



**Promoting Inclusive Financial Services for the Poor  
(Financed by the Japan Fund for Poverty Reduction)**



Japan  
Fund for  
Poverty  
Reduction

Project Number: **JFPR 9152 MON**

**PROJECT BIENNIAL PROGRESS REPORT**  
(1 January-30 June 2013)

ULAANBAATAR  
Financial Regulatory Commission

The project team of Promoting Inclusive Financial Services for the Poor has performed following activities during the first semester of 2013 under the Grant Implementation Manual, and project implementation plan of 2013.

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## LIST OF CONCERNED PEOPLE

<b>Name</b>	<b>Organizations</b>	<b>Position</b>	<b>Telephone</b>
R.Schoelhammer	ADB Mongolia Resident Mission (MNRM)	Country Director	329836
E.Enkhbold	ADB MNRM	Associate Investment Officer	329836
J.Battsengel	ADB MNRM	Senior Procurement Officer	329836
G.Tolmongerel Kh.Dorjkhand	ADB MNRM Ministry of Finance	Associate Project Analyst General Director, Project Implementation and Management Department	329836
Kh. Bum-Erdene	Financial Regulation Committee	General Manager	
N. Oyunchimeg	Financial Regulation Committee	General Director, Microfinance Department	
Ts.Myagmar-Ochir	Mongolia Cooperative Training and Information Center	Executive Director	
<b>1.</b> Sh.Gookhuu	Mongolia Confederation of Credit Unions	Chairman	
B.Khishgee	JFPR9152-MON	Project Financial and Administration Coordinator	311780
P.Baigalmaa	JFPR9152-MON	Project Logistics and Reporting Coordinator	311780

## CURRENCY EQUIVALENTS

I.

(30 July 2013)

II.

Currency Unit	—	Tugrug(MNT)
\$1.00	=	MNT1,501.78

## ABBREVIATIONS

III.

IV.

ADB	–	Asian Development Bank
BFA	–	Banking and Finance Academy of Mongolia
CQS	–	consultant's qualification selection
ED	–	executive director
FC	–	focus group
FCCPS	–	financial capability and consumer protection survey
FEA	–	international financial education advisor
FEMP	–	Financial Education Marketing Plan
FER	–	national financial education researcher
FRC	–	Financial Regulatory Commission
IAs	–	implementing agencies
ICS	–	individual consultant selection
IS	–	international SCC capacity building and training specialist
JFPR	–	Japan Fund for Poverty Reduction
MCTIC	–	Mongolia Cooperative Training and Information Center
MOCCU	–	Mongolia Confederation of Credit Unions
MOF	–	Ministry of Finance
NC	–	national SCC capacity building and training
NGO	–	consultant nongovernment organization
PCCS	–	national public communication and consultation specialist
PMU	–	project management unit
PPD	–	Policy and Planning Division
PSC	–	Project Steering Committee
SCC	–	savings and credit cooperative
SCCD	–	Savings and Credit Cooperatives Division
TOR	–	terms of reference

## GLOSSARY

V.

Aimag	–	Province
Ger	–	Traditional tent
Soum	–	district
txt-in	–	text messages sent by SMS from mobile phone as public response to enquiries or information provided by radio or television

**NOTE**

**VI.**

In this report, "\$" refers to US dollars.

**VII.**

**VIII.**

**IX.**

**GRANT PROCESSING HISTORY**

**X.**

**XI.**

Approval of Government of Japan	:	9 November 2010
Approval of ADB	:	25 November 2010
Grant Agreement Signing (Project effectiveness date)	:	17 January 2012
Closing Date of Grant	:	31 July 2015
Inception Mission	:	11-14 June 2012
Handover mission	:	21-22 November 2012

## XII. INFORMATION

### A. Summary

1. The grant agreement for Inclusive Financial Services for the Poor (the Project) between Asian Development Bank (ADB) and the Government of Mongolia was signed by the Ministry of Finance, and Financial Regulatory Commission (FRC) and Asian Development Bank on 17 January 2012.

### B. JFPR data

Approval of Government of Japan:	9 November 2010
Approval of ADB:	25 November 2010
Grant agreement signing: (Project effective date)	17 January 2012
Closing date of Grant:	31 July 2015

2. The project has three major components: (i) Savings and Credit Cooperative (SCC) Regulation, Supervision and Capacity Building; (ii) Media-Based Adult Financial Education and (iii) Project Management, Logistics, and Evaluation.

### C. Project Scope

3. Access to financial services for poor and vulnerable non-poor households (those currently living above the poverty line but at risk of returning to poverty) in Mongolia will be improved through market strengthening and capacity building of savings and credit cooperatives (SCCs), and provision of basic financial education to households nationwide. The project will enable: (i) implementation of improved Savings and Credit Cooperative national regulations and supervision processes based on new legislation; (ii) field review, licensing, and rating of every qualified SCC; (iii) capacity development of SCCs, using new training methods to strengthen SCCs operations; (iv) delivery of adult basic financial education messages via national television drama and text-in systems; and (v) rigorous evaluation using randomized techniques to enable timely measurement of results.

### D. Project Benefits

4. Actual SCCs members and multipurpose cooperative members with savings and credit services benefit from improved SCC regulations, supervision, and operations. Rural households that are currently SCCs clients (15,000) and those that may join as a result of rural SCCs stability (estimated 16,000 additional families) will benefit most.

5. SCCs boards and managers benefit from the capacity assessment and the provision of alternative training methods, with testing to ensure successful adoption of training into SCCs operations.

6. The Mongolia Confederation of Credit Unions (MOCCU) and the Mongolia Cooperative Training and Information Center (MCTIC) will benefit from strengthened and deepened training methods and the provision of capacity-building services to SCCs.

7. The entire national population and specifically poor households (34% of total population) will have access to Mongolian television dramas providing essential

basic financial education messages; text-in (90% have cellphones) will enable the validation of the uptake of messages.

8. The FRC's Microfinance Department (MFD) will benefit from an enhanced regulatory and supervision development and the ability to conduct a field review over the entire country. The Commission can then ensure that the SCC market is entirely supervised, restoring integrity to SCCs and improving market stability and confidence.

**E. Estimated Project Cost**

9. The total cost of the Project is estimated at \$2,864,400.

ADB Grant funding: \$2,500,000

The Government in-kind contribution: \$260,800

Implementing Agencies in-kind contribution: \$103,600

10. Grant Categories of Expenditures, Amounts, and Percentages of Expenditures by Components (US\$)

Inputs/Expenditures Category	Component A	Component B	Component C	Total	%
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					<b>XIII.</b>
Equipment and Supplies	114,000		30,000	144,000	6
Training, Workshops, Seminars, Public Campaigns	224,720	396,000	19,000	639,720	26
Consulting Services	600,100	136,200	124,800	861,100	34
Grant Management			372,800	372,800	15
Other inputs: field financial assessment, capacity assessment for SCCs, audit	282,200	50,000	15,200	347,400	14
Contingencies	104,180	15,800	15 000	134 980	5
Subtotal JFPR grant financed plus contingency	1,325,200	598,000	576,800	2,500,000	100
Government Contribution (in kind)	120,000	52,000	88,800	260,800	
Community's Contribution: SCCs, in kind staffand/orBoard time	103,600			103,600	
<b>Total Estimated Costs</b>	<b>1,548,800</b>	<b>650,000</b>	<b>665,600</b>	<b>2,864,400</b>	

## **XIV. PROJECT ORGANIZATION AND IMPLEMENTATION**

### **A. Project Management**

#### **1. Executing Agency**

11. The Financial Regulatory Commission (FRC) is the executing agency for the Japan Fund for Poverty Reduction (JFPR) project.

