



Technical Assistance Knowledge Partner's Report

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Deepening Civil Society Engagement for Development Effectiveness in ADB Operations (Financed by the **TA Cluster PN-50364-001**)

Prepared, under an ADB-PTF Knowledge Partnership Agreement, by PTF (Partnership for Transparency Fund, Washington, DC, USA), together with PTF local partners IDFI (Institute for Development of Freedom of Information – Tbilisi, Georgia) and DEMO (Democracy Education Center – Ulaanbaatar)

For Asian Development Bank

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Asian Development Bank

ABBREVIATIONS

ADB	–	Asian Development Bank
CAG	–	Country Advisory Group
CSE	–	civil society organization engagement
CSO	–	civil society organization
CPS	–	Country Partnership Strategy
CWRD	–	Central and West Asia Department
DMC	–	developing member country
EAG	–	External Advisory Group
EARD	–	East Asia Department
KPA	–	Knowledge Partnership Agreement
NGOC	–	non-governmental organization and civil society center
OGP	–	Open Government Partnership
PAM	–	project administration manual
PARD	–	Pacific Department
PIU	–	project implementing units
PTF	–	Partnership for Transparency Fund
RRP	–	report and recommendation of the President
SP1	–	Subproject 1
STG	–	sector or thematic group
TA	–	technical assistance
TOR	–	terms of reference

NOTE

In this report, "\$" refers to US dollar

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EXECUTIVE SUMMARY

Introduction. ADB has achieved substantive progress in CSO engagement (CSE) since the NGO cooperation policy in 1998. However, several internal and external constraints have impeded progress in optimizing meaningful CSO participation. Addressing these constraints is even more urgent in view of ADB's renewed commitment in The Road to 2030, that seeks to align ADB's future directions more closely with the sustainable development goals (SDGs). Toward that end, ADB is embarking on a multi-year Cluster TA program (PN-50364-001) designed to strengthen CSE in ADB lending and technical assistance operations and sector and country assistance strategies. In this context, ADB entered in a Knowledge Partnership Agreement (KPA) with PTF to help study the on-going CSE and capacity building needs for deeper CSE in Georgia and Mongolia. This report has been prepared per the KPA terms of reference.

Scope and methodology. This report provides a baseline assessment of current CSE) in on-going ADB operations, assessment of opportunities for deeper CSE in on-going and pipeline operations, and a capacity building needs assessment related to CSE in ADB operations and strategies. This work was carried out during the June –September 2017 period by PTF and its local partners in Mongolia and Georgia. The assessments were done by a combination of desk review of ADB project documents, interviews with stakeholders (ADB staff, PIUs, and CSOs) and focus group discussions. The review covered all on-going projects in Georgia and about 30% of the on-going projects in Mongolia selected jointly with CSO Anchor person in the Mongolia country office. In addition, a review was carried out of the country operating environment for CSOs to engage with the government and national development policies and programs.

Key findings. The review of country operating environment and practices in each country shows that the environment in both countries is conducive to greater CSO engagement in ADB-funded projects. The country environments and practices provide a solid foundation to find and test new opportunities for deeper CSO engagement in ADB operations. The main findings of the baseline of current CSO engagement and needs assessment for capacity building:

- i. mapping of current CSO engagement in on-going ADB operations shows many good practices in current ADB and Government engagement with CSOs;
- ii. broad interest in and opportunities for taking the current CSO engagement beyond information sharing and consultation to higher level involving collaboration and partnership with CSOs in ADB Operations and strategies;
- iii. Implementation experience with CSO engagement in ADB operations indicates that it faces many constraints. Alleviating the constraints would require technical and financial support, business process improvements and capacity building of key stakeholders e.g. CSOs, PIU and government authorities, ADB staff.
- iv. Both countries are members of OGP and have an institutionalized government-CSO dialogue mechanism. However, there are no institutionalized mechanisms for sustained ADB-CSO engagement. This limits the extent to which ADB programs benefit from local knowledge and presence of CSOs in each country by virtue of their closeness to communities and on the ground realities.

A Four-point Action Plan is recommended a for deepening ADB-CSO engagement over two years (2018-2019).

- 1) Document and share Good Practices in CSO Engagement in ADB Operations in Georgia and Mongolia
- 2) Support demonstration activities for deeper CSE in ADB operations and strategies
- 3) Design and implement a capacity-building program for enhancing CSE skills

- 4) Strengthen institutional linkages among ADB, PIUs and CSOs to facilitate increased CSE

Recommended Implementation Arrangements. Implementing the Four Point Action program will require specialized expertise in civic engagement and local in-country experience. It is recommended that a combination of local and international CSOs should be engaged. The relative share of local/international input will vary by topic. ADB strategies give priority to developing partnerships with CSOs to tap their knowledge and expertise and develop country systems. This activity is eminently suited for using such partnership modality, especially to illustrate how the knowledge and operational partnerships can be operationalized. We recommend that ADB develop partnerships with duly qualified and experienced CSOs to serve as focal points in each country as well as at ADB level for coordinating development, implementation and M&E of the program with key stakeholders i.e. ADB, PIUs and other government authorities, expert trainers, likely participants. In addition, we recommend, that the CSO Anchors in the country offices should be supported by a full time local person. The implementation plan should allow for about 3 months mobilization period for signing the key partnership and consulting agreements, orienting the key stakeholders and getting relevant people in place to prepare plans and operating infrastructure.

Expected Impact and Results. The targeted impact and outcome of the proposed 4 Point Action Program would be to increase actual CSO participation and engagement opportunities in ADB operations and assessed using the following indicators:

- The number of demonstration activities initiated and completed
- Number of good practice cases documented and disseminated
- Percentage increase in knowledge of those participating in capacity building programs
- Number of ADB-CSO cooperation plans formulated and implemented
- Number of Country Advisory Group's established and functioning
- An External Advisory Group established and functioning at the ADB level

The **key outputs** that are expected as results of the recommended activities are as follows:

1. At least 10 demonstration activities completed
 2. At least 6 good practices cases produced as knowledge products for worldwide dissemination using digital media
 3. Feedback and suggestions for increasing effectiveness of ADB-CSO contracting processes (based on field testing in demonstration activities) are provided
 4. Two 2018-2019 capacity building programs are formulated (one for each country) and first year activities completed with at least 15-20 participants from CSOs and PIUs with at least 40% of participants being women
 5. At least 5 Rosters of CSOs able to work with ADB, especially in relevant sectors prepared and shared.
 6. Two ADB-CSO Country Advisory Group established (one in each country) and meet at least twice to guide the country ADB-CSO Co-operation Plan formulation and implementation.
 7. Two 2018-2019 ADB-CSO-PIU Country Cooperation Plans are formulated (one in each country) and include specific opportunities for increased ADB-CSO engagement in projects and strategies to contribute CSO knowledge and expertise for greater development effectiveness.
 8. An External Advisory Group (EAG) to incorporate and disseminate regional best practice.
- The **estimated cost** for producing these output is about US\$1 million (about 70% in Mongolia and 30% in Georgia).

I. INTRODUCTION

The Asian Development Bank is committed to increasing the contribution of civil society organizations to ADB operations by working with CSOs and government agencies to participate more effectively together in supporting the design and implementation of ADB-funded projects. Toward that end, it is embarking on a multi-year Cluster TA program (PN-50364-001) designed to strengthen CSO participation in ADB lending and technical assistance operations and sector and country assistance strategies.

As the ADB concept paper for the proposed TA Cluster notes, while substantive progress in CSO engagement (CSE) in ADB has been achieved since the NGO cooperation policy in 1998, several internal and external constraints have impeded progress in optimizing meaningful CSO participation. Two external constraints identified include (a) gaps in skills and resources among CSOs to engage effectively with ADB and (b) hesitancy of some country authorities to work with CSOs, often due to lack of trust, understanding of the opportunity and CSO administrative weaknesses. Internally, ADB resources allocation, capacity, and incentives to optimize cooperation with CSOs are often insufficient. In addition, business processes are not conducive to effective and efficient CSO engagement, particularly at the grassroots level. Hence, continuing to operate in a business as usual manner will hinder the realization of effective partnerships with CSOs and miss opportunities in leveraging their knowledge and expertise that would result in more inclusive development services that are more responsive to the poor and marginalized. Addressing these constraints is even more urgent in view of ADB's renewed commitment in The Road to 2030, ADB's new strategy that seeks to align ADB's future directions more closely with the sustainable development goals (SDGs).

In this context, The Cluster TA will involve a series of sub-projects in selected countries to analyze current levels of CSO involvement, identify opportunities for deeper engagement, build the capacity of stakeholders to collaborate effectively and share knowledge and experience across countries. The first sub-project of the Cluster TA¹ is proposed to be implemented in Georgia, Mongolia and selected Pacific Island nations during 2017-2019. The basic objective will be to deepen CSO engagement in current and prospective ADB-funded operations through (i) capacity building of stakeholders (CSOs, government agencies and ADB staff) in design, implementation and monitoring of projects, (ii) identification of enhanced CSO engagement opportunities in on-going and new lending operations, and (iii) implementation of capacity-building, demonstration projects and knowledge and learning efforts.

To help design Sub-Project 1 in Georgia and Mongolia, the ADB entered into a Knowledge Partnership Agreement with the Partnership for Transparency Fund (PTF) on June 27, 2017. The Terms of Reference are attached (Annex 1). The work on Pacific Islands is being done by a consulting organization not affiliated with PTF. This Report summarizes the principal findings and recommendations of the work undertaken by the PTF, its local partners in Georgia (IDFI-Institute of Development of Freedom of Information) and Mongolia (DEMO-Democracy Education Center) and ADB colleagues during June-September 2017. Detailed analyses, results and recommendations for Georgia and Mongolia are included in individual country reports for Georgia (Annex 4) and Mongolia (Annex 5).

¹ Concept paper accessed at <https://www.adb.org/projects/50364-001/main#project-overview>

A. Objectives

The principal objective of the overall Cluster TA is to increase CSO participation in ADB-funded operations on the premise that engaging CSOs effectively will improve development outcomes. It will also enhance ADB's readiness to fulfill Strategy 2020, future strategic directions, and SDG commitments for more inclusive development programs through partnership with CSOs. The objective of Sub-Project 1 will be to increase opportunities for CSOs to engage in ADB operations in Georgia, Mongolia and Pacific Island nations, demonstrate how citizen engagement can be made more effective in these countries and generate results and lessons learned to be applied on other countries in subsequent sub-projects. And the specific objective of the ADB-PTF Knowledge Partnership described in this report has been to (i) describe the country contexts of Georgia and Mongolia for citizen participation, (ii) analyze the current and planned levels of CSO engagement in ADB-funded operations, (iii) assess the needs for capacity building of stakeholders, (iv) identify opportunities for deepened involvement by CSOs, and, on this basis, (v) recommend the approach and content of Sub-Project 1 in each country.

B. Scope of Work

The Terms of Reference provide that The PTF and the ADB CSO anchors in Georgia and Mongolia will collaborate to jointly develop modalities and recommendations for enhanced CSO engagement in ADB-funded projects. The TORs anticipate that deepening engagement would require a number of activities: (i) capacity building of stakeholders to engage effectively in project design, implementation and monitoring of on-going and new lending operations, (ii) demonstration projects to show the value of CSO engagement in enhancing development effectiveness in projects and country strategies, and (iii) implementation of country CSO engagement programs.

The ADB-PTF Knowledge Partnership Agreement (KPA) was designed as an initial fact-finding program in the two countries to carry out a baseline assessment of current CSO engagement in on-going operations, assess CSO and PIU capacity building needs for deeper CSO engagement, and develop recommendations for the implementation of Sub-Project 1. The following outputs would be delivered under the KPA:

Output 1: Needs assessment for implementing planned citizen/CSO engagement on on-going projects and integrating more effective CSO engagement in projects in the pipeline.

Output 2: Plan for capacity building of stakeholders (CSOs, ADB staff and government officials) for more effective and constructive engagement in ADB operations.

Output 3: In-country stakeholder consultation workshops for participatory design of an in-country CSO engagement program.

Output 4: Report providing recommendations and modality options for increased and improved ADB-CSO engagement in ADB-funded operations. This Report represents the delivery of Output 4

C. Methodology

The methodology developed for the analytical work was submitted to ADB prior to work commencement and is attached at Annex 2.

1. *Mapping of current CSO engagement and needs assessment for enhanced CSO engagement in the project portfolio and pipeline*

The methodology for implementing the Partnership Agreement involved extensive analysis of ADB project documentation and site visits and consultations in Georgia and Mongolia.

To carry out the field work, the PTF worked with local partners in Georgia (IDFI) and Mongolia (Demo). It interviewed stakeholders (CSOs, PIUs and government agencies) in the field and ADB staff both in Manila and in the field offices.

To assess the current level and type of CSO engagement in current ADB-funded projects, and the degree to which planned activities were actually being implemented, the PTF and its local partners reviewed all 16-lending operation and TA projects under implementation in Georgia plus three projects in the pipeline for 2017 and 2018. In Mongolia, with a large portfolio of 64 ADB-funded on-going projects and 14 in the pipeline, ADB and PTF staff selected 3 completed, 15 on-going and 5 pipeline projects for review, based on four criteria: (i) preference for loan projects, (ii) preference for projects with significant CSO engagement, (iii) projects of priority importance to Mongolia as identified by the ADB CSO focal person, and (iv) budget limitations. A project data sheet was produced for each project using a common template. The information was validated with project staff and/or implementing agency.

The analytical work was complemented by interviews with ADB project staff and implementing agencies on their experience in working with CSOs. Focus group discussions with CSOs and ADB staff in the field also sought to generate views and actual experience. The on-going projects reviewed are listed in Annex 3. The results for each project reviewed in the portfolio and pipeline are available in the individual project data sheets.

The project level information was aggregated at the portfolio level to address the following questions: (i) what was the planned nature of CSO involvement, (ii) what has been implementation experience, (iii) if there are gaps between planned and actual experience, what might account for the differences (funds, time constraints, inexperience?) and (iv) what activities might be added to specific projects to demonstrate the impact of enhanced citizen engagement.

For projects and strategies in the pipeline, the focus was on what CSO-related activities are planned and what opportunities (entry points) might exist for more and better CSO engagement. Each new project was analyzed using a common template.

The PTF and partners also reviewed selective Country Partnership Strategies (CPS), Country Operations Business Plans (COBP), project concept papers, project-specific safeguard documents and summary of social and poverty assessments (SPRSS).

2. Needs Assessment for capacity building of stakeholders (CSOs, ADB staff and government officials) for more effective and constructive CSO engagement

The need for capacity building for key stakeholders was assessed in three ways. Names of CSOs with experience in working with ADB were gathered during interviews with PIUs and project officers. A database on such CSOs would be useful for the country offices but is not currently maintained. The experience of these CSOs with ADB and other with international organizations in related work such as the Open Governance Partnership was assessed to develop a sense of CSO awareness and capability to collaborate with international partners.

Second, a stakeholders' workshop was held in each country with CSO representatives, implementing agency officials and ADB staff, inviting self-assessments among the participants of their readiness and capacity for greater engagement. The summary of discussions and outcomes was prepared and included in the individual Country Reports and summarized in Part II of this Report.

Third, follow-up individual interviews or focus group discussions were held in the field with a sample of CSOs and implementing agency staff to supplement or elaborate information gathered during the consultations.

II. COUNTRY CONTEXT

A. Space for CSO Engagement with the State and in Development Policies and Programs

The ability of citizens and civil society organizations to engage effectively with government depends fundamentally on the legal and historical environment within which they operate. Where citizen voice is respected or at least tolerated, CSOs can have an important influence on public policy, government effectiveness and development effort. Conversely, where CSOs are restricted in their areas of engagement and freedom to operate, their voice can be ineffective or suppressed. Restrictions on civic action are being imposed in many countries. Consequently, it is critical to understand the context within which CSOs operate and their ability to engage constructively with government and international development institutions. While active CSO engagement can demonstrably improve development outcomes, their effectiveness depends on the willingness of government agencies to collaborate.

The PTF asked the local partners in Georgia (IDFI) and Mongolia (DEMO) to assess the overall environment within which they and other CSOs operate in their countries. Their reports are included in the individual Country Reports and summarized below.

Both Georgia and Mongolia are countries where civil society is engaged with government on a wide range of activities, from policy development to drafting of legislation to service delivery and monitoring of government activities. Mongolian law requires CSO consultation on government policies and legislation before any policy can be adopted and enforced. A Cooperation Agreement between the Civil Society Council and Government of Mongolia defines priority areas for cooperation, including provisions of procurement of contracts with CSOs for service delivery, monitoring the state budget and inclusion of CSO representatives in government decision-making bodies. Similarly, in Georgia CSOs enjoy a generally positive and constructive engagement with government agencies at both the national and local level. CSOs are permitted to participate in parliamentary committee hearings and may be permitted to speak. Monitoring of budget decision-making and implementation is also anticipated under the law on local self-government. However, in both countries the actual implementation of legal obligations tends to be weak and government commitment is uneven. There are champions of constructive engagement and diehard opponents to citizens “meddling” in government business.

Both countries are members of the Open Government Partnership (OGP) and in their second national action plan cycle (2016-2018). Both plans include greater citizen engagement in public decision-making as key objectives, especially in the supervision of public expenditures and in the planning and delivery of public services. Georgia is also a member of the EU-sponsored Eastern Partnership Civil Society Forum. The OGP Action Plans provide ample opportunity and space for greater CSO engagement in the national development activities supported by the ADB.

CSOs in both countries rely heavily on funding from international organizations and foundations without the limitations on external funding increasingly common in many countries. These reliable sources of revenue have helped produce a number of strong, effective CSOs, many of whom are working closely with the ADB.

In both countries, the relationship between the government and the ADB appears to be cordial and productive, and there appears to be a willingness on the part of civil society groups and project implementation units to enhance the role of CSOs in projects and policy work of the ADB. At the same time, there is as of now no institutional mechanism in either country to promote and solidify citizen engagement. Establishing such a mechanism is one of the recommendations of the Action Plan proposed in this Report (See Section V).

B. Findings and Recommendations.

The legislative frameworks in both countries and their respective OGP National Action Plans indicate there is ample space for greater CSO engagement in ADB-funded activities. This makes both countries suitable candidates for deeper CSO engagement in ADB operations, including using and strengthening country systems for CSO engagement that exist or are under creation in OGP national action plans and in the forthcoming SDG national action plan. This action would be in line with the ADB commitments to support OGP and SDGs. Our review identified the following initial targets of opportunity in this area:

- In Georgia the OGP National Action Plan includes a commitment for Development of Transparency and Integrity Strategy and Action Plan 2017-20 by the Ministry of Regional Development and Infrastructure (MRDI) that is supervising ministry for all three implementing agencies for all 16 ADB funded projects in Georgia. We recommend that ADB support the implementation of MRDI transparency action plan.
- In Mongolia there are 13 on-going OGP commitments². Targets of opportunity to use and support country systems through ADB operations exist in the following commitment areas. We recommend that these be evaluated for specific ways to use and support them.
 - Mobile application for citizen feedback and requests
 - Making government procurement processes transparent
 - Improve provision and quality of education and health services
 - National action plan for combating corruption

III. MAPPING OF CURRENT LEVEL OF CSO ENGAGEMENT AND OPPORTUNITIES FOR DEEPENING CITIZEN ENGAGEMENT IN ADB-FUNDED OPERATIONS

A. Scope

As indicated above, the analysis began with a review of the level of CSO engagement stated in the project documents (PAM, RRP, SPRSS, IPSA, IEE and others) for all 16 current lending and TA operations in Georgia and 3 completed and 15 on-going projects in Mongolia. The review also included 8 projects in the pipeline (3 in Georgia and 5 in Mongolia) for a total of 40 projects.

The portfolios in the two countries are very different. The ADB-funded program in Georgia focuses on infrastructure—roads, water and urban transport (and a pipeline of projects in energy)—while in Mongolia there is a diversified portfolio composed of public service projects—education, health, social welfare, nutrition, livelihoods—and urban and agricultural development. A list of the projects reviewed in both countries is in Table 1.

Table 1: Projects Reviews in Mongolia and Georgia

Country	Project Name
Mongolia	Ensuring Inclusiveness and Service Delivery for Persons with Disabilities (Project 48076-001)
Mongolia	Sustaining Access to and Quality of Education during Economic Difficulties (Project 50091-001)

² 2016-2018 OGP National Action Plan available at <https://www.opengovpartnership.org/sites/default/files/Mongolia-NAP2-Final-Eng.pdf>

Mongolia	Ulaanbaatar Urban Services and Ger Areas Development Investment Program - Tranche 2 (Project 45007-005)
Mongolia	Gender-Responsive Sector and Local Development Policies and Actions (Project 50093-001)
Mongolia	Fourth Health Sector Development - Additional Financing (Project 41243-023)
Mongolia	Fifth Health Sector Development Project (Project 45009-002)
Mongolia	Fourth Health Sector Development Grant (Project 41423-012)
Mongolia	Southeast Gobi Urban and Border Town Development Project (Project 42184-022)
Mongolia	Regional Logistics Development Project (Project 41192-013)
Mongolia	Ulaanbaatar Urban Services and Ger Areas Development Investment Program - Tranche 1 (Project 45007-004)
Mongolia	Integrated Livelihoods Improvement and Sustainable Tourism in Khuvsgul Lake National Park Project (Project 48216-001)
Mongolia	Agriculture and Rural Development - Additional Financing
Mongolia	Southeast Gobi Urban and Border Town Development Project - Additional Financing (Project 42184-024)
Mongolia	Higher Education Reform Project (Project 43007-023)
Mongolia	Food and Nutrition Social Welfare Project, Additional Financing (Project 42322-023)
Georgia	East-West Highway (Khevi-Ubisa Section) Improvement Project TA
Georgia	Livable Urban Areas: Integrated Urban Plans for Balanced Regional Development Project
Georgia	Batumi Bypass Road Project
Georgia	Urban Services Improvement Investment Program
Georgia	Secondary Road Improvement Project
Georgia	Georgia - Road Corridor Investment Program
Georgia	Sustainable Urban Transport Investment Program

In each project reviewed, the analysis sought to identify the types and levels of CSO engagement identified in project documentation and actually realized during implementation, using the levels of CSO participation defined by the ADB:

- **Information sharing** - Information is (i) generated by ADB/recipient/client and shared with stakeholders; (ii) independently generated by stakeholders and shared with ADB/recipient/client; or (iii) jointly produced
- **Consultation** - Stakeholder input is requested and considered as part of an inclusive policy, program or project decision-making process
- **Collaboration** - Stakeholders and ADB/recipient/client work jointly but stakeholders have limited control over decision-making processes and resources

- **Partnership** - Stakeholders participate in decision-making process and/or exert control over resources, through a formal or informal agreement to work together toward common objectives.
- In addition, the review included **Grievance Redress** since it is a basic civic engagement activity and CSOs often play significant roles e.g. via ADB's accountability mechanisms.

B. Baseline Assessment of Current CSO Engagement

The main findings of our review of 31 on-going projects in Mongolia and Georgia are presented below in this section. Details are in the individual country reports and the individual project data sheets.

Projects with CSE Good Practices. The practice of engaging CSOs in the design and implementation of ADB supported projects is well established in these countries and there are numerous examples of good practices in sectors such as roads, water, urban, social protection, education and health. They provide valuable lessons on effective mechanisms for citizen engagement which should be documented and shared through the ADB Sector and Thematic Groups (STGS) Systematic analysis of good practices is proposed as part of the Action Plan going forward. We found CSE good practices in the following projects (Box 1) that we reviewed:

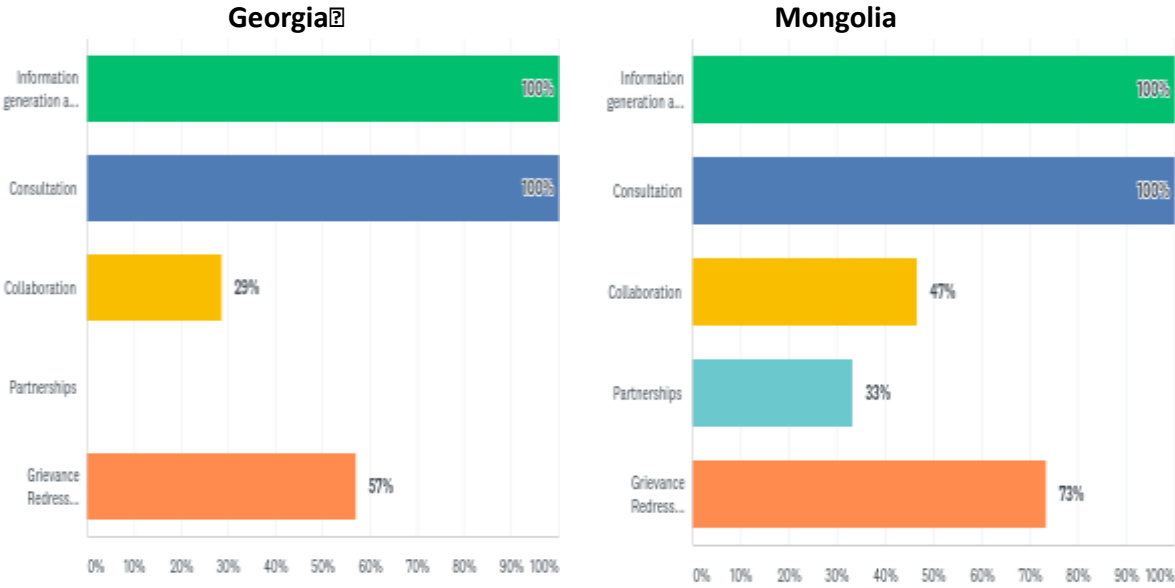
Box 1—Projects with CSO Engagement Good Practices

Country	Project
Georgia	Urban Services Improvement MFF (over several tranches)
Georgia	Batumi Bypass Road Project
Georgia	Sustainable Urban MFF (over several tranches)
Mongolia	Projects with CSO participation in Project Steering Committees
Mongolia	Persons with Disability Service Delivery Project (Pipeline project)
Mongolia	Higher Education Reform (Pipeline project)
Mongolia	Food and Nutrition Social Welfare Program

MFF= Multitranche Financing Facility (<https://www.adb.org/sites/default/files/institutional-document/31483/omd14.pdf>)

CSO engagement mechanisms In use are skewed in favor of information sharing and consultation. in the project reviewed is shown in Chart 1. As the chart shows, in both countries 100% of the projects featured information sharing and consultation and a majority of projects reviewed featured Grievance Redress Mechanisms consistent with ADB mandated requirements for information disclosure, consultation with affected people and accountability mechanism specified in the information disclosure, environmental and social safeguards policies. Collaboration with CSOs was featured only in 29% and 47% of the projects reviewed in Georgia and Mongolia respectively. Partnerships with CSOs were even rarer and found in 33% of project reviewed in Mongolia. Georgia portfolio had no partnerships with CSOs.

Chart 1: CSO Engagement Mechanisms in the Reviewed Projects



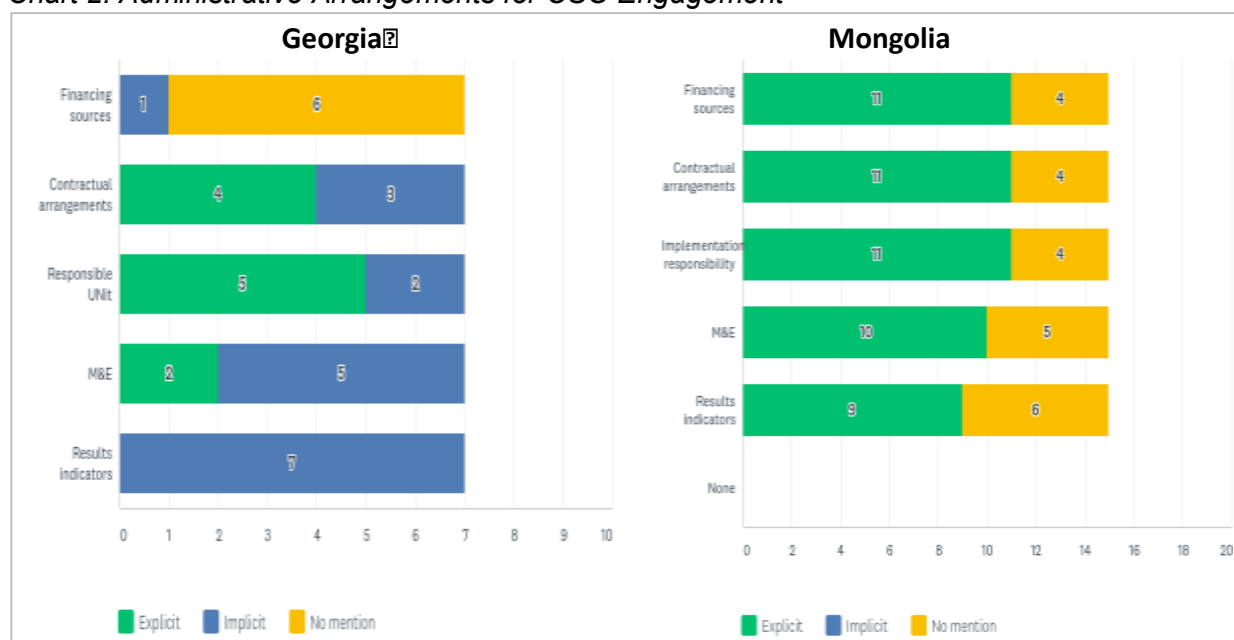
The differences in level of CSO engagement is explained by nature of portfolios (infrastructure in Georgia and social sectors in Mongolia) and country contexts. It underscores the need for tailoring deeper CSO engagement to country circumstances including current practices for CSO engagement.

The information in Chart 1 pertains the CSO engagement envisaged at the design stage. Project documentation at approval does not always reflect the reality on the ground, where actual citizen engagement has sometimes been more prevalent than anticipated.

CSO engagement was common on projects in Mongolia devoted to service delivery and livelihoods, but very limited on infrastructure and transport. Similarly, in Georgia with a portfolio exclusively of infrastructure, there were few examples of active CSO engagement in collaboration and partnerships. Detailed descriptions of current levels of CSO engagement in each project are provided in the individual country reports.

Implementation of planned CSE has proved to be challenging. Many of the projects reviewed were relatively mature (in implementation for two years or more) and provided good insights in implementation arrangements and challenges. The review found that administrative arrangements for implementing CSE varied a great deal (Chart 2). Often explicit funding for civic engagement in project budgets is seldom provided except in some Mongolia projects for citizen engagement in procurement. There is limited monitoring and reporting on CSO engagement and monitorable results indicators are seldom specified. PIU interviews indicated that designing and implementing CSO engagement is challenging.

Chart 2: Administrative Arrangements for CSO Engagement



Participants in the survey-interviews, workshops and follow-on discussions were invited to identify the reasons for limited civic engagement. The feedback received is presented below.

