Goods	2,072,000
3	Services	133,000
4	Operating cost	80,000
Total		**10,000,000**

There will be no retroactive financing available under the project.

C. Procurement Assessment

20. Procurement risk for the project is assessed as "moderate" as it is a follow-on operation. The key risks are the tight timelines in the project implementation plan especially for the design and construction of the kindergartens and the influence of the national procedures which sometimes leads to the incorrect application of the Bank Guidelines. Mitigation measures

include agreement on the procurement plan for the project and training of key officials of MECS involved in the processing and approval of procurement in the January 2011 versions of the Bank Guidelines.

21. **Organization**. Procurement activities of the project will be carried out by the Project Implementation Unit (PIU) established at the MECS. MECS is experienced in handling Bank financed projects since 2007 and has adequate capacity to handle high value procurement. This is a follow-on operation of the EFA-FTI Project and the PIU is in place and the existing staff has strong capacity. If they remain in the office, they could bring their experience to bear. Procurement plan for the whole duration of the project implementation has been finalized based on the comments provided by the Bank.

22. **Guidelines**. Procurement for the proposed Project would be carried out in accordance with the World Bank's Guidelines: Procurement of Goods, Works, and Non-Consulting Services under IBRD Loans and IDA Credits & Grants by World Bank Borrowers dated January 2011, and Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits & Grants by World Bank Borrowers dated January 2011; and the provisions stipulated in the Legal Agreement. National Competitive Bidding shall be carried out using the procedures in the Public Procurement Law of Mongolia provided that the procedures are modified in accordance with the NCB Annex which will be included in the Grant Agreement.

23. **Procurement of Works**. The main activity of the project is construction of 37 kindergartens with 100 children capacity each (16 in Ulaanbaatar and one in all 21 aimags). Since the value of the contracts is small and the kindergartens are scattered geographically, the National Competitive Bidding procedure will be followed for all construction. International Competitive Bidding procedures may be used if the packages exceed the US$1,000,000.00 threshold. The general construction concept and standards have been agreed with the Government. The Bank is informed that the land acquisition issue for all construction sites is secured. The cost estimate for each site is US$275,000.00. The contracts both in Ulaanbaatar and local areas shall be packaged by zones.

24. **Procurement of Goods**. Goods procured under this project include purchase of furniture and equipment for all 37 kindergartens through International Competitive Bidding. One NCB is envisaged for procurement of "ger kindergartens", furniture/equipment and learning materials.

25. **Consulting Services**. Developing design and geotechnical survey of 37 new kindergarten facilities will be carried out through selecting consulting firms following the Least Cost Selection procedure. The cost estimate for the construction design for each site is US$10,000.00 and the design contracts will be packaged by zones and will be financed from the Government's own resources. The Grant will fund consulting assignments for technical audit and assignments for project management. Single source selection may be used for the procurement of the development of visual curricular aids, since this activity would be a continuation of the same work undertaken under the original EFA-FTI project.

26. **Procurement Plan.** The procurement plan for the whole duration of the project implementation has been developed and the Bank comments have been communicated. This plan will be updated annually to reflect the latest circumstances. The Procurement Plan comprises one ICB and two NCBs. Table 8 provides the procurement method and thresholds. Table 9 presents the procurement plan.

27. The following contracts shall be subject to Prior Review: (a) all contracts in excess of US$50,000 for goods and works and all direct contracting contracts, regardless of contract value; (b) each contract for consultants' services provided by a firm estimated to cost the equivalent of US$100,000 or more and single source selection of consultants; and (c) individual consult assignments estimated to cost US$50,000 or more and sole-source selection of individuals, regardless of contract value. All other contracts shall be subject to Post Review.

28. In addition to the prior review, it is recommended that supervision missions visit the field at least twice a year to carry out post-reviews of procurement actions.

Table 8: Procurement Methods and Thresholds

Procurement method		**Procurement Method Threshold**	**Prior review Threshold**
Goods	International Competitive Bidding (ICB)	>=US$500,000	>=US$50,000
	National Competitive Bidding (NCB)	<US$500,000	>=US$50,000
	Shopping	<US$50,000	None
	Direct Contracting	Contracts meeting the requirements of Article 3.7 of the Procurement Guidelines.	All contracts irrespective of value
Civil Works	ICB	>=US$1,000,000	>=US$50,000
	NCB	<US$1,000,000	>=US$50,000
	Shopping	<US$50,000	None
Consulting Services	Quality and Cost Based Selection (QCBS)	>=US$100,000	>=US$100,000 for firms
	Selection Based on Consultants' Qualifications (CQS)	<US$100,000	None
	Least Cost Selection (LCS)	Contracts meeting the requirements of paragraph 3.6 of the Consultants Guidelines and all assignments for auditing PIU accounts, regardless of contract value	>=US$100,000 for firms
	Individual Consultant (IC)	Assignments meeting the requirements of Articles 5.1-5.3 of the Consultants Guidelines.	>=US$50,000 for individual consultants
	Single Source Selection	Assignments meeting the	Single Source Selection

	/Sole Source Selection (SSS)	requirements of paragraphs 3.8-3.1 and 5.6 of the Consultant Guidelines	of consultants (firms) and Sole-Source Selection of individuals, regardless of contract value.

Table 9: Procurement Plan, 2012-2013

Contract [1]		Activ.	Activities	Units	Estimated value of the contracts	Selection method	Expenditure category	IMPLEMENTATION				Remarks	Review
								Starting Date	Invite Bid/ Proposal	Award Contract	Completion Date		
COMPONENT 1: INCREASING KINDERGARTEN CAPACITY IN URBAN AND RURAL AREAS													
C1-1	Technical preparation work	1.1.1.	Developing design and geotechnical survey of new kindergarten facilities (with Expert Authorization)	34	304 517 846 MNT or 216 815USD	NBF	CS	June 2011	Oct 2011	Dec 2011	Feb 2012	Total Gov. fund is 4 billion tugriks, Ex.rate of 2012-01-17: 1$=1403,96MNT All contracted.	Not required due to Gov. funding
	Rehabilitation (including supervision)	1.1.2.	Start construction of new kindergarten facilities (with supervision and technical control)	3	1 195 482 154 MNT or 851 507USD	NBF	Civil work	Oct 2011	Oct 2011	Dec 2011	Dec 2012	Contracted using turnkey method, design develop-ment is included.	
				6	2 500 000 000 MNT or 1 780 678USD	NBF	Civil work	Apr 2012	May 2012	July 2012	March 2013	Government fund	
				28	7 715 000USD	NCB	Civil work	Apr 2012	May 2012	July 2012	March 2013	GPE fund	Prior
C1-2		1.2.1.	Supply of furniture, equipments, indoor and outdoor /playground/ toys, and teaching materials to new kindergartens	37	1 600 000USD	ICB	Goods	July 2012	Aug 2012	Oct 2012	March 2013	GPE fund	Prior

