

Public Disclosure Authorized

OFFICIAL DOCUMENTS

CREDIT NUMBER 5974

Financing Agreement

(Employment Support Project)

between

MONGOLIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated

July 5, 2017

FINANCING AGREEMENT

AGREEMENT dated *July 5*, 2017, entered into between MONGOLIA ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association"). The Recipient and the Association hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — FINANCING

- 2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a credit in the amount equivalent to eighteen million four hundred thousand Special Drawing Rights (SDR 18,400,000) (variously, "Credit" and "Financing"), to assist in financing the project described in Schedule 1 to this Agreement ("Project").
- 2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement.
- 2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.
- 2.04. The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.
- 2.05. The Interest Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to one and a quarter percent (1.25%) per annum.
- 2.06. The Payment Dates are February 15 and August 15 in each year.
- 2.07. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.

- 2.08. The Payment Currency is Dollar.

ARTICLE III — PROJECT

- 3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall carry out the Project through the Ministry of Labor and Social Protection and cause Part 2(b)(ii) of the Project to be carried out by the Participating Financial Institutions in accordance with the provisions of Article IV of the General Conditions.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — EFFECTIVENESS; TERMINATION

- 4.01. The Additional Condition of Effectiveness consists of the following:
- (a) the Recipient has prepared and adopted the Project Operations Manual in a form satisfactory to the Association; and
 - (b) the Recipient has established the Project Implementation Unit with a mandate, composition and terms of reference satisfactory to the Association.
- 4.02. The Effectiveness Deadline is the date one hundred twenty (120) days after the date of this Agreement.
- 4.03. For purposes of Section 8.05 (b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty (20) years after the date of this Agreement.

ARTICLE V — REPRESENTATIVE; ADDRESSES

5.01. The Recipient's Representative is its Minister of Finance.

5.02. The Recipient's Address is:

Ministry of Finance
Government Building II
Danzan Street 5/1
Ulaanbaatar 15015
Mongolia

Facsimile:
976-11-267468

5.03. The Association's Address is:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Facsimile:
1-202-477-6391

AGREED at Ulaanbaatar, Mongolia, as of the day and year first above written.

MONGOLIA

By



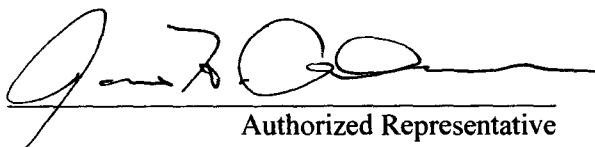
Authorized Representative

Name: Choijilsuren Battagtdakh

Title: Minister of Finance

INTERNATIONAL DEVELOPMENT ASSOCIATION

By



Authorized Representative

Name: James H. Anderson

Title: Country Manager

SCHEDULE 1

Project Description

The objective of the Project is to provide jobseekers and micro-entrepreneurs in Mongolia with improved access to labor market opportunities.

The Project consists of the following parts:

Part 1. Supporting client-centric public employment services

- (a) Upgrading of selected Labor and Social Welfare Offices, including:
(i) streamlining their work organization; (ii) the physical modernization; and
(iii) capacity strengthening.
- (b) Improving the efficiency and coverage of public employment services in partnership with private employment services, through: (i) a functional review of public employment services' service standards, work processes and performance measurement; (ii) improvement of linkages between public and private employment services; (iii) capacity strengthening; (iv) strengthening of the Recipient's ICT-based job-matching services; and (v) implementation of an outreach campaign.

Part 2. Strengthening select active labor market programs

- (a) Integrated employment training program

Implementation of an integrated employment training program that is aligned with actual labor demand and based on international best practices, including, but not limited to: (i) outreach activities; (ii) training; (iii) internship; (iv) independent examinations; (v) job intermediation; (vi) post training support; and (vii) capacity building for the relevant staff of the Recipient.

- (b) Support for micro-entrepreneurs

Provision of: (i) non-financial support services, including business skills and development training, specialist training modules, mentoring, peer-to-peer and alumni networks and market linkages; (ii) financial support services, including Micro-loans to selected micro-enterprises; and (iii) auxiliary technical assistance, including capacity building, outreach activities, screening, selection of micro-enterprises, and training curriculum development.

(c) Employment promotion piloting program

Implementation of: (i) employment promotion activities appropriate for the local labor market context through the provision of Employment Promotion Piloting Grants; and (ii) capacity building for the relevant staff of the Recipient.

Part 3. Facilitating labor market monitoring and analysis and project management

(a) Labor market monitoring and analysis

Production and dissemination of: (i) a regular report on labor market developments; (ii) policy-relevant labor analysis; and (iii) an impact evaluation of the support provided to micro-entrepreneurs under Part 2(b) of the Project.

