

Concept Note for AusAID Financing

**Strengthening Water Resource Management
in Mongolia**



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Concept Note for Strengthen Water Resource Management in Mongolia

This concept note has been prepared¹ to request funding to establish and make operational a new institutional framework to strengthen the management of water resources throughout Mongolia. The framework is part of a Government approved, integrated approach to better manage the country's surface and groundwater resources, which will be critical to the country's inclusive and sustainable development.

Introduction

Mongolia's mining sector is a major contributor to the economy. It accounts for about one-third of the country's economic activity, some 70 percent of exports, and generates nearly 40 percent of government revenue. Foreign direct investment (FDI) in the sector currently accounts for nearly 80 percent of total FDI, and this is expected to climb in the coming years. It is widely recognised that the country's wealth of mineral resources offers perhaps its greatest potential for economic growth and development.

The Government is placing a high priority on bringing new strategic mineral deposits into production, as quickly as possible. In October 2009, an Investment Agreement was signed with Ivanhoe Mines to develop the Oyu Tolgoi copper and gold mine, and the Government is seeking to move forward rapidly with investment agreements to develop the Tavan Tolgoi (TT) coal mine. In March 2011, six groups were shortlisted to develop part of the massive TT coal field, and it is hoped that an agreement can be concluded within six months. Additional agreements at other possible mine sites are under varying stages of development.

Most of the areas with large mineral reserves are remote, lack appropriate access infrastructure, and are without dependable utility services, including power, water and heat. For mines to become fully operational, an array of infrastructure facilities and services will be required. Both mining operations and large-scale infrastructure require significant amounts of water during construction and operation.

While attention has long centred on devising appropriate legal and regulatory frameworks to govern the extraction of mineral resources and in concluding investment agreements with mining firms, far less focus has been given on the availability of water to support the development of mines, and how to ensure its sustainable use for all stakeholders. The Ministry of Nature, Environment and Tourism (MNET) recognises that better water management is essential to the Government's long-term plans to develop the mining sector. As such, MNET has prepared a national strategy and structure for introducing an integrated approach to managing the country's water resources. The development of effective water management plans and pricing structures will depend on sustained data collection and analyses. However, MNET lacks the financial resources needed to effectively carry this out.

Section 1. Analysis

1.1. Background

¹ The World Bank Country Office in Ulaanbaatar is submitting this proposal on behalf of the Ministry of Nature, Environment and Tourism.

Water Sector Issues in Mongolia

Many Institutions are Involved in the Water Sector, but Comprehensive Policy Missing. The water sector in Mongolia is institutionally multifaceted and dispersed, especially at the national level, with 13 main agencies and many minor ones involved in various aspects of sector planning and management. There are often overlaps, and sometimes gaps, in responsibilities. There is no single body coordinating surface and groundwater management in Mongolia, although several Ministries and institutes carry out part of the tasks, and no coordination of water management at the Aimag and Soum levels.

Water issues come under the jurisdiction of the Ministry of Nature, and Environment and Tourism (MNET). The Water Authority, which is under MNET, is the main implementing agency of the Water Law (2004). At the central level is the National Water Committee, but its responsibilities and functions are not clear due to lack of legislation. The Ministries of Roads, Transport, Construction and Urban Development, Food, Agriculture and Light Industry, Mineral Resources and Energy, and Health are also involved in aspects of water and its delivery. Although the organisational responsibilities at the national level are formally established, a comprehensive policy on water issues is lacking.

Insufficient Planning. Neither the mechanisms to manage large-scale surface and groundwater use, nor the capacity to monitor and enforce laws are currently in place. Plans to monitor and manage the use of water resources are essential to ensuring that long-term development of mining and other economic activities can occur without endangering supplies to local communities and herders.

Uneconomic Pricing of Water Resources. The current pricing regime for water resources does not appear to be based on economic principles. A review of Mongolia's water resource pricing principles should be used to set tariffs at levels which encourage appropriate levels of use and recycling, especially for mining activities.

Lack of Capacity and Financial Resources. A key constraint to better management is the lack of capacity and financial resources. For example, the local Department of the Environment and Tourism in Dalanzadgad (located in Southern Mongolia) is responsible for implementing and enforcing laws and regulations pertaining to the environment, including groundwater issues, tourism and wildlife. To do so, they have four staff, an annual budget of about US\$70,000, and an area that covers some 350,000 square kilometres. This is typical of local Departments of the Environment and Tourism countrywide and clearly has a detrimental impact on the ability to enforce laws and regulations governing the sector.