Sub total:	**12,164,000**												
COMPONENT 2: CREATING ALTERNATIVE PRESCHOOL CLASSES AND INCREASING KINDERGARTEN CAPACITY IN RURAL AREAS													
C2-1		2.1.1.	Deploy mobile "ger preschools" and supply furniture, equipment and learning materials	100	460 500USD	NCB	Goods	Sep 2012	Nov 2012	Jan 2013	May 2013	GPE fund	Prior
C2-2		2.2.1.	Develop visual aids and children's workbooks in accordance with alternative preschool curriculum**	1	3 000USD	SSS	CS	Nov 2012	-	-	Dec 2012	GPE fund	Prior
		2.2.2.	Printing 3 set of visual aid, children's workbook	100	11 500USD	Shopping	Goods	Dec 2012	Dec 2012	Jan 2013	Apr 2013	GPE fund	Post
Sub total:	**475,000**	**USD**											
COMPONENT 3: GRANT MANAGEMENT													
C3-1		3.1.1.	Consultancy services***	1	120 000USD	IC	CS	Jan 2013	-	-	Dec 2013	GPE fund	
		3.1.2.	Technical audit	1	10 000USD	LCS	CS	Apr 2012	-	-	June 2014	GPE fund	
C3-2		3.2.1.	Operating cost	1	20 000USD		OPC	Apr 2012	-	-	Dec 2013	GPE fund	
C3-3		3.3.1.	Monitoring and evaluation of activities	1	60 000USD	CQS	OPC	Apr 2012	-	-	Dec 2013	GPE fund	
Sub total:	**210,000**	**USD**											
TOTAL:	**12,849,000**	**USD**											

*- *NBF- Non-Bank financed*

***	*Positions:*	*Monthly compensation /USD/*
	Deputy director	2600
	Procurement officer	2000
	Financial officer	2000
	Monitoring& Evaluation officer	2000
	Driver	600
	Total	9200

D. Environmental Safeguards

29. Nature of Expected Civil Works. The ECD Project will be undertaking civil works and construction activities for Component 1**:** Increasing kindergarten capacity in urban and peri-urban areas by constructing 37 new kindergarten facilities. Under Component 1, the civil works will involve the construction of 16 kindergartens in Ulaanbaatar and 1 at the center of each 21 provinces. These are expected to be two-storey buildings with 4 classrooms and space to accommodate 100 children. At each provincial center the land used for these civil works will be existing public/ government land and therefore no private land acquisition or involuntary resettlement is foreseen.

30. Purpose of these Guidelines. Given the nature and small scale of the proposed civil works under the project, a formal environmental assessment report was not considered necessary. However, as in most cases the construction activities are going to be undertaken in urban and rural areas and there are likely to be some concerns relating to inconveniences or nuisances to surrounding areas during construction will require careful construction planning and management. Therefore, for the purpose of enhancing environment-friendly measures and mitigating any adverse impacts caused by the construction activities, these *Environmental Safeguard Guidelines* for civil works funded under this project have been prepared and shall be implemented by the concerned implementing agency, MECS, for Component 1.

31. The Environmental Safeguard Guidelines for Civil Works aim to establish some simple rules, procedures and institutional arrangements to be utilized under the Project with regard to identification, monitoring and mitigation of possible adverse environmental impacts with respect to civil work activities undertaken in the Project. MECS is expected to follow these procedures and keep the records and documentation for later supervision.

32. Three-Step Procedure to Be Followed. MECS is expected to carry out the following simple three-step procedure in undertaking any civil works under the EFA-FTI Graduation project. These three steps involve conducting a site environmental safeguard impacts analysis, performing a checklist of some environment-friendly construction design criteria, and establishing a standardized environmental management plan (EMP). They are described in detail in the *Environmental Safeguard Guidelines*.

33. Institutional Arrangements. At the management level, MECS, in cooperation with the EDCM and the World Bank, the Supervising Entity, will lead project activities. The PIU will be responsible for everyday implementation of the Grant at the operational level. MECS will appoint a Designated Technical Officer who will manage the proposed civil works under their respective components. Separately a designated Safeguards Officer will be appointed in MECS who will be responsible for scrutinizing the environmental safeguards issues involved in each civil works project. The ultimate responsibility for approvals and ensuring adherence to these Environmental Safeguards Guidelines lies with the Project Directors in MECS.

34. Monitoring, Supervision and Reporting. The selected contractor(s) must submit their completed work plans to MECS prior to initiating their contract for each piece of civil works. The Contractor's Work plan should have incorporated the agreed Environmentally Friendly

Design Criteria being used as well as the agreed EMP described in the Environmental Safeguard Guidelines. The designated Technical Officer(s) and Safeguards Officer(s) will help the Contractor to make the work plan. The Project Directors must approve the work plan before signing the contract.

35. The designated Technical Officer(s) and Safeguards Officer(s) are responsible for supervising the adherence to the agreed EMP by the selected contractors in each civil works project through periodic audits. The designated Technical Officer(s) and Safeguards Officer(s) should update/improve the site and construction design criteria checklists and EMP table above on annual basis (or even semester period) basing on experience and findings from the project implementation and supervision. Environmental Safeguards specialist in the Bank will separately review adherence to the Environmental Safeguards guidelines in the civil works projects during their annual supervision mission. All records of the above Environmental Safeguards procedures, including the relevant checklists and EMPs, shall be kept by the concerned IA for review during these supervision missions.

E. Social Safeguards

36. The Bank's OP/BP 4.10 on Indigenous Peoples was triggered because one of the subcomponents will be implemented in Bayan-Ulgii, which has a majority of Kazakh inhabitants. The Kazakh is an ethnic group distinct from Mongolians and according to the Bank's OP4.10, the Kazakh communities are "Indigenous People". A social assessment was conducted in July 2011 to evaluate the subcomponent's potential positive and adverse effects on the Kazakh communities in Bayan-Ulgii and examine project alternatives where adverse effects may be significant. Free, prior and informed consultation with Kazakh communities has been conducted during the social assessment exercise. Focus group discussions with parents of kindergarten age children, kindergarten teachers, residents near project site and other stakeholders were conducted. Local government leaders, education professionals, and NGOs were interviewed. The assessment showed strong support from the communities for the implementation of the subcomponent. Since the Kazakh communities are the overwhelming majority of the beneficiaries in Bayan-Ulgii, and the element of an Indigenous Peoples Plan (IPP) will be included in the overall project design, a separate IPP is not required.