(b) Project management and monitoring

Provision of support to the Ministry of Labor and Social Protection and the Project Implementation Unit for day-to-day Project implementation, including monitoring and evaluation, coordination and management activities.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Recipient shall:
 - (a) establish, and thereafter ensure, that the Project is implemented subject to the overall guidance, coordination and oversight of the Project Steering Committee;
 - (b) establish, and thereafter maintain, until the completion of the Project, the Project Implementation Unit, to be responsible for day-to-day management, coordination, implementation, monitoring and reporting of the Project, with a mandate, composition, and terms of reference as set out in the Project Operations Manual and acceptable to the Association; and
 - (c) ensure that the Project Implementation Unit is provided, at all times, with adequate funds and other resources, and staffed by qualified personnel in adequate numbers as shall be necessary to accomplish the objective of the Project.
2. The Recipient shall:
 - (a) prepare, adopt, and thereafter ensure, that the Project is implemented in accordance with the Project Operations Manual, which shall include the description of: (i) institutional and implementation arrangements; (ii) procurement procedures and standard procurement documentation; (iii) reporting requirements, financial management and audit procedures; (iv) criteria for Eligible Expenditures; (v) the Project performance indicators; (vi) the Environmental and Social Management Framework; (vii) arrangements and procedures for selecting training participants; and (viii) monitoring and evaluation arrangements; and
 - (b) not amend, suspend, abrogate, repeal or waive any provisions of the Project Operations Manual without the prior written agreement of the Association.
3. In carrying out Part 2 of the Project, the Recipient shall:
 - (a) adopt, and thereafter ensure, that the EPF Activities are implemented in accordance with the Employment Promotion Fund Manual, which shall include, *inter alia*: (i) detailed institutional and implementation

arrangements; (ii) procurement procedures and standard procurement documentation; (iii) reporting requirements, financial management and audit procedures; (iv) criteria for the determination of Eligible Expenditures; (v) arrangements and procedures for the selection of Participating Financial Institution(s), micro-entrepreneurs, Participating Labor and Social Welfare Offices, and training participants; and (vi) a standard form of Subsidiary Agreement; and

- (b) not amend, suspend, abrogate, repeal or waive any provisions of the Employment Promotion Fund Manual without the prior written agreement of the Association.
- 4. In the event of any conflict between the provisions of: (a) the Project Operations Manual; (b) the Employment Promotion Fund Manual; and (c) those of this Agreement, the provisions of this Agreement shall prevail.
- 5. In carrying out Part 2(b)(ii) of the Project, the Ministry of Finance and the Ministry of Labor and Social Protection shall enter into an on-lending agreement.

B. Subsidiary Agreement

- 1. To facilitate the carrying out of Part 2(b)(ii) of the Project the Recipient shall make part of the proceeds of the Financing allocated from time to time to Category 2 of the table set forth in Section IV.A.2 of this Schedule available to the Participating Financial Institution(s) under Subsidiary Agreement(s), under terms and conditions acceptable to the Association.
- 2. The Recipient shall exercise its rights under the Subsidiary Agreement(s) in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Subsidiary Agreement(s) or any of its provisions.

C. Anti-Corruption

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

D. Safeguards

- 1. The Recipient shall carry out the Project, or cause the Project to be carried out, in accordance with the provisions of the Environmental and Social Management Framework, and except as the Association shall otherwise agree in writing, the Recipient shall not amend, abrogate or waive, or permit to be amended, abrogated or waived, said instrument or any provision thereof.

2. In the event of a conflict between the provisions of the Environmental and Social Management Framework and those of this Agreement, the latter shall govern.
3. The Recipient shall ensure that the terms of reference for any consultancies related to studies, technical assistance and/or capacity building under this Agreement shall, *inter alia*, duly incorporate the requirements of the World Bank's Safeguards Policies then in force, as applied to the advice conveyed through such studies, technical assistance and/or capacity building activities.