Framework for Water Resource Management. In 2004, the Government of Mongolia adopted the river basin approach for managing its surface and groundwater resources, which is an essential first step to introducing an integrated approach to managing water resources throughout the country. The establishment of River Basin Councils (RBCs) is specified in the Water Law (2004), which further specifies powers of the RBCs. These include assessing water resources, planning for the use of water resources, monitoring and protecting water resources, and conducting appropriate research.

The Water Authority has now identified 29 river basins that cover the entire country. Most of the river basins correspond to, and are aligned with, the natural geographical features of main bodies of surface water. However, for the southern part of Mongolia, these basins are in fact "groundwater basins," as surface water drainage is of minor importance there. For these basins, consideration is being given to aligning their boundaries with Aimag boundaries, rather than topographical boundaries as for the surface water basins.

The Government is in the process of establishing its new institutional framework to manage water resources throughout Mongolia. The proposed basin level water management organisations would consist of Basin Management Councils (BMC), and Basin Management Administrations (BMA). Together, these organisations would form the focal organizations for Integrated Water Resources Management (IWRM) in a basin. This proposed structure reflects the institutional organisation at the national level with the National Water Commission and the Water Authority.

The BMCs would act as the basin level coordinating bodies, in which all relevant stakeholders and actors would be represented to voice and protect their interest in water in the basin. The smaller BMAs would have full-time staff to carry out the daily management tasks. It would function as the knowledge and information centre on water issues in the basin and carry out the supporting studies for policy development and IWRM. Of the two entities, the BMAs are considered to have the more important function in that they will carry out the detailed daily activities, and gather, store and maintain the information on surface and groundwater.

Rationale

Support from World Bank. In 2008, the World Bank began discussions with Government counterparts about options for strengthening the provision of essential infrastructure in Southern Mongolia in anticipation of the expected increase in population and business investment stemming from the significant mining activity planned for the region. The Southern Mongolia Infrastructure Strategy (SMIS)² is a report that assesses options for providing infrastructure to support mining activities in the region and analyses the potential environmental and social impacts of large-scale infrastructure development.

The Government of Mongolia subsequently adopted much of the SMIS as a basis to carry out its planning activities for Southern Mongolia, and asked the World Bank to prepare a follow-on project to facilitate development of infrastructure to support mining activities. As one of its components, the Mining Infrastructure Investment Support Project will pilot the government's new institutional structure for managing water resources at two locations in Southern Mongolia. The structure will be made operational under the project by establishing two BMCs and two BMAs for Basin 17 and combined Basins 18 and 20. If successful, this structure would be rolled out to other basins.

The AusAID funding would provide technical and financial resources to establish two or more BMCs and BMAs at basins that are focused on surface water. This would complement the World Bank activity to establish pilot BMCs and BMAs for groundwater in Southern Mongolia.

1.2. Key Lessons

Important lessons from *in-country activities* related to water resource management include the need to:

- raise awareness for water management at the policy level;
- decentralise management of water resources;
- bring together information on water resources and effectively share it with all stakeholders; and
- build local capacity to effectively manage water resources.

² This report was cofounded by AusAID.

Some key lessons learned from *international experience* would advocate:

- establishing forums in which all stakeholders have a say in how water resources are used and managed;
- ensuring that water management and monitoring plans are dynamic and regularly updated;
- to finance the activities of decentralised water management, securing a source of funds that is not dependent on annual budget allocations;
- preparing training of trainers courses to strengthen management of water resources; and
- promoting sound management practices through targeted public awareness programs.

1.3. *Relevance to AusAID Program*

Australia's aid program currently focuses on human resources development primarily through the scholarships program. Sectorally, natural resource management is a priority, as are both mining and agriculture. Recently, AusAID worked with the World Bank to strengthen governance systems, particularly in relation to mining, and in November 2008 a delegation of prominent Mongolian officials visited several mines in New South Wales and the Pilbara to gain an overview of issues arising in the provision of infrastructure services to support the mining industry, and better understand how scarce water resources are managed.

The proposed institutional structure to strengthen water resource management represents a progression to the practical natural resource management required to accompany mining development throughout Mongolia and help to preserve resources for the traditional pastoral herding community. The project is an institutional strengthening exercise to fast track the capacity of the Water Authority to address emerging issues regarding competition for water. In devising an appropriate framework to strengthen the management of its water resources, Mongolia is looking to learn from other mining countries with similar challenges, such as Australia, Botswana and Chile.