37. All proposed 37 construction sites will be located on state-owned land and the use of land will not result in any (i) relocation or loss of shelter; (ii) lost of assets or access to assets; or (iii) loss of income sources or means of livelihood. Therefore, Bank's OP4.12 on Involuntary Resettlement was not triggered. The PIU is asked to keep the copies of the stamped certifications of the land entitlement from the Ulaanbaatar municipal authority and other local governmental authorities on file. Having these documents on file will likely be helpful if further questions about the land entitlement issues come up during the domestic Parliamentary approval process. Table 10 provides information on the ownership and other information of the kindergarten sites.

Table 10: Construction site of 37 kindergartens

№	Name of the city, aimag	Name of the soum, district	Name of the bagh, khoroo	Resolution number on land allocation	land owner ship	Attached structures on the land	Is the land being used by others although it's illegal	Size m^2
Capital city Ulaanbaatar								
1	Ulaanbaatar	Songinokhairkhan district	6th khoroo*	Mayor of the capital city #621	state owned	none	none	600
2	Ulaanbaatar	Songinokhairkhan district	18th khoroo	Mayor of the capital city #78	state owned	none	none	600
3	Ulaanbaatar	Songinokhairkhan district	21st khoroo	Mayor of the capital city #266	state owned	none	none	3,000
4	Ulaanbaatar	Songinokhairkhan district	32nd khoroo	Mayor of the capital city #266	state owned	none	none	1,500
5	Ulaanbaatar	Bayanzurkh district	11th khoroo*	Mayor of the capital city #621	state owned	none	none	5,000
6	Ulaanbaatar	Bayanzurkh district	21st khoroo*	Mayor of the capital city #621	state owned	none	none	1,600
7	Ulaanbaatar	Bayangol district	12th khoroo	Mayor of the capital city #266	state owned	none	none	540
8	Ulaanbaatar	Bayangol district	19th khoroo	Mayor of the capital city #266	state owned	none	none	540
9	Ulaanbaatar	Sukhbaatar district	16th khoroo	Mayor of the capital city #78	state owned	none	none	300
10	Ulaanbaatar	Sukhbaatar district	8th khoroo	Mayor of the capital city #266	state owned	none	none	360
11	Ulaanbaatar	Sukhbaatar district	17th khoroo	Mayor of the capital city #621	state owned	none	none	3,800
12	Ulaanbaatar	Sukhbaatar district	18th khoroo	Mayor of the capital city #266	state owned	none	none	5,000
13	Ulaanbaatar	Khan-Uul district	9th khoroo	Mayor of the capital city #78	state owned	none	none	800
14	Ulaanbaatar	Bagakhangai district	2nd khoroo	Mayor of the capital city #78	state owned	none	none	300
15	Ulaanbaatar	Baganuur district	4th khoroo	Mayor of the capital city #819	state owned	none	none	6,000
16	Ulaanbaatar	Nalaikh district	7th khoroo	Mayor of the capital city #229	state owned	none	none	1,000
Province (aimag) centers								
17	Arkhangai	Erdenebulgan soum	2nd bagh	Governor of Arkhangai province #A/84	state owned	none	none	2,000

Table 10: Construction site of 37 kindergartens

№	Name of the city, aimag	Name of the soum, district	Name of the bagh, khoroo	Resolution number on land allocation	land owner ship	Attached structures on the land	Is the land being used by others although it's illegal	Size m^2
18	Bayankhongor	Bayankhongor soum	4th bagh	Governor of Bayankhongor province #80	state owned	none	none	1,760
19	Bayan-Ulgii	Ulgii soum	4th bagh	Governor of Ulgii soum, Bayan-Ulgii province #272	state owned	none	none	800
20	Bulgan	Bulgan soum	5th bagh	Governor of Bulgan province #A/220	state owned	none	none	5,000
21	Gobi-Altai	Tonkhil soum	-	Governor of Tonkhil soum, Gobi-Altai province #16	state owned	none	none	2,000
22	Gobisumber	Sumber soum	1st bagh	Governor of Gobisumber province #A/50	state owned	none	none	1,827
23	Darkhan-Uul	Darkhan soum	8th khoroo	Governor of Darkhan soum, Darkhan-Uul province #250	state owned	none	none	3,000
24	Dornod	Kherlen soum	1st bagh	Governor of Kherlen soum Dornod province #A/42	state owned	none	none	600
25	Dornogobi	Sainshand soum	4th bagh	Governor of Sainshand soum Dornogobi province #A/74	state owned	none	none	1,000
26	Dundgobi	Saintsagaan soum	5th bagh	Land possession certificate #77132	state owned	none	none	3,500
27	Zavkhan	Uliastai soum	Ulziit bagh	Governor of Uliastai soum Zavkhan province #22	state owned	none	none	450
28	Khovd	Jargalant soum	Bichigt bagh	Governor of Jargalant soum Khovd province #A/27	state owned	none	none	4,000
29	Khentii	Undurkhan	1st bagh	Land possession	state	none	none	5,600

Table 10: Construction site of 37 kindergartens

№	Name of the city, aimag	Name of the soum, district	Name of the bagh, khoroo	Resolution number on land allocation	land owner ship	Attached structures on the land	Is the land being used by others although it's illegal	Size m^2
		soum		certificate #18709	owned			
30	Khuvsgul	Murun soum	8th bagh	Land possession certificate #47338	state owned	none	none	5,281
31	Orkhon	Bayan-Undur soum	"Bulag" bagh	Governor of Orkhon province #85	state owned	Unused state owned office building on the land.	none	3,327
32	Umnugobi	Dalanzadgad soum	3rd bagh	Governor of Umnugobi province #A/199	state owned	none	none	4,750
33	Uvs	Ulaangom soum	9th bagh	Governor of Uvs province #A/115	state owned	none	none	5,000
34	Uvurkhangai	Kharkhorin soum	Vangiin ovoo bagh	Governor of Kharkhorin soum Uvurkhangai province #19	state owned	none	none	300
35	Sukhbaatar	Baruun Urt soum	5th bagh	Governor of Sukhbaatar province #77	state owned	none	none	2,288
36	Selenge	Sukhbaatar soum	2nd bagh	Land possession certificate #177494	state owned	none	none	4,000
37	Tuv	Zuunmod soum	5th bagh	Governor of Tuv province #116	state owned	None	none	3,365

** There will be 3 kindergartens with capacity of 200 children each in UB city.*

F. Monitoring & Evaluation

38. Monitoring and Evaluation will be carried out at different levels by different departments:

- At the kindergarten level, the principal compiles data on enrollment and daily attendance, and report these data to the provincial or municipal departments of education.