E. Employment Promotion Piloting Program

1. In providing the Employment Promotion Piloting Grants under Part 2(c) of the Project, the Recipient shall ensure that all activities are prepared, reviewed, approved and implemented on the basis of eligibility and selection criteria and in accordance with guidelines and procedures, all acceptable to the Association and set forth in this Agreement, the Project Operations Manual, and the Employment Promotion Fund Manual.
2. The Recipient, through the Ministry of Labor and Social Welfare, shall provide each Employment Promotion Piloting Grant under a Grant Agreement with the respective Participating Labor and Social Welfare Office on terms and conditions approved by the Association, which shall include the Recipient's rights to protect its interests and those of the Association, including the right to:
 - (a) suspend or terminate the right of the Participating Labor and Social Welfare Office to use the proceeds of the Employment Promotion Piloting Grant, or obtain a refund of all or any part of the amount of the Employment Promotion Piloting Grant then withdrawn, upon the Participating Labor and Social Welfare Office's failure to perform any of its obligations under the Grant Agreement; and
 - (b) require each Participating Labor and Social Welfare Office to:
 - (i) carry out its activities with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Association, including in accordance with the provisions of the Anti-Corruption Guidelines;
 - (ii) provide, promptly as needed, the resources required for the purpose of implementation of activities financed out of the Employment Promotion Piloting Grant;
 - (iii) procure the goods, works and services to be financed out of the Employment Promotion Piloting Grant in accordance with the

provisions of this Agreement, the Project Operations Manual and the Employment Promotion Fund Manual;

- (iv) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Association, the progress of the activities and the achievement of its objectives;
 - (v) (A) maintain a financial management system and prepare financial statements in accordance with the provisions of this Agreement, the Project Operations Manual and the Employment Promotion Fund Manual; and (B) if necessary, at the Association's or the Recipient's request, have such financial statements audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association, and promptly furnish the statements as so audited to the Recipient and the Association;
 - (vi) enable the Recipient and the Association to inspect any activity, its operation and any relevant records and documents; and
 - (vii) prepare and furnish to the Recipient and the Association all such information as the Recipient or the Association shall reasonably request relating to the foregoing.
3. The Recipient shall exercise its rights under each Grant Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive any Grant Agreement or any of its provisions.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of the indicators set forth in the Project Operations Manual. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Association not later than forty-five (45) days after the end of the period covered by such report.
2. For purposes of Section 4.08 (c) of the General Conditions, the report on the execution of the Project and related plan required pursuant to that Section shall be furnished to the Association not later than four (4) months after the Closing Date.

B. Mid-term Review

1. The Recipient shall: (a) not later than October 31, 2019 (or such other date as the Association may agree), carry out a mid-term review of the Project and, prepare and furnish to the Association a mid-term report, in such detail as the Association shall reasonably request, documenting progress achieved in the carrying out of the Project during the period preceding the date of such report, taking into account the monitoring and evaluation activities performed pursuant to paragraph 1 of this Section II.A, and setting out the measures recommended to ensure the continued efficient carrying out of the Project and the achievement of its objective during the period following such date; and (b) review with the Association, such mid-term report, on or about the date one month after its submission, and thereafter take all measures required to ensure the continued efficient implementation of the Project and the achievement of its objective, based on the conclusions and recommendations of the mid-term report and the Association's views on the matter.

C. Financial Management, Financial Reports and Audits

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.
2. The Recipient shall prepare and furnish to the Association not later than forty-five (45) days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.
3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one (1) fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the Association not later than six (6) months after the end of such period.

Section III. Procurement

A. General

1. **Goods, Works and Non-consulting Services.** All goods, works and non-consulting services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.

2. **Consultants' Services.** All consultants' services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Section.
3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association of particular contracts, refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods, Works and Non-consulting Services

1. **National Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of National Competitive Bidding, subject to the additional procedures attached in the Annex to this Schedule.
2. **Other Methods of Procurement of Goods, Works and Non-consulting Services.** The following methods, other than National Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts specified in the Procurement Plan: (a) Shopping; and (b) Direct Contracting.

C. Particular Methods of Procurement of Consultants' Services

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.
2. **Other Methods of Procurement of Consultants' Services.** The following methods, other than Quality and Cost-based Selection, may be used for procurement of consultants' services for those contracts which are specified in the Procurement Plan: (a) Quality-based Selection; (b) Selection under a Fixed Budget; (c) election based on Consultants' Qualifications; (d) Single-source Selection of consulting firms; and (d) Single-source procedures for the Selection of Individual Consultants.

D. Review by the Association of Procurement Decisions

The Procurement Plan shall set forth those contracts which shall be subject to the Association's Prior Review. All other contracts shall be subject to Post Review by the Association.