#### **2. Implementing Agencies**

12. The MOCCU and the MCTIC are implementing agencies for the JFPR project.

#### **3. Project Steering Committee**

13. The project steering committee (PSC) comprises director-level representatives from following agencies and provides strategic orientation and overall guidance on project implementation:

- 1) K. Bum-Erdene, Head of PSC/ General Manager, FRC
- 2) S. Gookhuu, Chairman, MOCCU
- 3) Ts. Myagmar-Ochir, Executive Director, MCTIC
- 4) B. Batbayar, Director, Finance and Economic Policy Department, MOF
- 5) N. Oyunchimeg, Project Director/Director, Microfinance Department, FRC
- 6) M. Ayasgalan, Officer of the Development Financing and Cooperation Department, MOF
- 7) C. Altangaaya, Principal member, Mongolian National Cooperatives Association (MNCA)

### **B. Organization and Staffing**

#### **1. Project Management and Office**

14. The project has been established within FRC's Microfinance Department, with the department director directing all activities. The project has no a formal project management unit. However, additional resources are provided in the project budget in the form of office equipment, computers, and photocopiers. A finance and administration coordinator (national consultant, 36 person-months) and a logistics and reporting coordinator (national consultant, 36 person-months) has been recruited to provide support to FRC for the significant additional activity. FRC has recruited the two coordinators, who were approved by the Asian Development Bank (ADB). The MFD and coordinators had prepared a grant implementation manual, for ADB approval, during the first quarter of implementation, including disbursement, procurement, financial management; monitoring and evaluation and, preparation of detailed project implementation plans and budgets, annual reports, and quarterly progress reports. The Policy and Planning Division (PPD) and the Savings and Credit Cooperatives' Division (SCCD) of the MFD are directly involved to the project implementation activity.

## XV. ASSESSMENT OF IMPLEMENTATION PROGRESS

### A. Assessment of progress made during the reporting period (by Project Component)

#### 1. Component A: Savings and Credit Cooperative (SCC) Regulations, Supervision and Capacity Building

##### a. SCC Regulations and Public Communication

15. Based on new SCC law (approved in December 2011) all related regulations will be revised, and supervision system will be improved under the Project support. The MFD will benefit from enhanced regulatory and supervision development and the ability to conduct a field review over the entire country. The FRC can then ensure that the SCC market is entirely supervised, restoring integrity to SCCs and improving market stability and confidence.

16. Under this part, the International SCC Regulation Specialist (Regulation Specialist) and the PPD worked closely to review and revise ongoing regulations and establish new draft regulations under the new legislation. Patrick Meagher, Regulation Specialist, has started up in December 2012 to help to arrange, conduct, document, and suitably incorporate comments from the public and SCCs on the draft regulations. He also helped to ensure that regulations enable practical and workable supervision systems. On 27 January 2013, the Regulation Specialist submitted a memorandum on SCC regulations and international standards which was based on a request from MFD. FRC has provided more detailed information about current conditions of Mongolian SCC legal environment and SCCs operations.

17. During the period from 4 March through 22 March 2013, Regulation Specialist has visited Mongolia in order to conduct interviews, visit SCCs, and carry out joint planning with MFD, FRC and the Project Unit. It was included some discussions and any necessary amendments to his inception report/work plan. It covered the outputs to be produced, the regulation issues to be addressed, the activities to be carried out, the adjustments to the contract budget, and the schedule for all the tasks and outputs.

18. The Regulation Specialist has provided analysis and proposals in each of the following areas (as indicated in the TORs and clarified during the discussions with FRC), based on international standards and existing conditions of SCC areas in Mongolia:

1. Prudential ratio, risk management, and capital:
  - Uniform versus differentiated or tiered prudential ratios.
  - Setting prudential ratios for key risks management.
  - Capital requirements, including the use of subordinated debt.
2. Deposit protection: options for a regulation and a guarantee/insurance scheme.
3. Other financial services:
  - The kinds of financial services that SCCs should be allowed to provide beyond savings and loans?
  - How to define criteria and prudential norms for those other financial services?
4. On-site (and off-site) supervision system:
  - How to incorporate risk management? Issues to be addressed, indicators used, and frequency of on-site examinations.
  - How to address failures and breaches detected during the examinations?
  - In contrast, what recommendations for off-site supervision?

5. Stabilization service regulations(MOCCU):
  - What kind of government and policy support should be provided for this?
  - Concepts and definitions of stabilization fund, how to put it in operation, criteria and procedures for its use.
  - What should be done to strengthen MOCCU in its role as apex institution?
6. Other issues of SCC licensing, regulation, governance:
  - Should the minimum number of SCC members be increased?
  - Should SCC licenses be issued without any expiration date?If so, what criteria should be used for suspension and invalidation of the special license?
  - Service fees for regulation: At what level should these be set? What about penalties, such as for late submission of reports to FRC?
  - How to deal with unregistered SCCs, e.g. enforce the law against them or re-define the criteria to encourage them to register?
  - How prescriptive should the regulations be about SCC governance, e.g. operations of SCC boards, criteria for SCC restructuring?
7. The process of issuing regulations: What procedures are needed for public consultation and disclosure/dissemination?

19. PPD has requested several times him to update and revise his proposals on the above regulations. PPD has noted that the Regulation Specialist is a good lawyer but with a lack of experience on SCC's legal environment.

#### **Next planned activities**

20. In the inception report/workplan of the Regulation Specialist, it would be have a second mission to Mongolia in early June. But the draft proposed regulations and recommendations need to be revised. Therefore next activities are postponed. He will conduct workshops with MFD in order to discuss, and adjust as necessary, the content of the proposals. He will also work with MFD to carry out a public consultation on the proposed regulatory changes.

21. The Regulation Specialist will produce final proposed revisions to SCC regulations and a consultation process, based on findings from the second visit.

#### **Improvement of public understanding of SCC operations**

22. In January 2013, Guidelines of SCC legislation (300 printed copies) has been developed by PPD and distributed to all SCCs.

23. A major expected result of the Project implementation is improving the public understanding on SCC operations and restoring their confidence in SCC areas. The Public Communication and Consultation National Specialist provided methodology on revised regulations with public consultation; and determined suitable methods for media communication of financial educations to the public especially to women and poor households. Now he is working on draft brochure for SCCs on law, regulation and benefits and set up a system for public disclosure of SCC legislation system.

24. Dean Mohan, International SCC Capacity Assessment and Training Specialist has been invited to "Bloomberg" TV for an interview on project brief, improvement of SCC legal areas, and development of capacity building of SCCs on 28 May 2013. Also his brief of a

seven days training of trainers for SCC Capacity Building were posted at [www.news.mn](http://www.news.mn). ADB's Resident Mission was supported on that.

#### **b. SCC Supervision System**

25. The recruitment of an international SCC Supervision Specialist (Supervision Specialist) was processed by ADB (in accordance with GAR) during the first quarter 2012. Mr. Peter Stein was recruited as a Supervision Specialist on 9 March 2012 and conducted two missions in Mongolia. Unfortunately, his contract was terminated in February 2013. The procurement process was restarted by ADB and Mr. Brian Gately was recruited on 6 May 2013.

26. The Supervision Specialist should work closely with SCCD, MFD and FRC to help to design and implement revised systems of off-site and on-site supervision that are practical and cost-effective, and ensure responsible performance and growth of SCCs. This will include field involvement on an intermittent basis in FRC's assessment of all SCCs operations, including verification of closures and documentation of findings and system amendments emerging from this exercise. The Supervision Specialist will help to determine suitable management information system options and facilitate any new investment and training in this area. The assignment is requiring day-to-day work on-site with supervisors in on-site and off-site supervision and skills development in this area.