- The provincial departments of education aggregate data from the schools, baghs (villages), soums (districts), and aimag centers and report to the Department of

Informatics, Monitoring and Evaluation in MECS. The UB municipality's departments of education do the same.

- The Department of M&E compiles these data and publish an annual report on education statistics of the country. MECS tracks the progress of education through a set of monitoring indicators that are generally related to students, teachers and school facilities.

- The PIU will obtain the administrative data from the Department of M&E for reporting of intermediate outputs. To assess the progress of the implementation of activities under EFA-FTI and that of the Annual Implementation Plans, specific monitoring indicators are also used. The Graduation Grant will take the same approach.

39. MECS is able to produce reliable administrative data. The quality of M&E has improved gradually over time due to increased capacity building. The future could see an expansion of regular monitoring of processes and outcomes, such as time-on-task and student achievement. The M&E system could also benefit from additional analysis, evaluation and triangulation of the available data to inform policy, and linking of evidence generated from education management information system (EMIS) to planning.

G. Donor Coordination on ECE

40. This section presents implemented and planned activities in developing the policy and legal environment and improving the quality of ECE by MECS with cooperation of other education donors. The proposed Graduation Grant complements the following existing efforts.

UNICEF has contributed to providing technical and financial support for the following:

(i) The Law on Pre-school Education aiming to create legal environment that enables all children, especially the disadvantaged to have equal access to quality education and health services was approved by the GoM. MECS approved the training policy on pre-school education including alternate forms.

(ii) Early Learning Development Standards (ELDS) for 0-6 year old children have been drafted and content and age validation of the standards has been completed in 2008. ELDS finalized and regional workshops on introduction of ELDS conducted for 1,084 or 30 percent of all pre-school teachers representing all provinces and Ulaanbaatar districts. ELDS implementation manuals for teachers and parents was finalized by the first quarter of 2010 to be officially applied starting from 1 September 2010 nationwide.

(iii) Alternate training curriculum for preschool education updated in accordance with finalized ELDS and distributed to 4500 teachers and Early Childhood Development (ECD) specialists. 11,160 or 60 percent of all 5-years old children received exercise books of the curriculum.

(iv) Module on home based ECD for children 0-3 years developed and used as a reference material for trainings on ECD for parents in Khovd and Ulaanbaatar and family based ECD toolkit for parents and caretakers developed.

(v) Four counties of Hovd and Umnugobi aimags and two districts of Ulaanbaatar selected as pilot sites for the implementation of Integrated ECD Policy. Operational guidelines for pilot activities developed.

(vi) In collaboration with MECS, a new training module for pre-school teachers including rights based approaches and methodology of inclusiveness for children with all types of disabilities was developed. The training on the methodology conducted for 60 teachers or 40 percent of all teachers working with 428 children with disabilities in Khovd aimag and Ulaanbaatar.

41. *The Education for All Fast Track Initiative (EFA-FTI) Project*, supported by the EFA-FTI Catalytic Fund, supplied 171 ger-kindergartens between 2007 and 2010 for 3-5-year-olds in kindergartens and ger-kindergartens (covering about 7,000 children in 21 aimags annually).

42. *"Early Childhood Education for Rural, Nomadic, and Migrant Children"* funded by JFPR, supervised by ADB. This project aims to (i) identify and pilot cost-effective programs that are accessible for these poor target groups; and (ii) strengthen the capacity of central and local governments in the planning, financing, coordination, monitoring, and evaluation of alternative ECE programs.

43. One of the main components of ADB's *Education for the Poor - Financial Crisis Response Project* is the Financing and Enhancing the Feeding Program at Preschools. This activity was planned to be implemented between October 2009 and December of 2011. Under the component, the project finances preschool feeding program at 712 kindergartens throughout the country and 150,000 children will be nourished with healthy nutrition to increase their physical and cognitive development. Additionally research on supply, delivery, and nutrition of the kindergarten food will be conducted by an independent consulting firm and the research results will be used for further improvement of the preschool feeding program.

44. ADB's ECD Grant (US$2.89 million) (2009-2013) supports the provision of some 200 ger-kindergartens, covering 3-6-year-olds in rural areas & migrants in urban areas in Khentii, Umnugobi, Bulgan, and Bayan-Ulgii aimags will benefit from it.

Annex 4: Operational Risk Assessment Framework (ORAF)
Mongolia: Global Partnership for Education Early Childhood Education Project

<table>
<tr><td colspan="2">1. Project Stakeholder Risks</td><td>Rating</td><td>Low</td></tr>
<tr><td rowspan="2">Description :

There is a groundswell of support from communities, parents, teachers, and politicians. MECS prepared the proposal with technical support from the World Bank, and EDCM endorsed it. The Minister is a member of the GPE Board and is committed to ensuring its success. GOM allocates state budget to co-finance the Project. The GOM, civil society, donor groups and the Bank's interest in supporting this Project is closely aligned.</td><td colspan="3">Risk Management :

Preparation includes site visits and consultation with parents and communities.

Resp: Bank | Stage: Prep | Due Date : 05/30/2011| Status: Completed</td></tr>
<tr><td colspan="3">Risk Management :

To ensure that service delivery meet the needs of parents, the Project includes measures of outreach to parents and communities, through the sharing of budget information and feedback surveys.

Resp: Client | Stage: Imp | Due Date : 05/30/2013| Status: Not yet Due</td></tr>
<tr><td colspan="4">2. Implementing Agency Risks (including fiduciary)</td></tr>
<tr><td colspan="2">2.1 Capacity</td><td>Rating:</td><td>Low</td></tr>
<tr><td>Description:

This is a follow-on operation of the EFA-FTI Project. The PIU is in place and the existing staff has strong capacity. If they remain in office, they could bring their experience to bear.</td><td colspan="3">Risk Management :

The Bank has provided very clear guidelines and specific assistance on procurement and financial management. The existing FMM for the ongoing EFA-FTI project will be revised and tailored to fit to the specific activities of the proposed project.

Resp: Bank | Stage: Prep and Impl | Due Date: Not yet due| Status: On-going</td></tr>
<tr><td colspan="2">2.2. Governance</td><td>Rating:</td><td>Moderate</td></tr>
<tr><td>Description:

The Project will be implemented by the PIU, working on collaboration with UB Department of Education and Aimag Departments of Education which will provide land, certify the buildings, accept the goods, and collect administrative data for the results indicators. In the past, this arrangement has worked well.</td><td colspan="3">Risk Management:

Transparency and accountability would be improved by involvement of parents in school affairs, posting of cost information in the kindergartens' public bulletin boards, and surveying parents' opinion of the services.