Table 2: Challenges Faced by PIU and ADB Project Officers During Design and Implementation of CSO Engagement

Challenges	Georgia	Mongolia
Budget (finance resources) for implementation	M	M
Reluctance of government/project leaders to engage CSOs	N	M
Limited willingness of CSOs to engage	L/M	N
Limited technical capacity of CSOs to engage with government/project	S	S
ADB project team understanding and commitment-inadequate	L	L
PIU lack of capacity to design and/or implement CSO engagement	L	M
Inadequate technical advice and support	M	M
Community level barriers	M	L
Complex ADB processes and procedures	M	M

(N=Not an Issue; L=Low Level; M=Medium Level; S=Severe Level)

Many PIUs cite the lack of CSO technical and professional expertise that limit their ability to participate actively as collaborators and partners. CSOs also cite complex ADB procedures and the unfamiliarity of ADB staff in dealing with civil society as constraints to greater collaboration.

C. Opportunities and support needs for deeper CSO engagement

Opportunities for designing and implementing deeper CSO engagement exist. Many of the PIUs and Project officers interviewed see opportunity for deeper CSE in on-going and pipeline projects. This indicates that potential to initiate demonstration activities for deeper CSO engagement exists in both countries. We recommend that the demonstration activities selected should be

identified collaboratively by ADB project staff, filed office CSO Anchors and local authorities. The possible candidates that emerged in the review of on-going and pipeline projects are listed in Box 2 below.

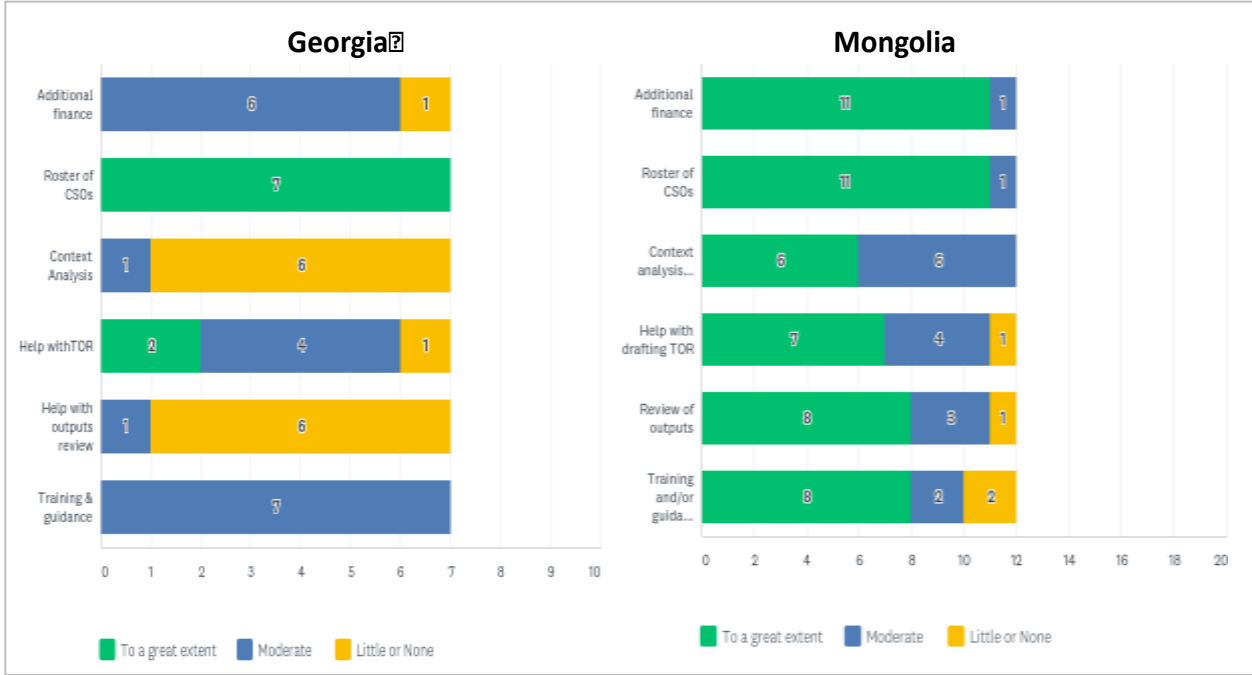
Box 2: Possible Demonstration Activities

Country	Project	Principal Activities
Georgia	Roads projects	Monitoring compliance with environmental and resettlement requirements
Georgia	Water Supply and Urban Development	Community awareness raising and mobilization for monitoring implementation
Mongolia	Higher Education	Multi-stakeholder forum
Mongolia	Persons with Disabilities	CSO service delivery
Mongolia	Regional Roads	Monitoring compliance with safeguards
Mongolia	6 th Health Project	Monitoring service delivery

Technical and financial support would be required to catalyze deeper CSO engagement.

As noted above CSE implementation has been challenging. These challenges will be intensified as CSE moves to collaboration and partnership levels. During the interviews PIUs indicated their support needs in key areas. The results are presented below in Chart 3.

Chart 3: Support Needs for CSO Engagement



As may be expected the support needs in the two countries vary given the differences in portfolios and CSO sector characteristics. In both countries, the PIUs expressed a strong need for information on qualified and experienced CSOs that can be of help in their specific sector needs. This need can be met by a mapping of CSOs in key sector and SB areas as well as in cross-sectoral skills such as grievance redress, grievance redress etc. The other area of support needed in both countries is to help crafting suitable terms of reference for engaging CSOs. Both these needs are indicative of a broader need for the sector authorities and CSOs interested in their

sectors to get to know each other better. The differences in needs highlights the importance of developing country-specific action programs for deeper CSO engagement. While the support package will vary by country, overall it should include manuals for CSOs on ADB policies and procedures, rosters of certified CSOs and training programs on CSO engagement tools and strategies.

IV. ASSESSMENT OF CAPACITY BUILDING NEEDS

The review and consultation processes in each country indicated considerable scope for enhanced CSO engagement in ADB operations and strategies, but to realize enhanced collaboration and partnerships there needed to be a strong capacity-building effort for all stakeholders—CSO representatives, government authorities and PIUs and ADB staff. The nature of the capacity-building will depend on circumstances related to each sector and project. The country reports include detailed analysis of capacity building needs for key stakeholders i.e. CSOs, government officials including PIU staff, and ADB staff.

A. Capacity Building Needs.

In general terms the types of training identified by the participants included the following:

1. **For CSOs:** Training in:
 - a. ADB processes, procedures and mechanisms for CSO involvement;
 - b. ADB programs and strategies in each country;
 - c. Social accountability tools, grievance redress, collaboration with government, beneficiary feedback on service delivery, information access and awareness, community collaboration, designing and mainstreaming gender action programs, and
 - d. technical skills where CSO engagement has been successful elsewhere such as on monitoring of road construction and maintenance.
2. **For government officials and implementing agencies:** Enhancing CSO engagement in ADB-funded projects needs to secure the collaboration of project-implementing agencies. The consultation process indicated generally little appreciation or understanding of the value of CSO participation. Training of PIU and sector agency staff should include awareness-raising on the benefits of CSO involvement, collaboration and communications techniques with citizen groups, listening skills, project implementation management mechanisms with stakeholders, citizen monitoring, feedback and evaluation techniques.
3. **For ADB staff:** Capacity-building will be needed for both project staff and resident mission staff on the benefits and tools of enhanced citizen engagement. It could include raising awareness of the potential value-added of citizen participation in the full project cycle—design, implementation support and monitoring, grievance redress and evaluation. It would include training in citizen awareness-raising and mobilization techniques, and include examples of successful CSO interventions in ADB and other development agency projects in the social sectors and infrastructure.

B. Institutional Arrangements for Capacity Building

Capacity building will require a combination of local and international expertise. The relative share of local versus international input will vary by topic. Some of the training/capacity building topics can be handled more cost effectively with a regional level design related to ADB processes and

procedures, good practices in CSO engagement in sectors, regional peer learning workshops, etc. These may be led by international experts. Other topics such as consultations, grievance redress and collaboration are better led locally with some international technical input so that they are tailored to country/sector conditions and can be delivered in local languages.

We believe that a high-quality capacity building program will require a central focal point in each country as well as at ADB level for coordinating development, implementation and M&E of the program with key stakeholders i.e. ADB, PIUs and other government authorities, expert trainers, likely participants. The Action Plan below recommends the following:

1. engaging a local institution in each country to serve as a focal point, with international support as needed, to design and deliver a comprehensive capacity development program and support package over the next 12 months;
2. engaging an international institution to help NGOC design, implement, monitor and communicate capacity building program in SP-1 countries and in future Sub-projects
3. The CSO Anchors in the country offices should be supported by a full time local person. Ideally this person would be sourced from a local CSO on secondment to manage the capacity-building program.
4. The local institutions would be guided by the Consultative Advisory Group of CSOs established in each country to help guide the formulation and implementation of the ADB-CSO Cooperation Plan.
5. The local and international institutions should be engaged under partnership arrangements to tap into international and local knowledge and expertise. Such partnerships will also help strengthen country systems and institutions for CSO engagement.

V. RECOMMENDATIONS FOR DESIGN OF SUB-PROJECT 1

A. Summary of Findings

The review of country operating environment and practices in each country shows that the environment in both countries is conducive to greater CSO engagement in ADB-funded projects. The review shows that there is longstanding practice of participation of CSOs in each country's political and economic development process, including design and implementation of the OGP National Action Plan, and to the history of CSO participation in ADB-funded projects, particularly for information-sharing and consultations.

The country environments and practices provide a solid foundation to find and test new opportunities and to alleviate external and internal constraints to deeper CSO engagement that were discussed at the beginning of this report. Interviews with government agencies, CSOs and ADB staff indicate that there are:

- i. many good practices in current ADB and Government engagement with CSOs identified in the mapping of current CSO engagement in on-going ADB operations;
- ii. broad interest in and opportunities for taking the current CSO engagement beyond information sharing and consultation to higher level involving collaboration and partnership with CSOs in ADB Operations and strategies;
- iii. Considerable constraints encountered in the implementation experience with CSO engagement in ADB operations. Alleviating the constraints would require technical and financial support, business process improvements and capacity building of key stakeholders e.g. CSOs, PIU and government authorities, ADB staff.

- iv. There are institutionalized government-CSO dialogue mechanisms in both countries by virtue of their membership in OGP. However, there are no institutionalized mechanisms for sustained ADB-CSO engagement. This limits the extent to which ADB programs benefit from local knowledge and presence of CSOs in each country by virtue of their closeness to communities and on the ground realities.

B. Recommendations

Following these findings, this report recommends a four-point Action Plan for deepening ADB-CSO engagement over two years (2018-2019). The implementation plan should allow for about 3 months mobilization period for signing the key partnership and consulting agreements, orienting the key stakeholders and getting relevant people in place to prepare plans and operating infrastructure. The details of the program for Georgia and Mongolia are contained in each Country Report. A consolidated summary is presented below.

Four Point Action Plan for Deeper ADB-CSO Engagement in Georgia and Mongolia

<p>1. Document and Share Good Practices in CSO Engagement in ADB Operations in Georgia and Mongolia</p>
<ul style="list-style-type: none"> • Identify and document at least 6 good practice cases (3 in each country) and share these knowledge products internally and externally • Partner with relevant Sector and Thematic Groups (STGs) during identification, documentation and dissemination of good practice cases on region wide basis. • Create a mechanism to transfer good CSE practices across projects and sectors in each country
<p>2. Support Demonstration activities for deeper CSE in ADB operations and strategies</p>
<ul style="list-style-type: none"> • Complete the baseline assessment of projects for CSO engagement in Mongolia (already completed in Georgia) • Select at least six projects in Mongolia and three in Georgia (on-going and/or pipeline) for design and implementation of higher-level CSO engagement (collaboration and partnership) • Select CSO activities appropriate to the project and sector such as raising community awareness and support, generating community feedback, implementing good governance plans and monitoring results, training, managing grievance redress, procurement monitoring. • Provide technical and financial support to catalyze demonstration activity design and implementation • Facilitate field testing and evaluation of ADB's business processes for contracting CSOs with a view to improve their efficiency.
<p>3. Design and implement a capacity-building program for enhancing CSE skills</p>
<ul style="list-style-type: none"> • Develop a capacity building package for ADB and PIU staff to facilitate demonstration projects, including rosters of CSOs and training programs for ADB and PIU staff • Engage a local CSOs as ADB partner to serve as the focal point in each country for coordinating development, implementation and M&E of the capacity building program with key stakeholders i.e. ADB, PIUs and other government authorities, expert trainers, likely participants.

<ul style="list-style-type: none"> • The local partner to develop a comprehensive 12-month training program and support package for all stakeholders. The program to cover: ADB policies and procedures; civic engagement tools; project management and knowledge sharing and learning activities. • Engage a duly qualified and experienced CSO as a knowledge partner to work with NGOC, CSO Anchors in country offices, and local focal point institutions to provide technical advice and organize regional learning events related to all aspects of the demonstration activities, good practice knowledge products, and the capacity building programs. • The CSO Anchors in the country offices should be supported by a full time local person. Ideally this person would be sourced from a local CSO on secondment to manage the capacity-building program. • The local and international institutions should be engaged under partnership arrangements to tap into international and local knowledge and expertise. Such partnerships will also help strengthen country systems and institutions for CSO engagement.
<p>4. Strengthen institutional linkages among ADB, PIUs and CSOs to facilitate increased CSE</p>
<ul style="list-style-type: none"> • Establish a consultative Country Advisory Group (CAG) to advise on the capacity-building program and monitor implementation, dialogue on projects, policies and strategies, portfolio reviews • Develop an ADB-CSO cooperation Action Plan for each country for 2018-2020, including details of this Four-Point Action Plan and proposals on CSO involvement in sector and country assistance strategies • At regional level, establish an External Advisory Group (EAG) to guide the work under the Sub-project in TA Cluster and to incorporate and disseminate regional best practice

C. Estimated Costs

The total cost of the deepening program in Georgia and Mongolia are estimated at \$1.080 million. The program can be tailored and sequenced depending on available funding.

Item	Georgia	Mongolia
1. Consultants		
a. Remuneration/per diem		
i. International Consultants	60	120
ii. National Consultants	60	120
b. International and local travel	25	50
c. Reports and communications	20	20
2. Equipment	5	5
3. Workshops, training, seminars and conferences	50	150
4. Surveys, studies, pilot interventions and partnerships	60	150
5. Administration and support costs	40	85
6. Contingencies	30	30
TOTAL	350	730

Cost Estimates (US \$000)

APPENDICES

Annex 1: Terms of Reference for ADB-PTF Knowledge Partnership Agreement

A. Background and Purpose:

1. RETA 8595 aims to increase the civil society contribution to ADB operations by helping government and civil society work more effectively together in the context of ADB-financed projects. The purpose of this Cooperation Agreement is to support result-oriented CSO participation in lending and TA operations, as well as in sector and country assistance strategies. This will be achieved through building the capacity of key CSOs and government authorities for constructive engagement, developing and testing solutions to persistent constraints that have hitherto hampered increased CSO engagement in projects, and mainstreaming CSO cooperation by documenting and sharing of good practices, business process innovations and tool kits.

B. Scope of Work

1. The partner organization, Partnership for Transparency Fund, will cooperate with ADB's CSO Anchors in Georgia and Mongolia to design a TA project proposal for the planned Sub-project 1 that will start the implementation of the upcoming NGOC's Cluster TA: "*Deepening Civil Society Engagements for Development Effectiveness*".
2. The first subproject covering Georgia, Mongolia, and selected Pacific countries is expected to include the following components: (i) capacity building of CSOs to engage effectively in design, implementation and monitoring of on-going and new lending operations; (ii) demonstrate effective CSO engagement on-going and new investment projects and country assistance strategies; and (iii) commence implementation of in-country capacity building and CSO engagement programs for Year 1 while seeking additional funding for full implementation.
3. This work program covers work to be done to enable submission of the Sub-project 1 concept paper by mid-July. It is envisaged that PTF will continue to play a role during the implementation of Subproject 1 after its approval. That role can only be determined when Subproject 1 has been designed. Once this design has been finalized, ADB and PTF will discuss and agree on PTF's role during Subproject 1 implementation.
4. This CA will govern the fact-finding and design work for the three items listed in paragraph 3 relating to Mongolia and Georgia (the Pacific countries are being handled separately) and includes delivering the following outputs:
 - a. **Output 1: Needs Assessment for implementing planned citizen/CSO engagement in on-going projects and integrating more effective CSO engagement in projects in the pipeline.** This would be based on a review of a random sample of project documents and in-country and HQ consultation with selected ADB staff (Output 3). The document review would map planned CSO engagement for a sample of on-going projects and assess the extent to which the implementation arrangements (funding, procurement and responsible units) and expected results (outputs and outcomes) have been detailed. ADB would provide a list of on-going projects as of 31st March 2017 and data on planned CSO participation per IPSA and SPRSS.
 - b. This output would provide: baseline information on the nature of planned citizen/CSO engagement, under implementation and completed CSO engagements; identify gaps

and actions for supporting implementation and proposals for integrating context sensitive CSO engagement into the design of new loans and grants in the ADB project pipeline for approval during December 2018 to September 2021.

- b. Output 2: Plan for capacity building of stakeholders (CSOs, ADB staff and government officials) for more effective and constructive engagement in ADB operations.** Analytical work would focus on assessing capacity building needs through gaps analysis and consultations with stakeholders (government, CSOs and ADB staff) as outlined in Output 3. The output would be a preliminary proposal for capacity building including budget and organizational arrangements. PTF and its local partners will do this work. Subproject 1 would aim to build capacity of CSOs in each country in areas such as: grievance redress; consultations; beneficiary feedback on service delivery; information access and awareness; Agenda 2030 awareness and actions; community collaboration; gender mainstreaming, and designing and implementing gender action plans.
- c. Output 3: In-country stakeholder consultation workshops for participatory design of the Subproject 1 proposal.** Two activities are proposed: (a) discussions with ADB staff (in Manila and in resident missions) to validate information on plans and requirements for effective implementation; and (b) a stakeholders workshop in each country involving about 25 representatives of key government offices, CSOs, development partners, and ADB staff. PTF and its local partners would provide methodology and communications materials and facilitate the consultations. The participants list for consultations would be developed together with ADB resident mission staff (ADB input). No travel or hotel for participants is envisaged. Refreshments and meals will be provided and events will be held at ADB resident missions (ADB inputs). Summary of consultations will be prepared and shared with the participants.
- d. Output 4: Draft Sub-project 1 proposal for more and better ADB-CSO engagement in ADB operations.** The proposals would cover the following elements:
- i. Objective, activities, outputs, outcomes and impact
 - ii. Implementation arrangements
 - iii. Preliminary Cost estimates
 - iv. Design and Monitoring Framework
 - v. Terms of reference for consultants and partnerships

C. Outline of Work Plan:

	Activity and outputs	Responsibility	Timeline	Assumption
1	ADB inputs for Outputs 1-3 (partly done)	ADB	30 th April	
2	Detailed Work Plan and methodology	PTF		CA signed by April end
3	Mission in field + consultation workshop (Output 3)	ADB+PTF	May-June	
4	Output 1 delivered	PTF	End June	Sufficient funding available under TA 8595
5	Output 2 delivered	PTF+ local partners	End June	
6	Draft Output 4 delivered	PTF	Mid July	

D. Milestone payment based on achievements

Milestone Payment	ADB Disbursement (USD)	Target Milestone Date	Activities to be completed
1 st	10% of ADB CA contribution	End April	Upon signing of CA
2 nd	20% of ADB CA contribution	Mid May	Upon submission of detailed work plan and methodology satisfactory to ADB
3 rd	30% Output 3 delivered	Mid-June	Upon completion of Mongolia and Georgia country mission and workshops
4	40% Delivery of Outputs 1,2 and 4	Mid July	Upon submission and acceptance of Outputs 1,2 and 4

Annex 2: Methodology - ADB Terminology and System for CSO Engagement

1. **ADB defines CSO engagement on a four-level continuum.** The four levels are:
 - (i) Information generation and sharing
 - (ii) Consultation
 - (iii) Collaboration
 - (iv) Partnership
 - (v) Grievance Redress mechanisms (required as part of resettlement and indigenous people plans)

2. The ADB Guide to Participation defines participation in ADB-assisted operations and refers to “the processes through which stakeholders influence or contribute to designing, implementing, and monitoring a development activity”. Stakeholders include government, private sector and civil society. The different CSO engagement approaches and depths to participation explained in the Guide are shown in Table 2.³

Table: 1 Definition of Different Approaches and Depth of CSO Participation in ADB Operations

Approach	Definitions	Processing	Implementation
Information Generation and Sharing	Information is (i) generated by ADB/recipient/client and shared with stakeholders; (ii) independently generated by stakeholders and shared with ADB/recipient/client; or (iii) jointly produced.	<p>Low: ADB/recipient/client shares information with stakeholders.</p> <p>Medium: Opportunity for stakeholders to share information with ADB/recipient/client.</p> <p>High: Joint generation and sharing of information to meet shared objectives (e.g., improved understanding).</p>	<p>Low: ADB/recipient/client shares information with stakeholders.</p> <p>Medium: Opportunities for civil society to share information with ADB/recipient/client.</p> <p>High: Joint generation and sharing of information to meet shared objectives (e.g., improved understanding).</p>
Consultation	Stakeholder input is requested and considered as part of an inclusive policy, program, or project decision-making process.	<p>Low: Web-based/written consultation only.</p> <p>Medium: Opportunities for two-way face-to-face exchanges (e.g., workshop, focus group).</p> <p>High: Views of marginalized groups incorporated into design (e.g., use participatory methods).</p>	<p>Low: Web-based/written consultation only.</p> <p>Medium: Opportunities for two-way face-to-face exchanges (e.g., workshop).</p> <p>High: Regular feedback from marginalized groups integrated during implementation (e.g., use participatory methods).</p>

³ Pages 2-3. Strengthening Participation for Development Results: An ADB Guide to Participation. ADB 2012. Accessed at <http://www.adb.org/documents/strengthening-participation-development-results-asian-development-bank-guide-participation>

Collaboration	Stakeholders and ADB/ recipient/client work jointly, but stakeholders have limited control over decision-making and resources.	<p>Low: Inputs from specific key stakeholders sought in project design.</p> <p>Medium: Significant stakeholder representation on project design body.</p> <p>High: Stakeholder influence on project design body and agreement of role for stakeholders in project implementation.</p>	<p>Low: Stakeholder input in monitoring and evaluation.</p> <p>Medium: Stakeholder organization (e.g., CSO) implementation of a project component.</p> <p>High: Significant stakeholder representation on project implementation body and participation in implementation activities.</p>
Partnership	Stakeholders participate in decision-making process and/or exert control over resources, through a formal or informal agreement to work together toward common objectives.	<p>Low: Agree a stakeholder organization will partner in ADB-funded project.</p> <p>Medium: Memorandum of Understanding (MoU)/ partnership agreed or stakeholders take some degree of direct responsibility.</p> <p>High: MoU/partnership agreement negotiated including co-financing and management, or stakeholders assume high level of ownership/responsibility.</p>	<p>Low: Stakeholder organization routinely provides inputs and is recognized as a partner in ADB-funded project.</p> <p>Medium: MoU/partnership agreement implemented, or stakeholders take some degree of direct responsibility.</p> <p>High: MoU/partnership agreement implemented including financing and management, or stakeholders assume high level of ownership/responsibility.</p>

Source: *Strengthening Participation for Development Results: An ADB Guide to Participation*. ADB 2012. Pages 2-3.

1. **Source documents for the information on CSO engagement** are:

- The Initial Poverty and Social Assessment Summary (IPSA)
- Poverty Reduction and Social Strategy (SPRSS)
- Report and recommendations of the President (RRPs) and Design and Monitoring Framework (linked document to RRP).
- Grant Assistance Reports (for Grants)
- Technical Assistance Reports (TAs for preparation, regional, TA Sub-projects)
- Combined Resettlement and Indigenous People Frameworks and Plans (see section on information disclosure, consultations and grievance redress)
- Grant or Project Administration Manual (PAM)
- Progress Reports

All these documents are made publicly available per the ADB Public Communications ⁴ Policy and can be found at ADB project documents by project stage <https://www.adb.org/projects/documents>. Description of main project documents type is in Annex

⁴ ADB. 2014. *Public Communications Policy*. Manila.

1. One can find each document type by refining by country name or document type +country.
2. For a glossary of terms used in Sovereign and Non-Sovereign Operations please see <https://www.adb.org/sites/default/files/institutional-document/33458/files/glossary-sovereign-nonsovereign-operations.pdf>
3. **Country Partnership Strategies and Business Plans.** We should review these documents to see whether they contain any analysis, activities and results related to ADB-CSO engagement and support for OGP. These documents are found under the category <https://www.adb.org/countries/documents/main> and can be searched by country.
4. **The template for Initial Poverty and Social Assessment (IPSA) and SPRSS** includes the sections shown at Box 1 and Box 2.

Box 1: Initial Poverty and Social Assessment (IPSA) Form
Section III. PARTICIPATION AND EMPOWERMENT
1. Who are the main stakeholders of the project, including beneficiaries and negatively affected people? Identify how they will participate in the project design.
2. How can the project contribute (in a systemic way) to engaging and empowering stakeholders and beneficiaries, particularly the poor, vulnerable, and excluded groups? What issues in the project design require participation of the poor and excluded?
3. What are the key, active, and relevant civil society organizations in the project area? What is the level of civil society organization participation in the project design?
<i>Information generation and sharing</i> ___ <i>Consultation</i> ___ <i>Collaboration</i> ___ <i>Partnership</i> ___
Indicate in each box the level of participation by marking high (H), medium (M), low (L), or not applicable (N) based on definitions in the ADB's Guide to Participation.
4. Are there issues during project design for which participation of the poor and excluded is important? What are they, and how shall they be addressed? Yes ___ No ___ Please explain. Describe key features, responsibilities, and resources to strengthen the participation of CSOs, and/or poor and vulnerable.

Box 2: Summary Poverty Reduction and Social Strategy (SPRSS) Form
SECTION II. PARTICIPATION AND EMPOWERING THE POOR
1. Summarize the participatory approaches and the proposed project activities that strengthen inclusiveness and empowerment of the poor and vulnerable in project implementation. Explain how this is reflected in the DMF, loan agreement, and PAM.
2. If civil society has a specific role in the project, summarize the actions taken to ensure their participation.
3. Explain how the project ensures adequate participation of civil society organizations in project implementation.
4. What forms of civil society organization participation is envisaged during project implementation? Indicate in each box the level of participation by marking high (H), medium (M), low (L), or not applicable (N) based on definitions in ADB's Guide to Participation.
<i>Information gathering and sharing</i> ___ <i>Consultation</i> ___ <i>Collaboration</i> ___ <i>Partnership</i> ___
5. Will a project-level participation plan be prepared to strengthen participation of civil society as interest holders for affected persons particularly the poor and vulnerable? If Yes, describe key features, responsibilities, and allocated resources. If No, Explain why.

Annex 3: Active Projects

Country	Project Name
Mongolia	Ensuring Inclusiveness and Service Delivery for Persons with Disabilities (Project 48076-001)
Mongolia	Sustaining Access to and Quality of Education during Economic Difficulties (Project 50091-001)
Mongolia	Ulaanbaatar Urban Services and Ger Areas Development Investment Program - Tranche 2 (Project 45007-005)
Mongolia	Gender-Responsive Sector and Local Development Policies and Actions (Project 50093-001)
Mongolia	Fourth Health Sector Development - Additional Financing (Project 41243-023)
Mongolia	Fifth Health Sector Development Project (Project 45009-002)
Mongolia	Fourth Health Sector Development Grant (Project 41423-012)
Mongolia	Southeast Gobi Urban and Border Town Development Project (Project 42184-022)
Mongolia	Regional Logistics Development Project (Project 41192-013)
Mongolia	Ulaanbaatar Urban Services and Ger Areas Development Investment Program - Tranche 1 (Project 45007-004)
Mongolia	Integrated Livelihoods Improvement and Sustainable Tourism in Khuvsgul Lake National Park Project (Project 48216-001)
Mongolia	Agriculture and Rural Development - Additional Financing
Mongolia	Southeast Gobi Urban and Border Town Development Project - Additional Financing (Project 42184-024)
Mongolia	Higher Education Reform Project (Project 43007-023)
Mongolia	Food and Nutrition Social Welfare Project, Additional Financing (Project 42322-023)
Georgia	East-West Highway (Khevi-Ubisa Section) Improvement Project TA
Georgia	Livable Urban Areas: Integrated Urban Plans for Balanced Regional Development Project
Georgia	Batumi Bypass Road Project
Georgia	Urban Services Improvement Investment Program
Georgia	Secondary Road Improvement Project
Georgia	Georgia - Road Corridor Investment Program
Georgia	Sustainable Urban Transport Investment Program



Technical Assistance Knowledge Partner's Report

ANNEX 4

Project Number: RETA 8595
September 2017

Georgia: Deepening Civil Society Engagement for Development Effectiveness in ADB Operations: Baseline Assessment

Prepared, under an ADB-PTF Knowledge Partnership Agreement, by PTF (Partnership for Transparency Fund, Washington, DC, USA), together with PTF local partner IDFI (Institute for Development of Freedom of Information – Tbilisi, Georgia)

For Asian Development Bank

This consultant's report does not necessarily reflect the views of ADB or the Government concerned, and ADB and the Government cannot be held liable for its contents. (For project preparatory technical assistance: All the views expressed herein may not be incorporated into the proposed project's design.)

Asian Development Bank

ABBREVIATIONS

ADB	–	Asian Development Bank
CAG	–	country Advisory Group
CSE	–	civil society organization engagement
CSO	–	civil society organization
CPS	–	Country Partnership Strategy
CWRD	–	Central and West Asia department
DMC	–	developing member country
EAG	–	external advisory group
KPA	--	Knowledge partnership agreement
NGOC	–	non-governmental organization and civil society center
OGP	–	Open Government Partnership
PTF	–	Partnership for Transparency Fund
RRP	–	report and recommendation of the President
SP1	–	Subproject 1
STG	–	sector or thematic group
TA	–	technical assistance
TOR	–	terms of reference

NOTE

In this report, "\$" refers to US dollar

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I. INTRODUCTION

Partnership for Transparency Fund (PTF) is a Knowledge Partner of ADB and was asked to perform a baseline analysis of current CSO engagement and needs analysis for more effective design and implementation of deeper CSE in on-going and pipeline ADB operations and assistance strategies. PTF and its local partner, Institute for Development of Freedom of Information (IDFI), carried out this work during May-August 2017. This report summarizes the findings and preliminary recommendations for discussion with ADB staff and managers.