27. The Supervision Specialist arrived in Mongolia in a relatively short period of time in May 2013. Because of past project delays, it was obvious that quick action was important, so he was complying. The Supervision Specialist submitted his inception report which included who he has met with, laid out his scope of work, reviews and activities in the three weeks in Mongolia, including which SCCs have been visited. Then he provided his recommendations and work plans.

28. The following Supervisors (inspectors) and the Supervision Specialist conducted onsite supervision review at BEH SCC which located in Harhorinsoum, Ovorhangai aimag, during the period 29 May through 3 June, 2013:

- Ch. Chuluuntsetseg, Senior Supervisor and CPA
- D. Ariunaa, Senior Supervisor
- S. Dorjpagma, CPA, Supervisor
- J. Altanbagana, Supervisor.

Once the balance sheet was certified it was determined that the SCC is in good condition and received a good overall rating of 4 out of 5. The SCC had not been inspected for 6 years so the supervisor/inspectors wanted to do a thorough review of books and records and did so.

29. On 7 June, the two supervisors (Ch. Chuluuntsetseg; J. Altanbagana) and the Supervision Specialist visited Yesun-Delbee SCC in Ulaanbaatar to do a follow-up inspection. The SCC had a 78% compliance rate before the follow up inspection, and afterwards, a 100% rate. The compliance rate is calculated by dividing the number of items complied with on a list of inspector findings by the total number of findings on the list. At the inspection only 78% had been complied with but after the follow up inspection, all had been complied with.

#### **Key findings and next expected tasks**

30. The Supervision Specialist has provided following recommendations and next activities plan:

## On Site Inspection Program

- 1) Since there is still systemic uncertainty about the financial condition of the SCCs, especially rural SCCs, full inspections should be done for the coming round of inspections. Many rural SCCs have not been inspected in many years. The reason why is due to both a constraint in human and financial resources at the FRC. It costs more to inspect the SCCs than they pay in fees. An eventual solution will be to make the on-site inspection process more efficient by better weighing SCC safety and soundness risk vs FRC cost and time to inspect. This will be easier once a general review of the financial situation of (especially) countryside credit unions will have been made. Also, at the same time, off-site inspection procedures will be improved, likewise making it easier to weigh risks vs costs when planning on-site inspections. The public has lost some confidence in parts of the financial system due to bank and SCC failures in the not-too-distance past, and there have been court cases, so it is important for the first round to be thorough. It is estimated to do full exams will take a cycle of one year. There are resources available.
- 2) The Supervision Specialist should accompany the supervisors/inspectors in September-November 2013 for 5 SCCs in Bayan-Olgii Province and 5 SCCs in Dornogovi Province. Some training on both onsite and offsite supervision reporting will be provided to SCCs during this inspection. These should be full-scope inspections since they have not been inspected for many years.
- 3) As appropriate, the Supervision Specialist should also accompany the supervisors/inspectors for the inspection of 9 smaller SCCs in Zavkhan Province, but this may have to wait until spring because of cold weather in winter.
- 4) The other rural credit unions for which the FRC is responsible should be inspected this round with or probably without the accompaniment of the Supervision Specialist. In the cases without the accompaniment of the Supervision Specialist, guidance and instruction can still be provided indirectly via an updated Supervisor's Manual and workpapers and directly via email or telephone if necessary.
- 5) After this round will be completed, a more variable-scope inspection program should be implemented since the general systemic condition of the SCCs will be known because the first, more thorough round of inspections will have been done. A variable-scope (less than full) inspection will allow saving time and money but still provide for safety and soundness. The FRC can gain knowledge on how to better mobilize its resources. A variable-scope inspection is an inspection where the degree of detail of review depends upon problems found. The less problems, the less inspection.
- 6) Collaboration (cooperation) with MOCCU and its representatives will help to ease the supervisory/cost burden. For instance, if FRC and MCTIC representatives working with MOCCU while doing capacity assessments find a problem with a SCC, they can inform FRC supervisors. This also will work the other way. If FRC supervisors find that an SCC could use the help/training from the MOCCU representatives, they can let them know. There is a concern of "moral hazard" between the NGOs and FRC since NGOs represent SCCs and the FRC is a regulator. This can be addressed by making it clear what are merely "recommendations" (good operating practice) as compared to "requirements" (compliance with laws and regulations). It is important for the inspectors to be clear in their reports about this. For instance, it might be good practice to have strategic planning sessions (but not illegal not to) but it is a requirement to be solvent.

## Supervisor Inspector Classroom Training

The Supervision Specialist will provide classroom training to the SCC inspectors, for two separate sessions: the first session will be for 3 days in late August, 2013, and the other session will be for 5 days in September-October of this year, to cover variable scope inspection techniques including risk management, working with officials, negotiation, asset-liability management, the inspector's manual (to be developed during the summer), loan review, asset classification, insolvency, liquidity, general ledger, cooperative principles, the total analysis process, problem credit unions, sanctions, mergers and liquidations, other supervisory tools.

## Off-site Supervision

- 1) The present supervision guidelines and inspector's manual need to be expanded into a more complete Supervisor's Manual. A draft of a much more complete manual was left with Project Coordinator, Baigalmaa as a beginning. During the summer (June, July, August, 2013), the Supervision Specialist from his home office will work with the Project Coordinators and Supervisors to adapt and update the draft manual to Mongolian standards and reality.
- 2) There are few standard supervisor/inspector workpapers. The Supervision Specialist, again along with the Project Coordinators and Supervisors, will develop a set of computer based workpapers (in MSWord or Excel as appropriate) for the use in the field.
- 3) The FRC staff and the Supervision Specialist will look at offsite SCC reporting to the FRC (FINA program) to see how financial performance reports (listing financial statements and key ratios by quarter) can be developed for all SCCs and distributed to Supervisors and to the SCCs.

## Regulations

Once the status of the regulatory side of the project becomes more clear, the Supervision Specialist will need to work with the Regulation Specialist (if he is coming back) to provide recommendations to what regulations to change, or eliminate, and what others to add. The PPD will be involved in this.

## Other Stakeholders

- 1) MOCCU's legal entity status will need to be better defined. It is an NGO and it is not clear what rights/functions it has under this legal status. One possibility is the formation of a 2<sup>nd</sup>-level SCC as an entity independent from MOCCU but working with it.
- 2) As previously mentioned, the Supervision Specialist recommends that a closer coordination between the Supervisor/Inspectors and MOCCU staff has to be achieved. This will help both sides to better do their jobs.

## Prudential Ratios

During the summer the Supervision Specialist will work with Supervisors and other FRC staff to revise current prudential ratios to better reflect the Mongolian reality. One example is expenses to assets; another is fixed assets to total assets (the current standard is probably too low for many SCCs). What is important is to avoid

“suboptimization” meaning optimizing a lesser-important ratio at the expense of the overall safety and soundness of the SCC. For instance, it may be good to cut expenses but if there is too few staff to run the SCC, overall safety and soundness is affected. It is better to focus on fewer, more key ratios, than on too many. Key ratios to focus on are capital/assets, net income/assets, and vital liquidity ratios (short term assets to assets, long term assets to assets, and such.

### Capital Share Savings vs Regular Share Savings

An issue that is affecting the SCC environment is the distinction between capital share savings vs. regular savings. At present there is a preponderance of members’ savings in capital shares, and not in savings. The reverse should be true.