Section IV. Withdrawal of the Proceeds of the Financing

A. General

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Investment Project Financing” dated January 2017, as revised from time to time by the Association and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.
2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Financing (“Category”), the allocations of the amounts of the Financing to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

Category	Amount of the Financing Allocated (expressed in SDR)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, works, non-consulting services, consultants’ services, Training and Incremental Operating Costs for Non-EPF Activities under Parts 1, 2(a)(vii), 2(b)(iii), 2(c)(ii) and 3 of the Project	6,570,000	100%
(2) Non-consulting services, consultants’ services, Training, Micro-loans and Employment Promotion Piloting Grants for EPF Activities under Parts 2(a)(i) to 2(a)(vi), 2(b)(i), 2(b)(ii) and 2(c)(i) of the Project	11,830,000	100%
TOTAL AMOUNT	18,400,000	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:
 - (a) for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed \$500,000 may be made for payments made prior to this date but on or after the date six (6) months prior to the date of this Agreement, for Eligible Expenditures under Category (1); or
 - (b) under Category (2) until the Recipient has prepared and adopted the Employment Promotion Fund Manual in a manner acceptable to the Association.
2. The Closing Date is September 30, 2021.

Annex to Schedule 2

Additional Procedures for National Competitive Bidding

(a) Applicable Procurement Procedure

Bidding shall be conducted in accordance with the Open Bidding Procedure, as defined in Chapter Two of the Public Procurement Law of Mongolia enacted on December 1, 2005 (as amended through February 5, 2016) and related provisions, subject to the following:

(b) Participation in Bidding and Preferences

- (i) Government-owned enterprises in Mongolia shall be eligible to participate in bidding only if they can establish that they are legally and financially autonomous, operate under commercial law, and are not a dependent agency of the Recipient.
- (ii) A bidder declared ineligible by the Association, based on a determination by the Association that the bidder has engaged in corrupt, fraudulent, collusive, coercive or obstructive practices in competing for or in executing a contract financed by the Association, shall be ineligible to be awarded a contract financed by the Association during the period of time determined by the Association.
- (iii) A firm which has been engaged by the Recipient to provide consulting services for the preparation or implementation of a project, and any of its affiliates, shall be disqualified from subsequently providing goods or works resulting from or directly related to the firm's consulting services for such preparation or implementation. This provision does not apply to the various firms which together are performing the contractor's obligations under a turnkey or design and build contract.
- (iv) Prospective bidders shall be permitted to request bidding documents either in person or by mail upon submission of a written application. Bidding documents shall be sold to anyone who is willing to pay the required fee for the bidding documents which shall not exceed the cost of reproduction and delivery of such documents.
- (v) Interested foreign bidders from eligible countries shall be allowed to participate without being required to associate or form joint ventures with local bidders. Foreign bidders shall be eligible to participate in bidding under the same conditions as local bidders. Mongolian bidders and goods

of Mongolian origin shall be given no preference over foreign bidders, either in the bidding process or in the evaluation of bids.

- (vi) Prior registration shall not be a requirement for any bidder to participate in bidding.
- (vii) Pre-qualification of contractors shall not be required, except in the case of large or complex works and with the prior written concurrence of the Association.

(c) Advertising, Time for Bid Preparation

Invitation to bid shall be advertised in at least one widely circulated national newspaper, allowing sufficient time, normally a minimum of 30 days, for the preparation and submission of bids. Bidding documents may be distributed electronically provided that the Association is satisfied with the adequacy of such electronic system.

(d) Standard Bidding Documents

Standard bidding documents, acceptable to the Association, shall be used. The bidding documents shall provide clear instructions on how bids should be submitted, how prices should be offered, and the place and time for submission and opening of bids. Bidders shall be allowed to submit bids by hand, by mail or by courier.

(e) Assessment of Bidder Qualification

Qualification criteria shall be clearly specified in the bidding documents, and all criteria so specified, and only criteria so specified, shall be used to determine whether a bidder is qualified. The evaluation of the bidder's qualifications shall be conducted separately from the technical and commercial evaluation of the bid. When post qualification is applied, the assessment of bidder's qualifications shall be carried out only after the preliminary and detailed evaluation of bids has been completed by the Recipient and, in doing so, the qualifications of the bidder who has submitted the lowest evaluated substantially responsive bid shall be assessed first. The evaluation of a bidder's qualifications shall only take into account the bidder's capacity and resources to perform the contract, specifically its experience and past performance on similar contracts, capabilities with respect to personnel, equipment and construction or manufacturing facilities and financial capacity. In carrying out the post-qualification assessment, the Recipient shall exercise reasonable judgment in requesting, in writing, from a bidder only missing factual or historical supporting information related to the bidder's qualifications and shall provide a reasonable time period (that is, a minimum of seven days) to the bidder to provide his response.

(f) Evaluation Criteria

Evaluation criteria to be used in the evaluation of bids shall be clearly specified in the bidding documents, and evaluation criteria other than price shall be quantified in monetary terms. Merit points shall not be used in bid evaluation. The evaluation of bids shall be done in strict adherence to the criteria specified in the bidding documents, and contracts shall be awarded to the qualified bidder offering the lowest evaluated and substantially responsive bid.