A PTF Adviser (Mr. Dirk Mattheisen visited Tbilisi from 1-7 August 2017 and together with Giorgi Lomtadze, IDFI, met with representatives of CSOs and ADB staff. The list of persons met is attached as Appendix 1. The team organized a focus group discussion (FGD) with ADB GRM staff (project officers). A summary of FGD is attached at Appendix 2. A list of CSOs met with is set out at Appendix 3. Detailed conclusions and Recommendations based on the team's observations are set out in the report.

II. EXECUTIVE SUMMARY

This baseline assessment aims to contribute to design of the proposed Asian Development Bank (ADB) Cluster project for Deepening Civil Society Engagement (Concept Paper PN50364-001). This proposed TA will contribute to the improved delivery of inclusive development services in selected developing member countries (DMCs), in support of the SDGs, by contributing to stronger civil society organization (CSO) participation in ADB operations. The Cluster TA would comprise several Sub-projects. **Georgia** is one of the candidate countries for the Sub-project 1 (SP-1) along with Mongolia and several Pacific Island nations.

A. ADB Strategic Goals in Deepening Civil Society Engagement

ADB recognizes the importance of engaging more effectively with civil society and project beneficiaries to ensure that its development services are inclusive, and contribute to the achievement of the Sustainable Development Goals (SDGs). Therefore, it has included deeper CSE as a strategic goal in its Strategy 2020, as well as the Midterm Review of Strategy 2020, and intends to reaffirm it in the proposed Strategy 2030 under formulation. ADB experience has shown that several external and internal constraints are hampering deeper CSE in its operations. The proposed TA Cluster aims to find ways and means to alleviate these constraints. **The targeted impact of SP1 in Georgia** is to increase CSO actual participation and engagement opportunities in ADB operations. SP1 is expected to be implemented over 2018 and 2019 and will be managed by the ADB office in Tbilisi with help from the NGO Center at ADB HQ in Manila, the Philippines.

B. Scope and Methodology of the Baseline Assessment

ADB portfolio of active projects in Georgia includes 16 loans and 3 projects as of July 2017. In addition, there are 2 active and 3 proposed Project Preparation Technical Assistance Project (PPTA) operations. The on-going projects as of July 2017 are clustered in the roads, transport and water sectors and implemented by three departments/agencies under the Ministry of Regional Development and Infrastructure (MRDI): Roads Department (3 MFFs tranches for Road Corridor program, Batumi Bypass and Secondary Roads projects); United Water Supply Company (5 MFF tranches for Urban Services program and Water and Transport project); and Municipal Development Fund (5 MFF tranches of Sustainable Urban program).

The proposed pipeline includes also two projects in the energy sector, *Power Transmission Network Rehabilitation & Energy Efficiency Project* and *Energy Security Enhancement Project*. Three have been effective for less than a year. These are: *Batumi Bypass Road Project*; *East-West Highway (Khevi-Ubisa Section) Improvement Project*; and *Livable Urban Areas Integrated Urban Plans for Balanced Regional Development Project*; and the latest tranches of the three MFFs, *Road Corridor Investment Multi Tranche Facility Financing (MFF) Program*; *Sustainable Urban Transport MFF Investment Program*; and *Urban Services Improvement MFF Investment Program*.

The methodology is comprised of the following:

- a. Review of ADB project documents and Country Partnership Strategy to take stock of on-going and planned CSO engagement
- b. Interviews with stakeholders - CSOs, ADB Project Officers, and PIUs to feedback on implementation experience, challenges and support needs
- c. Focus Group Discussions with CSOs and PIUs to gather experiences and ideas for CSO engagement
- d. Review of CSO operating environment and Open Government Partnership National Action Plans in Georgia

C. Overview of Findings

The project level information gathered is available in individual project data sheets for the on-going projects. Overall the fact-finding and consultations revealed that:

- There is ample space for CSO engagement in Georgia as evidenced by legislative framework, OGP National Action Plans and the level of CSO engagement in the country in general, with International Financial Institutions, European Union, and with ADB operations;
- CSOs have been engaged in the design and implementation of ADB supported operations, particularly with respect to information sharing and consultation, as well as collaboration, although the latter has been less extensive;
- There are many opportunities to do more and better CSO engagement in ADB operations and to contribute to strategy formulation.
- Georgia portfolio is concentrated in three implementing agencies and three sectors (road, water and energy). The capacity building program and demonstration activities can therefore be done on an agency wide basis.
- Among CSOs, technical skills necessary to engage in infrastructure projects is sometimes limited.
- Familiarity of CSOs and implementing agencies of ADB operational policies and procedures with respect to CSOs is sometimes limited.

D. Key Findings and Recommendations

The baseline assessment and needs analysis presented in this report leads us to recommend a 4-Point Action Program for deepening ADB-CSO Engagement (CSE) in Georgia during 2017-2019. Specific findings and recommendations in each of the Action Program Areas are presented below. Supporting details can be found in the full report.

E. 4-Point Action Program Recommended for Deepening ADB CSO Engagement

Findings	Proposed Actions (2017-2019)
1. Document and Share ADB-CSE Good Practices in Georgia	
<p>There are good CSE practices in Georgia that merit documentation and sharing internally as well as externally. CSE in infrastructure is rare. This makes Georgia a special case for knowledge sharing beyond Georgia. Good practices in information sharing, consultations, gender mainstreaming and addressing grievances are already apparent in roads and water sectors for wider dissemination. For example, Urban Services Improvement Project has engaged CSOs for outreach on gender, child protection, performance assessment and results.</p>	<p>Document at least 2 good practice cases as Knowledge Products for sharing internally and externally (Q2-4 2018)</p>
	<p>Share cases internally and externally using learning events and digital media</p>
	<p>Work closely with ADB's roads and water sector thematic groups during preparation of knowledge products and encourage them to use the cases in their learning and operational support programs. (Q4 2018)</p>
2. Support demonstration activities for deeper CSE in ADB operations and strategies	
<p>Six active projects (MFF tranches are treated as one project) were reviewed and most of them feature information sharing and consultation as CSE mechanisms. Some of them also featured collaboration. Monitoring of planned and CSO engagement is not done at the portfolio level.</p>	<p>Baseline assessment on CSO engagement in the ADB operations has been completed. We recommend that arrangements be made for regular monitoring. This may be done as part of a ADB-CSO Cooperation Plan recommended below as well as the annual portfolio performance review</p>
<p>A number of CSOs already contribute to and expressed interest in participating in CPS. PIUs and Project officers see opportunity for deeper CSE in on-going and pipeline projects. Concentration of all on-going projects in three agencies would enable a focused and cost-effective agency-based rather than project by project approach to support deeper CSE and to build sector wide CSE systems. All three implementing agencies are open to the idea of deeper CSE and identified possibilities for collaboration. The full report includes a set of project specific opportunities. Generic opportunities include</p> <ul style="list-style-type: none"> • Using CSOs to raise awareness in communities and secure their support and participation in project design and implementation 	<p>Initiate a dialogue with all three implementing agencies to identify, design and implement at least one demonstration activity per agency for higher levels of CSE at collaboration and partnership levels in ongoing and pipeline portfolio of projects (by Q1 2018);</p> <p>ADB should explore supporting implementation of MRDI OGP commitments.</p>

<ul style="list-style-type: none"> • Using CSOs to collect beneficiary feedback, help implement governance and anti-corruption plans and monitor results. • Use CSOs for training activities and enhancing understanding and awareness of ADB policies, procedures and grievance redress. • Use CSOs to monitor project performance and results. • Collaboration with CSOs in the design, implementation and monitoring of project social objectives, including environmental, gender, health (e.g., sanitary awareness and water quality under the Urban Services Improvement Investment), and grievance redress as well as resettlement compliance. 	<p>Develop ADB/CSO/government cooperation action plan highlighting opportunities for CSE (by Q1 2018) and capacity building involving at least 8-10 CSOs in the three sectors of ADB operations (road, energy, and water) and the related implementing agencies (start by Q1 2018)</p>
<p>The implementing units face a number of constraints and challenges in CSE. These include: limited technical capacity of CSOs to engage with government; PIU lack of capacity to design and monitor CSE; and inadequate poor familiarity with project process requirements. Implementing agencies also cited difficulties in identifying and sourcing CSOs that have sector specific knowledge and experience to add value.</p>	<p>Design and deliver agency specific support packages for deeper CSE. that may be include (based on needs assessment) the following:</p> <ul style="list-style-type: none"> • Identification of CSOs (roster) – water, road and energy sectors • Training in ADB CSE policies, procedures and project cycle (cross-cutting) • Training in sector specific CSE good practices (local and global) and how-to skills • TA for improving effectiveness of GRMs (possibly setting up sector system) • TA for engaging and managing CSOs/CSE (TOR, short lists, business processes, financial and content reporting) • Knowledge sharing and adaptive learning activities <p>The three implementing agencies selected for deeper CSO engagement should be provided small-scale funding to support CSE</p>

<p>Contracting of CSOs to perform services during project implementation has been done and/or planned in several projects. CSOs and project officers have experienced difficulties and successes. This makes Georgia a good candidate to field test ADB's new simplified procedures for contracting with CSOs in operations and to improve them.</p>	<p>Use SP1 to demonstrate efficacy of simplified procedures for contracting CSOs in Georgia in infrastructure sectors. This will involve field testing by applying them in selected cases and seeking user feedback to refine and improve them. Use the experience to catalyze outreach and training programs</p>
<p>3. Design and implement a capacity building program for enhancing CSE skills and improving CSO understanding of ADB operational policies and procedures</p>	
<p>A capacity building needs assessment was carried out in consultations with stakeholders. It identified many needs. The key ones are listed below. Details are in the full report.</p> <ul style="list-style-type: none"> • CSOs need information on: ADB Portfolio and projects (including their results); possibilities of engaging in ADB operations; and ADB CSO engagement system. • Workshops on ADB operating procedures and processes to see how CSOs can best engage and contribute, including contractual arrangements • Understanding how CSOs can use the full range of civic citizen engagement tools and strategies in ADB operations. • Develop a simplified Manual for CSOs on ADB processes, procedures, standards and requirements suitable for Tbilisi-based CSOs and regionally-based CSOs • Conduct comprehensive orientation workshops on ADB processes and procedures • Conduct training workshops on: Grievance redress mechanisms; Effective & Innovative monitoring tools; constructive engagement; and documenting and writing effective reports, case studies and change stories; & Visualization. • Develop sector specific rosters of CSOs (water, transport and energy) able to participate in an agency specific capacity building programs and demonstration activities for deeper CSE and make it available to implementing agencies and project officers. Over time develop a scoring system to measure engagement effectiveness 	<p>Share the needs assessment findings with the implementing agencies and project officers and engage a local institution to develop a capacity building program with their inputs.</p> <p>ADB country CSO Anchor together the selected local institution (partner) with ADB country Project Administration Office should oversee the process of designing and implementing the capacity building program. They will need to play a dual role of train-the-trainer and facilitating support for project officers.</p> <p>Engage CSOs with relevant skills in developing curricula, training programs, and interactive capacity building dialogue events (e.g., workshops, focus group discussions, roundtable discussions) on engagement, aimed at and differentiated between CSOs and government agencies, as well as local communities, prepared (Q2 2018)</p> <p>The proposed CAG (below) should review and advise on the capacity building program design, implementation and monitoring</p>

4. Strengthen institutional linkages between ADB and CSOs to facilitate increased CSE

- Country context and positive ADB-CSO relations provide a solid foundation and opportunities for deepening ADB –CSO engagement (CSE).
- Such deepening can be orchestrated by institutionalizing a regular consultative and advisory body with sector subgroups for transport, water and energy sectors.
- Government and CSO collaboration practices are well advanced in Georgia. For example- Georgia has formulated and implemented OGP national actions in cooperation with CSOs since 2014.
- ADB invites CSOs for consultations on selected matters periodically but there is no institutionalized mechanism for continuous dialogue with periodic progress review. A regular dialogue will improve efficacy, trust and collaboration.
- Lack of a platform to come together with ADB and other stakeholders in Georgia's development to define strategies and mutually reinforcing actions and collaborations
- CSOs are engaged in a number of ADB operations. Systematic information compilation and peer learning activities will improve quality and impact. Better communication is needed between ADB GRM and CSOs on engagement possibilities. Also, providing CSO relevant content through electronic means such as a webpage (they only have Facebook at the moment) could add to effective engagement, or a mailing list of relevant NGOs in each sector.
- Institutionalizing a ADB-CSO cooperation and coordination mechanism, building on good practice in the country, would help ADB tap much better the knowledge and expertise of CSOs to improve outcomes of ADB operations and strategies.

Establish a Country Advisory Group (CAG) to dialogue on CSO cooperation in programs and projects and other activities, e.g., CPS, SDGs/sector strategies, portfolio review, etc. (Q4 2017) ToR to be elaborated in cooperation with CSO Focal Point and Country Director. TOR will include a mapping of CSOs that are interested in engaging with ADB).

Establish complementary External Advisory Group (EAG) (by Q2 2018) to incorporate and disseminate regional best practice (EAG report presented by Q1 2019)

Build into ADB country office annual work program and ADB–CSO action plan for 2018-2019, to include: baseline assessment information; the final version of the 4 Point Action Program; and proposals on how knowledge and expertise of CSOs can be integrated into sector and country assistance strategies. This draft plan should be shared with CAG for review and advice.

Incorporation of CSO expertise into country/regional/sector knowledge products and strategies (by Q1 2019)

Appoint a person with experience in working with CSOs to work with country ADB CSO Anchor to help organize all activities under the TA as secondment or partner or advisor (by end 2017)

The agenda for CAG meetings would be made public and CSOs interested would self-select to register and attend an open meeting.

F. Cost Estimates

Subproject 1: PN 50364–001 Deepening Civil Society Engagement for Development Effectiveness

Item	Foreign Exchange	Local Currency	Total Cost
1. Consultants			
a. Remuneration and Per Diem			
i. International Consultants			\$ 60,0
ii. National Consultants			\$ 60,0
b. International and Local Travel			\$ 25,0
c. Reports and Communications ¹			\$ 20,0
2. Equipment			\$ 5,0
3. Workshop, Training, Seminars, and Conferences ²			\$50,0
4. Surveys, ³ Studies, ⁴ Pilot interventions, ⁵ and Partnerships ⁶			\$60,0
1. Administration and Support Costs			\$40,0
6. Contingencies			\$32,0
Total			\$352,00

Impact and Outputs: The targeted impact and outcomes of the proposed 4 Point Action Program would be to increase actual CSO participation and engagement opportunities in ADB operations. The impact and outcomes will be measured using the following indicators:

- The number of demonstration activities initiated and completed
- Formulation and implementation of ADB-CSO cooperation plan for 2018-19
- Establishment of Country Advisory Group
- Establishment of External Advisory Group

The key outputs that are expected as results of the recommended activities are as follows:

1. At least 4 demonstration activities completed

¹ Includes publication costs, online media, and communications.

² Includes airfare, hotel accommodation, daily subsistence allowance, miscellaneous travel expenses, and land transport for workshop participants and/or ADB staff as resource persons to and from ADB member and non-member countries, job training, mentoring, internships, cross learning visits, on-line dialogues, interactions, e-learning, and blended learning. It may also include workshop kits and items such as shirts, bags, and flash drives. In recognition of valuable contributions made by partner organizations to the preparation and implementation of an event, representation expenses for meals, plaques of appreciation, or trophies may be provided.

³ Survey of baseline engagement with CSOs, plus capturing good practices

⁴ Studies of comparative policies/procedures to facilitate/stimulate enhanced CSO engagement

⁵ Includes funding for small/responsive pilot engagements with CSOs, including travel costs for CSO engagement, translation costs.

⁶ Includes partnerships and advisory bodies.

2. At least 2 Georgia good practices cases produced as knowledge products for worldwide dissemination using digital media
3. Feedback and suggestions for increasing effectiveness of ADB-CSO contracting processes (based on field testing in demonstration activities) are provided
4. A 2018-2019 capacity building program is formulated and first year activities completed with at least 15-20 participants from CSOs and PIUs with at least 40% of participants being women
5. Roster of CSOs able to work with ADB, especially in water, road and energy sectors prepared and shared.
6. A ADB-CSO Country Advisory Group established including 3-5 CSOs and meets at least twice to guide the Georgia ADB-CSO Co-operation Plan formulation and implementation.
7. A 2018-2019 ADB-CSO-PIU Country Cooperation Plan is formulated involving at least 8-10 CSOs and includes specific opportunities for increased ADB-CSO engagement in projects and strategies to contribute CSO knowledge and expertise for greater development effectiveness
8. An External Advisory Group (EAG) to incorporate and disseminate regional best practice

III. DETAILED DISCUSSION OF ANALYSIS AND FINDINGS

A. Environment for CSE in ADB Funded Operations

Georgia has an active community of CSOs ranging from general transparency and anti-corruption CSOs engaged in watchdog activities or policy document generation, to CSOs that specialize in specific sectors, local community support and citizen mobilization. Many are seemingly well-funded by international bodies, such as USAID and the European Commission, as well as independent donor organizations.

CSOs breakdown into **two groups**: **(a)** smaller, regional CSOs concerned often with local matters such as – corruption, press freedom, as well as human rights **(b)** larger “national” CSOs based in Tbilisi with wider profiles and areas of operation, often with international affiliations. A few have both national and local presence, e.g., Transparency International (TI) or Georgian Young Lawyers’ Association (GYLA).

The general environment for CSO engagement is positive in the country. CSOs are accustomed to working with government agencies and international organizations. Most CSOs seem to function on a transactional basis, although certain CSOs have participated in strategic or policy coordination with different ministries and public institutions; in other words, CSOs often focus on a specific activity of interest to their individual mission.

There are several initiatives where CSO government cooperation is visible, such as the **Open Government Partnership (OGP)** and the **Eastern Partnership Civil Society Forum (EaPCSF)**, operating under the European Commission (EC). Within the OGP framework, CSOs play an active role in promoting transparency, accountability and efficiency of state institutions by providing consultations on OGP related action plans and its commitments and are involved in the process of monitoring their implementation via the OGP Action Plan Monitoring and Self-Assessment Methodology, both on executive and legislative branches. As for the EaPCSF, CSO sector of Georgia provides input in the process of creating Association Agreement Action Plans

and provides feedback on its implementation or drawbacks in the framework of the Georgian National Platform.

In terms of legal guarantees for CSO/public engagement in the legislative processes, they are a part of the larger citizen engagement framework, guaranteed by several legal documents. Most notably, the **Rules of Procedure of the Parliament of Georgia** state that – interested citizens or relevant stakeholders may be invited to attend the Parliamentary Committee hearings, who, upon the decision of the committee chairperson, can be given the right to deliver a speech (art. 49 (12)). Therefore, the public participation in the parliamentary legislative deliberations is a possibility and safeguarded by the Rules of Procedure of the Parliament of Georgia. Participation in budgetary matters is also becoming prominent in Georgia. For instance, the **Organic Law of Georgia Local Self-Government** states that the city hall must publish the draft annual budget for public consultations no later than 5 days after it receives it (art. 91(2)). Nevertheless, consultations on strategic documents or policies are a matter of the willingness of the respective public authority, as there are no obvious legal guarantees for such activities.

At the same time, CSO engagement in ADB funded operations has a very specific pattern. ADB project documentation analysis showed that most of the engagement stated in on-gong or future projects revolves around what could be labelled as **consultation** (based on the ADB CSO engagement continuum/classification). The project documentation does not reflect consistent collaboration, much less partnerships. Despite grievance redress being often reflected in project documentation, they seem to be more of generic descriptions of ADB policy rather than actual engagement practices.

Project documents are readily available for any interested party and almost every project involves stakeholder input as a part of an inclusive policy. However, project documentation rarely moves beyond this possibility in written terms, furthermore, the expected level of participation is not clearly stated, therefore, it is difficult to say whether consultations will have low, medium or high CSO engagement. ADB project documentation for the most part does not explicitly breakout the cost of CSO engagement, so it is difficult to measure resource allocation or adequacy.

In practice however, collaboration and perhaps partnership may be understated in ADB project documentation because it may be subsumed under the documentation's discussion. Interviews with CSOs and ADB staff in Georgia have shown that on different occasions, CSOs were present in Grievance Redress mechanism either directly or indirectly (simply assisting citizens with the mechanism). Recent case of ADB staff and NGO cooperation may even produce a partnership, where an NGO will either be subcontracted to perform a service (road-safety awareness raising campaign), or a memorandum of understanding may be signed.

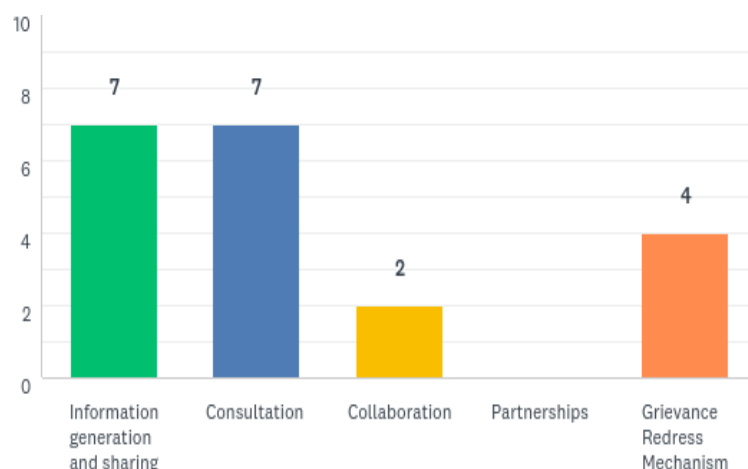
In general, interviews and focus group with ADB staff clearly showed that the most active organizations that had some contact with ADB or collaborated with it, were mostly environmental watchdog NGOs and barely any NGOs with technical expertise in infrastructure or transport, which are the primary areas of ADB operations in Georgia. Engagement with ADB is mostly dependent on implementing agencies, as there is no evident outreach business plan at place for the ADB GRM. However, regular consultation meetings are held in ADB GRM premises on strategic documents, where CSOs express their views on ADB policy documents.

B. Current State of CSE in ADB Operations

The portfolio of ADB funded Projects in Georgia is relatively small and the on-going projects and pipeline projects are clustered in **four infrastructure sectors (roads, transport, water and**

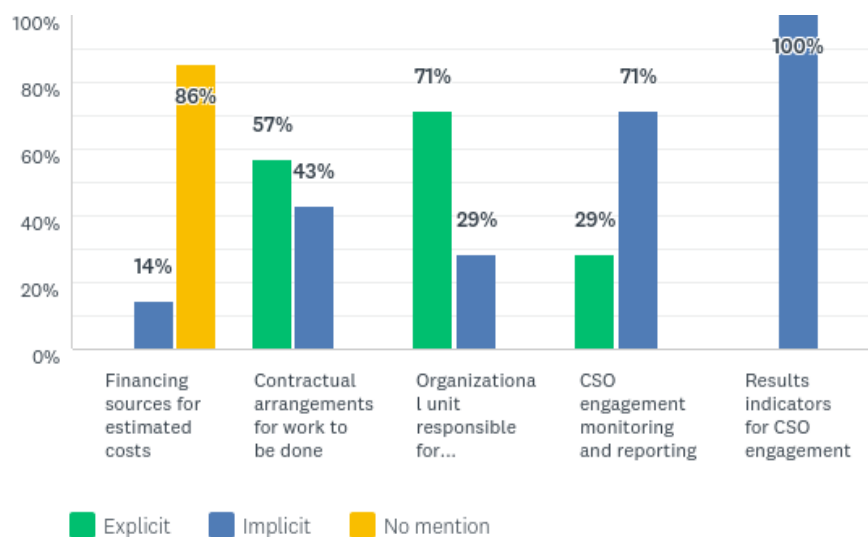
energy). It includes 16 loans and 3 projects as of July 2017. In addition, there are 2 active and 3 proposed Project Preparation Technical Assistance Project (PPTA) operations.

Within the portfolio, Georgia has six active programs, including three MFFs that involve twelve tranches. Four out of these six have been effective for less than a year. These are: Batumi Bypass Road Project; East-West Highway (Khevi-Ubisa Section) Improvement Project; and Livable Urban Areas Integrated Urban Plans for Balanced Regional Development Project; as well as the latest tranches of the three MFFs. All programs engage CSOs but CSE is concentrated in information and consultation as shown in the accompanying chart:



Contracting arrangements for CSE and responsibility for contracting are generally well described in the documents but financing and M&E arrangements are not well described.

All active projects as of July 2017 were concentrated in two sectors (road and water) and covered by three implementing agencies under the Ministry of Regional Development and Infrastructure (MRDI): Roads Department; United Water Supply Company (projects); and the Municipal Development Fund. The current state, challenges and opportunities for deepening CSE are discussed below under each of the three implementing agencies.



Tbilisi-based CSOs are more engaged in general and have more capacity to engage in activities such as grievance redress or external monitoring; however, logistically, their services in regions may require additional financial resources and may be less practical compared to local CSOs. Therefore, increased “investment” in capacities of local CSOs in regions could be an avenue for alleviating the difficulty of finding relevant CSOs to engage in regions.

The active (on-going) operations comprise:

- A Road Corridor Investment Multi Tranche Facility Financing (MFF) Program comprising 3 tranches– implemented by the Roads department, Ministry of Regional Development and Infrastructure (MRDI)
- Secondary Road Improvement and Batumi Bypass Road projects- implemented by the Roads department, Ministry of Regional Development and Infrastructure
- An Urban Services Improvement MFF Investment Program comprising 5 tranches- implemented by the United Water Supply Company of Georgia
- A Sustainable Urban Transport MFF Investment Program comprising 5 tranches - implemented by the Municipal Development Fund

The projects in the pipeline (energy and roads) are the following:

- Power Transmission Network Rehabilitation & Energy Efficiency Project- firm for approval in 2018;
- Energy Security Enhancement Project- firm for approval in 2018; and,
- East-West Highway Corridor (Khevi–Ubisa Section) Improvement Project tentative for approval in 2018

The implementing agencies are mostly within the ministry of Regional Development and Infrastructure of Georgia:

- Transport-Roads Department of Georgia, Ministry of Regional Development and Infrastructure (5 projects - 3 tranches of Road Corridor MFF, Secondary Road project and Batumi Bypass project)
- Water - United Water Supply Company of Georgia (5 projects- 5 tranches of Urban Services MFF)
- Water and Transport - Municipal Development Fund (5 projects- 5 Tranches of Sustainable Urban MFF)
- Energy - two projects in the pipeline. The Power Transmission Network Rehabilitation & Energy Efficiency Project, which will be implemented by the JSC Georgian State Electrosystem (GSE) and the Energy Security Enhancement Project, which will be implemented by the Georgian Oil & Gas Corporation.

Every ongoing project documentation was reviewed to see what the expected and planned level of CSO engagement was. As mentioned in the previous paragraph, most projects are focused around consultation with the Civil Society, without necessarily pointing out the degree of consultation (low, medium, high), provisional or estimated budget of engagement (where applicable) or the tentative list of CSOs who could potentially get involved. In several cases related to roads, grievance redress was outlined as a possibility in case active CSOs are identified. Interviews with ADB GRM staff and the implementing agencies have validated the general observation in the documents, however, provided more insight in what has been the practice with engaging NGOs and what is planned.

1. Road Sector

In case of ongoing road loans and projects, there is a mixed result of CSO engagement. One of the earlier programs – Road Corridor Investment Program had CSO engagement through consultations, nevertheless, was more oriented on community involvement. Approved in 2009, and the third tranche still ongoing, a 2-lane bypass road project detouring Kobuleti had an overall low level of CSO engagement (considering the ADB engagement continuum). According to the interviews with the Roads Department, identifying relevant CSOs in the region was difficult. The

consultation took place on the initial planning stages and LARP and revolved around public meetings and focus groups, therefore engagement was low to medium. As identified by ADB staff, there were possibilities to extend the CSO engagement, as independent experts were necessary to conduct biannual consultations with locals to verify the progress and its affects. However, the independent experts were not affiliated with CSOs, or participated as individual experts.

There are projects, which have CSO involvement built into the project design and have gone past the consultation. For instance, Batumi Bypass Road Project has 2 NGOs in Grievance Redress mechanism officially, where they review the complaints, verify if they comply with all the standards and procedures, after which they are forwarded to relevant GRC. Other ongoing projects, such as East-West Highway (Khevi-Ubisa Section) Improvement Project and the Secondary Road Improvement project, are on their early stages and even though they have CSO involvement built into project design as well, it is too premature to say what type of engagement there will be. As confirmed by the executing agencies and ADB GRM, most probably there will also be CSO involvement in Grievance Redress if relevant CSOs are identified.

As for the East-West Highway (Khevi-Ubisa Section) Improvement Project TA, considering the nature of the operation, CSOs will be involved during preparation and implementation of LARP and possibly during project implementation.

In case of the Sustainable Urban Transport Investment Program, only consultations were foreseen and done according to interviews. Out of 4 tranches, only the third one mentioned consultations with participation of CSOs. The quality of consultation was low as it only involved information sharing on the expected results of the projects within the program. During the interview with ADB GRM Project Officer, it was revealed that one of the reasons for not opting for Grievance Redress mechanism involving CSO was the fact that the projects were very simple and straightforward, for instance in case of Tbilisi-Rustavi Urban Road link. However, at the MDF of the ministry it was also clear that technical knowledge gap hindered CSO participation.

The overall assessment is that:

- All projects have carried out information sharing and consultations during the design phase and plan to continue these during implementation. Batumi Bypass Road Project has engaged 2 CSOs for Collaboration in operation of Grievance Redress mechanism where they review the complaints, verify if they comply with all the standards and procedures, after which they are forwarded to relevant GRC.
- Two ongoing projects, the East-West Highway (Khevi-Ubisa Section) Improvement Project and the Secondary Road Improvement project, are in their early implementation stage and have CSE built into project design.
- As identified by ADB staff, possibilities for deeper CSE exist in resettlement or monitoring compliance with environmental standards and as independent experts to conduct biannual consultations with locals to verify the progress and its affects.
- The most significant difficulties that the Roads Department perceives to be hindering CSO engagement across the CSO engagement spectrum is the lack of technical capacity of the CSOs to perform duties such as monitoring or external evaluation.
- In addition, inadequate understanding of ADB policy and procedures for CSE among CSOs and implementing agencies is a constraint.
- Having a better identification scheme of CSOs or a full list of CSOs with their profiles and areas of work in the regions and capacity building and TA on CSE would be a benefit for the Roads Department.

- Financial resources for planning and executing CSO engagement is not a significant issue, however, more financial capacity could provide for better training for the CSOs to be more capable in terms of the Road Department’s work.

2. Water Sector

In water related projects, specifically under the Urban Services Improvement Investment Program, NGO engagement was deeper (Medium to High) in certain sectors.