31. Also he developed followings:
- Classroom Training Dates and Material for Lesson Plan
  - Difference Between an Inspection (exam) and an Audit
  - Calendar of Items to be Implemented

### **c. SCC Capacity Building and Assessment**

32. The Project includes a major component focused on Capacity Assessment and Training. The matter of the implementation of the capacity assessment system was finally resolved by the FRC. It was determined by the Commissioners’ meeting on 23 January that MOCCU and MCTIC will be responsible for carrying this out. With regards to the certification of the SCC capacity assessment process and system, at the same meeting, the Commissioners agreed that this should be the responsibility of the policy-making bodies of MOCCU and MCTIC. At a joint meeting on 7 February, the MOCCU and MCTIC Boards approved of the system and guidelines.

### **SCC capacity assessment**

33. The training for preparing the assessors was organized in Ulaanbaatar city on 18 February 2013 and in this training total of 28 people participated, who have met the requirements for the assessors which were determined by the MOCCU and MCTIC. And from it, 10 people have participated from the rural aimag. MOCCU, MCTIC and project team have jointly co-organized the training and based on the participation’s methodology introduced the methodology for the assessment and SCCs’ capacity assessment system.

34. After the training, the assessors has been conducted the capacity assessment at 65 SCCs which are located in Ulaanbaatar city, during the period from 19 though 23 February 2013.

35. The capacity assessment of the rural aimags SCCs started on 10 March 2013. There were 13 teams that have been worked out the assessment of 83 SCCs which are located in Uvurkhangai, Bayankhongor; Bayan-Ulgii, Dornogovi, Khentii, Arkhangai, Bulgan; Khuvsgul, Dundgovi, Umnugovi and Zavkhan aimags.

36. According to the work guidance the assessment team recorded the location of financial service providers such as commercial bank, non-banking institutions, SCCs, pawn shops and others. It was noted that, due especially to budget concerns, the financial mapping exercise should be limited. During the last mission (in December 2012) of the International SCC Capacity Building and Training Specialist (IS), it was agreed that no further financial mapping will be undertaken, outside of those which can be undertaken at



the same time as supervisions and capacity assessments. Since then financial mapping is only taking place in those areas where there are SCCs.

37. As per the schedule established during the Inception Mission, the IS for this component undertook a third mission from 18 April through 30 May with SCC Capacity Building and Training National Consultant (NC). The major objective of the mission was to analyze the SCC capacity assessments, determine the critical needs areas on which to focus training, design the training, implement the training of trainers program, and work towards the institutionalization of the process by facilitating a planning process for MOCCU.

38. The IS and the NC analyzed the results of the assessments. The project's target of 90% of SCCs being assessed was surpassed as 93% were. They then met again with the MOCCU and MCTIC Directors to present their analyses. The review was facilitated by the fact that all of the 28 variables were quantitative. There were clear deficiencies in all areas. However, the most critical needs were: governance, understanding of basic principles, especially the difference between shares and savings, and the implementation of SCC policies and procedures. A meeting was then held with the assessors to verify the assessment and seek any additional input.

### **The training of trainers**

39. The design of the training of trainers program was agreed upon. It would consist of 4 days of methodology: one day each of SCC principles and governance and a final day explaining how the policies and procedures would be addressed, as well as the piloting of distance learning. The first two areas would be presented as content training, the model policies and procedures would be developed by a committee of select SCC managers, and the content training would also be tested in two aimags via an online course provided through the Banking and Finance Academy (BFA).

40. The training of trainers was a joint effort between the project and the NGOs. MOCCU and MCTIC to select the participants, who would eventually be doing the training in the aimags and in UB. In addition, while four of the seven days of training were to be provided by the IS and NC, the other three were developed and facilitated by MCTIC, MOCCU and BFA representatives. All sessions were reviewed and coordinated prior to their implementation by the IS and NC, on behalf of the project.

41. The training sessions were in two parts: methodology and content. The first part consisted of the Development of Training Objectives, Evaluation, Teaching/Learning Principles, the Design of Training Programs and Courses, and Training Ethics. The sessions content was SCC Principles and Practices, Governance, Model Policies and Procedures, and training by internet. All materials were given to all trainees in order that they might have all the tools necessary at their disposal for the trainings which they will conduct. At the end of the training they were all rated by the trainees on a scale of 10. The average ratings were:

Development of Training Objectives	8.9
Evaluation	9.05
Teaching/Learning Principles	9.5
Design of Training Programs and Courses	9.2
Training Ethics	9.5
SCC Principles and Practices	9.8
Governance	9.6
Policies and Procedures	9.1
BFA Internet training	7.4

42. The anonymous written remarks of the trainees reflected a high degree of satisfaction with the 7 day training and an appreciation for the knowledge and skills which had been transferred. Of the nineteen trainers who were trained, 7 were from the rural aimags and 12 from Ulaanbaatar.

### **Pilot Training on SCC capacity building**

40. The pilot trainings were operated in Ulaanbaatar (from 19 to 21 June) and Khuvsgul aimag (from 28 to 30 June). The pilot training in Ulaanbaatar SCCs consists of two parts as follows:

- (i). Part 1-Training on SCC Principles and Practices which is for chairmen and executive directors of SCC (16 participants from 11 SCCs were attended). Trainers Sh.Gookhuu from MOCCU and Battsetseg from MOCCU were doing and conducting this session.
- (ii). Part 2- Training on SCC governance and members' participation was conducted in two days there were participated 24 attendees who are Board of Directors and Supervision Committees' members from 12 SCCs. This training was done by Munguntuya from MCTIC and Goohuu from MOCCU.

41. The second pilot training was organized in Murun, Khuvsgul aimag from 28 to 30 June 2013. There were in total of 28 participants attended, who were executive directors and members of boards and supervision committees of Arvin murun SCC, Murunsoum, Ankhdagchanduud SCC, Shine-Idersoum, and Baruunotog SCC, Bayanzurkhsoum. Gundegmaa and Battsetseg were provided this training. The NC had observed those pilot trainings.

42. The trainers will soon be meeting to report on the training experience and recommend any changes prior to the training being given throughout the country. During the training of trainers program, the participants reinforced the notion that the SCC principles and practices training should be provided to all board and supervision committee members as well the Executive Directors. The experience with the piloted training proved this to be most effective. There were three key reasons:(i) elected committee members change due to elections and most new members lack an understanding of SCC principles and practices;(ii) improved knowledge about principles and practices will also serve to provide an opportunity to improve an SCC's governance system; and (iii) training just one elected official does not ensure that the knowledge and skills transfer will be passed on to all other officials.

43. MOCCU has established a working team to develop models and guidance of SCC's policy and procedures. The working team consists of: Rita, ED of Monkord SCC (Team leader), members are Tserenlham, chairwoman of Altandavalgaa SCC, Urantsetseg, ED of Arvindem SCC, Davaadolgor, economist of Monum SCC and Oyuntsetseg, ED of Credit Union Mongol SCC. Through May-June 2013, the working team has developed a list of documents such; 3 general guidance, 4 policies and 9 procedures and 1 other documentation. The above proposed documents will be finalized by end of July 2013.

### **The mobilization of resources for MOCCU and MCTIC**

44. One of the responsibilities of this component is to assist in the mobilization of resources for MOCCU and MCTIC in order that the procedures developed during the project are continued thereafter. In this respect, activities were commenced just prior to the mission and continued during the mission. Although the schedule calls for such activities to be

undertaken in September, given the nature of fund-raising and resource mobilization, the process had to begin much earlier.

