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UNITED NATIONS DEVELOPMENT PROGRAMME
(SPECIAL FUND)

Plan of Operation

Country: The People's Republic of Mongolia

Project
title: Applied Research and Experimental Centre for the Leather and
Leather Goods Industry, Ulan Bator

id.71-573

We regret that some of the pages in the microfiche copy of this report may not be up to the proper legibility standards, even though the best possible copy was used for preparing the master fiche.

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Country: THE PEOPLE'S REPUBLIC OF MONGOLIA

Title of Project: Applied Research and Experimental Centre for the Leather and Leather Goods Industry, Ulan Bator

Number of Project: MON-6.

SUMMARY DATA

Government Co-operating Agency: Ministry of Light and Food Industries

Participating and Executing Agency: The United Nations Industrial Development Organization (UNIDO) in association with the Food and Agriculture Organization of the United Nations (FAO)

Government Contributions

In kind (Appendix II.A)	<u>tugriks</u> (currency)	<u>7,144,000</u>
In cash (Appendix II.B)	<u>tugriks</u> (currency)	<u>-</u>
Towards local costs	Equivalent of <u>US\$</u>	<u>72,700</u>
<u>UNDP Contribution</u> (Appendix III)	Equivalent of <u>US\$</u>	<u>957,500</u>

Duration of Project: Three years

PREAMBLE

For the purpose of executing the project named above, to be undertaken by the Government of the People's Republic of Mongolia (hereinafter referred to as the "Government"), in co-operation with the United Nations Development Programme (Special Fund) (hereinafter referred to as the "UNDP"), for which the United Nations Industrial Development Organization (UNIDO) shall act as Participating and Executing Agency (hereinafter referred to as the "Executing Agency"), this Plan of Operation shall be the Plan of Operation provided for in Article I, Paragraph 2, of the Agreement signed on 26 January 1966 by the Government and the United Nations Special Fund. Three copies of this Plan of Operation have been signed.

This Plan of Operation has been established in three original copies in both English and Russian, it being agreed and understood that the English and Russian texts shall be considered equally authentic.

I. OBJECTIVES OF THE PROJECT

Paragraph 1.1 The purpose of the project is to assist the Government in the organization and establishment of an Applied Research and Experimental Centre for the Leather and Leather Goods Industry at Ulan Bator.

Paragraph 1.2 Animal husbandry has traditionally been the basis of the Mongolian economy. With a livestock population of 24 million, animal products in 1967 accounted for 78 per cent of Mongolia's gross agricultural output. While the leather and footwear industry occupies a prominent place in the country's economy and has become one of the main export industries, the export volume of raw hides in relation to semiprocessed or finished products is still high. In lieu of those sizeable hides exports, Government authorities wish to further expand the export of processed leather products. However, while considerable leather production increases have been achieved in recent years, the quality of the goods has improved slowly and the varieties produced are still insufficient. The by-products of the leather industry are almost not used and the necessary chemical materials required by the industry still have to be imported. The technical and organizational measures applied thus far to improve quality have not yielded satisfactory results.

Paragraph 1.3 A comprehensive and systematic programme of research and experimental work for the leather and footwear industry is needed and, therefore, the Government has decided to establish an Applied Research and Experimental Centre at Ulan Bator.

Paragraph 1.4 It is expected that the project activities will result in:

- (a) The improvement of production techniques in order to ensure a better quality of hides and skins, leather and leather products;
- (b) The introduction of new lines of production such as the processing of furs; the development of local products required in the various processing industries and the development of new by-products; and
- (c) The improvement of productivity in the leather industry by a greater degree of mechanization and the introduction of automation.

Paragraph 1.5 The Centre will have as its main objective applied research and development work in connexion with large scale industrial production of leather and of leather products.

II. SPECIAL OBLIGATIONS OF THE GOVERNMENT

Paragraph 2.1 The special obligations of the Government described below are of particular importance to the attainment of project objectives, and continued UNDP participation in the project shall depend on the timely fulfillment of those obligations.

Paragraph 2.2 The Government has the obligation to:

- (a) Put at the disposal of the Applied Research and Experimental Centre for the Leather and Leather Goods Industry a site of land with appropriate services for the construction and operation of the Centre. Provision of this site of land will be made before the end of 1970, and the construction of the Centre will be started in the third quarter of 1971.
- (b) Arrange for the appointment of a senior official of the Ministry of Light and Food Industries as Government Project Representative for the project. Present a plan to the UNDP providing for an autonomous organisation to operate the Centre. The plan will include action to be initiated for obtaining specific legal status to enable the Centre to carry out transactions in its own name, to have a Board to determine and implement policy and to be endowed with all the necessary financial resources required for the operation of the Centre.

The Government certifies that it will take the action which will lead to the implementation of these recommendations.

III. ORGANIZATION OF THE PROJECT

A. General Responsibilities

- Paragraph 3.A.1 The Government, the UNDP and the Executing Agency shall jointly be responsible for the execution of the project and the realization of its objectives as described in Article I above.
- Paragraph 3.A.2 The Government shall provide to the project the national project personnel, training facilities, land, buildings, equipment and other required services and facilities. It will designate the Government Co-operating Agency named in the Summary Data (Page of this document), which will be hereinafter referred to as the "Co-operating Agency" and which will be directly responsible for the implementation of the Government contribution to the project.
- Paragraph 3.A.3 The UNDP undertakes to complement and supplement the Government participation and will provide through the Executing Agency, the required expert services, training equipment and other services within the funds available to the project.
- Paragraph 3.A.4 Upon commencement of the project the Executing Agency shall assume primary responsibility for the project execution. However, that primary responsibility shall be exercised after consultation and in agreement with the Co-operating Agency. Arrangements shall be concluded thereafter, as expressed in the Work Plan (Appendix I), for a progressive transfer of the primary responsibility to the Government or to an entity designated by the Government.