Program	Implementing Agency	Non-Governmental Organization(s) Involved	Example of Best Practice	Result
Georgia - Urban Services Improvement Investment Program – MFF; Tranche 3;	Ministry of Regional Development and Infrastructure - United Water Supply Company of Georgia	Women’s Information Center (WIC)	WIC worked through local NGOs to address gender issues within the Investment Program. Additionally, focus group discussions were conducted in Marneuli and Mestia by WIC, which revealed knowledge gaps on water, sanitation, hygiene and customer rights.	Involvement of NGOs facilitated better participation of communities, improved grievance and complaint mechanism and awareness amongst the communities about the Investment Program. A training module was developed based on the focus group discussions and trainings were conducted with different groups of women and men in Marneuli and Mestia by WIC

The Interviews with respective agency - United Water Supply Company of Georgia, as well as focus group with ADB GRM staff revealed that the project documentation was transposed into reality. Information sharing and consultations on initial stages were present during the early stages of the projects, but unlike other sectors, NGO involvement was ensured after this stage.

The different tranches within the program include gender consultants conducting focus groups, surveys and other information gathering activities to discover knowledge gaps in households. According to ADB GRM relevant NGOs with experience were identified to perform these functions as subcontractors of the UWSCG. Such arrangement is a typical collaboration between ADB and CSOs, which could be labelled as high collaboration, as CSO representation on project implementation activities is evident.

Nevertheless, in terms of technical aspects of monitoring or project result verifications, CSO engagement was not foreseen. As highlighted by both UWSCG and ADB GRM representatives, CSO expertise in the area is low and no relevant organizations could be identified.

The overall assessment is that:

- Information sharing and consultations on initial stages were present during the early stages of all 5 projects, and NGO involvement was ensured after this stage. CSOs were engaged as contractors (Collaboration) to raise awareness on topics, such as gender and sanitation, water quality and children's rights and to conduct focus groups, surveys and other information gathering activities.
- Deeper CSE is considered productive by USWCG during the initial stages of the projects in the pipeline for raising awareness about a project, its intended results, grievance redress mechanisms and possibilities for communities to participate in the project design. Additionally, CSOs could be engaged to conduct surveys of communities during the project implementation stages to verify that all ADB standards are complied with.
- UWSCG and ADB GRM representatives noted that CSO expertise in the sector is low. Other constraints are: low level of awareness about ADB funded water projects, ADB policies and procedures and lack of capacity to do technical evaluations or monitoring.
- Nevertheless, among the agencies, the UWSCG had most evident CSO collaboration in case of tranche 3, where a CSO was involved in information gathering on sanitation awareness-related issues, which served as a basis for a training program for the local population and the APs.
- Suggested actions for deeper CSE included: have respective NGOs trained in ADB procedures, mechanisms; provide information to the CSOs about ADB's work in Georgia; and lack of financial resources for training of CSOs in ADB procedures. The company representative was also open to training in CSO engagement practices for company representatives, as sometimes lack of knowledge of mechanisms limits CSO engagement in the design process.

Municipal Development Fund (MDF). MDF is involved in implementing 5 tranches of the Sustainable Urban Transport MFF. This program includes both water and transport investments. Thus, the sector specific considerations discussed above apply.

3. Energy Sector

Since energy related projects in pipeline are at the initial stages of development, ADB GRM mentioned that it is too early to state what kind of CSO engagement could be foreseen for them. Therefore, interviews and focus group did not produce any insight on what the potential for CSO involvement could be.

The Power Transmission Network Rehabilitation & Energy Efficiency Project, will be implemented by the JSC Georgian State Electrosystem (GSE) and the Energy Security Enhancement Project, will be implemented by the Georgian Oil & Gas Corporation.

C. Possible Entry Points for CSE in ADB Operations

The possible entry points present in this report were identified as a result of project documentation review, as well as interviews (face-to-face and focus group discussion (FGD)) with representatives of CSOs, implementing agencies from the MRDI and ADB GRM staff. The existing environment for CSO engagement, as well as issues identified were cross referenced with ADB engagement systems, in order to find relevant entry points.

Overall, the **project documentation did not evidence consistent collaboration or partnerships**. However, interview results suggested that collaboration and perhaps partnership may be understated in ADB project documentation because it may be considered as a part of consultation or may not be directly mentioned in the documents.

Over the past few years, there have been different levels of engagement with CSOs, depending on the project and the sector involved. According to FGD participants, there is a general lack of technical expertise in Georgian CSOs, when it comes to infrastructure project planning and monitoring, with some exceptions. Therefore, **monitoring activities from CSOs in cases of ADB funded projects were uncommon**.

Nevertheless, certain environmental CSOs and watchdog organizations were involved in the consultation processes and grievance redress mechanisms, such as the Green Alternative and Caucasus Environmental NGO Network. Recently, there has been a case of a potential partnership with one of the organizations working in the area of road safety. The idea of promoting road safety through awareness raising campaigns, was proposed by the organization itself – “Partnership for Road Safety”. However, such initiatives are rare and most engagement that occurs in ADB projects, happens outside of the format of cooperation, indirectly. Certain watchdog organizations may individually monitor procurement procedures and find incoherence with ADB procurement rules or risks of corruption.

The barriers that exist for CSOs should be first of all broken into sectors, as every sector as each sector has its own technical characteristics and CSOs tend to specialize within a sector. In case of roads and construction, CSOs lack technical expertise to get involved in matters such as planning, project design, technical standards, procurement documentation generation and quality control. However, in topics such as **resettlement or monitoring compliance with environmental standards**, there are **capabilities and potential** to involve CSOs.

Water is even more problematic, where expertise in NGO sector has not been identified by ADB yet. Additionally, **low level of awareness about ADB funded water projects** may be one of the reasons why CSO engagement has been rather low for this sector. However, besides technical aspects of projects, CSOs can and are planned to be engaged in cases of awareness raising activities. The Urban Services Improvement Investment Program has projects, where awareness raising on topics, such as **gender and sanitation, water quality and children’s rights are included as obligations**. These are the **areas where CSO engagement can be most productive**. However, before engagement it would be **reasonable to have respective NGOs trained in ADB procedures, mechanisms** and generally provide information to the CSOs about ADB’s work in Georgia in a more efficient way.

Most of the projects reviewed for the report are ongoing, some in pipeline, therefore, CSO engagement entry points are tailored for the actual needs and realities of those projects. Since most CSOs lack technical capacity in the area of infrastructure, **more avenues for CSO engagement lie in community interaction and mobilization**. CSOs could be involved more during the initial stages of the projects in pipeline for raising awareness about the project, its intended results, grievance redress mechanisms and possibilities for communities to participate in the project design. Additionally, CSO **could be engaged to conduct surveys or map communities** during the project implementation stages, to verify that all ADB standards are complied with.

Just as the water related projects involve engaging CSOs in trainings and capacity-building of APs (on gender and sanitation issues), **bridging specialized knowledge or expertise is a**

definite entry point for CSOs in Georgia because it would build CSO capacity, credibility and effectiveness within a sector. In addition to Tbilisi-based NGOs, regional CSOs could be identified and reached out to for performing specific objectives, such as community mobilization or training citizens in topics related to project outcomes (gender, sanitation, women entrepreneurship, microfinance, community mobilization etc.)

Additionally, **CSO could effectively engage in assessing the results of ADB projects and their influence on the lives of citizens**. ADB projects are meant to improve the quality of lives of common Georgians and CSOs could potentially assess whether a road, bridge or a sewage system etc. actually benefited the public. CSOs specialized in surveys, focus groups, M&Es could either be sub-contracted by the implementing agency or contacted directly by ADB. Therefore, besides information sharing, consultation and collaboration, partnerships can also be established with CSOs on the post-implementation stage of projects to verify results. This is a possibility for ongoing projects, as well as the ones in pipeline

D. Strengthening CSE among ADB GRM, CSOs and Implementing Agencies

Based on the team's documentation analysis and interviews with relevant stakeholders, capacity building needs were identified for better CSO engagement in ADB operations. Capacity building can be divided into 3 parts – CSOs, ADB GRM and the implementing agencies. The capacity building efforts should be ordered in a logical manner, to yield maximum results over the **span of 2 years**. Initially, efforts should be made to increase capacity within the ADB GRM on specific issues. Afterwards, parallel capacity building can take place with CSOs and implementing agencies.

1. Strengthening ADB GRM

Several activities could be undertaken within the ADB GRM to support project team CSE. Part of it is related to capacity building, while the other part is research focused.

Tracking actual CSO project engagement would be greatly improved by more explicit reference and description of activities in project documentation based on the levels of engagement—consultation, collaboration, partnership and capacity building.

CSO engagement should be made explicit in the country office annual business plan. The CSO desk work program could be strengthened to include more outreach to CSOs (and civil society in general) to increase awareness of ADB's purpose and activities. Also, providing CSO relevant content through electronic means such as a webpage (they only have Facebook at the moment) could add to effective engagement, or a mailing list of relevant NGOs in each sector.

Therefore, **training is needed for ADB GRM staff on ADB's CSO engagement system**, to better reflect the reality of CSO participation or engagement in the project documents. Relevant staff in ADB GRM would benefit from increasing the knowledge and understanding of what CSO engagement levels mean in practice and how collaboration partnership (low, medium and high) could actually be including principles of CSO engagement. The focus group showed that practical applications of CSO engagement are well understood, however classification of the engagement as well as expanding the possibilities for deeper engagement still needs work. With trainings on CSO engagement conducted, better communication between ADB GRM and CSOs could take place, **where ADB would offer entry points to the CSOs and would explain what practical implications of consultation, collaboration, partnership or grievance redress would be**.

Since the ADB GRM is not a big office, **2 months budgeted directed training** would suffice to gradually train relevant staff in the office. ADB GRM premises could be used as a venue for training, which would significantly reduce the training costs. **Overall, the maximum approximate budget is US\$ 20,000** in case ADB GRM office could be used as a venue. In case a separate venue is necessary for trainings, the approximate budget would increase to **US\$ 40,000**. The Budget would potentially include following costs:

- Training service;
- Venue, catering;
- Travel and accommodation costs (in case international trainer is invited);
- Printing costs;
- Overhead costs;

Additionally, target based approach is necessary, where NGOs working in the area or sector are known in advance and are informed of the possible levels of engagement based on ADB standards. This is the research oriented activity that could be used in overall capacity building. **A mapping of relevant CSOs, country-wide, is necessary to identify potential partners** not only in Tbilisi, but in the regions as well). This will require observation and research on spot, desk research and using network contacts to better identify relevant stakeholders.

ADB GRM NGO focal point should lead the research process, and service of mapping and information gathering on NGOs with ADB specific operational profiles can be outsourced, performed either by a member of the CSO community or individual expert. The research process should not take more than **2 months** for mapping CSOs according ADB operational sectors, and could also be undertaken in parallel to trainings for ADB GRM staff. Overall, **maximum approximate budget** for the activity should not exceed **\$30,000**, which includes:

- Travel and accommodation costs (to regions);
- Mapping service (including face-to-face meetings with CSOs);
- Overhead costs.

The results of both **activities will later be used to create a solid communication strategy** for ADB GRM, which will be shared with implementing agencies. This strategy will focus on directing project related information to specific NGOs, in specific regions of Georgia. Different communication channels will be used to inform and engage CSOs identified during mapping. The strategy may be created in collaboration with implementing agencies to ensure mutual ownership.

2. CSOs

During the interview process, several CSOs commented that they were not aware of the possibilities of engaging in ADB operations and lacked sufficient knowledge of ADB CSO engagement system. Hence, efforts related to CSOs should include support for outreach to CSOs, particularly in the sectors in which ADB is active. The process of building CSO awareness and capacity would follow the mapping of CSOs, which was discussed in the previous paragraph.

Once the mapping is done, **within the first year of the capacity building program, focus should be shifted to ongoing projects and the ones in the pipeline for 2019-2020**. Trainings can be conducted for CSOs interested in ADB operational areas. The trainings would aim to provide information on ADB procedures and mechanisms for CSO involvement, ongoing projects and projects in pipeline, as well as trainings on CSOs' role in social accountability mechanisms.

Since the number of potential partner NGOs can increase with the mapping done, **it would be reasonable to consider ToT approach for CSO capacity building.** Firstly, trainings will focus on increasing knowledge among targeted CSOs about ADB operational areas and main priorities for the following 5 years. ADB should reach out to CSOs with extensive experience in operating in Georgia, preferably the ones that have had contractual relationship with ADB or have been involved in ADB operations indirectly (possibly ones identified during the research of this report). **The initial focus of year one of the sub-project 1 will be CSOs in Tbilisi** and areas where ongoing ADB funded projects take place. In case certain project is cross regional, CSOs from regional centers should be contacted.

Training would entail explanation of the ADB funded project cycle, what mechanisms ADB employs for its projects, the significance of major project documentation and ADB procedures, as well as Georgia specific processes and project activities, specifically in the sectors where ADB is active. After information on ADB is shared sufficiently, trainings can be conducted on possibilities of CSO engagement – what consultation, collaboration, partnership or grievance redress entail, how these notions can be used by CSOs to engage in ADB operations, which monitoring and evaluation tools/standards are employed in ADB funded projects.

The capacity building in Tbilisi can be conducted in English, however, in the regions, local language will be necessary for maximum results. Therefore, first 3 months of CSO capacity building can be oriented on the Tbilisi-based CSOs, who could later be contracted as a part of the ToT for the regional CSOs. **Average expected timeframe for the activity is 7-8 months** (including trainings for regional CSOs in areas where ongoing or pipeline projects take place). **Year 2 of the sub-project 1 should then focus on capacity building of CSOs and communities outside the ongoing projects**, to build up the potential on the local level across Georgia. As mentioned previously, ToT framework could be arranged and relevant municipalities identified during the year 2 of sub-project 1. The CSOs trained during the first year of the project could be later contracted to support ADBs efforts and use the knowledge acquired for furthering the project goals. The average number of CSOs trained in each region of Georgia (or regions relevant to ADB projects) should amount to at least 4-5.

The maximum approximate budget for the activity is – **\$100,000**, which includes:

- Training service;
- Venue, catering;
- Travel and accommodation costs (will require moving from region to region);
- Printing costs;
- Communication costs;
- Overhead costs

3. Implementing Agencies

The implementing agencies - Roads Department of Georgia, United Water Supply Company of Georgia, Municipal Development Fund, had similar views on CSO engagement in projects to that of the ADB GRM. The capacity building needs in case of these agencies is mixed, however should mostly focus on ADB's CSO engagement levels, their practical benefits, communication techniques and CSO engagement tools. The interviews showed that the agencies saw potential in CSO engagement, especially in initial stages for consultation and awareness raising, as well as post-project phase, in terms of assessing results of the projects. Nevertheless, knowledge of CSO engagement tools, procedures and possibilities across the ADB CSO engagement

continuum was low. Similar to ADB GRM, increasing the knowledge and understanding of what CSO engagement levels mean in practice, how it contributes to successful results, and how collaboration partnership (low, medium and high) can take place would be beneficial for the implementing agencies. Additionally, CSO outreach and communication tools can also be promoted throughout the capacity building activities.

As the content of the capacity building is similar to that of the ADB GRM, it could be conducted together with the ADB GRM trainings, reducing the operational cost for this component. Additionally, MRDI premises could potentially be used as capacity building venue to share the burden with the ADB GRM office. The information gathered and analyzed by the ADB GRM for the mapping of CSOs should also be shared with the implementing agencies, so as to have a ready map of possibilities of CSO engagement, when new projects will be approved.

Overall, the Maximum approximate **budget for the sub-project 1 activities should be US\$ 320,000 (2 years)**, excluding contingencies but including possible administrative costs of sub-project 1:

- Activities – US\$ 170,000
- Staff and administrative costs – US\$ 150,000

E. Proposal for ADB Operations to Use and/or Support Actions and Systems Being Initiated in Georgia's OGP National Action Plans

The OGP is a multilateral initiative that aims to secure concrete commitments from governments to promote transparency, empower citizens, fight corruption, and harness new technologies to strengthen governance. Essentially, OGP is a collaborative mechanism, in which governments and CSOs address issues together. Cooperation in OGP is institutionalized in the form of the OGP Steering Committee and represents a good example of how deep cooperation can be beneficial for all sides. The Open Government Declaration has civic participation at its core, it is a format where individual ministries of different governments commit to actions and obligations in multiple areas, including in development matters. Therefore, OGP-ADB linkages can be useful for ADB to meet its goals in partner countries, including Georgia.

Currently, Georgia has 24 commitments within the OGP Government Action Plan (AP). The AP focuses on various themes such as freedom of information, transparency of public financing, access to court decisions, access to crime related information, public procurement etc. One of the avenues for possible ADB-OGP synergy is related to the commitment on Development of Transparency and Integrity Strategy and Action Plan in the field of regional development and infrastructure.

The MRDI manages sizeable amounts of state budget funds annually, and receives significant international donor and IFI funds as well. Therefore, it was decided to further improve the Ministry's standard of transparency and integrity. The Ministry of Infrastructure, together with the Institute for Development of Freedom of Information (IDFI), created the Transparency and Integrity Strategy and Action Plan for the years 2017-2020 in the MRDI.

The strategy comprises several goals:

- Increasing transparency and public participation
- Improving mechanisms of ethics and integrity
- Improving the human resource management system
- Improving the systems of planning, monitoring and internal financial control

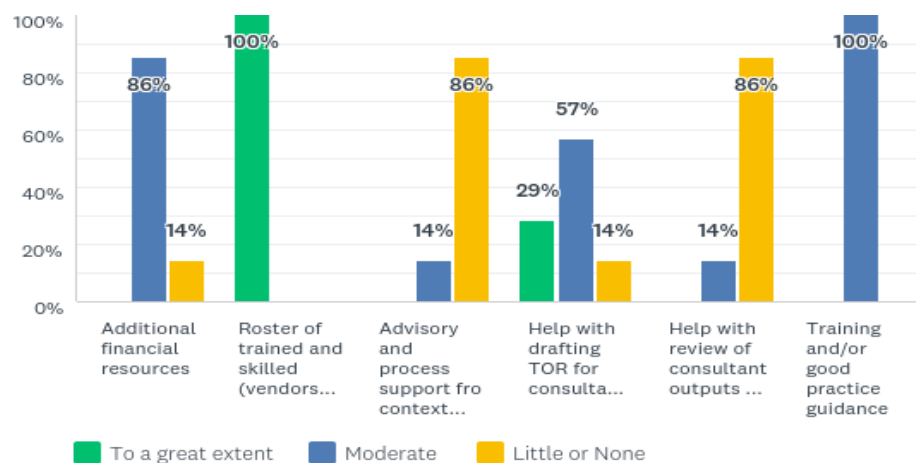
One of the goals which ADB could support as a part of OGP framework is increasing transparency and public participation (as part of MDRI). Public participation mechanisms are planned to be improved and to this end the MRDI will collaborate with experts of the area, representatives of the civil society and international institutions. The ministry aims to increase engagement in the creation of its long-term priorities and strategies. Interest groups and working groups will have to be created and applied to fulfil this goal.

ADB could be a partner in implementation and become part of the working group or interest group. Additionally, ADB could share its best practices in terms of public participation and engagement standards. Information on different levels of CSO and stakeholder engagement that ADB has could be shared and put to practice in the MRDI. Since the MRDI is the single most important partner for ADB, it is reasonable to seek avenues of such sort for cooperation within the OGP framework. Additionally, standards of proactive disclosure of project related documentation could be shared with the MRDI as a part of the efforts to increase transparency and public participation. Even though public procurement procedures and related documents are fully available, project preparation or implementation documentation is not as readily available on the website of the ministry of infrastructure.

Furthermore, ADB could assist the MRDI in improving the systems of planning, monitoring and internal financial control, as foreseen by the Transparency and Integrity Strategy of the MRDI. The effort will be focused on capacity-building of relevant staff within the MRDI. Project planning and monitoring units will be trained to increase knowledge and improve M&E skills. ADB could assist in the process of capacity-building either through technical or financial means. This effort would be in line with ADB Country Partnership Strategy (2014-2018), according to which ADB will contribute to institutional reforms by enhancing implementation capacities, improving institutional frameworks, and strengthening governance systems. ADB can therefore support sector reforms to (a) improve planning; (b) enhance procurement, audit, reporting, and financial management capacity in implementing agencies of MRDI.

1. Considerations for Sub-Project 1 Design

Concentration of all on-going projects in three agencies enables a focused and cost-effective agency approach, rather than project by project approach, to support deeper CSE and to build sector wide CSE systems. Support needs as expressed by project authorities are set out in the table below.



The three implementing agencies are open to the idea of deeper CSE and identified possibilities for collaboration. They see potential for CSO engagement, especially in initial stages for consultation and awareness raising, as well as post-project impact assessment and results monitoring. ADB projects are meant to improve the quality of lives of common Georgians, and CSOs could potentially assess the ways and extent to which a road, bridge or a sewage system etc. benefited the public. CSOs that specialize in surveys, focus groups, M&Es could either be sub-contracted by the implementing agency or contacted directly by ADB.

Deeper CSE poses a number of challenges which differ somewhat by government agency as identified by the interviewees.

Constraints to deeper CSE N= Not an Issue; L=Low level; M= Medium level; and S= Severe	Implementing Agency		
	Roads Dept	MDF	UWSC
Budget (financial resources for design or implementation)	L	M	M
Reluctance of government/project leaders for CSE	N	N	N
Limited willingness of CSOs to engage	M	L	M
Limited capacity of CSOs to engage constructively	S	M	S
ADB project team understanding and commitment to CSE	L	L	L
PIU lack of capacity to design and/or implement CSE	L	N	N
Inadequate technical advice and support for CSE	M	M	M
Community Level barriers	L	M	M
Limited Technical expertise among the CSE	S	M	S

Deeper CSE will require targeted actions to alleviate constraints, e.g., identify relevant CSOs, raise awareness of ADB funded projects and CSE entry points as well as policies and procedures for CSE, and TA to implementing agencies in designing and managing CSE, particularly where early experience has been successful, such as with the East-West Highway Improvement Project, and for the pipeline projects, where there is opportunity to integrate deeper CSE in early design and implementation.

Also, enhanced CSE focused on collaboration and partnership, rather than information sharing, may require additional budget to fund mechanisms, such as a separate funding window for CSO-implemented community-based or third-party monitoring and other forms of collaboration and partnership.

CSE in infrastructure is limited by technical concerns. This makes Georgia a special case for knowledge sharing beyond Georgia about good practices in information sharing, consultations, gender mainstreaming and addressing grievances. It is recommended that sector specific good practice be documented for roads and water sectors for wider dissemination.

It is recommended that agency specific support packages for deeper CSE be designed and delivered. The support packages should be designed on the basis of needs assessment summarized below and the expressed support needs.

CSOs need information on ADB portfolio and projects (including their results), possibilities of engaging in ADB operations and ADB CSO engagement system.

CSOs working in the transport, water and energy sectors need to be identified for dialogue and capacity building. This mapping should focus not only in Tbilisi, but in the regions as well and include mapping what the CSOs are doing in the relevant SDG. This is one of the two areas identified by interviewees as of greatest value.

Training is needed for all stakeholders, i.e., CSOs, implementing agencies, ADB staff and media on what consultation, collaboration, partnership and grievance redress entail, how these notions can be used by CSOs to engage in ADB operations, and which monitoring and evaluation tools/standards can be employed. This is second of the two areas identified by interviewees as of greatest value.

Better communication is needed between ADB GRM and CSOs on engagement possibilities, possibly through agency or sector specific collaborative mechanisms. Also, providing CSOs relevant content through electronic means, such as a webpage (they only have Facebook at the moment) could add to effective engagement, or a mailing list of relevant NGOs in each sector.

In sum, the recommended elements of a support package are:

- Identification of CSOs (roster) able to work with ADB, especially in the water, road and energy sectors.
- CSO and implementing agency training in ADB CSE policies, procedures and project cycle (cross-cutting) with specific focus on ADB Georgia priorities and processes.
- Training in sector specific CSE good practice (local and global) and how-to skills.
- TA for improving effectiveness of GRMs (possibly setting up sector mechanism).
- TA for engaging and managing CSOs/CSE (TOR, short lists, business processes, financial and content reporting).
- Knowledge sharing and adaptive learning activities among ADB, CSOs and implementing agencies, including through MDRI.
- Possible funding mechanism for CSO-implemented collaboration and partnership.

IV. APPENDIXES

Appendix 1: Persons Met

Nino Tevzadze – Caucasus Environmental NGO Network (CENN); Deputy Chief of Party, Waste Management Technologies in Regions

Ann Inasaridze – Caucasus Environmental NGO Network (CENN); Environmental Resources Management Specialist

Murman Margvelashvili – World Experience for Georgia (WEG), Director, Energy Studies

Manana Kochladze – Green Alternative; Chairperson

Kety Gujaraidze – Green Alternative; Policy Analyst

Dr. Zviad Kharebava – Policy and Management Consulting Group (PMCG); Director – Business Sector Consulting

Giorgi Oniani – Transparency International – Georgia (TI-Georgia), Deputy Executive Director

Ana Sabakhtarishvili – Infrastructure Construction Companies Association (ICCA); Executive Director

Nino Evgenidze – Economic Policy Research Center (EPRC), Executive Director

Shalva Julakidze – Roads Department of Georgia; Head of the Procurement Unit

Giorgi Archaia – The United Water Supply Company of Georgia; International Project Management Department

Beka Toria – Municipal Development Fund; Advisor on Project Management and Economic Issues

Michiel Van der Auwera – Asian Development Bank Georgia Resident Mission (ADB GRM); Unit Head, Project Administration

George Kiziria – Asian Development Bank Georgia Resident Mission (ADB GRM); Senior Project Officer (Infrastructure)

Tamar Tsiklauri – Asian Development Bank Georgia Resident Mission (ADB GRM); Project Analyst

Avtandil Tskhvitava – Asian Development Bank Georgia Resident Mission (ADB GRM); Senior Project Office

Appendix 2: Summary of focus group discussion (FGD)

Date: 08.08.2017

Venue: ADB GRM Office

Participants: George Kiziria - Asian Development Bank Georgia Resident Mission (ADB GRM); Senior Project Officer (Infrastructure); **Tamar Tsiklauri** - Asian Development Bank Georgia Resident Mission (ADB GRM); Project Analyst; **Avtandil Tskhvitava** - Asian Development Bank Georgia Resident Mission (ADB GRM); Senior Project Officer

The participants of the focus group discussion (FGD) were ADB project officers responsible for the ongoing projects discussed in the report. All of the participants had experience of working with CSOs, either directly or indirectly. The overall observation of the FGD participants was that there is 1) a definite capacity building necessity related to ADBs work, mechanisms and procedures among the CSOs 2) there are possibilities to engage CSOs across the spectrum of categories of CSO engagement, such as consultation, collaboration, partnership and grievance redress 3) there is a definite lack of awareness of ADB's work in Georgia among local CSOs.

Over the past few years, there have been different levels of engagement with CSOs depending on the project and the sector involved. According to FGD participants, there is a general lack of technical expertise in Georgian CSOs when it comes to infrastructure project planning and monitoring, with some exceptions. Therefore, monitoring activities from CSOs in cases of ADB funded projects were uncommon.

Nevertheless, certain environmental CSOs and watchdog organizations were involved in the consultation processes and grievance redress mechanisms. According to Mr. Kiziria who is the project officer for roads projects, E-70 Batumi Bypass Road Project has 2 NGOs participating in the grievance redress mechanism, where they technically verify the claims and assist the citizens in elaborating the claims if necessary. Since, citizens in the regions may not be aware of the exact procedures and relevant mechanisms, these NGOs provide guidance.

Recently, there has been a case of a potential partnership with one of the organizations working in the area of road safety. The idea of promoting road safety through awareness raising campaigns, was proposed by the organization itself – “Partnership for Road Safety”. However, such initiatives are rare and most engagement that occurs in ADB projects, happens outside of the format of cooperation, indirectly. For instance, several NGOs such as the Green Alternative or CENN assist the citizens to use the grievance redress mechanisms, but not as a formal agreement with ADB, only acting on their own initiative. Certain watchdog organizations may individually monitor procurement procedures and find incoherence with ADB procurement rules or risks of corruption.

The barriers that exist for CSOs should be first of all broken into sectors, as every sector has a different situation. In case of roads and construction, CSOs lack technical expertise to get involved in matters such as planning, project design, procurement documentation generation and implementation. Of course, in topics such as resettlement or monitoring compliance with environmental standards, there are capabilities and potential to involve CSOs.

Water is even more problematic as it is a very narrow area, where expertise in NGO sector has not been identified by ADB yet. Additionally, low level of awareness about ADB funded water projects may be one of the reasons why CSO engagement has been rather low for this sector. However, besides technical aspects of projects, CSOs can and are planned to be engaged in

cases of awareness raising activities. The Urban Services Improvement Investment Program has projects, where awareness raising on topics such as gender and sanitation, water quality and children's rights are included as obligations. According to Ms. Tamar Tsiklauri, these are the areas where CSO engagement can be most productive. However, before engagement it would be reasonable to have respective NGOs trained in ADB procedures, mechanisms and generally provide information to the CSOs about ADB's work in Georgia in a more efficient way.

The FGD participants were convinced that in technical related aspects, there is limited potential for engagement, but several things could be done to improve the situation, both on CSO and ADB sides. The ADB could work more on providing substantial information to targeted CSOs, or CSO networks about its work and projects. Proactive information sharing via mailing lists or network websites can be considered as an avenue. This way, CSOs will not only receive information on ADB projects, but will receive information that is relevant to them. ADB GRM staff could receive more capacity building in CSO engagement levels and how to be more efficient in engaging CSOs, focusing on successful collaboration or partnership examples, as well as best practice.

Trainings can be conducted for CSOs interested in ADB operational areas. The trainings would aim to provide information on ADB procedures and mechanisms for CSO involvement, as well as trainings on CSOs' role in social accountability mechanisms. Regional CSOs may not have sufficient information on the possibilities ADB provides, therefore, pre-training identification of relevant CSOs to target is a necessity as well.

Another area for improvement in case of ADB GRM could be to better promote project results among the CSOs. ADB has a substantial portfolio in Georgia, however level of awareness about results of its work is low in comparison to EBRD and the EIB. This was the impression of the FGD participants, which was substantiated by NGO interviews. Such shortcomings may influence CSOs' interest to engage with ADB. Hence, a strategy for communicating ADB work related results to the CSOs across Georgia can also be considered. Such initiative would be beneficial for ADB's publicity in Georgia.

Additional area for further CSO engagement is related to the previous point, as CSO could effectively engage in assessing the results of ADB projects and their influence on the lives of citizens. ADB projects are meant to improve the quality of lives of common Georgians and all three participants of the FGD agreed that CSOs could potentially assess whether a road, bridge or a sewage system etc. actually benefited the public. CSOs specialized in such activities could either be sub-contracted by the implementing agency or contacted directly by ADB. Therefore, besides information sharing, consultation and collaboration, partnerships can also be established with CSOs on the post-implementation stage of projects to verify their actual results.