45. International Specialist noted followings:

- (i). Despite strong support for the project's activities from the MOCCU's Board of Directors, there has been a consistent lack of cooperation, transparency and commitment to agreements from the management of MOCCU vis-à-vis the project. This is causing project implementation delays, calls into question the ability of MOCCU to manage its role as a current and future project implementing organization, and needs to be addressed immediately.
- (ii). The issue still remains of a lack of understanding of the difference between shares and savings and what this implies. In fact, the FRC report for the first quarter of 2013 states that 18 SCCs reported no savings at all. It was clear from the analyses of the assessments that this is a problem in virtually all SCCs. Therefore, a key part of the SCC Principles and Practices training reviews the background of shares and savings including the bad experiences in the first period of international SCC history which impacted loan repayment when there were not any savings and explains the savings/shares distinction, as per the Mongolian SCC Law. As previously noted, addressing this issue has been facilitated by the fact that the Project Director is strong supporter of international practice in this regard.

#### **Next planned tasks**

46. Tasks planned for the next reporting period:

- (i). The trainers who conducted the pilots must be met to review the effectiveness of the trainings and, if necessary, to recommend any adjustments to the lessons.
- (ii). The training budget must be approved by ADB. The request has already been submitted by the Ministry of Finance(MoF), on behalf of MoF and the FRC. It is anticipated that a tripartite retreat will soon be held to address this and other project matters.
- (iii). The issue of the contract extension of the IS must be addressed. This will affect the component's work plan and the projections of project deliverables.
- (iv). Assuming that training budget is approved, the trainings should begin in September and the IS should undertake a mission of about 3 weeks beginning at the end of August.
- (v). Until the MOCCU managerial situation is resolved, resource mobilization efforts should focus solely on MCTIC.
- (vi). It is also recommended that, although the MOCCU leadership – through its Board – is and has been very supportive of the project, based on the difficulties encountered with MOCCU management and its lack of cooperation with the project, it is deemed not ready to implement project activities under a tendering arrangement.
- (vii). Several IS TOR amendments were recommended during the Inception Mission and reiterated in the 2nd Mission Report. These still need to be modified.

## **2. Component B: Media Based Adult Financial Education**

### **a. Brief Summary**

47. The basic understanding of household financial management and available financial services will be improved under the component. The purpose of the assignment is to provide a structure for an effective program of appropriate financial education for the public, particularly for low income households, using television drama to effectively communicate messages.

48. Within Component B, the recruitment of an international Financial Education Advisor (FEA) was included in the budget, and processed by ADB (in accordance with GAR) during the first quarter 2012. Ms. Lesley Barcus was recruited through Microfinance Opportunities on 13 April 2012. Unfortunately, she resigned from Microfinance Opportunities and the contract was terminated in November 2012. The procurement process was restarted by ADB and Mr. Yves Mathieu was recruited on 17 April 2013. His work started on 19 April 2014, but it was agreed with the FRC and ADB that his presence in the field would be required earlier than the estimated start date mentioned in the contract. Consequently, Mr. Mathieu started his mission on site on 3 June 2013.

49. Before the new FEA arrival in the field, two other documents were produced by the national consultants.

50. Mr. D. Damdinjav, recruited as Financial Education Researcher (FER) on 10 December 2012, delivered his Inception Report on 8 February 2013, which included the outcome of his research made about the identification of the target market, the financial institutions involved in the provision of financial services to the poor, a financial literacy survey conducted by FRC and, the financial literacy coverage. Based on his findings, he made recommendations on the further implementation of Project component B, taking into account the evident constraints originated by the specific circumstances (replacement of the previous FER and the resignation of the FEA).

51. Mr. D. Gerelt-Od, recruited as Public Communications and Consultations Specialist (PCCS) on 10 December 2012, completed end of January 2013 his analysis about the Current Conditions of Disseminating Financial Education Messages and Information and his report was discussed during the Project Steering Committee (PSC) meeting held on 6 February 2013. The consultant made a broad coverage of the different media available, as well as some proposals on how to disseminate financial information.

52. During the FEA's inception mission there were organized several meetings with Project's key persons (ADB representatives, Financial Regulatory Commission, Project team) on some insight about the current status and view of the different stakeholders. The delay in the general implementation of the Project was openly discussed as a key point, since the need for financial education remains at a high level, as already noted by the former Financial Education Advisor and confirmed during the different meetings. Nevertheless, the fact that the draft report of a Financial Capability and Consumer Protection Survey (FCCPS) made during the mid of 2012 in Mongolia by the World Bank will be soon available (end of June 2013), will allow the Project to gain some time and save some budget in case of this survey could be used as baseline assessment. Taking into account the methodology used for the survey, the probability that it will fit the requirements was considered as very high.

53. The implementation issues linked to the lack of an international advisor to process the required procurement activities left the Financial Education Advisor face to face with the challenge to find remedial actions to allow a visible progress of Component B. The Financial Education Team (FEA, FER, PCCS and FRC) first decided to formalize the gathered

information in a Financial Education Marketing Plan that will be used as a reference document for the Component B progress. The Plan will however require some limited customization of the procurement plan as it was also decided to add a qualitative approach to the information base with the organization of focus groups. The Marketing Plan will be delivered to the PSC beginning September.

54. Following a brain storming meeting held with some organizations involved in financial education, it was decided to use a social media instrument to communicate and exchange about the subject. The solution of a “wiki” was selected since it fulfills the communication expectations in a first stage, but it will also allow in a near future an extension to a public version, media already experienced in other foreign countries. The deployment of this tool will require the collaboration of FRC to host the software on a secure server.

55. The case of TV programs was not left aside, but it needs also the completion of the adequate procurement process to be formally launched. The Project’s original TV program was kept with the option to produce a pilot case before ordering the final deliverable. A variant was additionally included in the revised version of the procurement plan, with the proposal to develop, included in the pilot project, a set of short TV advertisements. The objective of this proposal is to have a faster time to market and to be ready earlier than the longer TV programs originally planned. This part of Component B is nevertheless linked with a confirmation of its sustainability since the GAR expects to have an equivalent commitment from the Executing Agency for the continuation of the initiative.

56. The Component B team will act accordingly to progress with the finalization of the Financial Education Marketing Plan and with the launch of the Financial Education Wiki during the next reporting period. As soon as the procurement status <sup>1</sup>will allow the start of actions related to TV programs, they will be taken rapidly to avoid any additional waste of time.

#### **b. Financial Education Marketing Plan**

57. The initiative to formalize the project approach under the term “Financial Education Marketing Plan” (FEMP) is linked with the Component B objective. Financial education to low-income and poor households is considered as being a service provided to the target people. To distribute this service and make it a success, an implicit secondary objective of the Project is to think about how to promote it. The development of a marketing plan appeared to be a suitable designation to qualify the secondary objective. The plan is not contradictory with the initial Project proposal to develop TV programs: this option will evidently be integrated in the analysis. Six main tasks are planned under this action:

- (i) Organization of focus groups;
- (ii) Financial Education target market segments analysis;
- (iii) Definition of Financial Education messages by market segments;
- (iv) Channel selection per market segment;
- (v) Finalization;
- (vi) Approval by the Project Steering Committee

58. Since the project team expects to have the FCCPS available beginning July, which is a pure quantitative approach, and to be able to perform the task (ii) here above mentioned, it was decided to complement the survey with the organization of focus groups, to have also a qualitative component available for the analysis of the target market segments. Since the process needed some validation steps, linked with the availability of the Procurement Plan where some cost category reallocation has to be introduced, the start of this sub-task was

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<sup>1</sup> The Procurement plan was posted on 10 July 2013 at ADB website.

still pending at the end of the FEA first mission. Originally expected to be organized before the Naadam, the conduct of focus groups will probably be postponed end of July, beginning August. Without any major blocking situation or event, it is expected that the FEMP will be submitted to the PSC beginning September.

59. The objective of the focus group (FC) is to get qualitative information about financial education/literacy/behavior within the three selected target groups:

- (i). people from UB reflecting the distribution between ger areas and city center;
- (ii). people from aimag centers (Bulgan, Uvurkhangai);
- (iii). people from soum centers (Khutag-Undur, Bayangol).