(g) Bid Opening and Bid Evaluation

- (i) Bids shall be opened in public, immediately upon the stipulated deadline for submission of bids. Bidder's representatives and the project's beneficiaries from the concerned local community who choose to attend shall be allowed to attend. The name of the bidder and total amount of each bid, including discounts, shall be read aloud and recorded in the Bid Opening Record. Bids received after the deadline for bid submission shall be rejected and returned to the bidders unopened. Immediately after completion of the bid opening proceedings, a copy of the Bid Opening Record shall be posted at a prominent location, accessible to the public, outside the office of the concerned procuring entity and shall be retained at the same location until the award of contract has been notified. A copy of the Bid Opening Record shall be promptly provided to all bidders who submitted bids. With respect to all contracts which are subject to the Association's prior review, the Recipient shall provide the Association a copy of the Bid Opening Record.
- (ii) All bids shall not be rejected or new bids invited without the Association's prior written concurrence.
- (iii) No bid shall be rejected merely on the basis of a comparison with the owner's estimated cost or budget ceiling without the Association's prior written concurrence.
- (iv) A bid containing material deviations from or reservations to the terms, conditions or specifications of the bidding documents shall be rejected as not substantially responsive. A bidder shall not be permitted to withdraw material deviations or reservations once bids have been opened. Bidders shall not be eliminated from detailed evaluation on the basis of non-material, minor deviations or reservations.
- (v) Bidders shall be requested to extend the validity of their bids only under exceptional circumstances and, in all such cases, the Recipient shall communicate such request in writing to all bidders before the date of expiry of their bids. In such a case, bidders shall not be requested nor

permitted to amend the price or any other condition of their bid. Bidders shall have the right to refuse to grant such an extension of the validity of their bids without forfeiting their bid securities, but bidders granting such extension shall be required to provide a corresponding extension of their bid security.

- (vi) In the case of contracts of more than eighteen (18) months' duration, the bidding documents and the resultant contracts shall provide for price adjustment, based on a formula acceptable to the Association, which shall be disclosed to the bidders in the bidding documents.
- (vii) The bid of a bidder which refuses to accept arithmetical corrections made by the Evaluation Committee during the evaluation of its bid shall be rejected.
- (viii) A bidder shall not be required, as a condition for award, to undertake obligations not specified in the bidding documents or otherwise to modify its bid as originally submitted.
- (ix) There shall be no post-bidding negotiations with the lowest evaluated bidder or any other bidder. No bidder shall be required, as a condition for the award of contract, to change his bid price or otherwise materially alter his bid after it has been submitted.

(h) Suppliers, Contractors and Subcontractors

- (i) The Association shall declare a firm ineligible, either indefinitely or for a stated period, to be awarded a contract financed by the Association, if it at any time determines that the firm has, directly or through an agent, engaged in corrupt, fraudulent, collusive, coercive or obstructive practices in competing for, or in executing, a contract financed by the Association.
- (ii) Bidding documents and contracts under national competitive bidding procedures financed by the Association shall include a provision requiring suppliers, contractors and subcontractors to permit the Association to inspect their accounts and records relating to the bid submission and the performance of the contract by the suppliers, contractors and/or subcontractors as the case may be, and to have them audited by auditors appointed by the Association, if so required by the Association. The deliberate and material violation by the suppliers, contractors or subcontractors of such provision may amount to obstructive practice which is subject to sanctions under the Guidelines.

(i) Publication of Award of Contract

The Recipient shall publish the following information on contract award on an accessible website when it becomes operational or on another means of publication acceptable to the Association: (a) name of each bidder who submitted a bid; (b) bid prices as read out at bid opening; (c) name and evaluated price of each bid that was evaluated; (d) name of bidders whose bids were rejected and the reasons for their rejection; and (e) name of the winning bidder, price it offered as well as the duration and summary scope of the contract award. This publication shall be updated quarterly.

(j) Complaints by Bidders and Handling of Complaints

The provisions of Chapter Seven of the Public Procurement Law of Mongolia on the settlement of disputes shall apply to all contracts financed by the Association and awarded under national competitive bidding procedures.

SCHEDULE 3

Repayment Schedule

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each February 15 and August 15:	
commencing August 15, 2022 to and including February 15, 2032	1.65%
commencing August 15, 2032 to and including February 15, 2042	3.35%

* The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.03 (b) of the General Conditions.