Appendix 3: List of CSOs

Sector	Roads	Energy	Water	Mixed
	<p>Partnership for Road Safety Mission - Georgia's leading road safety organisation and strives to make Georgia's roads safe for all road users and to drastically reduce Georgia's high number of road casualties and injuries. Its' mission is to mobilize the joint efforts of the state, private and NGO sectors in order to reduce traffic accidents, to advocate and inform society and the media about road safety issues of importance and to promote road safety culture and support youth road safety education. Contact: Tel: (+995 558) 28 75 75 E-mail: safedrivegeo@gmail.com</p>	<p>National Association of Energy and Environment - is a union of different companies involved in the energy sector aiming to promote development of energy sector of Georgia. Contact: info@energyplatform.ge; pr@energyplatform.ge</p>	<p>Union of Democrat Meskhs works into four directions: Free legal assistance to the population; Civil Education; Integration of ethnic minorities; Development of local self-governance. Contact: udm.org.ge@gmail.com</p>	<p>Civil Development Agency (CiDA) - is a civil society organization that promotes the socio-economic rights of the Georgian population. The organization supports, promotes, safeguards and implements the social and economic rights of Georgian citizens by providing direct services, as well as by addressing the problems of interested groups through developing their networking capabilities and opportunities. Contact: Tel/Fax: +995 0341 25 88 22; E-mail: pr@cida.ge; web: www.cida.ge</p>
	<p>Lanchkhuti Information Center (LIC) - supports local economic development in Georgia and establishment of democratic principles and civil society. To achieve these objectives LIC cooperates with local micro and small businesses, local self governments and non-governmental organizations as well as general public. LIC has had projects related to infrastructure. Contact: Tel +995 849 423 015; e-mail - info@lic.org.ge; website - http://www.lic.org.ge/</p>	<p>Association of Young Professionals in Energy of Georgia - aims for achievement of an economically, socially and environmentally sustainable energy systems in Georgia and beyond through the active engagement of civil society at all levels. Contact: info@exergy.ge; website - exergy.ge</p>	<p>Georgian Farmers' Association (GFA) - aims to strengthen farmers' social and economic conditions by offering them various services, including improved vocational education. The organization has had experience with water and irrigation related issues. Contact: Tel +995 32 2 193 003; e-mail - info@gfa.org.ge; website - gfa.org.ge</p>	<p>Institute of Democracy - ensures the provision of legal aid for various marginal and target groups with violated rights; supports development of Good Governance; protects the interests of various interest groups. Contact: e-mail: info@iod.ge Tel: +995 0422 275744</p>
	<p>Caucasus Environmental NGO</p>	<p>Energy Efficiency Centre (EEC) - supports</p>		<p>Association of young Economists of</p>

	<p>Network (CENN) - is a non-governmental organisation working to protect our environment fostering sustainable development throughout the South Caucasus. We specialize in a number of areas including combating climate change, sustainable management of resources, building and developing healthy and prosperous climate resilient communities, and empowering women and girls to participate in creating inclusive solutions. Contact: Tel (995 32) 275 19 03; e-mail - info@cenn.org; website - cenn.org</p>	<p>renewable energy and energy efficiency utilization for sustainable development and as a result improves national energy security level and minimizes negative environmental impact. EEC Increases awareness of the civil society and the country's decision makers on the environmentally friendly and economically sound ways of energy production and consumption as well as on the potential for renewable energy and energy efficiency. Contact: Tel + 995 32 2 242540; + 995 32 2 242541; website - eecgeo.org ; e-mail - eecgeo.org; eecgeo@eecgeo.org</p>		<p>Georgia (AYEG) - is dedicated to support the development of civil society, promote democracy and cooperate with partner organizations, institutions and private sector in order to contribute to the community advance. Contact: E-mail: office@economists.ge; website - economists.ge</p>
	<p>Infrastrucutre Construction Companies Association (ICCA) - association uniting several construction companies of Georgia - construction, roads, bridges. Contact: Tel: 247 22 23; e-mail: info@icca.ge; website: www.icca.ge</p>	<p>World Experience for Georgia (WEG) - an NGO working on issues related to sustainable energy and energy security. Contact: Tel +995 32 2102452; e-mail - weg@weg.ge; website - weg.ge</p>		<p>Georgian Young Lawyers' Association (GYLA) - operates in the area of good governance and rule of law, provides free legal aid to citizens and engages in awareness raising on legal matters. Contact: Tel (995 32) 293 61 01; e-mail - gyla@gyla.ge; website - gyla.ge / has regional offices</p>
		<p>Green Alternative - The mission of Green Alternative is to protect the environment, biological and cultural heritage of Georgia through promoting economically sound and socially acceptable alternatives, establishing the principles of environmental and social justice and</p>		<p>Guria Youth Resource Center - engages in community mobilization and capacity building in Guria Region. Contact: Tel + 995 (496) 27 41 26; e-mail - gyrc.info@gmail.com; website - gyrc.org.ge</p>

		upholding public access to information and decision-making processes. Contact: Tel (+995 32) 2221574; e-mail - greenalt@greenalt.org, greenaltorg@gmail.com; website - greenalt.org		
				Transparency International Georgia (TI-Georgia) - civil society organisation leading the fight against corruption, working on good governance, transparency and justice system. Contact: + 995 0322 92 14 03; e-mail - info@transparency.ge; website - transparency.ge / has regional offices



Technical Assistance Knowledge Partner's Report

ANNEX 5

Project Number: RETA 8595
October 2017

Mongolia: Deepening Civil Society Engagement for Development Effectiveness in ADB Operations: Baseline Assessment

Prepared, under an ADB-PTF Knowledge Partnership Agreement, by PTF (Partnership for Transparency Fund, Washington, DC, USA), together with PTF local partner DEMO (Democracy Education Center – Ulaanbaatar)

For Asian Development Bank

ABBREVIATIONS

ADB	–	Asian Development Bank
CAG	–	country Advisory Group
CSE	–	civil society organization engagement
CSO	–	civil society organization
CPS	–	Country Partnership Strategy
CWRD	–	Central and West Asia department
DMC	–	developing member country
EAG	–	external advisory group
EARD	–	East Asia department
NGOC	–	non-governmental organization and civil society center
OGP	–	Open Government Partnership
PARD	–	Pacific department
PTF	–	Partnership for Transparency Fund
RRP	–	report and recommendation of the President
SP1	–	Subproject 1
STG	–	sector or thematic group
TA	–	technical assistance
TOR	–	terms of reference

NOTE

In this report, "\$" refers to US dollar

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EXECUTIVE SUMMARY

A. Introduction

The proposed Asian Development Bank (ADB) Cluster project for Deepening Civil Society Engagement (Concept Paper PN50364-001) will contribute to the improved delivery of inclusive development services in selected developing member countries (DMCs), in support of the SDGs, by contributing to stronger civil society organization (CSO) participation in ADB operations. Mongolia is one of the candidate countries. Partnership for Transparency Fund (PTF), a Knowledge Partner of ADB was asked to perform a baseline analysis of current CSO engagement and a needs analysis for more effective design and implementation of deeper CSE in on-going and pipeline ADB operations and assistance strategies. PTF and its local partner (DEMO-a Mongolian CSO) carried out this work during May-September 2017. This Note summarizes the findings and recommendations for discussion with ADB staff and managers.

B. ADB Strategic Goals in Deepening Civil Society Engagement

ADB recognizes the importance of engaging more effectively with civil society and project beneficiaries to ensure that its development services are inclusive, and contribute to the achievement of the Sustainable Development Goals (SDGs). Therefore, it has included deeper civil society engagement (CSE) as a strategic goal in its Strategy 2020 and intends to reaffirm it in the proposed Strategy 2030 under formulation. The TA Cluster will include a number of Sub-projects (SP) over the coming years. Mongolia is proposed for inclusion in the Sub-project 1 (SP-1). ADB experience has shown that several external and internal constraints are hampering deeper CSE in its operations. The proposed TA Cluster aims to find ways and means to alleviate these constraints. The targeted impact of SP1 in Mongolia is to increase CSO actual participation and engagement opportunities in ADB operations. SP1 is expected to be implemented over 2018 and 2019 and will be managed by the NGO and Civil Society Center (NGOC) in Manila with close coordination with the ADB Mongolia office.

C. Scope and Methodology of the Baseline Assessment

ADB portfolio in Mongolia based on the master-list it provided to PTF consisted of 64 projects as of 2016. Only 35 on-going projects included CSO engagement (6 completed, 29 on-going). In view of time and budget limitations this assessment covered 23 projects - 3 completed, 15 on-going and 5 pipeline projects (out of 15 pipeline projects). The criteria used to select these projects was:

1. preference for loans projects
2. projects with bigger CSO engagement
3. projects with priority as identified by the Resident Mission CSO Focal Person

Methodology used comprised:

1. Review of ADB project documents and Country Partnership Strategy to take stock of on-going and planned CSO engagement
2. Interviews with 50+ stakeholders - 30 CSOs, 10 ADB Project Officers, and 11 PIUs to collect feedback on implementation experience, challenges and support needs
3. Focus Group Discussions with CSOs and PIUs to gather experiences and ideas for CSO engagement
4. Participation in ADB-CSO Dialogue on Mongolia Country Partnership Strategy
5. Review of CSO operating environment in Mongolia

6. Review of Mongolia's OGP National Action Plans to identify opportunities for ADB to use and support development of country and sector systems
7. Consultation and verification on draft recommendations with ADB Country Director and staff, CSOs and PIUs before finalizing this report.

D. Overview of Findings

The information gathered is available in individual project data sheets for the 3 completed, 15 on-going and 5 pipeline projects. List of these projects and detailed analysis and findings are in the body of the report. Overall the fact-finding and consultations revealed that:

1. There is ample space for CSO engagement in Mongolia as evidenced by the legislative framework, OGP National Action Plans and CSO engagement in ADB operations;
2. The practice of engaging CSOs in the design and implementation of ADB supported operations is well established and there are many good practices;
3. There are many opportunities to do more and better CSO engagement in ADB operations and strategies.
4. The current commitments in the OGP National Action Plan provide several entry points for using and supporting country systems.
5. There is positive interest from all stakeholders for the proposed TA operations for deeper CSO engagement.
6. Among CSOs, knowledge and skills for engaging with ADB operations are insufficient. In particular, familiarity of CSOs and implementing agencies of ADB operational policies and procedures with respect to CSOs is sometimes limited.
7. There is good interaction between CSOs and ADB but there is no institutionalized mechanism for on-going dialogue. Establishing such a mechanism would allow ADB to tap into knowledge and resources of CSOs.

E. Recommendations

Based on the baseline assessment of the CSE planned in the on-going operations and capacity building needs analysis we recommend a 4-Point Action Program for deepening ADB-CSO Engagement (CSE) in Mongolia during the 2018-2020 period. This program can be phased according to available funding. Specific findings and recommendations in each of the Action Program Areas are presented below. Supporting details can be found in the full report.

4-Point Action Program for Deepening ADB CSO Engagement (CSE) during 2018-2020

Findings	Recommendations
1. Document and Share ADB-CSE Good Practices in Mongolia	
<p>There are many CSE good practices in Mongolia that merit documentation and sharing internally as well as externally. The initial list by project/sector includes:</p> <ul style="list-style-type: none"> • <i>CSO membership in Project Steering Committees</i> for projects in following sectors: food security; social protection; health; education; persons with 	<p>Document at least 3 good practice cases as Knowledge Products</p> <hr/> <p>Share cases internally and externally using learning events and digital media</p>

<p>disabilities; road; local development; and livelihood development.</p> <ul style="list-style-type: none"> • <i>Ensuring Inclusiveness and Service Delivery for Persons with Disabilities</i>: CSO representing PWDs used as partner to help achieve outputs and outcomes. • <i>Food and Nutrition Social Welfare Program</i>: Use of small grants to CSOs to provide emergency food security and longer social protection. • A mechanism should be established to transfer good CSE practices across projects in Mongolia. 	<p>Work closely with relevant STGs, during preparation of knowledge products and encourage them to use the cases in their learning and operational support programs.</p>
<p>2. Support demonstration activities for deeper CSE in ADB operations and strategies</p>	
<p>All of the projects reviewed feature <i>information sharing</i> and <i>consultation</i> as CSE mechanisms. About half of the 15 on-going projects featured <i>Collaboration</i> and about 20% featured <i>Partnership</i>. These data evidence a good foundation on which deeper CSE can be built. Some projects added CSE during implementation even if it was not included at the design stage. Monitoring of planned and CSO engagement is not done at the portfolio level.</p>	<p>Complete the baseline assessment on CSO engagement in the remaining ADB operations in Mongolia and make arrangements for regular monitoring of CSO at least annually. This may be done as part of a ADB-CSO Cooperation Plan recommended below as well as the annual portfolio performance review</p>
<p>PIUs, ADB Project officers and CSOs see many opportunities for more and deeper CSE in on-going and pipeline projects. These include:</p> <ul style="list-style-type: none"> • Engaging CSOs to raise awareness in communities and secure their support and participation in project design and implementation • Engaging CSOs to collect beneficiary feedback, help implement governance and anti-corruption plans and monitor results. • Engaging CSOs for training activities and enhancing understanding and awareness of ADB policies, procedures and grievance redress. • Collaboration with CSOs in the design, implementation and monitoring of resettlement and of gender action plans. • Engaging CSOs from the earliest design stages of project preparations for full partnership. • Engaging CSOs in procurement monitoring with eligibility priority to CSOs that explicitly have a methodology for engaging citizens in monitoring of projects, to lower procurement monitoring costs while building sustainable procurement budget monitoring 	<p>Finalize selection of projects and design of demonstration activities for higher levels of CSO engagement in the ADB ongoing and pipeline portfolio of projects. The identification should be done jointly by ADB and implementing agency. Potential candidates for demonstration that emerged during the assessment are:</p> <ul style="list-style-type: none"> • 6th Health Sector Development • Service Delivery to Persons with Disabilities • Regional Road Development • Access and quality of education • Urban services and ger developmentt • Higher Education Reform Project and education sector was suggested by CSOs given revival of multi-stakeholder consultative forum coming together by MoE • Agriculture sector was cited as a sector to consider to help Mongolia diversify from mining

<p>processes by engaging CSOs and citizens</p> <ul style="list-style-type: none"> • Making it easier for CSOs to bid on ADB contracts by explicitly stating CSO involvement sought, valuing CSO human assets (many are volunteers) not solely financial assets. 	<ul style="list-style-type: none"> • Provide technical and financial support to catalyze higher level CSE in the projects selected as demonstration projects.
<p>The implementing units face a number of constraints and challenges in CSE. These include: Budget; limited capacity of CSOs to engage with government; PIU lack of capacity to design and monitor CSE; and inadequate technical advice and support. Implementing agencies also cited difficulties in Identifying and sourcing CSOs that have sector specific knowledge and experience to add value.</p>	<p>The projects selected for deeper CSO engagement should be provided small-scale funding to catalyze deeper CSE</p> <p>Develop a TA (support) and capacity building package for ADB project officers and implementing agencies in demonstration activities. The support package should be responsive to their support needs. Following items support need areas were identified during the needs assessment and could be used as starting point for refining and finalizing support package:</p> <ul style="list-style-type: none"> • A roster of CSOs interested in sectors for demonstration activities (health, education, roads etc) • Training in ADB CSE policies, procedures and project cycle (cross-cutting) • Training in sector specific CSE good practices (local and global) and how-to skills • TA for improving effectiveness of grievance redress mechanisms (possibly setting up sector system) • TA for engaging and managing CSOs/CSE (TOR, short lists, business processes, financial and content reporting) • Knowledge sharing and adaptive learning activities
<p>Contracting of CSOs for performing services during project implementation has been done and/or planned in several projects. CSOs and project officers have experienced difficulties and successes. This makes it a strong candidate for field testing the ADB's new simplified procedures for contracting with CSOs in operations and improving them. Examples are found in: Ulaanbaatar Urban Services; Health Sector Development; Food and Nutrition; Gender; Education.</p>	<p>Use Mongolia portfolio to demonstrate efficacy of ADB business processes for contracting CSOs. This will involve field testing the recently updated business procedures by applying them in selected cases and seeking user feedback to refine and improve them. Use the experience in outreach and training programs. This work will require collaboration within ADB with the Operations Services and Financial Management Department (OSFMD).</p>

3. Design and implement a capacity building program for enhancing CSE skills	
<p>A capacity building needs assessment was carried out in consultations with stakeholders. It identified many needs. The key ones are listed below. Details are in the full report.</p> <ul style="list-style-type: none"> • Conduct workshops on ADB operating procedures and processes to see how CSOs can best engage and contribute, including contractual arrangements • Understanding how CSOs can use the full range of civic citizen engagement tools and strategies in ADB operations. • Develop a simplified Manual for CSOs (in Mongolian) on ADB processes, procedures, standards and requirements • Conduct training workshops on: Grievance redress mechanisms; Effective & Innovative monitoring tools; constructive engagement; and documenting and writing effective reports, case studies and change stories; & Data Visualization. • Develop a roster of CSOs that have participated in citizen engagement programs and make it available to implementing agencies and project officers. • Several sessions should be done jointly with Ministries, ADB staff, PIUs and CSOs on the rationale and benefits and empirical evidence of engaging with CSOs 	<p>Share the needs assessment findings with the implementing agencies and project officers and develop 12- month capacity building program with their inputs.</p> <p>Seconded/national consultant to join ADB CSO Anchor to strengthen ADB-CSO co-operation and help manage the co-operation plan including the capacity building program.</p> <p>Consider the option to engage a local institution (with international support where needed) to design and deliver a comprehensive capacity building program and support package. Such a center for CSE in ADB operations would develop Curricula, training programs, and interactive capacity building dialogue events (e.g., workshops, focus group discussions, roundtable discussions) on CSO engagement, aimed at and differentiated between CSOs and government agencies</p> <p>Initiate implementation of the 12- month capacity building program in Q1 2018</p> <p>The proposed Consultative Advisory Group (CAG) of CSOs should review and advise on the capacity building program design, implementation and monitoring</p>
4. Strengthen institutional linkages between ADB, PIUs and CSOs to facilitate increased CSE	
<ul style="list-style-type: none"> • Government and CSO collaboration practices are well advanced in Mongolia. For example- Mongolia has formulated and implemented OGP national actions in cooperation with CSOs since 2014. CSOs are included Project Steering Committees in many ADB supported projects. • ADB invites CSOs for consultations on selected matters periodically but there is no institutionalized mechanism for a continuous dialogue with periodic progress review. A regular dialogue will improve trust and collaboration. • Lack of a platform to come together with ADB and other stakeholders in Mongolia's development to 	<p>Establish an inclusive Country Advisory Group [or Civil Society-ADB Consultative Group] CAG to enable continuing dialogue on CSO cooperation in programs and projects and other activities e.g. upcoming CPS, SDGs/sector strategies, portfolio review, etc. ToR to be elaborated in cooperation with CSO Focal Point and Country Director.</p> <p>Consider involving PIUs or encouraging a periodic PIU exchange forum to share and spread lessons on benefits of engagement.</p>

<p>define strategies and mutually reinforcing actions and collaborations</p> <ul style="list-style-type: none"> • CSOs are engaged in a number of ADB operations. Systematic information compilation and peer learning activities will improve quality and impact. • Institutionalizing a ADB-CSO cooperation and coordination mechanism, building on good practices in the country, would help ADB tap much better the knowledge and expertise of CSOs to improve outcomes of ADB operations and strategies. • Put together a CAG of respected representational operational CSOs to advise ADB on the TA Cluster implementation. 	<p>Develop an ADB-CSO cooperation action plan in Mongolia for 2018-2020. This should include: baseline assessment information; the final version of this 4 Point Action Program; and proposals on how knowledge and expertise of CSOs can be integrated into sector and country assistance strategies. This draft plan should be shared with CAG for review and advice.</p>
	<p>Define TOR and secretariat arrangements for the dialogue mechanism in consultation with the stakeholders (Q2 2018).</p>
	<p>The agenda for CAG meetings would be made public and CSOs interested would self-select to register and attend an open meeting.</p>

F. Impact and Outputs

The targeted impact and outcomes of the proposed 4 Point Action Program would be to increase actual CSO participation and engagement opportunities in ADB operations. The impact will be assessed using the following indicators:

1. The number of demonstration activities initiated and completed
2. Number of good practice cases documented and disseminated
3. Percentage increase in knowledge of those participating in capacity building program
4. Formulation and implementation of ADB-CSO cooperation plan for 2018-19
5. Establishment of a Country Advisory Group

The key outputs that are expected as results of the recommended activities are as follows:

1. At least 5 demonstration activities completed
2. At least 3 Mongolia good practices cases produced as knowledge products for worldwide dissemination using digital media
3. Feedback and suggestions for increasing effectiveness of ADB-CSO contracting (based on field testing in demonstration activities) processes are provided
4. Roster of CSOs able to workwith ADB in relevant sectors prepared and shared
5. A 2018-2019 capacity building program is formulated and first year activities completed with at least 20 participants from CSOs and PIUs with at least 40 % of participants being women
6. A ADB-CSO Country Advisory Group established and meets at least twice to guide the Mongolia ADB-CSO Co-operation Plan formulation and implementation
7. A 2018-2019 ADB-CSO country cooperation plan is formulated and includes specific opportunities for increased ADB-CSO engagement in projects and strategies to contribute CSO knowledge and expertise for greater development effectiveness

G. Cost Estimates

Item			Estimated Cost (\$'000)
1. Consultants			
a. Remuneration and Per Diem			
i. International Consultants			\$ 120,0
ii. National Consultants			\$ 120,0
b. International and Local Travel			\$ 50,0
c. Reports and Communications			\$ 20,0
2. Equipment			\$ 5,0
3. Workshop, Training, Seminars, and Conferences			\$150,0
4. Surveys, Studies, Pilot interventions, and Partnerships			\$150,0
5. Administration and Support Costs			\$85,0
6. Contingencies			\$32,0
Total			\$730,00

I. INTRODUCTION

A. Context

While substantive progress in CSO engagement in ADB has been achieved since the adoption of the NGO cooperation policy in 1998, several internal and external constraints have impeded progress in optimizing meaningful CSO participation. Two external constraints identified include (a) gaps in skills and resources among CSOs to engage effectively with ADB and (b) hesitancy of some DMC authorities to work with CSOs, often due to lack of trust, understanding of the opportunity and CSO administrative weaknesses. Internally, ADB resources allocation, capacity, and incentives to optimize cooperation with CSO are often insufficient. In addition, business processes remain un conducive to effective and efficient CSO engagement, particularly at grassroots level. Hence, continuing to operate in a business as usual manner will hinder the realization of effective partnerships with CSOs and miss opportunities in leveraging their knowledge and expertise that would result in more inclusive development services that are more responsive to the poor and marginalized.

Addressing these constraints is even more urgent in view of ADB's renewed commitment in Road to 2030: ADB's New Strategy, that seeks to align ADB's future directions more closely with the Sustainable Development Goals (SDGs), supporting institutional and organizational reforms necessary to sharpen ADB's efficiency and effectiveness. ADB recognizes the importance of engaging more effectively with CSOs, to ensure that its development services are inclusive, and contribute to the achievement of the SDGs. Experience shows that effective CSO participation has not only improved the quality of ADB's development services, but has also

substantively contributed to making them more inclusive by building on principles that place people, particularly the poor and marginalized, at the center of the development process.

Hence ADB is launching a new initiative for Deepening Civil Society Engagements for Development Effectiveness (referred hereafter as Cluster TA). The ADB President Nakao announced this on 4th May 2017 at the ADB 50th Anniversary Annual Meeting in Yokohama, Japan. The first Subproject 1 under this Cluster TA covering Georgia, Mongolia, and selected Pacific Island countries¹ include the following components: (i) capacity building of CSOs to engage effectively in design, implementation and monitoring of on-going and new lending operations; (ii) demonstrate effective CSO engagement in on-going and new investment projects and country assistance strategies; and (iii) commence implementation of in-country capacity building and CSO engagement programs for Year 1 while seeking additional funding for full implementation.

The Partnership for Transparency Fund (PTF) is co-operating with ADB's NGOC and CSO Anchors in Mongolia and Georgia under the terms of a Knowledge Partnership Agreement (KPA). This KPA covers the fact-finding and design work for preparation of the Subproject 1 TA relating to Mongolia and Georgia and includes delivering the following outputs:

- a. Output 1: Needs Assessment for implementing planned citizen/CSO engagement in on- going projects and integrating more effective CSO engagement in projects in the pipeline;
- b. Output 2: Plan for capacity building of stakeholders (CSOs, ADB staff and government officials) for more effective and constructive engagement in ADB operations;
- c. Output 3: In-country stakeholder consultation workshops for participatory design of the Subproject 1 proposal; and finally
- d. Output 4: Draft Sub-project 1 proposal for more and better ADB-CSO engagement in ADB operations

B. Objectives of the Assessment

The assessment aims to:

- Generate baseline information on the nature of planned citizen/CSO engagement, including an assessment of the types and depth of citizen engagement for each of the completed and ongoing projects.²
- Review implementation of planned citizen engagement initiatives and identify both constraints and opportunities for improvement, including on how to develop CE systems (at the country and sector levels) that could be used by multiple projects.
- Identify gaps and actions for supporting implementation, and proposals for integrating context sensitive CSO engagement into the design of new loans and grants in the ADB project pipeline for approval during December 2018 to September 2021.
- Present recommendations and lessons for effective design and implementation of CE in proposed and ongoing IPFs for improved outcomes.

¹ A consultant (Emma Watson) has already been mobilized by ADB to do fact-finding and project design for the Pacific countries component of Sub-project 1.

² The completed projects reviewed were predecessors of selected priority projects (for example tranche 1 of a priority tranche 2 project or of an additional financing project) and were to serve two purposes: (a) provide a more complete background of the priority projects and (b) provide a gauge of whether the type and level of CSO engagement have been sustained, or has improved or declined.

C. Scope

According to the list provided by ADB, there are 64 ADB projects approved for Mongolia from 2012 to 2016, of which 35 (6 completed and 29 on-going) were categorized as having CSO participation. There are 14 projects in the pipeline that also have CSO participation. The assessment for purposes of Sub-project 1, covers 23 projects - 3 completed, 15 on-going and 5 pipeline projects. This shortlist was based on four major criteria: (a) preference for loans projects, (b) preference for projects with bigger NGO engagement, (c) projects with priority importance in Mongolia as identified by the Resident Mission CSO Focal Person, and (d) time and budget limitations. The list of projects reviewed is shown in Table 1 below:

Table 1: List of On-going Projects Selected for Review in this Assessment

Completion Date	Sector	Project Name
COMPLETED		
Nov 2019	Social Protection	Food and Nutrition Social Welfare Project (Project # 42322-012)
Dec 2020	Agriculture	Agriculture and Rural Development Project (Project # 39229-022)
Dec 2018	Health	Third Health Sector Development Project (Project # 41119-012)
ONGOING		
Nov 2019	Social Protection	Food and Nutrition Social Welfare Project, Additional Financing (Project # 42322-023), [1]
Dec 2020	Agriculture	Agriculture and Rural Development Project, Additional Financing (Project # 39229-033), [2]
Dec 2018	Health	Fourth Health Sector Development Project, Grant (Project # 41423-012), [3] Fourth Health Sector Development Project Loan (Project # 41243-023), [4] Fifth Health Sector Development Project (Project # 45009-002), [5]
Dec 2019	Natural Resources (Environment)	Integrated Livelihood Improvement and Sustainable Tourism Development in Khuvsgul Lake National Park (Project # 48216-001), [6]
Nov 2018	Gender	Gender Responsive Sector and Local Development Policies and Action (Project # 50093-001), [7]
June 2018;	Education	Sustaining Access to/and Quality of Education during Economic Difficulties Grant (Project # 50091-001), [8]
Dec 2018	Education	Higher Education Reform Project (Project # 43007-023), [9]
G: May 2018 L: Dec 2019	Urban Development	Southeast Gobi Urban and Border Town Development Project, Grant (Project # 42184-022), [10] Southeast Gobi Urban and Border Town Development Project Loan (Project # 42184-024), [11]
T1: Jun 2018 T2: Feb 2022	Urban Development	UB Urban Services & Ger Areas Development Investment Program, Tranche 1 (Project # 45007-004), [12] UB Urban Services & Ger Areas Development Investment Program, Tranche 2 (Project # 45007-005), [13]
G&L: June 2019	Transport	Regional Logistics Development Project, Grant (Approval # 0240) & Loan (Approval # 2719); and Grant/Loan (Project # 41192-013), [14]
Dec 2017	Social Protection	Ensuring Inclusiveness and Service Delivery for Persons with Disabilities TA (Project # 48076-001), [15]

PIPELINE		
Dec 2018	Health	Sixth Health Sector Development Project (Project # Not Info)
Dec 2019	Natural Resources (Environment)	Sustainable Tourism (Project # 50013-002)
No Information	Education	Sustaining Access to/and Quality of Education during Economic Difficulties Loan (Project # 50091-002)
No Information	Transport	Regional Road Development & Maintenance Project Loan (Project # 48186-005)
No Information	Social Protection	Ensuring Inclusiveness and Service Delivery for Persons with Disabilities Grant/Loan (Project # 48076-002)

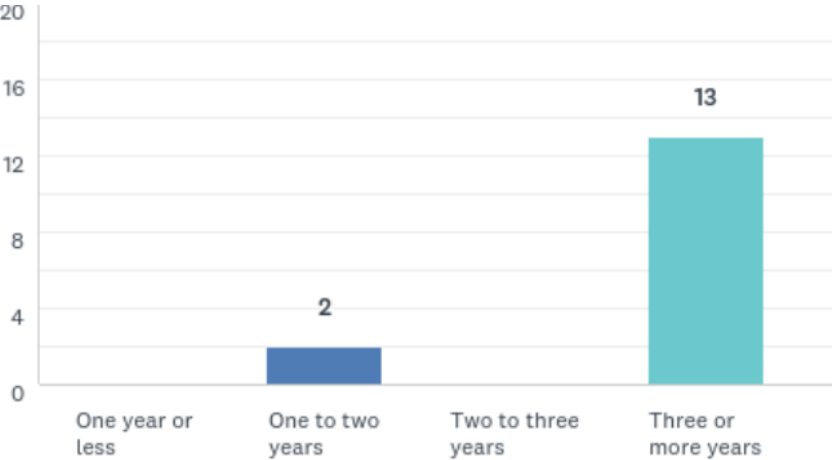
Reflecting the three strategic pillars enunciated in ADB's Mongolia Country Partnership Strategy for 2017 to 2020, the selected priority projects, as shown in **Table 2**, are mostly concentrated in the Health, Education, Agriculture (value chain) and Social Protection sectors (Pillar 1: Promoting Economic and Social Stability); Urban Development and Transport (Pillar 2: Developing Infrastructure for Economic Diversification); and Natural Resources and the Environment, including sustainable tourism (Pillar 3: Strengthening Environmental Sustainability). Gender equity is a cross cutting theme that is being mainstreamed in all ADB projects (ADB SPS 2009) but here, it is a stand-alone project to address structural factors perpetuating gender inequality in Mongolia. This is a priority concern in Mongolia.