Resp: Client | Stage: Impl | Due Date : Not yet due |N/A Status: On-going</td></tr>
<tr><td colspan="4">3. Project Risks</td></tr>
</table>

<table>
<tr><td colspan="2">3.1. Design</td><td>Rating:</td><td>Low</td></tr>
<tr><td>Description:
This is a straight forward SIL, and the first EFA-FTI Project already undertook supply of ger-kindergartens.

Since construction accounts for most of the activities, success of the Project also hinges on successful construction of kindergartens which are structurally sound and have heating, water and sanitation. MECS’s keen interest in delivering the works before election may lead to a rush to build that can compromise quality.</td><td colspan="3">Risk Management :

Operational Manual (OM) will be developed alongside the Procurement Plan to guide implementation.

There will be technical review by third-party engineers on the structural design of the kindergartens. Supervision will involve independent engineers and GIZ engineers.

Resp: Bank | Stage: Impl | Due Date : not yet due| Status: On-going</td></tr>
<tr><td colspan="2">3.2. Social & Environmental</td><td>Rating:</td><td>Moderate</td></tr>
<tr><td rowspan="2">Description:
Since the construction activities are going to be undertaken in urban areas, there are likely to be some concerns relating to inconveniences or nuisances to surrounding areas during construction.

The capacity of the kindergarten to be built in Bayan-Ulgii to address the needs of the Kazakh is critical to success.

Since Kazakh children may not speak Mongolian language, the language of instruction should be sensitive to their needs. Bayan-Ulgii has the lowest per capita GDP in Mongolia, the lowest university entrance test scores, and the highest dropout rate. Thus expanding ECE there should meet a strong need to provide equal opportunity to Kazakh children.</td><td colspan="3">Risk Management : For the purpose of enhancing environmentally friendly measures and mitigating any adverse impacts caused by the construction activities, an Environmental Safeguard Guideline will be prepared including a checklist on construction sites, a checklist on Environmentally Friendly Design Criteria, a standardized Environmental Management Plan, institutional arrangements to follow the Guideline, and requirements on monitoring, supervision and reporting.

Resp: Client | Stage: Impl Due Date : December 31, 2011 | Status: Not yet due</td></tr>
<tr><td colspan="3">Risk Management :
The client will undertake a social assessment to consult with Kazakh communities as required by OP4.10. Disclosure would be in both Mongolian and Kazakh languages.

Resp: Client | Stage: Prep | Due Date : Sept 15, 2011 | Status: Completed</td></tr>
<tr><td colspan="2">3.3. Program & Donor</td><td>Rating:</td><td>Low</td></tr>
<tr><td>Description:

The EDCM, which includes some 40 donors, have endorsed the Proposal for this project and will not object. Collaboration with other donors active in ECD will be essential to ensure that the activities are complementary to each others.</td><td colspan="3">Risk Management:
The project will keep donors updated about the Project through joint missions, frequent consultation, and meetings at the EDCM.

The Bank has involved GIZ in particular in the review of construction designs and review of newly constructed kindergartens to identify areas for improvement.
Resp: Bank | Stage: Prep and Impl | Due Date : not yet due| Status: On-going</td></tr>
</table>

<table>
<tr><td></td><td colspan="3"></td></tr>
<tr><td colspan="2">3.4. Implementation & Sustainability</td><td>Rating:</td><td>Low</td></tr>
<tr><td rowspan="3">Description:
Delivery quality: The implementation quality is likely to be satisfactory because the PIU has gained much experience in implementation and contract management.
Sustainability: The Project is sustainable because of government commitment and parents' demand.</td><td colspan="3">Risk Management :
Resp: Client | Stage: Prep | Due Date : 07/01/2012| Status: Not yet Due</td></tr>
<tr><td colspan="3">Risk Management :
Resp: Client | Stage: Prep | Due Date : 07/01/2012| Status: Not yet Due</td></tr>
<tr><td colspan="3">Risk Management :
Resp: | Stage: | Due Date : | Status: Not yet Due</td></tr>
<tr><td colspan="4">4. Project Team Proposed Rating <u>Before</u> Review</td></tr>
<tr><td colspan="2">4.1 Preparation Risk Rating: Low</td><td colspan="2">4.2 Implementation Risk Rating: Moderate</td></tr>
<tr><td colspan="4">Comments:
The overall risk is moderate. The proposed Grant is a follow-on Project and there has been strong support in all segments of society and from development partners.</td></tr>
</table>

Annex 5: Implementation Support Plan
Mongolia: Global Partnership for Education Early Childhood Education Project

1. This annex lays out the rationale and principles for the Implementation Support Strategy.

A. Rationale for the Project's Implementation Support Arrangements

2. The internal reviews of the project design have indicated that the project will require intensive supervision and monitoring. This increased supervision is proposed because of the following:

(i) Innovativeness: The project is the World Bank's first engagement in the early childhood education sub-sector, and thus it will be important to continuously monitor and supervise the implementation of the Competitive Development and Innovation Grants to address any emerging issues, and to document the experiences for further learning and utilization of grant funding by other country clients and the World Bank.

(ii) Challenging Country Context: As a landlocked country, which is the least densely populated in the world, Mongolia's short construction season and harsh weather mean that service delivery will be a continuous challenge. Such a challenging environment calls for intensive supervision to support project implementation.

(iii) Local Capacity Building: Strong supervision by the task team would enable continued technical support and advice it has been giving to MECS and different technical teams during project preparation to promote local capacity building, especially in managing and coordinating relationship between different government bodies engaged with ECD. Additionally, intensive supervision would strengthen the partnership between the World Bank and the client, in collaboratively and promptly identifying and resolving implementation issues that may arise.

(v) Short Time Frame. Given the short time frame of the project and the large amount of civil works needed to be procured and delivered, intensive supervision and implementation support will be essential.

B. Principles of the Implementation Support Strategy

3. The purpose of the core principles for implementation presented below is to guide the task team in maximizing the use of supervision resources and ensuring high quality implementation of the project so that its development objective is achieved.

(i) Complementing project supervision with MECS M&E systems: In designing a supervision plan, the task team would avoid duplicating the client country's M&E system and instead build on and strengthen it. Moreover, it would also help establish efficient reporting requirements to minimize overlaps in this area. Accordingly, the project supervision would build on available information on the progress of project

implementation such as the READ Project and the existing EFA-FTI Project, the Mid-Term Review, and regular meetings of the EDCM.