APPENDIX

Section I. Definitions

1. “Anti-Corruption Guidelines” means the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011.
2. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
3. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (revised July 2014).
4. “EPF Activities” means activities under Parts 2(a)(i) to 2(a)(vi), 2(b)(i), 2(b)(ii) and 2(c)(i) of the Project that will be implemented as part of the Recipient’s employment promotion fund program and in accordance with the Employment Promotion Fund Manual, which Eligible Expenditures consist of non-consulting services, consultants’ services, Training, Micro-loans and Employment Promotion Piloting Grants.
5. “Employment Promotion Fund Manual” means the employment promotion fund manual, acceptable to the Association, to be prepared and adopted by the Recipient in accordance with the Recipient’s procedures and guidelines applicable to EPF Activities and acceptable to the Association, and referred to in paragraph 3 of Section I.A of Schedule 2 to this Agreement, as the same may be amended from time to time in agreement with the Association.
6. “Employment Promotion Piloting Grant” means a grant (financial support) made available by the Recipient out of the proceeds of the Financing to a Participating Labor and Social Welfare Office for the implementation of employment promotion activities under Part 2(c) of the Project.
7. “Environmental and Social Management Framework” means the environmental and social safeguards management framework dated December 1, 2016 and disclosed through the Association’s infoshop on December 1, 2016, acceptable to the Association and included in the Project Operations Manual, giving details of a program of actions, measures and policies designed to maximize the benefits accruing under the Project, avoid or mitigate any adverse impacts arising thereunder, or, if such adverse impacts cannot be avoided altogether, reduce such impacts to acceptable levels, as the same may be updated from time to time in agreement with the Association.

8. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 31, 2010, with the modifications set forth in Section II of this Appendix.
9. “Grant Agreement” means the agreement referred to in Section I.E.2 of Schedule 2 to this Agreement pursuant to which the Recipient shall make part of the proceeds of the Financing available to a Participating Labor and Social Welfare Office.
10. “ICT” means information and communication technology.
11. “Incremental Operating Costs” means the reasonable incremental operating costs under the Project incurred by the Recipient for purposes of Project management, implementation, and monitoring and evaluation, including office supplies and consumables, utilities, bank charges, communications, information and communication campaigns, mass media and printing services, vehicle rental, operation, maintenance, and insurance, office space rental, building and equipment maintenance, travel, lodging, and subsistence allowances, and salaries of contractual and temporary staff, but excluding salary and salary supplements of staff of the Recipient’s civil service.
12. “Labor and Social Welfare Office” means the office responsible for labor and social welfare under the Ministry of Labor and Social Protection, or any successor thereto, and “Labor and Social Welfare Offices” means, collectively, all such offices.
13. “Micro-loan” means a micro-loan to be made available by the Recipient, out of the proceeds of the Financing, to a micro-entrepreneur through a Participating Financial Institution for the purposes of starting and growing a micro-enterprise, and “Micro-loans” means, collectively, all such micro-loans.
14. “Ministry of Labor and Social Protection” means the Recipient’s ministry responsible for labor and social protection, or any successor thereto.
15. “Non-EPF Activities” means activities under Parts 1, 2(a)(vii), 2(b)(iii), 2(c)(ii) and 3 of the Project that are not part of the Recipient’s employment promotion fund program, which Eligible Expenditures consist of goods, works, non-consulting services, consultants’ services, Incremental Operating Costs and Training.
16. “Participating Financial Institution” means a financial institution meeting the eligibility requirements set out in the Employment Promotion Fund Manual and selected by the Recipient to provide micro-loans under Part 2(b)(ii) of the Project, and “Participating Financial Institutions” means, collectively, all such institutions.

17. “Participating Labor and Social Welfare Office” means a Labor and Social Welfare Office meeting the eligibility requirements set out in the Employment Promotion Fund Manual and selected by the Recipient to receive an Employment Promotion Piloting Grant, and “Participating Labor and Social Welfare Offices” means, collectively, all such Labor and Social Welfare Offices.
18. “Procurement Guidelines” means the “Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (revised July 2014).
19. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated February 10, 2017 and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
20. “Project Implementation Unit” means the unit to be established in accordance with paragraph 1(b) of Section I.A of Schedule 2 to this Agreement.
21. “Project Operations Manual” means the operations manual for the Project p, acceptable to the Association, to be adopted by the Recipient and referred to in paragraph 2 of Section I.A of Schedule 2 to this Agreement, as the same may be amended from time to time in agreement with the Association, and such term includes any schedules to the Project Operations Manual.
22. “Project Steering Committee” means the steering committee to be established by the Ministry of Labor and Social Protection in accordance with paragraph 1(a) of Section I.A of Schedule 2 to this Agreement.
23. “Subsidiary Agreement” means the agreement(s) to be entered into by the Recipient, as represented by the Ministry of Labor and Social Protection, and Participating Financial Institutions, under terms and conditions acceptable to the Association, and referred to in Section I.B.1(a) of Schedule 2 to this Agreement.
24. “Training” means the reasonable costs of expenditure incurred by the Recipient in facilitating and conducting training and workshop activities for the purpose of the Project, including costs of training or workshop materials; honoraria; interpretation and translation; equipment and venue rental; lunches; per diem; accommodation; and transportation for those attending the training or workshop; but excluding salary and salary supplements of the Recipient’s civil servants.
25. “World Bank’s Safeguards Policies” means the World Bank’s operational policies and procedures set forth in the World Bank’s Operational Manual under OP/BPs 4.01, 4.04, 4.09, 4.10, 4.11, 4.12, 4.36, 4.37, 7.50 and 7.60 published at www.worldbank.org/opmanual.