Table 2: Distribution of Reviewed Projects by Major Sector

Major Sector	# of Projects
Urban Development	4
Social Protection	4
Health	5
Education	3
Agriculture	2
Natural Resources/Environment	2
Transport	2
Gender Equity	1
Total	23

Figure 1 shows the on-going priority projects categorized by number of years remaining until completion. The reason for this categorization is that the longer the remaining life of the project the better it is for the deepening of CSO engagement to take roots. A large number (87%) of on-going projects have longer than 3 years remaining project life that offer opportunities for deeper CSO engagements.

Figure 1: Distribution of 15 On-Going Priority Projects³ By Number of Years until Completion (Base 2017)



D. Methodology

Several methodologies were used for staggered activities undertaken in the period of May to September 2017:

1. Review of ADB project documents (PAM, RRP, SPRSS, IPSA, IEE, others) to generate the initial information on the planned type and level of CSO engagement at design and implementation phases for each of the 23 projects in the sample. The status of planned CSO engagement was verified during interviews, in addition to extracting other information based on the questionnaires contained in Annex 4 (for completed and on-going projects) and Annex 5 (for pipeline projects) that PTF designed as part of its methodology. The templates for Annexes 4 and 5 are shown in Appendix 5. The individual Project Data Sheet is available upon request.
2. Interviews with major stakeholders comprising of CSOs engaged in the implementation of sampled priority projects, the Project Implementing Units (PIUs) of the Implementing Agencies, and the ADB Project Officers of the selected projects. The interviews collected data and information as required in the methodology developed by PTF for mapping the type and level of CSO engagement and implementation arrangements, as well as documenting lessons learned, good practices, opportunities for deepening CSO engagements in current and future ADB projects, and the capacity building requirements of such higher-level engagements. A total of 50+ stakeholders were interviewed, consisting of CSOs currently engaged in ADB projects, well-known CSOs without current ADB engagement, ADB Project Officers, and PIUs. List of Persons interviewed as shown in Appendix 1.
3. Focus Group Discussion (FGD) facilitated by DEMO, PTF’s local partner in Mongolia, on May 26, FGD conducted by Ms. Dinky Soliman on July 27, and FGD conducted by Ms. Mohini Malhotra on Sept 22 (PIUs) and Sept 23 (CSOs). The first FGD with Civil Society Organization (CSOs), all experienced working in development projects funded either by ADB or WB, addressed the issues of (i) what improvements in CSO engagements are

³ 15 ongoing projects consists of 13 loan and 2 technical assistance projects. See Table 1 for complete list of selected priority projects. Number of projects is reckoned not by name of project but by project number. Example: Health Sector Development is not 1 project but 4 separate projects.

priority to include in current and future partnerships with ADB and other development partners and (ii) what capacity issues, and other gaps and constraints do CSOs face that the ADB Sub-project 1 may address. The second FGD, using the case study approach with combined CSO and PIU groups, was to (i) validate initial findings from interviews and reviews of project documents of the key factors that make CSOs engagement in ADB projects possible and effective and (ii) build consensus on recommendations for ADB action to enhance CSO capacity for deepening participation and engagement in ADB projects. The third set of FGDs was to get verification/confirmation of the draft recommendations before finalization of this report. The consolidated FDS workshop report is presented in Appendix 2.

4. Participation in the ADB-CSO Dialogue on Mongolia Country Partnership Strategy, 2017-2020 which carried the sub-theme of Strengthening CSO Participation in ADB Operations. Results of the dialogue are reflected in the recommendations. The Dialogue was organized and managed by ADB-MNRM's CSO Focal Person Ms. Itgel Lonjid and also featured ADB-NGOC's Haidy Ear Dupuy, based in ADB HQ in Manila. The selection of the 23 projects in the sample was finalized at this occasion.
5. Project level information collected from completed and on-going projects was aggregated at portfolio level and analyzed using the survey monkey platform to outline the nature of planned citizen CSO engagement, status of implementation and implementation gaps. The analysis focused on the nature of gaps, staff and implementing views on the matter, and identified actions for closing implementation gaps and associated responsibilities and decisions needed and estimated costs.
6. A review of the Mongolian operating environment for CSOs was conducted by DEMO to assess the country context for CE. The review aimed to identify ways to take advantage of a reasonably favorable legislative environment, and/or to strengthen existing systems through current and proposed projects. It is noted that of the 20,000 registered NGOs existing in the country, eighty percent (80%) are public benefit organizations, and twenty percent (20%) are mutual benefit organizations. The review of documents would show a trend towards far greater use of professional mutual benefit CSOs in membership of Project Steering Committees and in terms of actual deployment to conduct project activities. Interviews confirmed the preference of ADB Project Officers and PIU for professional mutual benefit CSOs because (i) they already possess the skills, (ii) have existing networks, and (iii) they embody the same professional ethics as the PIUs that engaged them. Public benefit CSOs were involved in ADB projects to undertake community mobilization and community-level public awareness and advocacy campaigns. Prime example for this is the UN HABITAT, which is leading the organization and training of community development councils in target ger areas under the UB Urban Services and Ger Areas Development Investment Program.

II. COUNTRY CONTEXT

In general, the extent to which citizen engagement programs contribute to development effectiveness will be aided or constrained by country context particularly (a) the state on relations between the CSO community and government authorities and (b) the activism and capacity of the CSOs to engage as development actors. The ADB's strategic role in this regard – to increase the impact of its projects, policies and strategies - is two-fold: to foster capacity building through training, mentoring and other innovative approaches and to establish and strengthen the institutional linkage or platform for more regular and structured dialogue between ADB and the CSO, and among ADB, CSOs and PIUs. In Mongolia, with its vast areas and small

and nomadic population, the CSOs may be called upon to foster the system of democratic ownership of development policies and processes that would result in more effective, equitable, sustainable and inclusive growth.

There has been significant growth of non-government organizations (NGOs) in Mongolia since transition from centrally controlled to a more open society.⁴ Several dimensions of the NGO sector are important to understand the current situation of Mongolian NGOs. Six dimensions stand out: the legal structure, the types and classification of NGOs, financial sources and fundraising, taxation of NGOs, NGO-State relations, and NGO capacities.

A. The legal structure

The passage of the Law on NGO in January of 1997 can only be seen as a major step forward. The law provides the legal framework for NGOs and their long-term operations in Mongolia. It encourages their growth through tax exemption for NGO activities and for contributions made to NGOs.

Article 4, Section 1 of the Law on NGOs states that ‘NGO shall mean an organization, which is independent from the state, self governing, non-profit and established voluntarily by citizens or by legal entities other than state agencies (i.e., organs that exercise legislative, executive and judicial powers) on the basis of their individual or social interests and opinions.’

Three Working Groups were established at the Ministry of Justice in 2003, 2009 and 2013 respectively with the aim of improving the legal and regulatory framework for NGOs. These Working Groups have drafted the (revised) Law on NGOs in consultation with NGOs. Said law is still on waiting list for parliament discussion.

Nonetheless the legal framework to effectively involve NGOs in the elaboration of policies and implementation of projects already exists. The authorities are open to CSOs to draft laws, participate in planning and implement action plans.

B. The types and classification of NGOs

Article 4 of the 1997 Law on NGOs distinguishes between two types of a non-governmental organization, which are a ‘public benefit NGO’ and a ‘member benefit NGO’. Public benefit NGO shall mean an NGO that operates for the public benefit in the fields of culture, art, education, science, health, sport, human rights, nature and environment, community development, protection of the interests of specific subsets of the population, charity and other such fields. Member benefit NGO shall mean an NGO other than a public benefit NGO that operates primarily to serve the legitimate interests of its members.

Currently in Mongolia, there are more than 20,000 non-governmental organizations registered. Approximately 20 percent of them are the member benefit organizations, such as a non-governmental organization of pharmacists, persons engaged in the business of leather industry, telecommunication professionals, composers, book publishers, etc. The remaining 80 percent are the public benefit organizations. It would matter which type of NGOs would be engaged by ADB and PIU during project design and implementation. Specialized member benefit NGOs could bring immediate benefit to projects in need of such specialized skills; but they could also pose conflict of interest issues when they are involved in decision making that could benefit their members.

⁴ For purposes of this report, the term NGO and CSO will be used interchangeably. This section is the result of the research conducted by PTF local partner, Democracy Education Center (DEMO)

C. Financial sources and fundraising

Sources of income for NGOs are the following:

1. membership fees and contributions;
2. contributions by individuals, economic entities and organizations;
3. income generated by mission-related economic activities;
4. funds from international agencies and projects.

Mongolian NGOs are particularly sensitive to funding issues as they suffer from a chronic lack of financial resources. NGOs can use their income only for the attainment of their stated purposes and shall not distribute income in the form of dividends and NGOs shall not act as financial guarantors or participate in amelioration of any business losses on behalf of any person, economic entity or other organization. NGO assets and finances cannot be used in financial or economic activities for somebody's personal gain. NGOs have no right to make contributions to political parties or to candidates in the State Great Hural and Citizen Representative Hural elections.

According to the laws regulating the activities of non-governmental organizations, such organizations may earn profits by conducting commercial activities for the purpose of increasing its financial reserves. However, the profit earnings may be used for financing only the activities that are to implement the purposes indicated in the charter.

Most Mongolian NGOs seek funds through grants of international and foreign organizations and foundations. The major donor organizations in Mongolia who support NGOs are the Swiss Development Agency, World Bank, The Asia Foundation, Canada Fund, AusAid, Open Society Forum, UN agencies, World Vision International, International Republican Institute, Konrad Adenauer Foundation, US Embassy, the British Embassy and several other embassies in Mongolia.

The other major financial source of NGOs is contribution. Except for the political parties the majority of foundations active in Mongolia are financed by contributions. Examples are NGOs such as "Mongolian Women's Fund" and "Arts Council of Mongolia". These foundations spend the monies raised by contributions to provide small grants to support poor women or culture related activities.

D. Taxation of NGOs

One of the key mechanisms for supporting NGOs is favorable tax environment or exemptions and deductions on taxes to NGOs. Many countries in the world support their NGOs through the tax policy by exempting the NGOs from wide array of taxes including income, profit, property, excise, VAT and customs taxes complying with the international standards. According to the Law on Corporate Income Tax, which was adopted in June 2006 and became in force from 1 January 2007, NGOs are excluded from the list of taxpayers while all exemptions and deductions of taxes for NGOs were removed from the law. As of present, the Law on Corporate Income Tax contains only one provision "Amount up to MNT 1 mln donated by citizens and legal entities in order to support NGOs established by PWDs shall be deducted from the taxable income of the legal entity for the fiscal year".⁵

Among different types of taxes that NGOs pay, personal income tax, which is a tax imposed on salaries and other similar incomes, taking 78.9% of all taxes paid. Following it, real estate tax

⁵ Article 19.10 of Law on Corporate Income Tax

takes 6.6%, VAT 6.3%, and taxes deducted by NGOs from payment to personals 4.6%². In addition, other taxes like vehicle tax and taxes on interest rates are paid by NGOs.

The amendment to Article 4.2.1 of Law on Social Insurance, which was made on 8 May 2008 adding the provision “All types of entities, organization, NGOs, religious and other organizations regardless the type of ownership, shall get coverage of social insurance for citizens of Mongolia, foreign citizens and stateless persons working under the employment contract, and other types of contracts made under provision 343 and 359 of Civil Code” causes great obstacles and difficulties to NGOs. As NGOs have limited and unstable financing for operations, they are not able to employ staff with longer term employment or contract for full time jobs. Therefore, NGOs opt short term consultants or part-time staff. Even so, NGOs, as employers, had to pay social insurance premiums equal to 11% of salaries and fees paid to its full and part time staff. In addition, transportation and food costs for volunteers, who do not work under any contracts, are subject to 11% social insurance premiums. Many NGOs were fined for failing to pay or paying less social insurance premiums.

E. Civil Society-State Relations

CSOs in Mongolia have played a crucial role in the development of legislations, institutions and mechanisms that established the governance, transparency and accountability system of the country. Over the last few years, the Government of Mongolia has demonstrated its commitment to supporting the sustainable development of NGOs. The Ministry of Justice has been consulting with NGOs on legal reform to improve the legal and regulatory framework for NGOs.

In February 2008 Mongolia's first Civil Society Council was established.⁶ The Council represents the common goals of over 100 NGOs, trade unions, civic and human rights movements (collectively known as CSOs) and its aim is to liaise between the Mongolian government and CSOs, and to co-ordinate the activities of CSOs. The Government has confirmed its commitment to support government-CSO collaboration by issuing the Decree No.93 of 2008 which gives the directions to all level governments to support and cooperate with CSOs.

The Council signed the first ever Cooperation Agreement with the Government of Mongolia on March 26, 2008. The Agreement officially recognized the Civil Society Council's role as the liaison unit between the government and CSOs. It also defined several priority areas for cooperation between the government and the Council. These include: provision of government contracts for services delivered by NGOs; improvement of the legal and financial frameworks for NGOs; monitoring of the state budget by the Council and inclusion of Council members on government decision-making bodies. The agreement also stated that a Concept Paper on Civil Society Development will be produced to explore and lay out how this partnership will function in the future. Although the Agreement was an historic and important first step in strengthening Mongolia's civil society, there are many things to do to improve the legal environment and increase cooperation between CSOs and government.

Mongolia joined the United Nations Convention against Corruption in 2005 and has developed, in consultation with the CSO community, several pieces of legislation on fighting corruption. In 2007 Mongolia established the Independent Authority Against Corruption (IAAC), which serves as an independent mechanism for the promotion of good governance. Within IAAC is the Public

⁶ DEMO was instrumental in the establishment of Civil Society Council. It is also the result of DEMO's efforts that January 31st has been recognized as the nation's Civil Society Day. Since 2009 the CSOs are celebrating the Civil Society Day on 31st of January of each year by organizing CS-State Forums with Prime Minister or President by advocating for enabling policies for NGOs.

Council composed of representatives of CSOs which serves as advisory/oversight body to the IAAC.

With significant contributions from the CSO community, Mongolia has made significant efforts towards good governance, passing numerous pieces of legislation such as the Law on Information Transparency and Right to Information (2011), the Law on Preventing Conflict of Interest in Public Service (2012), the Integrated Budget Law (2011), the Law on Glass Account (2014), the General Administrative Law (2015), and the Law on Public Hearing (2015). Mongolia has also joined the International Budget Partnership (2005), the Extractive Industries Transparency Initiative (2006) and the Open Government Partnership (2013) while establishing a chapter of the Global Organization of Parliamentarians Against Corruption (2012).

Mongolia's commitment to the OGP is a testament of the readiness of government and the civil society to work as partners in development following OGP core principles, international standards and practices. The Working Group that drafted Mongolia's Second OGP NAP for 2016-18 conducted series of public consultations in all phases of the development of the action plan. The consultation process involved over 80 representatives from government, civil society, the private sector and media, and identified the Challenges, Priorities and Commitments that would make up the Second NAP of Mongolia. In its second NAP, Mongolia has made 13 Commitments within the framework of four Challenges. However, the partnership between government and civil society organizations is still insufficiently working so that starting September 2017 the Mongolian CSOs have advocated for improved implementation of the Second OGP Plan.

F. Civil Society Capacity to Engage

The gap in CSO capacity to engage as described during (a) ADB-CSO Dialogue on Mongolia Country Partnership Strategy 2017-2020, (b) various FGDs and (c) interviews with stakeholders would refer both to knowledge and skills gap of CSOs and to the absence of strong institutional mechanisms for regular and more structured dialoguing between ADB and the CSO community and among ADB, PIUs and the CSOs.

During the ADB-CSO dialogue, after discussing the large proportion of loans in ADB project portfolio in Mongolia, the CSOs asked ADB to provide ways for CSO participation in the decision-making process at every phase of the project cycle, including monitoring and evaluation of these projects, to ensure that the people's money is used properly and effectively. Towards this end, they asked ADB to foster and strengthen capacities of CSOs to undertake constructive engagement with PIUs and conduct third party monitoring, and to make sure the implementation arrangement specify the need to work with CSOs.

On the other hand, review of the FGD Notes in Appendix 2 would reveal the same need for CSO capacity building. Likewise, in Table 5 limited capacity of CSOs was named by both ADB Projects Officers and PIUs as a major challenge in deepening CSO engagement in ADB projects. Table 4 and Appendix 3 provide some descriptions to constraints that needed to be addressed.

III. BASELINE ASSESSMENT OF CSO ENGAGEMENT PLANNED IN ADB PORTFOLIO

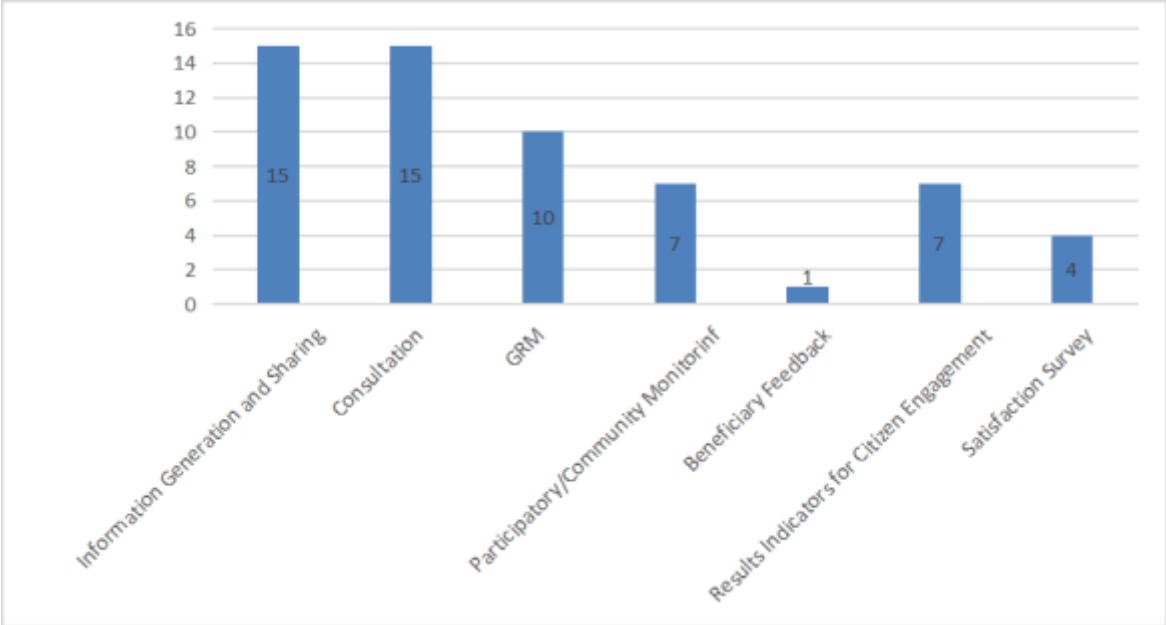
This chapter analyzes the types and extent of planned CE and the degree or depth of CSO participation, the sector distribution of CE engagement, most frequently used mechanisms for CE, and specification of how the planned CE will contribute to PDO. Although the analysis covers mostly the 15 *ongoing* projects in **Table 1 above**, some discussions also include the 3 completed projects and the 5 pipeline projects.

A. Mapping of CSO Engagement Mechanisms in On-going Projects

All selected priority projects have complied with ADB Safeguard Policy Statements (2009) mandating meaningful consultation with affected stakeholders early in the project preparation process to ensure that their views and concerns are heard and are taken into account by decision makers. This usually entails a series of public consultative meetings, focus group discussions, workshops, surveys, awareness campaign and sharing of information. **Figure 2** illustrates various CE mechanisms encountered in the project documents of the 15 on-going projects. Per PTF methodology, only on-going projects would be covered by the survey monkey analysis. Pipeline projects are not included since they still do not have complete information needed for the analysis.

The most frequently used mechanisms in Mongolia portfolio are consultations, information sharing and grievance redress – expectedly since they are mandated under ADB SPS 200 and Public Communications Policy. Least used is beneficiary feedback. ADB’s policy of conducting meaningful consultation and information sharing is primarily aimed at (i) informing the communities and population about the proposed project intervention; (ii) gaining a better understanding of the prevailing conditions and priority needs of beneficiaries; and (iii) getting wider public input and suggestions from stakeholders on the project interventions. The grievance redress system is almost always a part of environmental safeguards and usually project-dedicated. There are projects where the GRM approach was made to fit with an aimag’s existing approach to managing complaints of the public. This approach however has been susceptible to delays, as was the case in UB Urban Services and Ger Areas Development Investment Program, Tranche 1. Thus, in Tranche 2, the PMO decided to establish a more accessible project-specific GRM system. Regarding the other CE mechanisms, only a quarter of the projects (27%) have intended to conduct satisfaction surveys, and about half (47%) would have participatory/community monitoring. However fewer than half of the on-going projects (47%) would have CE results indicators in their DMF – something the Cluster TA seeks to address.

Figure 2: Selected CSO Engagement Mechanisms of the Priority Projects (Based on 15 Ongoing Projects)



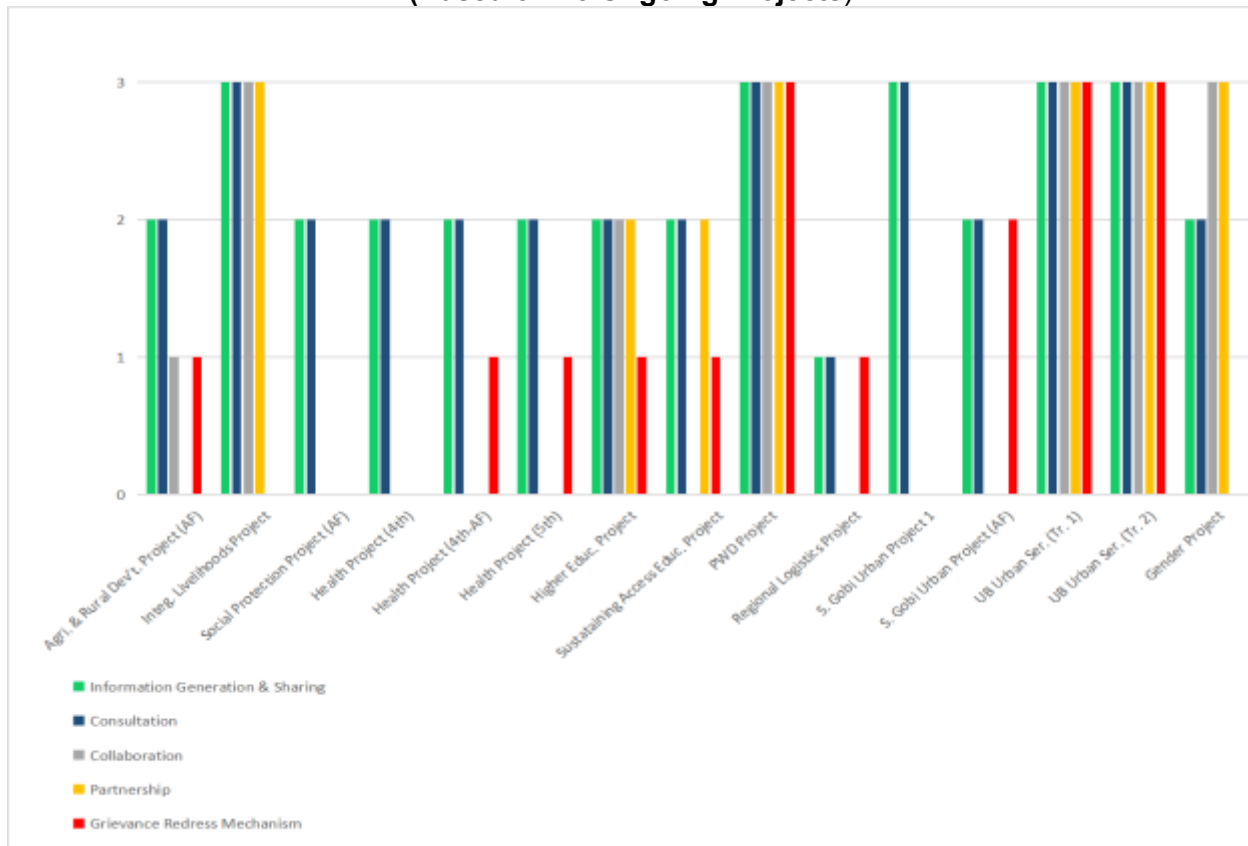
The following projects have no available PAM and RRP:

1. *Integrated Livelihoods Improvement and Sustainable Tourism in Khuvsgul Lake National Park Project*
2. *Ulaanbaatar Urban Services and Ger Areas Development Investment Program – Tranche 1*
3. *Ulaanbaatar Urban Services and Ger Areas Development Investment Program – Tranche 2*
4. *Sustaining Access to/and Quality of Education during Economic Difficulties*
5. *Ensuring Inclusiveness and Service Delivery for Persons with Disabilities*

Cluster TA and Sub-project 1 are about bringing CE engagement in ADB projects beyond information sharing and consultation where 100% of on-going projects are at, to high level of collaboration and partnerships as described in ADB guide to participation.⁷ In **Figure 3** it is shown that of the 15 on-going projects, 2 projects would have either collaborative or partnership CE level of engagement and 6 projects have planned for both collaborative and partnership level of CE engagement. The 6 projects are: (1) *Integrated Livelihood Improvement and Sustainable Tourism Development in Khuvsgul Lake National Park*, (2) *Higher Education Reform Project*, (3) *Ensuring Inclusiveness and Service Delivery for Persons with Disabilities*, (4) *UB Urban Services and Ger Areas Development Investment Program, Tranche 1*, (5) *UB Urban Services and Ger Areas Development Investment Program, Tranche 2*, and (6) *Gender Responsive Sector and Local Development Policies and Action*. Three important factors contributed to this: (1) ADB Project Officers' good understanding of what CSOs can contribute to their respective projects, (2) high level of innovativeness of these ADB Project Officers in designing CSO engagement, and (3) engagement of high caliber CSOs.

⁷ ADB. 2012. *Strengthening Participation for Development Results: An Asian Development Bank Guide to Participation*. Manila.

**Figure 3: Planned CSO Engagement During Project Design Stage
(Based on 15 Ongoing Projects)**



Level of Participation: 3-High; 2-Medium; 1-Low; 0-None

The prime illustration is the project *Ensuring Inclusiveness and Service Delivery for Persons with Disabilities*. The CSO engagement in this project is high because of: (a) a robust organization advocating for legislation for support to persons with disabilities which has led to a joint CSO and government committee to address issues relevant to this population, (b) the CSOs' extensive presence in the cities and aimags, and (c) the recognition and willingness of the ADB Project Officer to engage with the CSOs.

The depth of planned CE engagement is another important dimension for assessment in the context of Cluster TA's specific goal to bring CE engagement in ADB projects to high level of collaboration and partnership (Figure 3).

1. On-going projects with a remaining life of 2 years and above, and currently lacking 'collaboration' or 'partnership' engagements with CSOs, could be encouraged to come up with new design features to do so, after some capacity building and retraining for ADB Project Officers and PIUs, and budget reallocation or provision of additional budget.
2. Most of the projects with CE engagements are in the information and consultation levels, and therefore offer wide opportunities for high levels of collaboration and partnership engagement with CSOs.
3. The PTF team has recommendations for viable CE engagements for each of the selected priority projects in Figure 3. For example, Transport and infrastructure projects, currently with low and few CE engagement, will benefit from more beneficiary engagement and feedback and reduction in budget leakages with use of CSO-

implemented third party monitoring and of various social accountability tools (such as community score card and interface meeting, budget tracking and social audit). The Food and Nutrition Social Welfare Project (Social Protection Additional Financing) can be provided new grant funding to implement a nationwide household and community food security program successfully piloted by women-led NGOs in communities. Finally, the Southeast Gobi Urban and Border Town Development project can replicate the activities funded by the Japan Fund for Poverty Reduction (JFPR) that increased access to small loans for communal and on-plot facility improvements, and empowered GER dwellers through the establishment of CBOs to plan and implement community infrastructure improvements.

B. Implementation Arrangements for CSO Engagement

The implementation of CSO engagements is being managed by the project PIUs. Some CSOs, notably those belonging to the *mutual benefit* CSOS, are also designated to sit in the Project Steering Committees (PSCs) which provide policy guidance and program directions and meet quarterly or semi-annually to oversee implementation progress and approve budgets and programs. Moreover, of the 15 on-going and 3 completed projects assessed, 10 would have CSO representatives in their PSCs (**Table 3**). Four of the 8 projects with no CSO in the PSC have established aimag-based project working groups where participating community-based organizations and CSOs are members. These 4 projects are the 2 *Southeast Gobi Urban and Border Town Development* projects and the 2 *UB Urban Services and Ger Development Investment Program*. CSO membership to project decision-making bodies are important since they partly define the level of CSO engagement in those projects.

Table 3: CSO Membership in Project Steering Committee of Mongolia Projects

Project	With CSO Member?	Number
<i>Agriculture and Rural Development Project – TA Grant (Completed)</i>		0
<i>Agriculture and Rural Development Project, Additional Financing</i>	None	0
<i>Food and Nutrition Social Welfare Project – Capacity Development (Completed)</i>	Yes	3
<i>Food and Nutrition Social Welfare Project, Additional Financing</i>	Yes	5
<i>3rd Health Sector Development Project (Completed)</i>	Yes	1
<i>4th Health Sector Development Project</i>	Yes	4
<i>4th Health Sector Development Project, Additional Financing</i>	Yes	4
<i>5th Health Sector Development Project</i>	Yes	5
<i>Higher Education Reform Project</i>	Yes	2
<i>Regional Logistics Development Project</i>	None	0
<i>Ensuring Inclusiveness and Service Delivery for Persons with Disabilities</i>	Yes	1
<i>Sustaining Access to and Quality of Education during Economic Difficulties</i>	None	0
<i>Gender Responsive Sector and Local Development Policies and Action</i>	Yes	1
<i>Southeast Gobi Urban and Border Town Development Project, Grant</i>	No CSO representation at PSC level; at aimag level, aimag-based CBO and CSO are members	
<i>Southeast Gobi Urban and Border Town Development Project, Loan</i>		

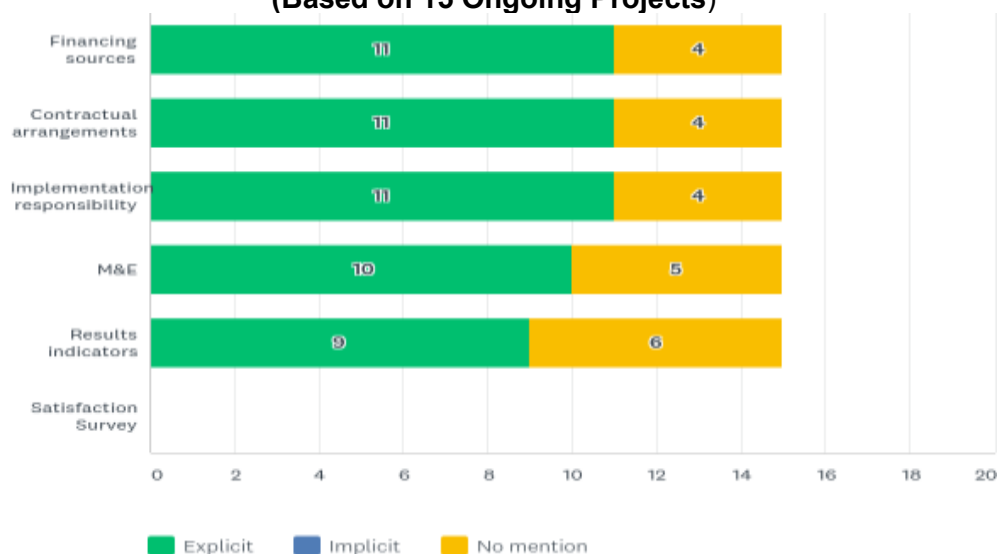
<i>UB Urban Services and Ger Areas Development Investment Program, Tranche 1</i>	of working group	
<i>UB Urban Services and Ger Areas Development Investment Program, Tranche 2</i>		
<i>Integrated Livelihood Improvement and Sustainable Tourism Development in Khuvsgul Lake National Park</i>	Yes	2

The interview revealed one specific issue of conflict of interest arising from CSO membership in the PSC. This involved the Higher Education Reform Project where both the Public University Consortium and the Private University Consortium sit in the PSC, which decides on grant eligibility and awards to universities and research groups belonging to the CSOs concerned. This issue was brought up by the ADB Project Officer.