This information will be considered as complementary to the one coming from the World Bank FCCP survey to:

- (i). understand the motivation and drivers of the FC participants;
- (ii). detect the main needs;
- (iii). identify educational opportunities and teachable moments.

60. The financial education team will organize 8 FGs, with two groups in each target areas mentioned here above with however separated FG in UB for ger area persons and city center persons. Each meeting will last between 2 and 3 hours. The Financial Education Researcher and the Public Communications and Consultations Specialist will manage 4 meetings each.

### **c. Financial Education Wiki**

61. On Thursday 13 June 2013, a brain storming meeting was held with organizations (Mongolian Non-Bank Financial Institution Association;MOCCU; Mongolian Insurance Association;Securities Traders Association of Mongolia;MCTIC; Mongolian Leasing Association; World Bank; EBRD and ADB) having interest in Financial Education. At the meeting, all organizations presented about their activities related to financial education, and expressed their recommendations and willingness to collaborate with the Project on the subject. Since it looked that some of them are planning to develop projects or programs related to this area, the need for some coordination was discussed.

62. Currently, the Project seems to be the main one in this area and it is somewhere logical that it has also to support FRC to take some initiative in this regard, to gain some visibility as a main stakeholder in Financial Education in Mongolia. The question was internally discussed, and the launch of a wiki was decided. Contact was taken with FRC (Administration Department and Financial Education, Training and Advocacy Division), who is supporting logically the idea. The sustainability of the wiki is important, and the purpose is normally to hand the tool over as soon as possible to FRC when it will be up and running. In a first step, the wiki will be used only to exchange information between the interested organizations, but in the future, a public access has to be developed and available (in Mongolian language) for the Mongolian population. Some additional brain storming meetings will be required to coordinate as much as possible the wiki's outcome and it is expected that the same approach for their organization will be kept.

63. Formally, a wiki is a collection of Web pages that anyone can edit or an easy-to-edit shared online database of pages. The concept was created in 1995, and now used in a lot of different configurations (public institutions, private companies, NGOs). One of the major option to choose before starting a wiki is to decide if you are going either to use one that is hosted by a third company, or to host the tool on your own system. Due to the specific purpose of the financial education wiki, and the fact that it is important that FRC keeps the lead in this area, in collaboration with the IT Division of FRC, the hosting of the wiki on FRC's server is preferred. This task is at a really early stage of development but a domain

name “financialeducation.mn” was already secured. Technical issues for the hosting will be settled with FRC’s IT Division.

#### **d. TV Series**

64. To comply with the GAR, a tentative workplan was also developed related to the procurement of TV series (30 episodes), keeping in mind the production of 6 episodes to be broadcasted during the second part of the year. The starting date of the calendar for this task is also linked to the validation of the Procurement Plan already discussed here above. According ADB’s procedure, an “audacious” Consultant Recruitment Activity Monitoring (CRAM) was developed and will be introduced as soon as it will be possible following the completion Procurement Plan validation process. The CRAM is “audacious” in the meaning that the different time periods planned for the different steps a reduced at a maximum, and will require to any component of the chain to show goodwill.

65. Additionally, the financial education team also proposed to complement the analysis of TV series general efficiency with the production of short TV advertisements (5 short ads to be broadcasted during 1 month). The advantage of this action is to have a time to market faster than the originally planned TV series. The ads could be broadcasted in late September, beginning October when the long version can only be available in November. It has also to be noted that the broadcasting of TV series could fit the presence of the Monitoring and Evaluation mission and allow the monitoring since the beginning of this action.

#### **e. Tasks planned for the next reporting period**

66. The first FEA mission was completed on the 22 June 2013. Since the development of the FEMP is a key milestone for Component B, and that it is expected from FEA a progress report mid-August, it is proposed to organize the second visit from the 29 July 2013 to the 7 September 2013. In case of approval of this schedule, the progress report will be delivered at the end of August.

67. Three tasks will be performed during the next visit, with some preparation works during the interim period (home office work):

- (i) progress in the development and finalization of the marketing plan, for an approval by the PSC beginning September;
- (ii) progress and launch of the financial education wiki;
- (iii) CRAM for the TV series.

68. The coordination with ADB about the TV series issue is fundamental for a quick readjustment of the project activities in case of an adverse decision. In this case, with the assistance of the FEMP outcome, corrective actions will be possible on a relative short term basis, to be approved of course by the different responsible bodies. Early decisions are mandatory to be able to perform activities taking into account the selected procurement process.

### **3. COMPONENT C: PROJECT MANAGEMENT, LOGISTICS AND EVALUATIONS**

#### **a. Project Steering Committee Meetings**

69. As of the half term of 2013 the meeting of PSC was held 3 times by follows:

(i) During the meeting (was held on 17 January 2013), the PSC has approved the project implementation plan for 2013, and discussed on a draft procurement plan. But it was postponed until next PSC meeting because of FER and PCCS' inception reports were not finalized at that time.

(ii) The Steering Committee met again on 18 January, at which time it was decided that MOCCU and MCTIC should implement the capacity assessments. However, the matter of certification would be determined by the FRC Commissioners Meeting. As regards certification of the SCC capacity assessment process and system, at the same meeting the Commissioners agreed that this should be the responsibility of the policy-making bodies of MOCCU and MCTIC. The Commissioners also recommended to those NGOs to submit a report, and provide a presentation on findings of works on SCCs capacity assessment to the FRC meeting.

(iii) Next PSC Meeting was held on 6 February 2013, at which time it was discussed on following topics related to the Component B:

- "Overview of the financial education, organizations that rendering the financial service to the citizens" which was presented by FER; PSC were highly satisfied on his report.
- "Current condition of disseminating financial education messages and information" that was presented by PCCS; PSC were noted that the messages are too general so advised PCCS to update this report.
- Third issue was about 6 pilot TV series. PSC agreed that an open tender for 6 pilot episodes by 2 series will be awarded to three firms. The pilots will be broadcasted by the selected TV stations to selected audiences. The pilot which is most-watched will be awarded the long-term contract and produced to continue the next 24 series.

(iv) The Steering Committee Meeting held on 4 April 2013 and at the meeting revising GAR, delayed project implementation tasks, improvement issues of the implementation task were discussed. According to the discussion of the comply with expected result of project in the meeting, the members of Steering Committee agreed to establish a working team (N. Oyunchimeg, Project Director/ Director, Microfinance Department, FRC as a Leader; Ts. Myagmar-Ochir, Executive Director, MCTIC; D. Damdinjav, Financial Education Researcher; D. Gerelt-Od, Public Communication and Consultation Specialist; T. Oyunchimeg, SCC's Capacity Building and Training Specialist as members) whose goal is to develop recommendation in order to enhance efficiency of the project implementation process. Based on working team's proposal FRC has sent official letter to ADB and MoF which contains: (a) proposal on re-arrangement of project management unit; (b) to determine roles, responsibilities and contributions of MOCCU and MCTIC as Implementing Agencies (IAs) and set up performance monitoring mechanism and resolve to fund flow for the activities of IAs; (c) to speed up consultants recruitment processing and so on.

**b. Problems encountered and remedial action taken or proposed to taken**

70. Regarding to above problems Country Director, ADB Mongolia Resident Mission had met with senior representatives of FRC, MOCCU and MCTIC respectively. The discussions were having a frank and open. The result of the meetings was that the Director would work with his staff to seek ways to reimburse the project-related costs of the NGOs. He also expressed the need for a review of the project in the context of any post-commencement factors which may be cause for changes.