Section II. Modifications to the General Conditions

The General Conditions are hereby modified as follows:

1. Section 3.02 is modified to read as follows:

“Section 3.02. *Service Charge and Interest Charge*

- (a) *Service Charge*. The Recipient shall pay the Association a service charge on the Withdrawn Credit Balance at the rate specified in the Financing Agreement. The Service Charge shall accrue from the respective dates on which amounts of the Credit are withdrawn and shall be payable semi-annually in arrears on each Payment Date. Service Charges shall be computed on the basis of a 360-day year of twelve 30-day months.
- (b) *Interest Charge*. The Recipient shall pay the Association interest on the Withdrawn Credit Balance at the rate specified in the Financing Agreement. Interest shall accrue from the respective dates on which amounts of the Credit are withdrawn and shall be payable semi-annually in arrears on each Payment Date. Interest shall be computed on the basis of a 360-day year of twelve 30-day months.”

2. Paragraph 28 of the Appendix (“Financing Payment”) is modified by inserting the words “the Interest Charge” between the words “the Service Charge” and “the Commitment Charge”.

3. The Appendix is modified by inserting a new paragraph 32 with the following definition of “Interest Charge”, and renumbering the subsequent paragraphs accordingly:

“32. “Interest Charge” means the interest charge specified in the Financing Agreement for the purpose of Section 3.02 (b).”

4. Renumbered paragraph 37 (originally paragraph 36) of the Appendix (“Payment Date”) is modified by inserting the words “Interest Charges” between the words “Service Charges” and “Commitment Charges”.

5. Renumbered paragraph 50 (originally paragraph 49) of the Appendix (“Service Charge”) is modified by replacing the reference to Section 3.02 with Section 3.02 (a).

May 11, 2020

H.E. Ch. Khurelbaatar
Minister of Finance
Ministry of Finance
Government Building II
S. Danzan Street 5/1 Building D
Ulaanbaatar, 15160

Excellency:

**Re: Mongolia: Employment Support Project (Credit No. 5974)
Amendment to Financing Agreement**

We refer to the Financing Agreement dated July 5, 2017 (the “Financing Agreement”) between Mongolia (the “Recipient”) and the International Development Association (the “Association”) for the Employment Support Project (“Project”). We also refer to your letter, dated April 22, 2020, requesting, on behalf of the Recipient, a restructuring of the Project, which requires certain amendments to the Financing Agreement.

We are pleased to inform you that the Association concurs with the request and hereby proposes to amend the Financing Agreement as below:

1. The Project development objective set forth in Schedule 1 to the Financing Agreement shall be amended to read as follows:

“The objective of the Project is to provide jobseekers and micro-entrepreneurs in Mongolia with improved access to labor market opportunities and to provide temporary relief to eligible workers in response to the COVID-19 crisis”.
2. Schedule 1 to the Financing Agreement on Project Description shall be amended as follows:
 - 2.1. The description of Part 2(a) shall be deleted in its entirety and the subsequent descriptions of Part 2 shall be renumbered accordingly.
 - 2.2. The description of Part 3(a)(iii) shall be deleted in its entirety.
 - 2.3. A description of Part 4 shall be added to read as follows:

“Part 4. Providing temporary relief to eligible workers in response to COVID-19

Supporting eligible Beneficiaries in making SIF Contributions to the Social Insurance Fund. ”
3. All references to Part 2(b) and Part 2(c) of the Project in the Financing Agreement shall be construed to refer to the renumbered Part 2(a) and Part 2(b) accordingly.
4. Paragraph 2 of Section I.A of Schedule 2 to the Financing Agreement is amended to read as follows:

“The Recipient shall:

- (a) by no later than May 30, 2020, update the Project Operations Manual in a manner satisfactory to the Association;
- (b) ensure that the Project is implemented in accordance with the Project Operations Manual, which shall include the description of: (i) institutional and implementation arrangements; (ii) procurement procedures and standard procurement documentation; (iii) reporting requirements, financial management and audit procedures; (iv) criteria for Eligible Expenditures; (v) the Project performance indicators; (vi) the Environmental and Social Management Framework; (vii) arrangements and procedures for selecting training participants; (viii) monitoring and evaluation arrangements; and (ix) eligibility criteria and the procedures for the monitoring, reporting and verification of SIF Contributions for eligible Beneficiaries; and
- (c) not amend, suspend, abrogate, repeal or waive any provisions of the Project Operations Manual without the prior written agreement of the Association.