With the exception of the Government of the Netherlands, which is providing assistance to the Government in the design of a national water resource management plan, and the World Bank, no other donors are providing support on this issue. There is growing support among key policy makers and investors alike for improved oversight of surface and groundwater use.

Making Every Drop Count: Water and Australian Aid is AusAID's strategy document for water, outlining the critical importance of water governance in addressing the increased demand for limited water resources, and well placed position for Australia to provide advice on this issue and further develop its partnership with the World Bank and Government of Mongolia. Unlike much of the Asia Pacific Region, the water stress that Mongolia experiences is similar to much of the arid areas of Australia. These similar marginal environmental conditions are a challenging backdrop to competition for land and water between mining companies and pastoral communities. The key to finding a balance is effective, contemporary, and informed institutions for governance, with sufficient participation from stakeholders, which is a focus of the strategy. The implications for compromising such a balance are serious and would impact economic growth, since water supply is a critical and immediate constraint to mining activity and the booming population servicing the industry. On the other hand, cultural and economic protection of the herding community is imperative, since they also rely on water resources for their continued survival

and way of life. It is essential to ensure that strong regulatory foundations are developed in the coming years and decades and form the basis of water management during the lifetime of large mines.

1.4. Stakeholder Involvement

The World Bank has carried out a number of initiatives and upstream activities on the importance of managing groundwater in Southern Mongolia. These include:

- an environmental assessment for the region (published in January 2010);
- an assessment of groundwater in Southern Mongolia (published in April 2010); and
- regional workshops on the importance of groundwater, which were held in Dalanzadgad, Sainshand and Mandalgobi (Southern Mongolia), and Ulaanbaatar in April, June and October 2010.

The intent of these publications and events was to draw focus on the issue of groundwater management. The regional workshops in South Gobi documented the aspirations of the local public sector, private sector and community organisations in the future of the region's groundwater management. The series of consultative events were consolidated into an action plan, which called for:

- improved governmental coordination on managing groundwater;
- investment into local capacity building and institutional strengthening;
- preparation of localised water management plans with local input;
- addressing issues of sustainable water supplies for small and rural communities; and
- assessing water quality and monitoring groundwater use.

These findings were presented to a select audience in Ulaanbaatar to gauge levels of support for further work on groundwater management and any additional inputs. The audience included representatives from the Water Authority, Ministry of Nature, Environment and Tourism and other government agencies with a stake in groundwater management in the region. Representatives of mining interests and civil society organisations were also present. Overall, private sector entities were very supportive of strengthening groundwater management, since good practices are seen to benefit everyone in the industry. The government agencies present supported the activity as an institutional strengthening activity for the Water Authority.

1.5. Potential Policy Issues

The project relates to access to water resources throughout the country. Climate change is a serious concern for Mongolia with regard to precipitation and opportunities for recharging shallow aquifers (for groundwater). A strong institutional structure with adequate capacity to address water resource issues will support better planning for climate change scenarios. Water reuse, recycling, and managed recharge are possible options to ensure water security.

Environmental impacts of wastewater (both industrial and municipal) would benefit from an integrated approach to water resource management.

There are no activities at this stage which would suggest an early check on environmental issues is required to ensure compliance with AusAID's legal obligations, for example, under the Environment Protection and Biodiversity Conservation Act.

This activity would not involve work with children.

Section 2. Activity Description

1.6. Objective and Outcomes

Objective. The objective of the project is to strengthen the capacity of local authorities to manage water resources by implementing a new institutional structure for two water basins (surface or groundwater) with important mining/agricultural activities.³ This activity complements the work under the World Bank Mining Infrastructure Investment Support Project, which will also pilot institutional structures, but for *groundwater basins* in Southern Mongolia.

Outcomes. Within four years, it is expected that the Government of Mongolia will have improved capacity to proactively monitor and regulate the use and abstraction of surface water and groundwater for different purposes, better protect water supplies of herders and urban citizens, and ensure the sustainability of water resources in the context of mining and economic development.

The following outcomes and activities would be expected.