71. A retreat on issues related to project implementation arrangement was held of all project stakeholders and chaired by the project's Steering Committee Chairman. A frank discussion was held which reviewed the results and challenges of the project's first year. Following this discussion, several proposals were developed which were presented to the FRC for discussion with MoF which contain: (i) request that assign one more a consultant as a Project coordinator for facilitating daily activities of project management; (ii) increase that the training budget be increased to reflect the lack of projected funding from Canada and related costs, (iii) that the contract of the IS be extended to include two additional missions in order that the training and capacity assessment process be fully institutionalized, and (iv) that MOCCU's and MCTIC's future operational costs be covered. The proposals were also submitted to ADB.

72. FRC, MoF and ADB management discussion on the requested proposals will be held after the Naadam.

### **c. Monitoring and Evaluation**

73. In accordance with the GAR, ADB will recruit the Monitoring and Evaluation Team which consists of one international consultant and one national consultant. ADB informed that a combined technical and financial proposal, submitted by the first ranking firm, does not meet the minimum requirement of the evaluation. Therefore, ADB's requested the next ranking firm to submit a proposal in accordance with paras 2.20 and 2.28 of guidelines on the use of consultants by ADB and its borrowers. Due to this issue, a suspension would be caused to establish the baseline data for project's expected key indicators and monitoring, which is behind the proposed implementation schedule.

## **B. Proposed program of activities during the Q3 2013**

74. **SCC REGULATION**
- Organize group discussions on draft revised regulations in Ulaanbaatar and other 2 aimags
  - Conduct workshop on draft revised regulations with FRC
  - Finalize proposed revisions to SCC regulations and public consultation process
  - Distribute new printed brochure on SCC areas to all SCCs
75. **SCC SUPERVISION**
- Conduct onsite inspections to 5 SCCs in Bayan-Olgii aimag
  - Organize inspectors classroom trainings
  - Develop a new inspector's manual
  - Develop a set of computer based workpapers (in MSWord or Excel as appropriate) for use in the field
76. **SCC CAPACITY BUILDING AND TRAINING**
- Facilitate long distance training on SCC capacity building
  - Develop SCC operational guidelines
  - Conduct SCC capacity building trainings
77. **MEDIA BASED ADULT FINANCIAL EDUCATION**
- Conduct focus group meetings in UB and rural areas
  - Progress in the development and finalization of the marketing plan, for an approval by the PSC beginning September;
  - Progress and launch of the financial education wiki;

- CRAM for the TV series.

78. MONITORING AND EVALUATION

- Establish the baseline data for performance levels of all SCCs from the FRC quarterly report
- Establish the baseline data for capacity levels of all SCCs by MOCCU/MCTIC

79. PROJECT MANAGEMENT AND LOGISTICS

- Establish a PMU
- Recruit the PMU staff
- Support to organize workshops and seminars
- Conduct biddings on TV series and ads, and publication of SCC brochure
- Update the progress quarterly report
- Update the financial quarterly report

## XVI. RECRUITMENT AND PERFORMANCE OF CONSULTANTS

80. The project has five international experts (29 person-months, intermittent) for savings and credit cooperative (SCC) regulations, supervision systems, capacity development, financial education, and randomized evaluation; and six national consultants (121 person-months, intermittent) for SCC capacity development, public communications, and financial education. International and national consultants will work together to the extent possible in the offices and under the direction of the FRC as executing agency and MOCCU; MCTIC as implementing agencies.

81. Individual consultants has been selected and engaged by the Asian Development Bank (ADB) in accordance with the Guidelines on the Use of Consultants (2010, as amended from time to time) and arrangements satisfactory to ADB for the engagement of national consultants. ADB has to select the international consultants and select the small contract for project output monitoring and randomized evaluation.

### A. Summary on status of recruitment of consultant

General Description	Estimated Value (cumulative)	Procurement Method	Comments
SCC Regulatory Specialist (International)	66,200	ICS	Mr. Joseph Patrick Meagher was recruited on 4 August 2012.
SCC Supervision Specialist (International) - terminated	54,948	XVII. ICS	Mr. Peter Stein was recruited on 4 April 2012. The contract was terminated in February 2013.
<b>1.</b> SCC Capacity Assessment and Training Specialist (International)	167,100	XIX. ICS	Mr. Dean Mohan was recruited on 30 March 2012.
Financial Education Advisor (International) - terminated	28,541	ICS	Ms. Lesley Barcus was recruited through Microfinance Opportunities on 13 April 2012. The contract was terminated in November 2012.
Financial Education Advisor (International)	73,000	ICS	Mr. Yves Mathieu was recruited on 17 April 2013.
SCC Supervision Specialist (international)	142,206	ICS	Mr. Brian Gately was recruited on 7 May 2013.
SCC Capacity Building and Training Specialist (National)	65,000	ICS	Ms. T.Oyunchimeg was recruited on Jun 2012 for 24 months, intermittent.
Public Communications and Consultations Specialist (national)	30,000	ICS	Mr. D.Gerelt-Od was recruited on 10 Dec 2012 for 12 months, intermittent.

<b>General Description</b>	<b>Estimated Value (cumulative)</b>	<b>Procurement Method</b>	<b>Comments</b>
Financial Education Researcher (National)	26,400	ICS	Mr.D. Damdinjav was recruited on 10 Dec 2012 for 12 months, intermittent.
Project Financial and Administration Coordinator (National)	88,285	ICS	Ms.B. Khishigee was recruited on 15 March 2012 for 36 months, continuous.
Project Logistics and Reporting Coordinator (National) - terminated	7,800 <b>XXI.</b>	ICS <b>XXII.</b>	MsZoljargal was recruited on 15 March 2012. She resigned on 6 October 2012.
Project Logistics and Reporting Coordinator (National)	61,425	<b>XXIII.</b> ICS	<b>XXIV.</b> Ms P. Baigalmaa was recruited on 10 December 2012 for 27 months, continuous.

#### **A. Details of consultants' input and general information**

<b>No.</b>	<b>Position</b>	<b>Person-months</b>	<b>Method of Recruitment</b>
<b>International Consultants</b>			
1.	SCC regulatory specialist	4	Individual
2.	SCC supervision and on-site specialist	10	Individual
3.	SCC capacity assessment and training specialist	7	Individual
4.	Financial education advisor	4	Individual
5.	Randomized evaluation consultant	4	CQS
	Subtotal International Consultants	29	
<b>National Consultants</b>			
1.	SCC capacity assessment and training specialist	24	Individual
2.	Public communications and consultation specialist		Individual
3.	Financial education researcher	12	Individual
4.	Monitoring and evaluation consultant	12	CQS
4.	Project finance and administration coordinator	36	Individual
5.	Project logistics and reporting coordinator	36	Individual
	Subtotal National Consultants	132	
	<b>Total Inputs</b>	<b>150</b>	

CQS = consultant quality selection, SCC = savings and credit cooperative.

**XXV. PROCUREMENT OF EQUIPMENT AND SUPPLIES**

**A. Indicative List of Packages Required Under the Project**

<b>General Description</b>	<b>Value of Contract (\$)</b>	<b>Number of Contracts</b>	<b>Procurement Method</b>	<b>Comments</b>
Brochures for SCCs on law, regulation, supervision requirements, benefits, compliance	973.17	1	Shopping	300 handbooks for SCCs on law, regulation, supervision requirements were printed and distributed to 158 SCCs.