(ii) Promoting multi-stakeholder supervision: During project preparation, the task team benefited from consultations with the Government, donors, and civil society. The task team would apply this participatory and inclusive approach to supervision. Having key stakeholders actively participate in project oversight will enhance the inputs to the project's supervision team's monitoring of the effective use of project resources and progress in achieving the project development objective.

(iii) Combining HQ-based with country-based supervision: the World Bank's Guidelines to Staff on project supervision advises that the project appraisal team should be responsible for the first two or three years of supervision. Staff continuity in supervision is considered important for project success and the preservation of institutional memory. Given the unique nature of the project, staff continuity during project implementation is especially critical for project success. Accordingly, the HQ-based task team that has been intimately involved in project design and appraisal to country-based supervision will continue to work with country-based staff. Supervision tasks will be distributed between the country office and headquarters to capitalize on the comparative advantage of each. However, Procurement and FM supervision support will be provided by the respective teams in the Country Office led by Hub Leaders also based in the field and working in close consultation and supervision of the Regional Procurement and FM Managers at HQ.

(iv) Comprehensive approach to supervision: To the extent possible, supervision activities will be carried out jointly by a tightly knit team to enhance coordination between the different aspects of the project, to provide a coherent package of advice or responses to the client on implementation issues, and to reduce multiple missions and requests for meetings with the same counterpart institutions. Such an integrated approach to coordinated supervision would enable high quality and comprehensive assessment of the progress toward achieving the project targets, as well as compliance with Grant covenants across an array of project activities.

(v) Financial Management: Hands-on training will be provided by the Bank's financial management analyst during the project implementation when needed. The Bank team will also help the project identify bottleneck issues and address these issues in a timely manner. Both the financial management and the procurement specialist will be based in the country office to provide timely support. Formal supervision of financial management will be carried out at least annually. It is estimated that around one staff-week annually will be required for the financial management specialist.

Annex 6: Implementation Status of the EFA-FTI Project, 2007-2011

1. The Original EFA-FTI Project received three tranches of Grants, in 2007, 2008, and 2009, totaling US$29.4 million. Overall, the Project has performed well with good results on the ground. Implementation of EFA-FTI has been on track, management has been strengthened, contract management has improved, and the quality of goods procured has been raised.

2. The Project, which was due to close originally on December 31, 2009, was extended twice to enable the completion of the construction of the Baganuur school complex by December 31, 2012. The extension was deemed necessary and was approved by the World Bank's Regional Vice President because of the rebidding process, the short construction season in Mongolia and the lack of required construction materials. The construction of the Baganuur school is currently in progress and the school is expected to be operational by the new school year 2012-2013. This will relieve triple shifts of the existing schools in the district and enable students to have a longer school day and a more effective learning environment.

3. As of May 31, 2011, US$26.9 million of the total was disbursed. The unspent amount is mainly for the construction and furnishing of the Baganuur school complex and grant management. Table 11 shows the tranche release and disbursement of the Project.

Table 11: Tranche Release and Disbursement of the Catalytic Fund (US$), 2007-2011

	Initial Grant (2007)	**Additional Grant (2008)**	**Final Grant (2009)**
Annual Allocation and Tranche Release			
First Tranche	$3.0 million	$5.0 million	$8.0 million
Second Tranche	$5.2 million	$3.9 million	$4.3 million
Total	**$8.2 million**	**$8.9 million**	**$12.3 million**
Interest income	**—**	$0.02 million	$0.12 million
Total with interest	**$8.2 million**	**$9.1 million**	**$12.42 million**
Disbursement USD			
Total	$8.2 million	$7.03 million	$11.67 million

Source: EFA-FTI PIU, May 2011.

4. Table 12 shows the implementation status of various contracts financed by the EFA-FTI Grant between 2007 and 2011. All contracts have been fully disbursed, except for the construction of the Baganuur School for the reason mentioned above.

Table 12: Implementation Status of the EFA-FTI Project

Activities in Procurement Plan	Contract sum ('000 USD)	Progress as of May 2011	Outputs
In-service training for first grade teachers and school social workers	171.9	100%	MECS conducted number of trainings in Ulaanbaatar and aimag centers for total of 1,789 first grade teachers of urban and rural area schools.
Web development for improving teachers' professional development	89.9	100%	A web site www.bagshiinkhugjil.mn was developed A series of training for 100 methodologists and teachers was organized.
Supply of equipment and furniture to teacher development centers of schools	1,274.6	100%	67 teacher development centers are being supplied to schools in 21 aimags and 9 districts of Ulaanbaatar.
Supply of furniture and equipment to schools for children with special needs	589.1	100%	Furniture and Learning facilities have been supplied to 6 schools for children with special needs.
Deploying 100 mobile "ger pre-schools" and supplying furniture, equipment and learning materials	459.1	100%	100 ger-kindergartens have been supplied to 21 aimags.
Rehabilitation of Kindergarten Teachers' College building	341.7	100%	Rehabilitation civil work has been completed and supervision and technical control have been conducted.
Upgrading laboratories and learning centers for Kindergarten Teacher Training College	202.5	100%	Laboratory and learning center furniture and equipment were supplied.
Rehabilitation of 30 school and dormitory buildings	499.8	100%	13 school and 17 dormitory buildings were rehabilitated and supervision and technical control have been conducted by PMU and CCU of MECS. Water supply and sewage septic system were installed.
Construction of new standard school complex in Baganuur District of Ulaanbaatar	2,500.0	0%	The bid that was announced in 2009 was cancelled as MECS decided to reject all bids on the grounds of no qualified bidder participated in the bid.
Supply of kitchen facilities for school canteens	619.0	100%	35 schools were supplied with modern and model kitchen facilities that will enable quality food for children.
Supply of furniture to schools	954.5	100%	598 classrooms are being supplied with student table and chair, teacher table and chair, and blackboards.