Outcome	Activities
Tools available to ensure sustainable development of water resources in Mongolia, including hydrogeological databases, water level recording systems, and water management plans.	<ul style="list-style-type: none"> • Prepare appropriate water management and monitoring plans.
Agreement to implement important recommendations from water resource pricing studies.	<ul style="list-style-type: none"> • Carry out water resource pricing studies.
Officials are equipped to undertake the tasks assigned to them under the 29 River Basin Framework.	<ul style="list-style-type: none"> • Implement capacity building programs to develop water modelling and information management skills. • Mainstream best practice technologies for water conservation and reuse. • Purchase information management systems.
Gathering and collating information, and monitoring the impact of water use and abstraction.	<ul style="list-style-type: none"> • Collate existing information on surface water, which is currently spread across several agencies, and store data in a spatial database. • Prepare spatial and lateral overviews of surface water quantity and quality, and identify main information gaps. • Define short-term water demands in terms of quantity and quality. • Conduct studies of recharge from rainfall. • Prepare a plan for water supply to herders,

³ The selection of basins would be done in consultation with stakeholders during project preparation.

	rural settlements, and livestock. <ul style="list-style-type: none"> • Prepare a water monitoring plans for the areas under implementation.
The aspirations and findings of the monitoring and management program are effectively communicated to stakeholders, including rural residents, private sector and public service.	<ul style="list-style-type: none"> • Ensure the Management Councils are functioning. • Fund the development of communications plans, and hold regular meetings with concerned stakeholders.
Officials understand the extent and quality of water resources, including the potential to exploit resources for development.	<ul style="list-style-type: none"> • Formulate and implement investigations to address information gaps in areas of identified water demand.

1.7. Mode of Delivery

Delivery would be through technical assistance delivered by both internal and external consultants managed by a Task Team Leader in the World Bank's Ulaanbaatar Country Office. It is anticipated that international consultants would co-locate with counterparts at the MNET and the Water Authority. Consultants will deliver the work program components and report jointly to the World Bank and Water Authority regarding progress and task completion. Procurement of services and goods would be carried out in accordance with World Bank procedures by the World Bank's Procurement Specialist in Ulaanbaatar. In addition to following AusAID's procedures for preparing this assistance, the Project Team would seek input and guidance from AusAID officials during the design phase. AusAID officials would also be encouraged to participate during implementation, including commenting on outputs and participating in any workshops that would be organised. AusAID will hold regular monitoring discussions with the Bank Team during implementation.

1.8. Program Management

The World Bank's Mongolia Country Office will be responsible for program management. The World Bank will ensure that AusAID is consulted on the design and implementation of the project and that all of AusAID's reporting and monitoring and evaluation requirements are met.

1.9. Partners and Stakeholders

The project's primary implementing partner would be the Water Authority, which is an agency of the MNET. The National Water Commission would also likely play a prominent role. Other Ministries would not be affected by the project's work, but they are expected to become partners, supporters and users of the new framework. Stakeholders are expected to include the Aimag and Soum level governments, NGOs, community representatives, and the mining companies.

The Water Authority is currently implementing the Dutch-funded *Strengthening Integrated Water Resource Management in Mongolia* project (IWRM), a Euro 6.5 million (about US\$9.0 million), four-year program that began in March 2008 and which supports the Water Authority to:

- Build capacity in the field of integrated water resources management in Mongolia;
- Prepare a National Water Management Plan; and
- Deploy a River Basin Management Plan in a pilot basin.

Under the IWRM, a river basin council has been established for the Tuul River Basin, and it began formal operations in late 2010. A basin management council is expected to be established for the Orhon River, but it has not yet been set-up. A variety of technical studies are on-going on a variety of topics, the results of which will form the basis for the national water management plan. These studies will also support the development of detailed river basin management plans.

The World Wildlife Fund (WWF) has also established basin management councils in Khovd, Buyant, and Onon river basins. However, it is important to note that while the basin management councils that are or will be established under the IWRM or by the WWF are the same as those identified in this proposal, the basin management administrations will not be established for these jurisdictions.

The assistance outlined in this proposal will serve to build-on and reinforce those activities currently being carried out under the IWRM and by the WWF. However, establishing two basin management administrations is a key difference and would pilot something that must be implemented for all basin management councils to be sustainable.

For a successful outcome, close coordination with other on-going activities would be critical. In designing and implementing its activities, the World Bank Team has worked with, and will continue to work closely with, the MNET, the Water Authority and other donors involved in related projects to ensure complementarity of activities. There is also good collaboration with the Meteorological and Environmental Monitoring Institute, the Institute of Hydraulics, and the Institute of Geo-Ecology. The mandate of the World Bank's Mining Infrastructure Investment Support Project and activities that would be financed under AusAID does not overlap, but would serve to complement each other.