PTF methodology maintains that it is best for key issues contributing to effective/efficient engagement of CSOs be explicitly discussed at design and approval stage to enhance commitments and avoid uncertainties at project implementation stage.

As **Figure 4** shows, financial matters were discussed explicitly in 73% of projects. Projects with most CSO engagements also have specific provisions on CSO procurement for consulting or other services. Some illustrative examples are: (a) *Ulaanbaatar Urban Services and Ger Areas Development Investment Program (Tranche 1)*: CS3/CSCE - Community Engagement and Small and Medium Enterprises Development Consulting Services; \$700,000. Eventually UN-HABITAT (CS3 Consultants) has been assigned to provide consultancy services on Community Engagement and SME Development and to implement the Social Action Development Plan (SADP) for the project; (b) *Fourth Health Sector Development Project (Additional Financing)* explicitly provided for (i) CSO to implement a consultation and participation plan at a cost of \$50,000 over the 5 years of the project; (ii) local NGO to develop communication/media plan for \$32,000; and (iii) a local community mobilization NGO to do outreach for \$40,000; (c) *Food and Nutrition Social Welfare Program and Project (Additional Financing)* specified in its Upgraded Gender Action Plan for the PIU to identify and recruit grassroots women's NGOs to participate in community food security pilots and allow the grievance system to accept community groups and grassroots women's organizations to submit complaints.

Figure 4: Administration Arrangement for Implementing Planned CSO Engagement (Based on 15 Ongoing Projects)



Contractual arrangements for CSO engagements are also explicitly discussed in 67% of the on-going priority projects. The PIU is responsible for selecting, engaging, and supervising consultants engaged under the grants or loans funded by ADB. All consultants are recruited through competitive bidding by government according to ADB's *Guidelines on the Use of Consultants*. Some ADB Project Officers and PIUs have viewed the aspect of competitive bidding as a big obstacle to designing local CSO participation in ADB projects in Mongolia beyond the mandated information sharing and consultation during project preparation stage. The *Sustaining Access to and Quality of Education during Economic Difficulties* project worked effectively during preparation with CSOs Association of Parents with Disabled Children, Independent Research Institute of Mongolia, and Mongolian Education Alliance. The ADB Project Officer indicated she would find it difficult to engage CSOs in implementation because CSOs would be treated the same way as *for-profit* consulting firms, and there are very few CSOs in Mongolia that can really compete and qualify; secondly, as Project Officer she would have to work through government to recruit CSOs, sometimes a challenge.

ADB Project Officers have found ways to engage CSOs in the project implementation phase, such as in the *Gender-Responsive Sector and Local Development Policies and Actions Project*. A local CSO, Development Horizon Foundation, well known in the gender equality area won the competitive bid. The terms of reference (TOR) were well-structured to develop gender-sensitive policies and guidelines/standards reflective of international best practices for application in 4 sectors (Education, Agriculture, Construction and Urban Development, and Labor and Social Protection) and pilot implementation of Action Plans in two aimags. The TOR also included provisions for sub-contracting community-based NGOs which will be trained to develop and monitor the Action Plan on the application of gender-sensitive policies and standards in the pilot aimags. Sub-contracting of local CSOs either by international CSOs or for-profit consulting firms is one very viable approach to engaging local CSOs in ADB projects, and for training and transferring knowledge and skills from the international CSOs or consulting firms to local CSOs.

The number of on-going projects that explicitly discussed CSO engagement monitoring and results indicators for CSO engagement at the design and approval stage is higher than expected given that project documents did not seem to indicate this. 60% of on-going projects have CE result indicators in their DMF. And although all projects have an M&E component, our research does not show monitoring and reporting of CE engagement activities as part of the M&E system, except when they are reflected in the gender action plan or part of IEE. Instituting a deepening of CSO engagement in ADB projects requires establishing a robust periodic performance reporting, and annual monitoring and evaluation of implementation of planned CSO engagement. And just to give this matter the President's imprimatur, discussion of CSO engagement in every project can be made part of the Report and Recommendation of the President.

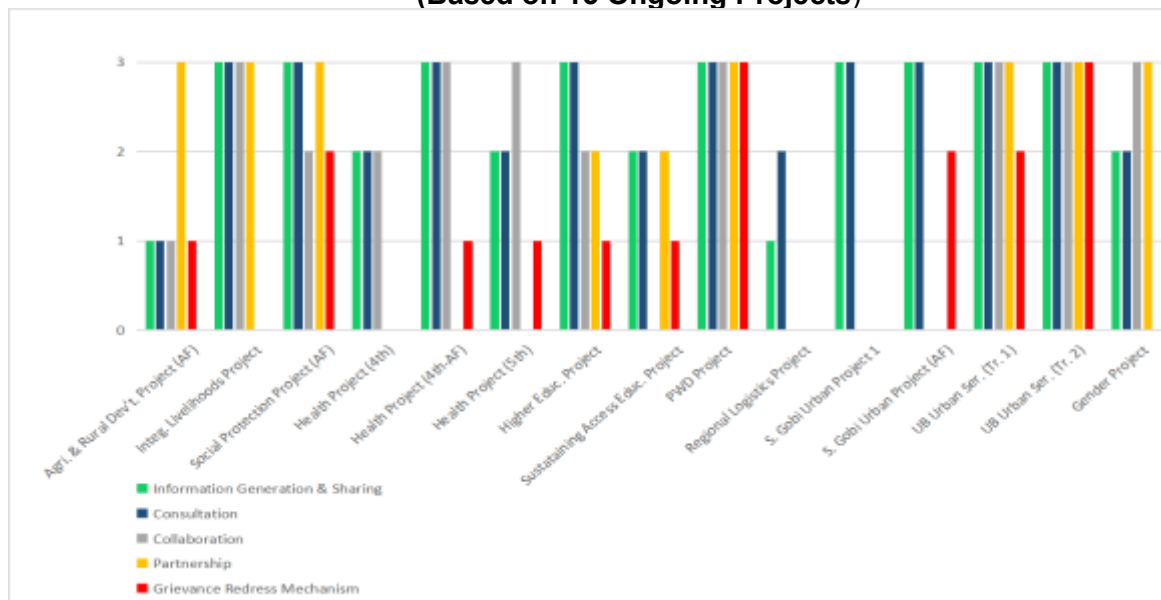
C. Status of Implementation and opportunities for deeper CSO Engagement

In this section, we take stock of the status of implementation of planned CSE interventions depicted in **Figure 3**. Part of the interviews with ADB Project Officers or the PIU centered on whether the planned type and level of CSO engagement at design stage were pursued during implementation. **Figure 5** summarizes the results of these interviews, which included in some cases a review of relevant project documents.

One finding is that during implementation there would be far more opportunities for projects to undertake more and higher level of engagement with CSOs. Comparing **Figure 3** and **Figure 5** visually one will readily see the following improvement in CSO engagements:

- a. The number of collaboration and partnership types of CSO engagement during project implementation of 15 ongoing project (total 20: 11 collaborations and 9 partnership) showed improvement over what was planned (total 14: 7 collaborations and 7 partnership);
- b. The number of CSO engagement at HIGH level during implementation (total 34:7 partnership, 7 collaborations, 9 consultations, 9 information sharing and 2 grievance redness) also showed improvement over what was planned (total 23: 5 partnerships, 5 collaborations, 5 consultations, 5 information sharing and 3 grievance redness).

**Figure 5: Implementation Status of Planned CSO Engagement
(Based on 15 Ongoing Projects)**



Level of Participation: 3-High; 2-Medium; 1-Low; 0-None

Sector-wise, Health and Education present more opportunities for deepening CSO engagement than currently utilized. These sectors have benefited well from citizen information sharing and consultation with stake-holder beneficiaries, but have done little collaboration and no partnership level of engagement. Several CSOs commented during the interviews that ADB and PIUs have been willing to engage them beyond short-term small works.

The Agriculture and Rural Development Project tranche 1 worked with producer cooperatives. In the second tranche, it proposes to establish a government-private cooperative partnership to pilot fully resourced (including access to credit assistance) cooperative demonstration and learning centers to showcase to small herders the benefit to small herders of a successful cooperative undertaking.

The two urban development sector projects, *UB Urban Services and Ger Areas Development Investment* and *Southeast Gobi Urban and Border Town Development Project*, provide contrasting examples of CSO engagement in ADB projects. The UB project, whose citizen participation approach started with engagement of a single high level CSO (UN HABITAT) to handle (a) community engagement and small and medium enterprises development and (b) implement the project's Social Action Development Plan (SADP) illustrates a partnership level of CSO engagement. UN HABITAT activities are an integral part of the project. In contrast, *in*

Southeast Gobi Urban and Border Town Development project, although project document refers to a community consultation and participation framework, there seems to be no strong unifying plan and no single CSO to orchestrate the various citizen participation mechanisms happening in various locations of the project, including on how to make citizens' participation in the master planning of the towns more effective.

The infrastructure sector need not remain dormant for CSO engagement, as is the case currently, with training conducted by professional *mutual benefit* CSOs as the only entry point for CSO engagement. In line with the policy principles on consultation enunciated in ADB SPS 2009, *public benefit* CSOs would be better able to carry out meaningful consultation with affected people and facilitate their informed participation early in the project preparation process and throughout project implementation as necessary to address issues related to environmental assessment, and establish a grievance redress mechanism to receive and facilitate resolution of the affected people's concerns and grievances. Licensed environmental CSOs would also be the better choice to undertake environmental studies, monitoring and reports related to ADB SPS 2006 than *for profit* environmental firms which may be connected to engineering and road construction firms. Finally, CSOs can provide citizen voice by conducting third party monitoring to check on corruption, reported to be rampant in infrastructure projects.

IV. CAPACITY BUILDING AND SUPPORT NEEDS ASSESSMENT

A. Constraints and Challenges in Deeper CSO Engagement

All stakeholders acknowledged the need for capacity building for a majority of CSO. Thus, generally speaking, while Project Officers and PIUs would acknowledge the value of CSO engagement, some would hesitate to design for higher level collaboration and partnership CSO engagements in ADB projects given the constraints (see Table 4 below)

Table 4: CSO Constraints to Deepening CSO Engagement in ADB Projects

Project	About CSOs
Food and Nutrition Social Welfare Program and Project, Additional Financing	<ul style="list-style-type: none"> • PIU acknowledged the contribution of the CSOs in information sharing and consultation. • Difficulty to engage at collaboration or partnership level given limited CSO understanding and knowledge of social protection theory and practice • Recommended a capacity building on social protection for CSOs
Southeast Gobi Urban and Border Town Development Project - Additional Financing	<ul style="list-style-type: none"> • PIU wishes to engage CSOs in promotion campaign on the acceptability of re-use of sewage sludge as fertilizer. • Raised difficulty of not knowing where to source a database on CSOs • Recommended that an accessible date base with expertise and contact details be developed, and separate process of contracting CSOs without applying the requirements for a consultancy firm.
4 th & 5 th Health Sector Development Project	<ul style="list-style-type: none"> • PIU cited difficulties in engaging CSOs due to their weak capacity, especially public benefit grassroots CSOs best suited to undertake community level promotion campaigning activities for proper use of referral system for hospitals;

	<ul style="list-style-type: none"> • clearer or simpler procurement processes for CSOs and clearer understanding of CSOs role in social accountability mechanisms, such as community score card and budget tracking. • Frequent turn-over and constant changes in agency leadership, triggering different policy and attitude towards CSO participation; some agency heads are reluctant to work with CSOs.
Higher Education Reform	<ul style="list-style-type: none"> • ADB Project Officer - conflict of interest concerning membership of CSOs, private and public universities consortia on the Project Steering Committee which decides on qualification and awards; • Lack of capacities of most CSOs in Mongolia and overloading those that are good; • CSOs concerns: lack of support from PIU/MECS for scaling-up new tools for matching school curriculum to labor market in other HEIs; no monitoring to determine the adoption of new tools; government lacks capacity, is slow, doesn't take CSO seriously, and engages CSOs only in small projects. Absence of sustained collaboration with PIU (Ministry of Education) in terms of providing additional grant to CSO to scale-up and expand training of University Volunteers for the implementation and monitoring of the Code of Conduct on gender sensitivity in other HEIs; and prevention of sexual harassment cases of children with disability in schools and universities, 95% of CSO works in Mongolia are targeted to INGO, which are seldom interested in providing sub-contracting and training opportunities to local CSOs.
Sustaining Access to and Quality of Education during Economic Difficulties	<ul style="list-style-type: none"> • CSOs facilitated the consultations of the stakeholders during project preparation stage. They were engaged as consulting firms. • The ADB Project Officer cited inadequate capacity of Mongolian CSOs to be considered as consulting firms, currently the only way they could be engaged in ADB projects; also pointed out that there is still need for capacity building for a majority of CSO who are working in the sector.

ADB Project Officers and PIUs identified several difficulties they faced or expect to face during implementation of CSO engagement. Their feedback is summarized in **Table 5** below and analyzed in the following section.

Table 5: Challenges Faced by PIU and ADB Project Officers During Design and Implementation of CSO Engagement (% of Respondents)

Challenges	ADB Project Officers	PIU
Budget (finance resources) for implementation	43%	69%
Reluctance of government/project leaders to engage CSOs	79%	31%

Limited willingness of CSOs to engage	0	0
Limited capacity of CSOs to engage with government/project	86%	77%
ADB project team understanding and commitment-inadequate	21%	15%
PIU lack of capacity to design and/or implement CSO engagement	71%	62%
Inadequate technical advice and support	14%	38%
Community level barriers – small and medium scale herders are itinerant	21%	38%
Other (details in footnotes below)	38% ⁸	46% ⁹

ADB Project Officers and the PIUs both identified CSO capacity as the biggest constraint to furthering CSO engagement in projects. CSOs themselves feel that their capacity would be increased by better and more contracting opportunities with ADB and PIUs to ‘learn-by-doing,’ and capacity building programs to further invest in their skills.

There are challenges where ADB Project Officers and PIUs have divergent views. 79% of ADB Project Officers expect government’s reluctance to engage CSOs as a challenge; but only 31% of PIUs thought so. Around a third of ADB Project Officers view ADB’s own understanding of the contribution of CSO engagement to development effectiveness as a major constraint, and over half of PIUs felt their limited understanding was a constraint. Both groups also identified funding as a constraint to furthering CSO engagement.

B. Support Needs for Deeper CSO Engagement

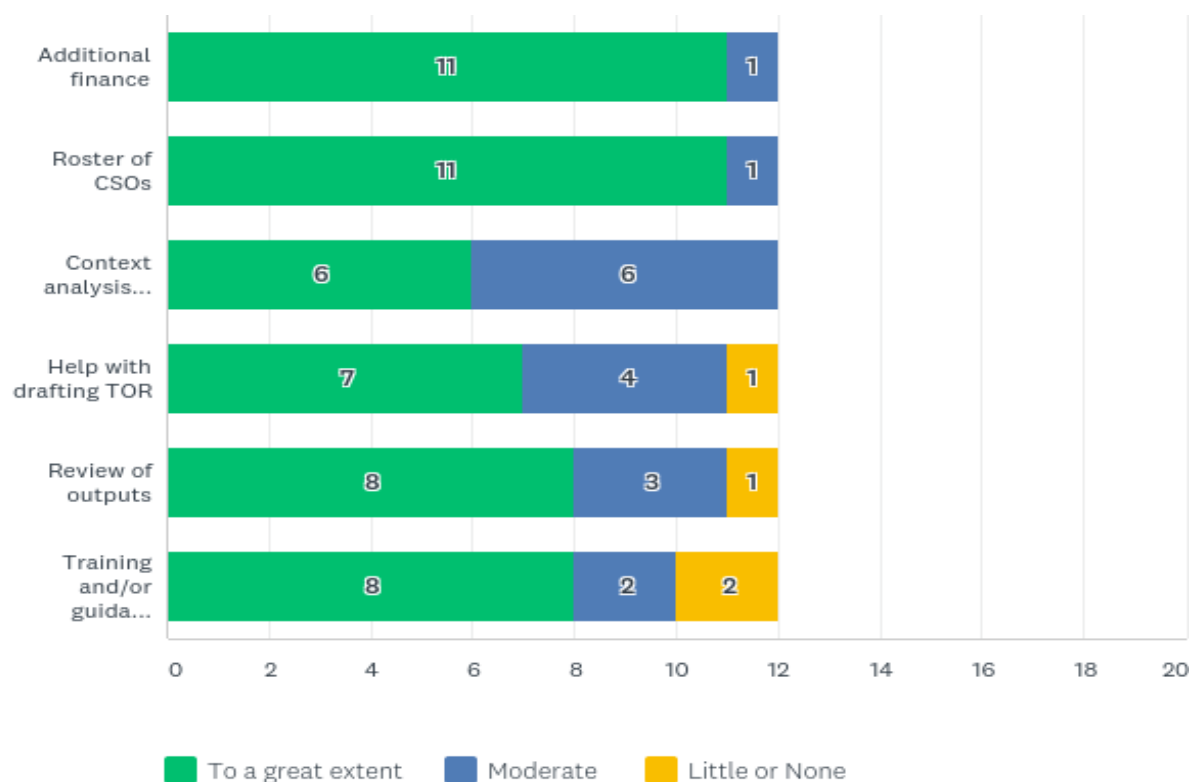
ADB Project Officers and PIUs were asked what support they needed to deepen CSO engagement in ADB projects and their responses are summarized in **Figure 6**.

As expected, in Mongolia, additional financial support is what ADB Project Officers and the PIUs would need “to a great extent”. They would, with the same degree of importance, also need trained and skilled vendors (staff, CSOs, consultants) to be able to effectively deepen CSO engagement in ADB projects to high levels. This need came out across the board in all projects interviewed. Both the PIUs and the ADB Project Officers also expressed this concern, particularly as they involve CSOs.

The need for support in drafting TOR for consultants, reviewing consultant outputs, and provision of training and good practices guidance were also ranked high (“to a great extent”) by almost the same number of respondents, but second only to the need for additional financial resources and trained and capable CSOs.

⁸ Other types of challenges faced by ADB Project Officers are: (a) Changing leadership within executing/implementing agencies results in changing policy and attitude towards role/need for CSO participation (2); (b) Lack of Lesson Learned and Good Practices (2); (c) Project focused to commercial high value exporters (1); (d) CSOs as members of the PSC which decides on project grants constitute as conflict of interest (1); and (e) Delay in submission of deliverables (1). Numbers in parentheses are frequency counts.

⁹ Other types of challenges faced by PIU Officers are: (a) Changing leadership within executing/implementing agencies results in changing attitude towards role/need for CSO participation (3); (b) Lack of database of CSOs and their programs/field of expertise so that the PIUs know the resources available for their collaboration and partnership work (2); (c) PIU need to know the process of contracting the CSOs without applying the requirements for a consultancy firm (2); (d) National CSO unable to sustain technical advice and support beyond TOR (2); (e) Difficult to invite CSOs to express interest or bid because ADB and government guidelines and the requirements are hard to meet (1); (f) CSOs lack knowledge on IT system and Social Protection – theory and practice (1); and (g) Producers-initiated marketing cooperatives too few and became problematic (1). Numbers in parentheses are frequency counts.

Figure 6: Support Needs for Deepening Design and Implementation of CSO Engagement

C. Capacity Building Needs

The fact-finding mission on assessment of capacity building needs of project stakeholders was conducted July 23 to 28, 2017.¹⁰ It involved 12 individual interviews (5 CSOs, 5 PIUs and 2 ADB Project Officers) and a FGD with CSOs and PIUs that used case study approach to build consensus on recommendations for enhancing CSO capacity to deepen their engagement in ADB projects. The mission also drew findings on capacity building needs from the first FGD conducted by DEMO and from the interviews with 29 stakeholders (12 CSOs currently engaged in ADB projects, 7 well-known CSOs but without current ADB engagement, 8 ADB Project Officers, and 2 PIUs) held between May 22 to June 6, 2017. Results of the two FGDs are presented in Appendix 2 while findings from interviews and review of project documents are shown in the various graphs and tables in this Section and further discussed below.

The capacity building needs assessment in Table 6 indicate that the CSOs, PIUs and the ADB Project Officers have big opportunities to maximize to the fullest CSO's potential contribution to development effectiveness of ADB projects. For instance, there are laws (i.e. the General Law on Administration and Law on Legislation) that mandate CSO participation in national, sectoral and local policy making, as well as decision making on government projects, but these laws are not yet fully enforced and effective because Mongolian CSOs still need capacity building in order to be able to involve themselves better and more strategically in major decision processes. Presented in Table 6 are summary discussion of capacity building needs of the 3 major stakeholders and corresponding recommendations as gathered during interview and review of project documents undertaken during fact-finding phase of Sub-Project 1.

¹⁰ This part of report is drawn from the Report of the PTF Capacity Building Adviser, Corazon Juliano-Soliman. She has been assisted by Undral Gombodori, Director/CEO of Democracy Education Center (DEMO).

Table 6: Assessment of the Capacity Building Needs of CSOs, PIUs, and ADB Project Officer Recommendations

Capacity Building Needs to Deepen Engagement with ADB	Recommendations for Capacity Building to Deepen Engagement with ADB
On CSOs	
<p>The CSOs have inadequate knowledge and practice of civic engagement. There are laws that require CSO participation such as the General Administration law and Law on legislation. There is also a Civil Society Council established in 2008. These initiatives have not been maximized to the fullest by the CSO community.</p>	<p>Conduct training workshops on civic engagement which can review the role of civil society in development and governance within the context of Mongolian society. CSO networks should be trained also in decision making and negotiation to find an effective representation in the various government decision making bodies.</p>
<p>The CSOs indicated that they need to understand ADB as an organization, specifically the spaces already defined by ADB for CSO engagement.</p>	<p>Conduct an orientation on ADB processes to a wider CSO audience especially those that operate in aimags. The FGD highlighted the need for ADB to improve on its visibility and information accessibility:</p> <ul style="list-style-type: none"> • Use of the Mongolian language • Provide results/impact information to public of past and on-going projects • <i>call-for-proposal</i> in Mongolian using its website and specifying scope for CSO participation when appropriate
<p>Mongolian CSOs have significant experience in social accountability work through projects with the World Bank and Open Government Partnership, there is still need for more CSOs to be engaged especially in the sub national level. Engagement with ADB projects on third party monitoring will be strengthened if more CSOs can participate.</p>	<p>Conduct training workshops on social accountability tools for CSOs operating in the project sites of the identified ADB projects. This training workshop includes the following:</p> <ul style="list-style-type: none"> • Information access and sharing capacity • Performance monitoring tools • Grievance redress mechanisms • Constructive engagement
<p>The Mongolian CSOs have two categories 1) public benefit NGOs and the mutual benefit NGOs. The public benefit NGOs are primarily service delivery NGOs on health, education and other social protection sectors. The mutual benefit NGO are organizations promoting legitimate interest of their members. The mutual benefit NGOs are approximately 20 % of 20,000 registered NGOs in Mongolia. To deepen engagement with ADB projects there is need for (a) more mutual benefit NGOs at the sub national and district levels and (b) strengthening of community based public benefit NGOs.</p>	<p>Conduct training workshops on community driven development theory and practice in the aimags where the identified ADB projects are implemented. Highlight the ‘theory and practice’ and ‘lessons learned and good practices’ from Mongolia and other countries (Mongolia CSOs and other institutions are known to adapt well on international standards and practices) of consultations, participatory situational analysis and stakeholder analysis, community management of projects, community based fiduciary tools, maintenance of the projects.</p>
ON PIUs and ADB POs	
<p>The PIUs and ADB POs value the</p>	<p>Conduct a comprehensive orientation on</p>

<p>engagement of CSOs. However, they have limited exposure to the wide range of CSO/NGO work being done in Mongolia and elsewhere globally.</p> <p>PIUs requested that they and their Ministries also be involved in receiving some capacity building and awareness raising workshops/sessions on the rationale and benefits for partnering with CSOs to deepen citizen engagement, and that they needed a forum or periodic gathering to exchange ideas and learn from each other's experiences</p>	<p>what is CSO and the areas of work/expertise they engage in a global perspective and specifically in the Mongolian context. A database of the CSO work and contact details will be very useful.</p> <p>PIUs' need for regular forum and structured platform for periodic gathering of practitioners among CSOs, government and local and international development institution to exchange ideas and good practices coincide with CSOs' proposal that surfaced during the 1st FGD for ADB to organize structured multi-stakeholders platform and promote regular multi-stakeholder forum for discussion of policies, programs, projects, and strategic implementation of development issues.</p>
<p>The PIUs and ADB POs have varied experiences and understanding of CSO work. They indicate that they have limited CSO engagement to information sharing and consultation with affected beneficiaries of a project and even fewer or no exposures to collaboration and partnership level of CSO engagement. The dominant experience of engagement is through a contracting transaction.</p>	<p>Conduct a training workshop on constructive engagement highlighting trust building exercises and case studies from other countries that show the efficacy of constructive engagement with CSOs that result into achievement of desired outcomes of the project.</p> <p>For ADB POs and PIUs to support engagement of CSOs to conduct/manage community mobilization, consultations, promotion and information dissemination activities during project design and implementation stages. These community mobilization activities can be packaged as mentoring opportunities for PIUs.</p>
<p>There were PIUs and POs who indicated that they see the CSOs as a possible partner to ensure transparency and prevent corrupt processes in the project implementation phase. However, they are not aware of the tools that can be used by the CSOs.</p>	<p>Conduct a training workshop on social accountability tools, highlight the Mongolian experience and its outcomes when applied to projects. Use of social accountability tools such as community scorecard and interface meeting and community monitoring are now being used as integral activity in some ADB health, education and social protection projects; while procurement monitoring, budget tracking, third party monitoring, and social audit have now become regular features in WB and other international funding institutions.</p>

<p>The new government of Mongolia have indicated their desire to be an active member of the Open Government Partnership. There is need to promote the principles and values of OGP as well as its operational processes. The government can provide spaces for dialogue and engagement on CSO engagement in ADB projects.</p>	<p>Conduct an orientation on OGP- its nature, objectives and the National Action Plan of Mongolia. Identify the intersection of OGP and the CSO engagement in ADB projects. The CSO community however should have a stronger advocacy for full implementation of Mongolia's current National Action Plan to establish credibility and leadership status among countries in the region.</p>
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Complementing the above assessment, are other common capacity building needs that surfaced during the ADB-CSO Dialogue on Mongolia CPS 2017-2020 and the 3 FGDs. These are:

- a. Capacity building for CSOs in monitoring consistent with requirements of ADB and international standards and good practices. The CSOs give high value to engagement in project monitoring, especially for projects funded by loans/sovereign loans. They argued that if the loans are from ADB, then ADB should have the same interest as the CSOs of Mongolia in safeguarding accountability to ensure that the loans are used properly.
- b. Capacity for CSOs to be engaged from the get-go of project conceptualization and design for more meaningful value added. CSOs expressed that they could provide more impact if they could have a better say in overall project shaping for better outcomes. This calls for CSO engagement from project concept preparation, to project design, to implementation, to monitoring and evaluation. In terms of Mongolia CPS, the CSOs would hope to be engaged not only to get informed and react but to participate in shaping the country partnership strategy itself.

D. Proposed Capacity Building Program

To address the capacity needs assessment presented in Table 6, the PTF Capacity Development Adviser, with inputs from Mongolia's Democracy Education Center, has developed a consolidated capacity building program to be implemented in 2018. This is presented in Appendix 4.

The training design will be guided by the following principles:

- a. The dialogical process of action-reflection-action will be employed as a basic pedagogy.
- b. The blended approach will be used to ensure minimal disruption of work by the participants as the training is being conducted.
- c. The case study method will be extensively used to facilitate the learning process to be rooted in realistic discussion and analysis.
- d. The global practices and experiences will be used to catalyze thinking and discussion on the Mongolian experience.
- e. The language of training is in Mongolian to ensure the efficacy of the learning process.

In formulating the training curriculum, it should be useful to take into consideration the ideas and recommendations of CSOs that participated in the first FGD that reflect what they experienced as key challenges (positive and negative) and capacity issues that needed to be addressed by Sub-Project 1 to deepen CSO participations in ADB project, as summarized and categorized below:

CSO engagement in every stage of projects

- Make decisions based on discussion with CSOs from the beginning of any project
- Listen to feedbacks from CSOs
- Make sure CSO engagement in every aspect of project
- Include representatives from CSO in monitoring council
- Ensure CSO engagement in making project planning, budgeting, implementing, monitoring stages more transparent
- Engage CSOs in monitoring of ADB funded projects' implementation
- Include CSOs in conducting survey and needs assessment

Multi-stakeholders' forum

- Establish a platform for multi-stakeholders' (CSO, Government, International organizations, Development agencies) discussion
- Organize a multi-stakeholder forum to discuss projects, programs and strategic implementation
- Treat CSOs as equal partners

M&E and external evaluation

- Focus on improving the operation of the government agencies
- Provide opportunity for CSOs to monitor and improve the way the government agencies operate
- Allow CSOs to conduct monitoring for project implementation
- Involve NGOs in the project monitoring and public awareness campaign
- Establish and implement a funding facility as a source for third party monitoring by the CSOs.