**B. Procurement activity is either ongoing or expected to commence within the Q3 2013.**

<b>General Description</b>	<b>Contract Value(\$)</b>	<b>Recruitment Method</b>	<b>Advertisement Date</b>	<b>Assignment</b>	<b>Comments</b>
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<b>General Description</b>	<b>Contract Value(\$)</b>	<b>Recruitment Method</b>	<b>Advertisement Date</b>	<b>Assignment</b>	<b>Comments</b>
<b>XXVI.</b> Project evaluation unit	303,500	<b>XXVII.</b> CQS	<b>XXVIII.</b> 2013 Q1	<b>XXIX.</b> International	<b>XXX.</b> Under the processing.
Production of television series	210,000	<b>XXXI.</b> FBS (3 contracts) SSS (1 contract) <b>XXXII.</b>	<b>XXXIII.</b> 2013 Q3	<b>XXXIV.</b> National	<b>XXXV.</b> To be conducted by FRC. 30 episodes will be produced. Additional pilot production of short ads will be conducted on short term basis.

<b>General Description</b>	<b>Contracts Value (\$)</b>	<b>Number of Contracts</b>	<b>Procurement Method</b>	<b>Comments</b>
Brochures for SCCs on law, regulation, supervision requirements, benefits, compliance	8,920.42	1	Shopping	The brochure on SCC operations and related information on SCC regulation will be distributed to all registered SCCs.
Office furnishings, computers and equipment	450	1 <b>XXXVI.</b>	Shopping	Conference table for project office.

## XXXVII. TRAININGS, WORKSHOP AND SEMINAR PROGRAMS

### A. Training courses and workshops undertaken during the reporting period

No.	Description	Venue	Cost (\$)	Number of Participants	Schedule
<b>Component A: SCC Capacity Building</b>					
1	The training for preparing the assessors for SCC capacity assessment	Dandelion Restaurant in Ulaanbaatar	966.94	28 (10 from rural)	18 Feb
2	Assessors meeting of the general analyzed assessment report	FRC Conference Hall	In kind	14 (assessors)	26 Apr
3	The training of trainers for SCC Capacity building	NAMAK LLC's training hall in Ulaanbaatar	8,399.85	19 (7 from rural)	20-29 May
4	Pilot training for SCC Capacity building has 2 sections: a. Training on SCC Principles and Practices	NAMAK LLC's training hall in Ulaanbaatar	2,894.34	16 (11 SCCs)	19 Jun
	a. Training on SCC governance and members' participation			24(12 SCCs)	20-21 Jun
5	Pilot training for SCC Capacity building	Huvsgul aimag, Murunsoum	5,192.47	28 (3 SCCs)	28-30 Jun
<b>B. Component B. Media Based Adult Financial education</b>					
6	Financial Education Storming Meeting	Brain FRC Conference Hall	In kind	18 (some organizations)	13 Jun
<b>C. Component C: Project Management, Logistics and Evaluation</b>					
7	ADB Consultant Recruitment	FRC Meeting Room	In kind	7 (FRC staff and Project team)	19 Mar
8	Project Steering Committee Meetings	FRC Meeting Room	In kind	9 (PSC and Project staff)	17 Jan; 18 Jan; 6 Feb; 4 Apr

### D. Training courses and workshops scheduled to be undertaken Q3 2013

No.	Description	Venue	Estimated Cost (\$)	Number of Participants	Schedule
<b>Component A: SCC Capacity Building</b>					
1	Online trainings for SCC capacity building	Tuv and Hentii	9,600	88 (11 SCCs rural)	Sept
2	Distance learning trainings for SCC capacity building	nationwide	6,000	144 SCCs	Sept
<b>E. Component A: SCC Regulation</b>					
3	Group discussion on draft revised regulation	Ulaanbaatar	12,000	50 SCCs	Sept
4	Group discussion on draft revised regulation	Zavkhan and Orkhon aimags	12,000	88 SCCs	Sept

No.	Description	Venue	Estimated Cost (\$)	Number of Participants	Schedule
5	Workshop on draft regulations and public consultation	FRC Conference Hall		20 FRC management	Sept
<b>F.</b>					
<b>Component A: SCC Supervision</b>					
6	Classroom trainings on onsite/offsite supervision requirement	Ulaanbaatar	6,000	11 FRC supervisors	Sept
<b>G.</b>					
<b>Component B: Media Based Adult Financial education</b>					
7	Financial Education Brain Storming Meeting	FRC Conference Hall	In kind	18 (some organizations)	13 Jun
<b>H.</b>					
<b>Component C: Project Management, Logistics and Evaluation</b>					
8	Project Steering Committee Meetings	FRC Meeting Room	In kind	9 (PSC and Project staff)	9 Jul; 10 Sep



**XXXVIII. ADMINISTRATION AND FINANCE**

**A. Counterpart funding arrangement (as of 30 July 2013)**

<b>№</b>	<b>Cost Category</b>	<b>Approved MNT</b>	<b>Disbursed</b>	<b>Undisbursed</b>
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<b>1. Communication cost</b>	<b>5,047,020.00</b>	<b>2,577,370.70</b>	<b>2,469,649.30</b>
1.1 Telephone	1,113,420.00	283,070.70	830,349.30
1.2 Internet	3,933,600.00	2,294,300.00	1,639,300.00
<b>2. Stationery cost</b>	<b>9,347,080.00</b>	<b>9,233,424.00</b>	<b>10,113,656.00</b>
2.1 Plain paper	2,070,000.00	743,500.00	1,326,500.00
2.2 Stationeries	11,277,080.00	1,220,320.00	7,056,760.00
2.3 Refreshment for meetings and seminars	6,000,000.00	4,269,604.00	1,730,396.00
<b>3. Rent office</b>	<b>33,065,400.00</b>	<b>9,911,156.10</b>	<b>13,154,243.90</b>
<b>4. Renting vehicle in city</b>	<b>2,400,000.00</b>	<b>708,400.00</b>	<b>1,691,600.00</b>
<b>Grant Total</b>	<b>59,859,500.00</b>	<b>32,430,350.80</b>	<b>27,429,149.20</b>

## B. Project Disbursement (as of 5 July 2013)

<b>COST CATEGORY</b>	<b>\$</b>
<b>3101- NATIONAL CONSULTING SERVICES</b>	<b>34,840.66</b>
<b>3901-GRANT MANAGEMENT</b>	<b>25,137.34</b>
<b>3601-TRAINING, WORKSHOPS, SEMINARS, PUBLIC CAMPAIGNS</b>	<b>18,543.64</b>
HANDBOOK FOR SCC LEGAL DOCUMENTS	973.17
COST OF PREPARING ASSESSORS OF SCCS OPERATION	966.94
TRAINING OF TRAINERS FOR SCC CAPACITY BUILDING	8,399.85
PILOT TRAINING OF SCC CAPACITY BUILDING IN ULAANBAATAR AND HUVSGUL AIMAG	8,203.67
<b>4801-OTHERS</b>	<b>31,099.26</b>
DSA AND TRANSPORT COST FOR RURAL ASSESSORS WORKING IN UB SCCS	4,426.18
DSA AND TRANSPORT COST FOR ASSESSORS WORKING IN RURAL SCCS	23,583.01
ONSITE SUPERVISION REVIEW IN RURAL AIMAGS	3,090.07
<b>BANK CHARGE</b>	<b>70.05</b>
<b>GRANT AMOUNT</b>	<b>109,690.95</b>

## C. Status of Imprest Fund Account (as of 25 July 2013)

Balance of imprest account	\$	38,552.15
Balance of Sub-account (MNT-3400037209)	\$	95,833.47
Petty cash balance	\$	1,188.08
Amount of eligible expenditures to be claimed (WA 00004)	\$	108,609.69
Amount claimed in applications credited (WA00002, 17 Dec 2012)	\$	109,685.83
Amount claimed in applications credited (WA00003, as of 4 Jun 2013)	\$	42,054.69
Total paid bank charge	\$	70.05
Exchange rate loss	\$	5,746.56
TOTAL expenditures	\$	260,350.21