1.10. Partner Government

The Minister for Nature, Environment and Tourism, as well as heads of key water agencies, have all endorsed the new institutional framework based on 29 River Basins and are actively seeking financing to implement it. Senior officials have expressed genuine concern about how to properly manage water resources in the face of such rapid developments in the mining sector. Officials are seeking financial and technical support to strengthen institutional, regulatory and human resourcing arrangements, as well as to assess technical options and future water availability.

Section 3. Design, Implementation and Resourcing

1.11. Design Process

The World Bank has completed a number of upstream diagnostic assignments for this project. A recent consultancy assignment proposed a development plan to support the 29 River Basin framework. The report recommends policy development, structures and mandates for the River Basin institutions, and a preliminary set of activities for implementation by the BMCs and BMAs. The report forms the basis of the proposed project's design.

The design process for the activity will be led by the World Bank in Mongolia in consultation with AusAID Beijing. While the design process would be carried out in association with other donors active in the field, it is expected that activities to be implemented under the project would include:

- preparatory activities, including developing terms of reference for positions and services reviewing existing laws and regulations and proposing any amendments needed to make the proposed new structure implementable;

- preparing water management plans with assistance from a qualified consultancy firm;
- developing water monitoring plans to regularly measure water levels and quality;
- gathering existing data on water resources and carrying out new data collect, as required;
- carrying out water investigations and research;
- developing a data exchange protocol to share existing data with various institutes;
- monitoring and enforcing compliance with licenses to use water resources;
- identifying a revenue stream to sustain operations of the MCs and MAs; and
- capacity building activities.

The timeframe needed to prepare the project is expected to be about six months (from June through November 2011).

AusAID would partner with the World Bank, which would implement the project jointly with the MNET and the Water Authority.

1.12. Funding

An overall amount of US\$3.25 million is being requested from AusAID to help operationalise the new institutional framework and strengthen water resource management in Mongolia. The following table provides a budget to implement the proposed project.

Preparation activities would include the development of terms of reference and bid documents for consultant services and equipment, as well as to refine the sequencing of key activities.

Since the World Bank Team in Ulaanbaatar would be responsible for overseeing this assistance on behalf of AusAID, the Team Leader would need to oversee implementation to ensure that AusAID funding is being spent with efficiency and economy and for the purposes intended. This will necessitate regular interaction with counterparts, participation in events, and the preparation of reports. It might also entail visits to project site(s). The typical budget to supervise World Bank projects is \$75,000 per year.

Although not directly related to the proposed program, US\$48,000 has been allocated under the Netherlands-Mongolia Trust Fund for Environmental Reform II to carry out initial isotope analyses to better understand the origin and recharge mechanisms of groundwater systems in Southern Mongolia.

1.13. Coordination

The project would be closely coordinated with the MNET, Water Authority and National Water Commission.

1.14. Timeframe

Project design and preparation could commence in June 2011. Following an acceptable design, contracting could start November 2011, with mobilization in March 2012. The length of the project, excluding preparation, is expected to be four years (November 2011 to October 2015).

Strengthening Water Resource Management in Mongolia
Estimated Program Costs (with contingencies)

Program Activity	No. of Units	Unit Cost	Estimated Cost (in US\$)
1. Program Preparatory Activities (six months)			50,000
2. Consultant Services			1,866,000
2.1 Review Laws and Regulatory Framework	1	100,000	100,000
2.2 Prepare Water Management Plans (one for each Basin)	2	100,000	200,000
2.3 Prepare Water Monitoring Plans (one for each Basin)	2	75,000	150,000
2.4 Gather Existing Data	1	45,000	45,000
2.5 Conduct Water Investigations (per BMA, p.a.)	8	60,000	480,000
2.6 Purchase/Install Management Information Systems (per BMA)	2	15,000	30,000
2.7 Monitor and Enforcement Activities (per BMA, p.a.)	8	50,000	400,000
2.8 Identify Revenue Sustainable Source	1	45,000	45,000
2.9 Capacity Building Activities (per BMA, p.a.)	8	40,000	320,000
2.10 National Consultant (per month)	48	2,000	96,000
3. Operating Costs			740,000
3.1 Vehicles (one for each BMA)	2	75,000	150,000
3.2 Establish Two BMA's (one-time cost)	2	85,000	170,000
3.3 Operating Costs for Two BMA's (p.a.)	8	50,000	400,000
3.4 Travel for National Consultant (p.a.)	4	5,000	20,000
4. Supervision Activities (p.a.)	4	75,000	300,000
Total Baseline Costs:			2,956,000
Price Contingencies (5%):			147,800
World Management Fees (5%):			147,800
Total Cost (including contingencies):			3,251,600

NOTE:

The figures above are based on a six-month preparation period and a four-year implementation period.