5. A new paragraph (d) shall be added to Section I.1 of Schedule to the Financing Agreement as follows:

“(d) maintain a technical team within the SIGO with composition, functions, staffing and resources satisfactory to the Association, which shall be responsible for, *inter alia*: (i) carrying out the monthly verification of the SIF Contributions of Beneficiaries; (ii) monitoring and reporting of the activities under Part 4 of the Project to the Ministry of Labor and Social Protection; and (iii) providing technical support to SIGO offices at the district and aimag levels.

6. A new section I. F shall be added to Section I of Schedule 2 to the Financing Agreement as follows:

“F. SIF Contributions

- 1. To facilitate the carrying out of Part 4 of the Project, the Recipient, through Ministry of Labor and Social Protection, shall make part of the proceeds of the Financing available to each eligible Beneficiary through the provision of a SIF Contribution to the Social Insurance Fund in the name of the respective Beneficiary in accordance with eligibility criteria and procedures set out in the Project Operations Manual.
- 2. Without limitation on its other reporting obligations under this Agreement, the Recipient shall, through Ministry of Labor and Social Protection, prepare, and thereafter, furnish to the Association monthly reports on the incurrence of the SIF Contribution during the respective month in form and substance acceptable to the Association.
- 3. No SIF Contributions shall be eligible for financing out of the proceeds of the Credit unless and until the monthly reports on the incurrence of the SIF Contributions referred to in the preceding paragraph 2 of this Section has been furnished to the Association.

7. The withdrawal table in Section II.A.2 of Schedule 2 to the Financing Agreement shall be deleted in its entirety and replaced with the following:

Category	Amount of the Financing Allocated (expressed in SDR)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, works, non-consulting services, consultants' services, Training and Incremental Operating Costs for Non-EPF Activities under Parts 1, 2(a)(iii), 2(b)(ii), and 3 of the Project	2,664,320	100 %
(2) Non-consulting services, consultants' services, Training, Micro-loans and Employment Promotion Piloting Grants for EPF Activities under Parts 2(a)(i), 2(a)(ii) and 2(b)(i) of the Project	4,695,680	100 %
(3) SIF Contributions under Part 4 of the Project	11,040,000	100% of the amount disbursed
TOTAL AMOUNT	18,400,000	

8. The following paragraphs shall be added in the Appendix to the Financing Agreement and the subsequent paragraphs shall be renumbered accordingly:

- “2. “Beneficiary” means any worker who are exempted from the Recipient’s social insurance contributions under the Law on Exemption from Social Insurance Contributions and Providing Support from the Unemployment Insurance Fund adopted by the Recipient’s Parliament on April 9, 2020; and the term “Beneficiaries” means collectively all such Beneficiaries.
5. “COVID-19” means the coronavirus disease caused by the 2019 novel coronavirus (SARS-CoV-2).
25. “Social Insurance Fund” or “SIF” means the fund established and operating in accordance with the Recipient’s Law on Social Insurance of May 14, 1994, as amended from time to time.
26. “SIGO” means the Recipient’s Social Insurance General Office, established and operating within the Ministry of Labor and Social Protection, or any successor thereto.
27. “SIF Contribution” means a subsidy to be made available by the Recipient out of the proceeds of the Financing to an eligible Beneficiary in form of a contribution in the name of the Beneficiary to the Social Insurance Fund; and “SIF Contributions” means, collectively, all such SIF Contribution.”

Except as specifically amended by this letter of amendment, all other provisions of the Financing Agreement shall remain unchanged and in full force and effect.

May 11, 2020


Please confirm your agreement with the amendments set out above by countersigning, dating and returning to us the enclosed copy of this letter of amendment. Upon receipt by the Association of the countersigned copy of this letter of amendment, this letter of amendment shall become effective as of the date of countersignature.

Sincerely,

INTERNATIONAL DEVELOPMENT ASSOCIATION

By  _____
Authorized Representative

**AGREED:
MONGOLIA**

By:  _____
Authorized Representative
Name: Chimed Khurelbaatar
Title: Minister of Finance
Date: May 14, 2020