Activities in Procurement Plan	Contract sum ('000 USD)	Progress as of May 2011	Outputs
Supply of kitchen and furniture to dormitories.	447.5	100%	17 dormitories that were rehabilitated by EFA-FTI were supplied with furniture and kitchen equipment. This significantly improves living and learning environment of rural herders' children.
Rehabilitation of main building, roof and heating systems of school, kindergarten	499.8	100%	Rehabilitation of main building roof and heating systems of 7 schools, 2 dormitories and 4 kindergartens. This will increase safety of school building and provide safe comfortable study and living environment for students and teachers.
Supply of kitchen facilities for school canteens	471.5	100%	23 schools have been supplied with modern and model kitchen facilities that will enable quality food for children.
Start-up of supply of netbook for teachers	275.9	100%	The 800 netbooks were supplied to 56 schools for use by teachers to teach students, develop their professional skills, improve their knowledge, and participate in a professional training.
Supply of carpet, bedding to kindergartens	122.4	100%	44 classes of 16 kindergartens have been supplied with rugs, carpets, and set of 25 mattresses, blankets, and sheets per class.
Supply of science laboratories to schools	190.1	100%	Chemistry, biology, and physics laboratories were supplied to total of 7 schools, providing the modern sample, model, teaching and test utilities, substances and ingredients that are necessary for science study.

5. Table 13 shows the outcomes and intermediate outputs of the EFA-FTI Project. It is on track in meeting the targets set forth in the Master Plan. The gross enrollment ratio of the EFA-FTI Project should be viewed within the context of the changes in grade structure of Mongolia, from a 10-year system to a 11-year system in 2005, and then to a 12-year system in 2008. The fluctuation of the GER reflects the changing structure, rather than a rise in dropout rates, or a decline in enrollment. Table 14 shows the cumulative outputs of the EFA-FTI Project.

Table 13: Results Monitoring – Final Outcome and Intermediate Outcome Indicators

Indicator	Base-line	Original target value					Actual Value Achieved at Completion or Target Years					Data collection and reporting	
		2006-07	2007-08	2008-09	2009-10	2010-11	2006-07	2007-08	2008-09	2009-10	2010-11	Frequency and reports	Data collection instruments
GER in primary education	96.4%	104.1%	107.1%	96.2%	105.0%	95.0%	93.5%	94.8%	93.6%	99.2%	98.6%	Annual Program completion	MECS Annual surveys
GER in secondary education	94.2%	96.9%	99.3%	99.5%	89.9%	106.0%	93.8%	95.4%	95.5%	93.2%	94.7%	Annual Program completion	MECS Annual surveys
Net intake into Grade 1*	90.6%	74.9%	99.9%	99.9%	99.4%	99.9%	91.9%	97.8%	79.3%	91.0%	92.2%	Program completion	MECS Annual surveys
Transition ratio from primary to secondary	93.7%	98.46%	98.62%	98.77%	98.92%	99.08%	93.7%	97.6%	99.3%	99.5%	96.4%	Annual	MECS Annual surveys
Completed baseline measures of Grade 5 achievement in rural schools**	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Program completion	MECS Annual surveys
GER of pre-school education	53.9%	71.4%	82.6%	99.0%	76.0%	75.0%	54.1%	57.1%	72.7%	76.7%	77.6%	Annual	MECS Annual surveys

* Age of entering First Grade was 7 for 2007 and 2008, and 6 for 2009 and 2010

** No official centralized baseline measures, schools conduct assessment tests individually.

Table 14: Cumulative Outputs of EFA-FTI

EFA-FTI Outputs	Actual
Training	
Math and ICT training for primary teachers	4,162
UB teachers' college teachers	46
Ger preschool principals and teachers	113
Teachers of 6 year-olds	4,829
School Manager of 6- year- olds	532
Dormitory of 6- year olds	590
Social workers of 6-year-olds (# trainees)	580
Web development (# of teachers trained)	100
Goods	
Desk and chairs for 6 year olds (# of classrooms)	1,077
Dormitory facilities (# of dormitories)	88
Ger preschool (# of ger preschool)	171
Mobile teaching stations (# of primary schools)	550
E-textbooks and interactive materials for primary teachers (# of teachers)	6,000
Supply of desktop computers (# of schools)	50
Supply of notebook for primary school teachers (# of teachers)	800
Equipment and furniture for UB teachers' college (# of labs)	8
Equipment and furniture for 3 teachers' colleges (# of labs)	27
Supply of kitchen facilities for school canteens	58
Supply of furniture and equipment to teacher development center (# schools)	67
Supply of furniture and equipment to schools for children with special needs (# of schools)	6
Upgrading laboratories and learning centers for Kindergarten teacher training college (# of labs)	35
Teaching kits and learning materials for 6 year olds (# classrooms)	1,750
Furniture and equipment for school kindergarten complex (# of classrooms)	18
Supply of furniture to primary schools (# of schools)	230
Supply of carpet, bedding to kindergarten classes (# of kindergarten classrooms)	44
Supply of science laboratories to schools (# of schools)	9

6. These outputs have made a substantial difference in improving the teaching and learning environment in Mongolia.

7. The following is the publicly available Implementation Status Report of the EFA-FTI project in June, 2011.

Implementation Status & Results

Mongolia

MONGOLIA: EDUCATION FOR ALL FAST TRACK INITIATIVE (EFA-FTI) CATALYTIC TRUST FUND (P108776)

Operation Name: MONGOLIA: EDUCATION FOR ALL FAST TRACK INITIATIVE (EFA-FTI) CATALYTIC TRUST FUND (P108776) Project Stage: Implementation Seq.No: 7 Status: ARCHIVED Last Modified Date: 17-Jun-2011

Country: Mongolia Approval FY: 2007

Product Line: Recipient Executed Activities Region: EAST ASIA AND PACIFIC Lending Instrument: Specific Investment Loan

Implementing Agency(ies): Ministry of Education, Culture, and Science

Key Dates

Board Approval Date	16-Mar-2007	Original Closing Date	31-Dec-2008	Planned Mid Term Review Date		Last Archived ISR Date	01-Jan-2011
Effectiveness Date	16-Mar-2007	Revised Closing Date	31-Dec-2012	Actual Mid Term Review Date	11-Sep-2008		

Project Development Objectives

Project Development Objective (from Project Appraisal Document)

The overall EFA FTI goal is to ensure universal completion of basic education and to close the gender gap and rural/urban gap in enrollment and school completion by 2015. To help Mongolia move towards the goal of quality basic education for all, the FTI grant aims to: (1) improve access to and completion of basic education (primary and secondary education), with particular attention to rural areas; (2) improve the quality of basic education; (3) expand access to pre-school education in rural areas; and (4) improve project management.

Has the Project Development Objective been changed since Board Approval of the Project?