Accessibility of information

- Utilize internal capacity of the CSO fully
- Improve ADB's visibility – share clear and attention-grabbing information
- Improve the accessibility of information about past and on-going projects to the public
- Share information about call-for-proposal on their website in Mongolian
- Share information about the implementation of on-going projects on their website
- Provide information about ADB funded projects and possibilities for NGO involvement

CSO database

- Establish database for CSO directory
- Involve CSOs by connecting them through the same field of operation
- Ensure the NGOs chosen to work on ADB projects are legitimate
- Consider the capacity and experience of CSO when selecting them for partnership

Review and Implementation of relevant policies

- Make sure there is a way to get feedback and take action on reaching of ADB standards in ADB funded project implementation
- Conduct human rights due diligence in ADB's project design stage
- Review and re-formulate the guidelines and requirements for selection of CSOs in ADB bidding process in order to meet the CSOs' constraints such as meeting the financial conditions to qualify to join the bidding process.

APPENDIXES

Appendix 1: Persons Met

Ms. Altantsetseg, HR Coordinator, PIU, Health Sector Development Project (4th on-going/5th on-going)

Altantuya, ADB – Health/Social Protection Specialist, 3rd to 6th Health Sector Development Projects

Ms. Amarjargal, Agriculture and Rural Development Project, Additional Financing (PIU)

Anand, ADB Transport Specialist, Regional Logistics Development Project (Grant & Loan)

Arnaud, ADB Urban Development Specialist, Urban Services & Ger Areas Development Investment Program - Tranche 1

Ms. Asako Maruyama, Sustaining Access to and Quality of Education during Economic Difficulties

Mr. Avirmed, Project Coordinator, MFF: Ulaanbaatar Urban Services and Ger Areas Development Investment Program - Tranche 1 & 2

Ms. B. Bulganchimeg, 4th and 4th Health Sector Development Projects

B. Naranmandakh, Executive Director, Mongolian Environmental Civil Council

B. Batjargal, Mongolian Education Alliance, Sustaining Access to/and Quality of Education during Economic Difficulties

B. Tsolmon, Zorig Foundation, Gender Responsive Sector and Local Development Policies and Action

Batjargal Batkhuyag, Executive Director, Mongolian Education Alliance

Binod Shreshta, Team Leader, UN Habitat

Ms. Bolormaa, consultant for social standards and safety nets, Regional Logistic Development Program

Bulgan, International Research Institute of Mongolia, Consultant to prepare a study on Higher Education Responsiveness to Labor Market in Higher Education Reform Project

Ms. Davaasuren, Agriculture and Rural Development Project, Additional Financing (PIU)

Enkh-tsetseg Shagdarsuren, National Programme Manager, UN Habitat

Mr. Enkhbaatar, Project Coordinator, Regional Logistic Development Program

Mr. Enkhbayar, Project Coordinator, Food and Nutrition Social Welfare Project (Additional Financing)

G. Urantsooj, Center for Human Rights and Development

Gerelee/Zola, Young Women for Change, Member of Working Group to implement the project, Gender Action Plan in Higher Education Reform Project

Gombosurengiin Urantsooj, Chairperson, Center for Human Rights and Development

J. Oyumaa, Khuvsgul Lake Association, Integrated Livelihood Improvement and Sustainable Tourism Development in Khuvsgul Lake National Park

Jurgen, ADB HQ, Regional Road Development and Maintenance

Kh. Naranjargal, President of Globe International Center

Ms. Khailiuna, Globe International

L.Itgel, ADB CSO Point Person/ ADB Education Specialist, Higher Education Reform Project

L.Tur-Od, Transparency International Mongolia

Luul, ADB Urban Development, Southeast Gobi Urban and Border Town Development Project

Ms. Misheel Undral, DEMO

Ms. Munkhzul, Project Coordinator, Higher Education Reform Project

N. Oyunbileg, 4th and 5th Health Sector Development Projects (PIU)

Ongonsar, ADB Environmental Specialists, Integrated Livelihood Improvement and Sustainable Tourism Development in Khuvsgul Lake National Park

Otgonjargal Norovjav, Procurement Advisor, Public Procurement Partnership

Ms. Oyun, Project Coordinator, Southeast Gobi Urban and Border Town Development project

Oyunaa, Development Horizons Foundation, Gender Responsive Sector and Local Development Policies and Action

Mr. Oyunbaatar Tseden, President, Mongolian National Federation of Disabled People's Organizations

Radnaabazar Erdenetungalag, Project Manager, 4th and 5th Health Sector Development Project

Mr. Raushan Mamatkulov, Ensuring Inclusiveness and Service Delivery for Persons with Disabilities

Raushan, Food and Nutrition Social Welfare Program and Project (Additional Financing)

Mr. Tuvshinsanaa, Project Coordinator, PIU, Agriculture and Rural Development Project

Ms. Undral Gombodorj, Co-Chair of OGP panel, Chair, DEMO

Uranchimeg, Executive Director, Regional Logistics Development Project

Ms. Zolzaya, UN Habitat and Bolor-Erdene.Y of leader CDC in Selbe Ulaanbaatar, Urban Services and Ger Areas Development Investment Program

Appendix 2: Focus Group Discussions

Objectives of the focus group discussions:

1. To facilitate a process of discussion, between PIUs and CSOs, to determine the perspective of each stakeholder on engaging in an ADB project.
2. To build consensus on recommendations for ADB action to enhance the participation and engagement of CSOs in ADB projects.

Recommendations:

1. The term "CSO" needs to be understood much more broadly than "NGO." It should be inclusive of academia, the media, professional associations, teachers' unions, think tanks, in sum be much more inclusive than commonly understood.
2. CSO engagement in every stage of projects
 - Vital for CSOs to be engaged at project conceptualization and design for more meaningful value added
 - Make decisions based on discussion with CSOs from the beginning of any project
 - Listen to feedbacks from CSOs
 - Make sure CSO engagement in every aspect of project
 - Include representatives from CSO in monitoring council
 - Ensure CSO engagement in making project planning, budgeting, implementing, monitoring stages more transparent
 - Engage CSOs in monitoring of ADB funded projects' implementation
 - Include CSOs in conducting survey and needs assessment
 - Example: Recommendation to involve CSOs in procurement monitoring with priority to partner with those CSOs that explicitly have a methodology for engaging citizens. The recommendation was for ADB to widen the approach from using consultants to monitor procurement to include utilizing the assets of local communities to be trained and utilized in monitoring procurement in transport and other areas. In particular, this CSO (Public Procurement Partnership) has very good experience using retired experts - civil engineers etc. - willing and able to share their time. The idea for this suggestion was to lower the costs of procurement monitoring while building sustainable procurement budget monitoring processes by engaging CSOs and citizens.
3. **Multi-stakeholders' forum**
 - Establish a platform for multi-stakeholders' (CSO, Government, International organizations, Development agencies) discussion
 - Organize a multi-stakeholder forum to discuss projects, programs and strategic implementation
 - Treat CSOs as equal partners
4. **M&E and external evaluation**
 - Focus on improving the operation of the government agencies
 - Provide opportunity for CSOs to monitor and improve the way the government agencies operate
 - Allow CSOs to conduct monitoring for project implementation
 - Involve NGOs in the project monitoring and public awareness campaign
5. **Accessibility of information**
 - Utilize internal capacity of the CSO fully
 - Improve ADB's visibility – share clear and attention-grabbing information

- Improve the accessibility of information about past and on-going projects to the public
- Share information about call-for-proposal on their website in Mongolian
- Share information about the implementation of on-going projects on their website
- Provide information about ADB funded projects and possibilities for NGO involvement
- Share documents and successful on-going practices

6. CSO database

- Establish database for CSO directory
- Involve CSOs by connecting them through the same field of operation
- Ensure the NGOs chosen to work on ADB projects are legitimate
- Consider the capacity and experience of CSO when selecting them for partnership

7. Implementation of relevant policies

- Make sure there is a way to get feedback and take action on breaching of ADB standards in ADB funded project implementation
- Conduct human rights due diligence in ADB's project design stage

8. Business process with partnering with CSOs

- ADB should look at (i) human assets as important criteria - several of the CSO colleagues mentioned volunteering their time, thus lowering their organizations' operating budgets; ii) how the bidders involve and engage with the community in their proposals; and iii) for demonstration projects explicitly welcome bids from CSOs
- CSOs and NGOs to qualify to bid and participate in any of the phases of the project must meet the stated financial requirements which are not within the budgets of most CSOs unlike consultancy firms. It was recommended that a review of the requirements to qualify be done by ADB in order to accommodate the CSOs without compromising standards on fiduciary stability and integrity.

Appendix 3: Lessons Learned Related to CSO Engagement from On-Going ADB Projects

Project	Lessons for Effective Implementation of CE
Agriculture & Rural Development	<ul style="list-style-type: none"> • Cooperative development involved herders constituting supply chain originally initiated by private companies - 3 were organized, wool and cashmere, dairy, and meat, and targeted only medium and large suppliers of high value and branded products for exporters. • follow-up Additional Financing project expanded coverage to small herders with access to credit, agricultural inputs and extension services, and supply chain related infrastructure. Too complicated for mobile and itinerant small herders to avail of effectively. • PIU proposing to establish one-stop learning centers in strategic areas in covered aimags for accessibility of services.
Food and Nutrition Social Welfare Program and Project, Additional Financing	<ul style="list-style-type: none"> • Piloting and replication of community-based household and community food security program funded by small grants with grassroots women NGOs resulted in establishing cooperatives and partnerships with 35 groups covering 106 HH, including 44 FHH. • Value of Proxy Mean Test (PMT) for targeting poor beneficiaries of social protection initiatives of government and the use of IT technology to make service delivery more transparent and efficient. • CSOs were valuable in getting information from the community, explaining the PMT and providing feedback to the Project Steering Committee. CSOs need capacity building on the theory and practice of PMT and IT, to be able to participate in collaborative and partnership type of engagement, and to effectively monitor the project
4 th & 5 th Health Sector Development Project	<ul style="list-style-type: none"> • The soum health-care reform set out roles and referral arrangements but. Patients still go directly to hospitals, resulting in many underutilized health centers and overcrowded hospitals. • PIU proposes to engage grassroots CSOs to promote the referral system on the use of primary health care facilities (soum clinics) before aimag and district hospitals, and to secure community participation in health reform. CSOs proved particularly effective in health education for prevention of HIV and other sexually transmitted diseases. She recommended that CSOs develop and conduct more training modules for the health sector, and for ADB's recruitment/procurement policies to promote and help improve capacity of grassroots CSOs. Promoting sub-contracting of grassroots CSOs in the TOR of community-based health projects will serve that purpose. • ADB Project Officers noted government instability that saw 5 different health Ministers in 4 years has slowed health reform, and resulted in agency leaderships with very different attitudes towards CSOs role in health services. Approval by

	<p>Parliament of the Sustainable Development Vision 2017-2030 Framework and the law on development policy and planning mandating, among others, CSO participation in those activities would hopefully resolve this problem.</p>
<p>Higher Education Reform</p>	<ul style="list-style-type: none"> • CSOs expressed that working with government is slow, difficult to get meetings with PIU, government lacks capacity, does not wish to engage with CSOs and if do, then only on small projects. • Mongolian Education Alliance in collaboration with Columbia University recommended: CSOs should wear “two hats” - a “critical hat” to make policies and results more effective and an “optimistic hat” to support, promote, and persuade good policies; CSO engagement should start even before project preparation at the ideas and concept preparation; CSO should have strong presence in the national consultative mechanism and on project steering committees. • PIUs had positive feedback on CSO work with them, especially on the gender issues, such as review and monitoring of the code of conduct of higher education institutions, developing a gender tool for assessment re sexual harassment. The PIU indicated that if CSOs had an enhanced capacity to monitor gender and development programs in higher education, it will strengthen the projects further. • In this project part of the monitoring mechanism piloted is the recruitment and training of students as Volunteer Monitors. The proposal of the CSO concerned to expand and replicate the experience in other institutions of higher learning has not been acted so far. In the regards, it is also important to consider the increase in the impacts of projects when resources are allocated at design stage for replicating good results from pilots. The PIU and ADB may well consider reviewing the scope of the grant facility in the project if the replication of notable pilot(s) is fundable. • The issue of conflict of interest in the membership of the Project Steering Committee as reviewers and grantees also provides valuable lessons. To balance this, the PIU and ADB may consider adding a public interest CSO with expertise in education reform in the PSC.
<p>Sustaining Access to and Quality of Education during Economic Difficulties</p>	<ul style="list-style-type: none"> • CSOs organized wide public consultations, identified community wishes and concerns during project preparation. Consultations involved teachers’ association, parents of the children with disability (CWD), and implementers working with the sector. • Potential areas for more involvement of CSOs are: training provision for kindergarten community-based teachers, consultations with teachers’ associations and parents to discuss policies for school based curriculum, third party monitors to assist in the grievance redress mechanism. • For the pipeline loan project (Project # 50091-002), adoption

	<p>of very relevant and well-established social accountability tools in a more sustained manner and with wider scope will amount to collaborative engagement. Newer tools that are gaining headway at pilot stage, such as the Budget Trust Tool (BTT), which provides CSOs the platform to be engaged in school budget formulation and monitoring at school level and aimag level, and the Good School Support Tool (GSST), which seeks to identify each school's strengths as well as areas for improvement in physical environment, psychological environment, and Governance to improve learning outcomes may be considered. At partnership level, the formation, strengthening and registration of Parents Teachers Association (PTA), may also be explored. All these are now being piloted, with evidence of success, in the project Transparency and Accountability in Mongolian Education being implemented by Globe International Center, All for Education and the PTF with funding from the World Bank's Global Partnership for Social Accountability (GPSA).</p>
Regional Logistics Development Project	<ul style="list-style-type: none"> • The ADB Project Officer's experience with CE engagement has been with CSOs such as Mongolia Road Association and Mongolian Association of Road Engineers that were sub-contracted by consulting firms to provide technical training to PIU staff. • The PIU was not interested to pursue or discuss CSO engagement. He maintained that there was no need for consultation because the project is being implemented in open and empty land. There was consultation but more information dissemination to nearby villages to inform them of the project. Even the grievance was not used because the only complaint was the traffic caused by the trucks in another village which he attributed to the contracted party not to the project itself. • However, a main highway was constructed that cut the crossway path of animals, which prompted government to construct remedial measures.
Regional Road Development and Maintenance Project - Pipeline	<p>Project can benefit from lessons learned from other infrastructure projects:</p> <ul style="list-style-type: none"> • Engage CSOs to manage sharing of Information and consultation process with government and target populations during design and implementation. A properly constituted consultation would avoid such problems encountered in Regional Logistics Development Project. • Collaborate with environmental CSO in the preparation, implementation and monitoring of the Resettlement Plan, particularly in complying with the 12 Principles underpinning Safeguard Requirements 2 of the ADB Safeguard Policy Statement (2009). • Collaborate with professional NGOs (such as Mongolia Road Association) in design and implementation of capacity development program in road asset maintenance, including road funding and asset maintenance planning (Project Output 2) and capacity development project supervision and

	<p>implementation (Project Output 3).</p> <ul style="list-style-type: none"> • Follow good practice in other ADB projects, CSOs can be engaged to undertake/assist in Gender Action Plans design and implementation. • Follow good practice in other countries - collaborating with CSOs to train beneficiary communities in practice of social accountability; beneficiary feedback collection and sharing, community based monitoring, citizen/community report cards, procurement monitoring, public expenditure tracking, and third-party monitoring. These tools are designed to enhance transparency and accountability in the corruption-vulnerable infrastructure sector.
Ulaanbaatar Urban Services and Ger Areas Development Investment Program	<ul style="list-style-type: none"> • The engagement of a single high level CSO (UN HABITAT) to implement the project's Social Action Development Plan (SADP) and its community engagement and small and medium enterprises development created a strong unified approach to CE engagement that has produced a model of HIGH level CSO engagement from information sharing to consultation to collaboration and to partnership. UN HABITAT activities become an integral part of the project. • Initially the project used the existing grievance redressal (GR) system of the government, a good idea to reinforce country systems. But this resulted in long resolution time for project related issues. The GR was simplified in project 2 with the PIU establishing and maintaining a project GR mechanism.
Southeast Gobi Urban and Border Town Development Project - Additional Financing	<ul style="list-style-type: none"> • Although project documents refer to a community consultation and participation framework, there seems to be no strong unifying plan and no single CSO to orchestrate the various citizen participation mechanisms happening in various locations of the project, including how to make citizens' participation in the master planning of the towns more effective. • The related JFPR funded-community development project has been designed as a parallel project that seems to operate like a standalone project. The JFPR parallel project provides a high-level CE engagement through (a) increase in access to small loans for communal and on-spot facility improvement, (b) empowerment of ger dwellers thru organization of CBOs to plan and implement community infrastructure improvements, and (c) capacity building by NGOs. • Another parallel component is the Bill and Melinda Gates Foundation-funded project on piloting opportunities for reuse of sewage sludge as fertilizer. While the PIU wants to engage with environmental CSOs to undertake promotion and advocacy campaign, they are constrained on which CSOs to source with this expertise and their ability to compete with for profit consultancy firms.
Gender-Responsive Sector and Local Development Policies	<p>The TOR for the procurement of the firm (or national CSO) to implement the project required the firm/CSO to sub-contract and train community-based NGOs which will directly implement and</p>

and Actions	<p>monitor gender policy and action plans in the covered aimags.</p> <p>This is effective way of promoting growth and strengthening of community-based NGOs which would otherwise not have the ability to provide the financial and other logistics requirement needed to successfully respond to competitive call for proposal from ADB.</p> <p>ADB's experience with this project can be used in implementation of the companion project – the Domestic Violence Against Women and Children Project funded by a ADB grant of \$3 million.</p>
Integrated Livelihoods Improvement and Sustainable Tourism in Khuvsgul Lake National Park Project	Interview with the ADB Project Officers and the PIUs was not possible.

Appendix 4 Proposed Capacity Building Activities for the Sub-project 1 For Deepening Civil Society Engagement for Development Effectiveness: ADB-PTF KPA

A. CAPACITY BUILDING FOR CIVIL SOCIETY ORGANIZATIONS

Capacity Building Activities	Objectives	Responsible Agency	Proposed Timeline
Conduct of a comprehensive orientation on ADB processes and procedures to a wider CSO audience especially those that operate in aimags.	To provide the basic information to Mongolian CSOs especially those in the aimags on the procedures of ADB so that there can be effective engagement by the CSOs in ADB projects.	ADB and Contracted consultants	First Quarter 2018
Conduct of a consultation forum among Mongolian CSOs on civic engagement which reviews and defines the role of civil society in development and governance within the current context of Mongolian society.	To provide an opportunity for the Mongolian CSOs to reflect and dialogue on the role they play in governance and development given the current context of Mongolia.	ADB and Contracted consultants with CSO networks in Mongolia	First Quarter of 2018
Conduct of training workshops on social accountability tools for CSOs operating in the project sites of the identified ADB projects. This training workshop includes the following: <ul style="list-style-type: none"> • Information access and sharing capacity • Performance monitoring tools • Grievance redress mechanisms • Constructive engagement The design of the training workshops will be based on the training needs assessment conducted by DEMO and the assessment of the Capacity Building Adviser of PTF.	To equip the CSOs operating in the identified ADB project site with the social accountability tools that will enhance their capacity to effective engage with the ADB projects.	ADB and Contracted consultants	Second Quarter of 2018
Conduct of training workshops on community driven development theory and practice in the aimags where the identified ADB projects are implemented. It will highlight the theory and practice of consultations, participatory situational analysis and stakeholder analysis, community management of projects, community based	To enhance the capacity of the CSOs in the identified ADB project sites especially in the aimags which will strengthen their ability to deepen their engagement with ADB projects with focus on people driven development.	ADB and contracted consultants	Third Quarter of 2018

fiduciary tools, maintenance of the projects.			
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B. Capacity Building for Project Implementing Units and Project Officers of ADB on Deepened Engagement With Civil Society Organizations:

Capacity Building Activities	Objectives	Responsible Agency	Proposed Timeline
Conduct of a comprehensive orientation on what is CSO and the areas of work/expertise they engage in a global perspective and specifically in the Mongolian context. A database of the CSO work and contact details will be very useful.	To provide relevant information and data on CSO work in general and specifically in Mongolia.	ADB and contracted consultants	First Quarter of 2018
Conduct of a training workshop on constructive engagement highlighting trust building exercises and case studies from other countries that show the efficacy of constructive engagement with CSOs that result into achievement of desired outcomes of the project.	To enhance the capacity of the PIUs and POs to engage with CSOs by providing them tools on constructive engagement and case studies on effective engagement of CSOs with ADB projects,	ADB and contracted consultants	Second Quarter of 2018
Conduct a training workshop on social accountability tools. It will highlight the Mongolian experience and its outcomes when applied to projects of multilateral; and bilateral agencies.	To strengthen and deepen the understanding of the PIUs and POs of the tools used by the CSOs and the achieved outcomes of a project.	ADB and contracted consultants	Third Quarter of 2018
Conduct an orientation on OGP- its nature, objectives and the National Action Plan of Mongolia. Identify the intersection of OGP and the CSO engagement in ADB projects.	To provide the information on potential instruments of good governance and accountability that the Mongolian government had instituted through platforms such the national Action Plan of the OGP.	ADB, contracted consultants	Second Quarter of 2018

Proposed Actions to ensure the deepened engagement of CSOs in ADB projects:

- Ensure the representation of Civil Society experts at ADB's decision/policy level Committees.
- Create a database of CSOs or a Directory of CSOs of Mongolian CSOs, which includes conducting a profile/survey of CSOs to ensure their legitimacy.
- Review and re-formulate the guidelines and requirements for selection of CSOs in ADB bidding process in order to meet the CSOs' constraints such as meeting the financial conditions to qualify to join the bidding process.

- Develop and implement a funding facility as a source for third party monitoring by the CSOs.
- Organize a more structured platform for regular multi-stakeholders forum to promote exchange of good practices and CSO participation in ADB and other development projects.

Design and Delivery Mechanism of the Capacity Building Program:

The training designs will be guided by the following principles:

- The dialogical process of action- reflection- action will be employed as a basic pedagogy.
- The blended approach will be used to ensure minimal disruption of work by the participants as the training is being conducted.
- The case study method will be extensively used to facilitate the learning process to be rooted in realistic discussion and analysis.
- The global practices and experiences will be used to catalyze thinking and discussion on the Mongolian experience.
- The language of training is in Mongolian to ensure the efficacy of the learning process.

Appendix 5: Methodology Annex 4 and Annex 5 Templates

METHODOLOGY Annex 4: Template for Project Level CSO Engagement Data Collection for On-Going Project

A. Key Project Data – (Name of Selected Project)

Information for this section to be supplied by PTF Analysts.

Country:	SM1: Project or grant or TA:
Approved:	SM2: Project Officer (Name and Email):
SM3: Years under implementation since effectiveness: 1 Year or less--; or 1-2 Years--; 2-3 years--; 3 years or more--; Completed--.	SM2: Implementing Agency (Name)

B. Mapping of planned CSO engagement and administrative arrangements

1. Planned CSO Engagement

<p>1.1. Description of planned CSO engagement (s) in the project documents¹¹. <i>The following information has been extracted by PTF Analysts from the project documents. For more detailed description of planned CSO engagement, please refer to linked documents below and look for sections on Consultation and Participation, Social and Gender Action Plan, Resettlement and Indigenous Peoples Plan, and other similar sections (Footnote #2) in the Project Administration Manual (PAM), Initial Poverty and Social Assessment (IPSA), Summary Poverty Reduction and Social Strategy (SPRSS), Report and Recommendation of the President to the Board of Directors (RRP) and the Initial Environmental Examination (IEE). Interview question: Please validate and/or modify with the Project Officer.</i></p> <p>Linked Documents (to be supplied by PTF Analyst)</p>				
<p>1.2 The summary of planned CSO engagement per ADB's Guide to Participation. <i>(Per Document Review is prepared by PTF Analysts using Low, Medium or High based on ADB Guide). Interview question: Please validate and/or modify with the Project Officer.</i></p>				
CSO Engagement Mechanism	Depth of CSO Participation			
	Design Preparation Stage		Implementation Stage	
	Per Document Review	ADB Officer Evaluation	Per Document Review	ADB Officer Evaluation
Information generation and sharing				

¹¹ *Note for Analyst-* Please copy and paste or summarize all available narrative information on the planned CSO engagement found in the project documents. Normally the following project documents should be reviewed: RRP; SPRSS; Grant or Technical Assistance Report, Combined Resettlement and Indigenous Peoples Frameworks and Plans, and Grant or Project Administration Manual (See Annex 1 of Methodology-Annex 1 for main types of documents to be reviewed, description of each type of citizen engagement and depth of participation.)

Consultation				
Collaboration				
Partnerships				
Grievance				

2. Administration arrangements for CSO Engagement

2.1 Description of organizational/implementation arrangements in the Grant or Project Administration Manual (PAM) or TA paper ¹². (Prepared by PTF Analysts and reviewed/validated by Project Officer (s)).

2.2 Interview question-Summary of Administration Arrangements for implementing planned CSO:

It is very important that the Items below are explicitly defined at design and approval stage of the project to enable efficient implementation. Please validate with Project Officer how these Items were actually defined at design and approval stage.

Item	Explicit	Implicit	Not at All	Project Officer/PIU Comment
Financing sources for estimated costs of CSO engagement				
Contractual arrangements for CSO work to be done				
Organizational unit for implementing CSO engagement				
CSO engagement Monitoring and reporting				
Results indicators for CSO engagement				

4: Interview Question-Lessons Learned and Opportunities for CSO engagement.: Please share your thoughts on lessons learned from your experience in designing and/or implementing CSO engagement and any emerging opportunities that you see for intensifying CSO engagement in projects such as yours?

C. Review of Implementation Experience (For Only Those projects where CSO engagement has been implemented)

5. Interview Question: *Please briefly describe the planned CSO engagement activities that were or are under implementation*

6. Interview Question. *How were the outputs and findings of the CSO activities used?*

¹² *Note for Analyst:* Implementation related information for CSO engagement is usually found in the following sections of the Project Administration Manual (PAM): project administration arrangements; cost and financing, procurement plans; safeguards policy section (information disclosure and consultation); safeguards (provisions for consultation and disclosure and grievance redress system), social and gender plan; M&E and Anti-corruption policy. For an example of PAM please see <https://www.adb.org/sites/default/files/project-document/222916/49113-001-%20pam.pdf>.

7. Interview Question: *Please identify any difficulties and their severity that you faced during implementation of the CSO engagement activity?*

8. Interview question: *What, if anything, would you do differently [or what lessons /advice would you offer to others] for better outcomes?*

D. Conclusions and recommendations for actual implementation of planned CSO engagement and potential for deepening CSO engagement (to be completed by PTF analysts):

METHODOLOGY ANNEX 5: Template for Reviewing CSO engagement in projects in the pipeline

Note-*Information on projects in pipeline is found in the following sources: Country Partnership Strategy, Country Operations and Business Plan; ADB Website under [Proposed Projects](#); and ADB Resident Mission (Staff). For Georgia and Mongolia our aim is to do a preliminary assessment of possible entry points for CSO engagement in all projects that are under preparation stage for approval in 2017-2020 periods. The list of such projects (pipeline) should be compiled from all the documents listed above and validated through discussion with Resident Mission staff. This data sheet should be prepared for each project in the pipeline.*

1. Name of Project:
2. Proposed Board Approval Date:
3. **List of documents to be reviewed:** Check first the documents available on website and then ask ADB staff and/or Information Disclosure Group (<https://www.adb.org/site/disclosure/contacts>). Availability will depend on state of preparation. Disclosure of the following documents is mandatory once they have been prepared.

Type of Document	Available Yes/No	Reviewed on
Project Data Sheet		
Initial Poverty and Social Analysis		
Concept Note including Design and Monitoring Framework (DMF)		
Project Preparatory TA paper		
Combined Resettlement and Indigenous People Plan/Framework		
Summary Poverty Reduction and Social Strategies		
Report and Recommendation of President		

4. **Proposed project objectives and outcomes.** Purpose of CSO engagement should be to improve project implementation and outcomes. Keeping this in mind please summarize key objectives and outcomes of the proposed project.

5. **Currently Proposed CSO Engagement**

5.1. Description of planned CSO engagement (s) in the project documents listed in Section 3.			
5.2 The summary of planned CSO engagement (prepared by PTF Analysts on review of documents listed in 3.)			
CSO Engagement Mechanism	Depth of CSO Participation		
	Low	Medium	High
Information generation and sharing			
Consultation			
Collaboration			
Partnerships			
Grievance Redress Mechanisms			

6. **Potential for deepening CSO Engagement.** CSO engagement mechanisms of Information disclosure and Consultations are usually triggered in all ADB projects to comply with the requirements of: (i) information disclosure under the Public Communications Policy; and (ii) consultations with affected parties and availability of a Grievance Redress Mechanisms under the Safeguard policies (see Appendix 1: ADB's mandate for Participation – Participation Handbook). Objective of this proposed TA is 'deepening of CSO engagement for development effectiveness'. Methodology Annex 6 outlines the results chain for key CSO engagement mechanisms. Annex 7 contains examples of how CSOs have engaged in ADB supported projects. Keeping this background in view, please describe below potential entry points you see for deepening CSO engagement, particularly in collaboration and partnership forms, to help improve the proposed project's objectives and outcomes (section 4 above).

6.2. Description of potential additional entry points for deepening CSO engagement in the proposed project. This should be proposed by PTF Analysts including PTF local partners and consultation with CSOs that may be active in the sector of the proposed project + the Social Development Specialist in the ADB Resident Mission or at HQ.
6.3. Please describe how the deeper engagement proposed in 6.1 would contribute to improved project results. For guidance review the generic results chain in Methodology Annex 6.
6.3 Summarize here the deepening of CSO engagement as recommended by you. In the comment section please explain briefly the differences between 5.2 and 6.3.

CSO Engagement Mechanism	Depth of CSO Participation		
	Low	Medium	High
Information generation and sharing			
Consultation			
Collaboration			
Partnerships			
Grievance			
Comment:			

7. **Rapid assessment of context for proposed CSO Engagement.** Evidence on effectiveness of CSO engagement shows that feasibility and results of CSO engagement are dependent on context in which it will be implemented. Keeping this in view please rate the key contextual questions in consultation with CSO partners and ADB staff.

Contextual factor	For the proposed CSO engagements this contextual factor is				
	Favorable	Somewhat Favorable	Needs Improvement	Unfavorable	Do Not Know
CSO capacity to design and implement					
Willingness of CSOs to engage with state					
Willingness of project authorities to engage with CSOs					
Business processes for CSO-State contracting					
Access to information					
CSO-State Constructive engagement practices					
Legacy of ADB-CSO engagement					
ADB Business processes for CSO engagement					