1.15. Risk Management

Some of the more critical risks include:

- lack of willingness among some Government agencies to share existing data on water resources (explain concept and importance of cooperation through learning events);
- availability to locate qualified staff for the management units (provide on-going support to develop skills and abilities);
- unwillingness of Mongolian staff/experts to relocate to remote areas (provide appropriate salary and incentives, including training).

1.16. *Monitoring and Evaluation*

It is expected that the proposed activity will be a Bank-executed trust fund. As such, the World Bank would be responsible for its overall implementation. To facilitate the work and provide full time management, a full-time national consultant will be hired to work with the Water Authority and other implementing partners. The national consultant will report to the World Bank Team. The procurement specialist in the Bank's Ulaanbaatar Country Office will be responsible for procuring all services, goods and equipment.

During preparation and throughout implementation, the World Bank Team will work closely with, and provide on-going support to, its government counterparts, or implementing partners. It is expected that two formal missions would be carried out annually to supervise activities and report on progress against agreed annual work plans in attaining the objectives and agreed outcomes of the trust fund. Annual reports detailing progress during implementation will be provided to AusAID within three months of the end of the calendar year, or by March 31st. In addition, a mid-term review would be prepared in mid-2014, and an Implementation Completion Report completed within six months of project closing. The Bank Team would monitor progress against the agreed performance indicators and outcomes.

Based on the Bank's continual support and the results of supervision missions, measures will be taken to ensure that the trust funds components are implemented without delay and according to schedule so that the development objectives and outcomes can be achieved.

Engagement Plan⁴

Institution Requirements

The AusAID procedures for preparing a project will be followed. These follow a similar approach to that used by the World Bank and would include: (i) submission of a Concept Paper; (ii) a Concept Review Meeting; (iii) preparation of the project; (iv) a Quality Enhancement Review/ independent appraisal; and (v) a Decision Meeting.

The same institutional arrangements that are used by the World Bank to manage trust funds on behalf of other donors would apply to this project.

The World Bank would be responsible for implementing the project. The World Bank would appoint a Task Team Leader to manage the project and the counterpart entity would designate an individual to help implement the project and serve as liaison between the Government and World Bank.

Roles and Responsibilities

Design Phase: It is expected that a Project Team consisting of World Bank staff (a team leader and water specialist) and Government counterparts (one hydrologist, one water quality engineer, and one hydrogeologist), likely from the Water Authority and the National Water Commission, would be responsible for preparing the project's design. The Project Team would be supported by outside consultants, as needed. AusAID will be active in the program design where possible and will be consulted throughout the design phase.

The design process will align with AusAID's quality requirements, and the Project Team would seek input and guidance from AusAID officials during preparation.

Implementation Phase: The core team, headed by the World Bank, would be responsible for supervising the project during implementation, ensuring that funds are used for their intended purpose and within the allocated budget, and reporting.

AusAID officials will participate in implementation where possible, including commenting on outputs produced by consultants and specialists, participating in any workshops that might be organised and meeting with the World Bank regularly to discuss the program implementation and progress.

Information Sharing

All information, including consultant outputs, reports and workshop materials, would be made available to AusAID. In addition, it is proposed to post key documents on the World Bank's website for Mongolia, as well as appropriate Government websites.

It would be the Government's intention to share relevant information gathered during the course of this project with other water users, both public and private.

Financial Management and Procurement

⁴ These arrangements would be confirmed during the design phase.

All procurement and financial management activities will follow the World Bank's guidelines and procedures, including for the selection of consultants and the acquisition of equipment and supplies. Works would not be a part of this activity. Annual financial audits by an outside accounting firm would be carried out.

Documentation

A Design Summary and Implementation Document will be produced for AusAID's purposes complementary to any design document produced for the activity, as required by the World Bank.

Dispute Resolution

Resolution of disputes would follow standard World Bank procedures.