○ Yes ◉ No

Component(s)

Component Name	Component Cost
Improving Primary School Teaching and Learning	3.50
Improve Pre-School Education in Rural Areas by Building Mobile Ger-Kindergartens	0.13
Improving Primary School Capacity in Overcrowded Areas	1.70
Improving Rural School Facilities	2.80
Grant Management and Monitoring and Evaluation	0.16

Overall Ratings

	Previous Rating	Current Rating
Progress towards achievement of PDO	Satisfactory	Satisfactory
Overall Implementation Progress (IP)	Moderately Satisfactory	Satisfactory
Overall Risk Rating	Low	Moderate

Implementation Status Overview

The supervision mission found good results on the ground. The fund was well used to achieve the development objectives. All Project activities have been implemented except for the construction of the Baganuur school complex. The contract for Baganuur school was signed. A two-year extension of the Project from December 31, 2010 to December 31, 2012 was approved.

Results

Project Development Objective Indicators

Indicator Name	Core	Unit of Measure		Baseline	Current	End Target
Gross enrollment ratio in primary education	☐	Percentage	Value	96.40	98.60	96.20
			Date	01-Sep-2005	31-May-2011	30-May-2009
			Comments		Due to extension of basic education from 10 to 12 years and lowering of enrollment age from 8 to 6, there has been fluctuation of gross enrollment ratio and in-take rates.	
Gross enrollment ratio in secondary education	☐	Percentage	Value	94.20	947.00	99.50
			Date	01-Sep-2005	31-May-2011	30-May-2009
			Comments		Same as above	
Net in-take rate into Grade 1	☐	Percentage	Value	90.60	92.20	99.90
			Date	01-Sep-2005	31-May-2011	30-May-2009
			Comments		Same as above.	
Transition ratio from primary to secondary education	☐	Percentage	Value	93.70	96.40	98.80
			Date	01-Sep-2005	31-May-2011	30-May-2009
			Comments			
Gross enrollment ratio of pre-school education	☐	Percentage	Value	53.80	77.60	99.00
			Date	01-Sep-2005	31-May-2011	30-May-2009
			Comments			

Intermediate Results Indicators

Indicator Name	Core	Unit of Measure		Baseline	Current	End Target
Number of new schools built	☐	Text	Value	0	2	3
			Date	01-Sep-2005	31-May-2011	31-Dec-2012
			Comments		Cumulative total since project inception.	
Provision of in-service training in teaching methods in five subjects in primary and secondary schools and to Grade 1 and dormitoryteachers	☐	Text	Value	0	10103	
			Date	01-Sep-2005	30-Sep-2010	31-Dec-2012
			Comments		Cumulative total since project inception.	
Deployment of mobile ger pre-schools	☐	Text	Value	0	171	171
			Date	01-Sep-2005	31-May-2011	31-Dec-2012
			Comments		Cumulative total since project inception.	

Data on Financial Performance (as of 15-Mar-2011)

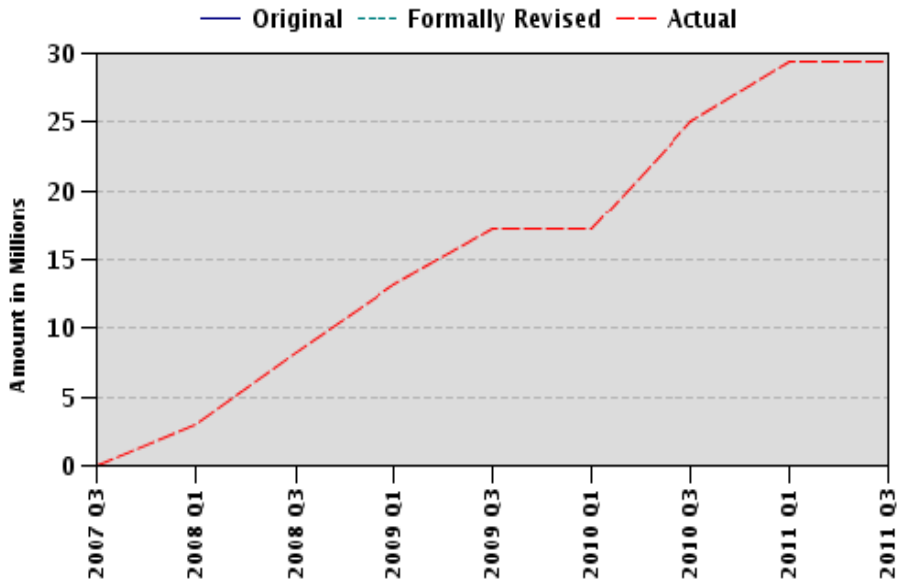
Financial Agreement(s) Key Dates

Project	Loan No.	Status	Approval Date	Signing Date	Effectiveness Date	Closing Date
P108776	TF-58043	Effective	16-Mar-2007	16-Mar-2007	16-Mar-2007	31-Dec-2012

Disbursements (in Millions)

Project	Loan No.	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	% Disbursed
P108776	TF-58043	Effective	USD	8.20	8.20	0.00	29.40	0.00	359.00

Disbursement Graph



Key Decisions Regarding Implementation

The extension was supported by the Education Donors Coordination Mechanism (EDCM) the local donor group, FTI Secretariat and World Bank Sector and Country Management.

Restructuring History

Level two Approved on 23-Dec-2009, Level two Approved on 20-Dec-2010

Related Projects

There are no related projects.

Annex 7: Team Composition
Mongolia: Global Partnership for Education Early Childhood Education Project

World Bank staff and consultants who worked on the project:

Name	Title	Unit
Prateek Tandon	Economist	EASHE
Kin Bing Wu	Lead Education Specialist	EASHE
Tungalag Chuluun	Operations Officer	EASHE
Evelyn Villatoro	Sr. Procurement Officer	EAPPR
Tserendagva Gerelgua	Procurement Officer	EAPPR
Badamchimeg Dondog	Financial Management Analyst	EAPFM
Haixia Li	Sr. Financial Management Specialist	EAPFM
Feng Ji	Sr. Environmental Specialist	EASCS
Jun Zeng	Sr. Social Development Specialist	EASCS
Juan Feng	Economist	EAPPR
Sophie Naudeau	Peer Reviewer	AFTED
Deepa Sankar	Peer Reviewer	SASED
Olav Rex Christiansen	Peer Reviewer	HDNED
Sabrina Terry	Program Assistant	EASHD
Maya Razat	Program Assistant	EASHE
Otgonbayar Yadmaa	Program Assistant	EACMF
Jay Pascual	Country Lawyer	LEGES
Ying Ho	Monitoring and Evaluation Officer	EACM

MECS officials and consultants who worked on the project:

Name	Title	Unit
Mr. Dalaijargal	State Secretary	Ministry of Education, Culture and Science
Mr. Erdenchimeg	Director	Pre-school, Primary and Secondary Education Department
Mr. Sumyadorj	Deputy Director	EFA-FTI Project Implementation Unit