A. General Responsibilities (Continued)

Paragraph 3.A.5 Part of the Government's participation may take the form of a cash contribution to UNDP. In such case, the Executing Agency will provide the related services and facilities and will account annually to the UNDP and to the Government for the expenditure incurred.

B. Participation of the Government

Paragraph 3.B.1 The Government shall provide to the project the services, equipment and facilities in the quantities and at the times specified in the Work Plan (Appendix I) of this Plan of Operation. Budgetary provision - either in kind or in cash - for the Government's participation so specified is set forth in the Project Budgets for the Government contribution (Appendix II.A and II.B).

Paragraph 3.B.2 The Co-operating Agency shall in consultation with the Executing Agency assign a Project Co-Manager to the Project on a full time basis. He shall carry out such responsibilities in the project as are assigned to him by the Co-operating Agency.

Paragraph 3.B.3 The estimated cost of items included in the Government contribution, as detailed in Appendix II of this Plan of Operation, are based on the best information available at the time of drafting this Plan of Operation. It is understood that price fluctuations during the period of execution of the project may necessitate an adjustment of said contribution in monetary terms; the latter shall at all times be determined by the value of the services, equipment and facilities required for the proper execution of the project.

B. Participation of the Government (Continued)

Paragraph
3.B.4 Within the given number of man-months of personnel services described in the Work Plan (Appendix I, part D) minor adjustments of individual assignments of project personnel provided by the Government may be made by the Government in consultation with the Executing Agency, if this is found to be in the best interests of the project.

Paragraph
3.B.5 The Government shall continue to pay the local salaries and appropriate allowances of national project personnel during the period of their absence from the project while on UNDP fellowships.

Paragraph
3.B.6 The Government shall defray any customs duties and other charges related to the clearance of project equipment; its transportation, handling, storage and related expenses within the country. It shall be responsible for safe custody of the equipment, its installation and maintenance, insurance and replacement, if necessary, after delivery to the project site.

Paragraph
3.B.7 The Government shall make available to the project - subject to existing security provisions - any published and unpublished reports, maps, records and other data which are considered necessary to the implementation of the project.

Paragraph
3.B.8 The Government shall assist all project personnel, in finding suitable housing accommodation at reasonable rents.

B. Participation of the Government (Continued)

Paragraph
3.B.9

The services and facilities specified in the Work Plan (Appendix I) which are to be provided to the project by the Government by means of a contribution in cash are set forth in the Project budget (Appendix II.7). Payment of this amount shall be made in local currency to the UNDP in accordance with the Schedule of Payments by the Government (Appendix IV).

Paragraph
3.B.10

As a contribution towards the local costs of the project, the Government shall pay to the UNDP the local currency equivalent of the amounts indicated in the Schedule of payments by the Government (Appendix IV). This contribution shall be deemed to fulfill the Government's obligations to pay for the items specified in Article V, paragraph (a) to (d) of the Agreement referred to in the Preamble to this Plan of Operation, excepting the cost of transportation within the country for project supplies and equipment, which remains a direct Government obligation under Appendix II of this Plan of Operation. The total of this contribution listed in US dollars shall represent approximately 15 per cent of the total estimated cost to the UNDP of foreign project personnel, including the cost of foreign personnel of sub-contractors.

Paragraph
3.B.11

Payment of the above-mentioned contributions to the UNDP on or before the dates specified in the Schedule of Payments by the Government (Appendix IV) is a prerequisite to commencement or continuation of project operations.

C. Participation of the UNDP and of the Executing Agency

Paragraph 3.C.1 The UNDP shall provide to the project through the Executing Agency the services, equipment and facilities described in the Work Plan (Appendix I) of this Plan of Operation. Budgetary provision for the UNDP contribution so specified is set forth in the Project Budget for the UNDP contribution (Appendix III).

Paragraph 3.C.2 The Executing Agency, in consultation with the Government shall assign a Project Manager who under the direction of the Executing Agency will be responsible in the country for the Executing Agency's participation in the project. The Project Manager shall supervise the experts and other agency personnel assigned to the project, and the local training of national project personnel. He shall be responsible for the control of all equipment provided to the project from UNDP funds.

Paragraph 3.C.3 The Executing Agency, in consultation with the Government, shall assign experts and other personnel to the project as provided for in the Work Plan (Appendix I); select candidates for fellowships and determine standards for the training of national project personnel.

Paragraph 3.C.4 If it is considered to be in the best interest of the project the Executing Agency, in consultation with the Government may make minor adjustments within:

- (a) the number of man-months of expert services described in the Work Plan (Appendix I);
- (b) the number of man-months of fellowships described in the Work Plan (Appendix I);
- (c) the provision for material, equipment and supplies from UNDP resources.

C. Participation of the UNDP and of the Executing Agency (Continued)

- Paragraph 3.C.5 Fellowships shall be administered in accordance with the Fellowships regulations of the Executing Agency.
- Paragraph 3.C.6 The Executing Agency may, in consultation with the Government, execute part or all of the project by sub-contract. The selection of sub-contractors shall be made, after consultation with the Government, in accordance with the Executing Agency's procedures.
- Paragraph 3.C.7 All material, equipment and supplies which are purchased from UNDP resources will be used exclusively for the execution of the project, and will remain the property of the UNDP in whose name it is held by the Executing Agency. Equipment supplied by the UNDP shall be marked with the insignia of the UNDP and of the Executing Agency.
- Paragraph 3.C.8 Arrangements may be made, if necessary, for a temporary transfer of custody of equipment, to local authorities during the life time of the project, without prejudice to the final transfer.
- Paragraph 3.C.9 Prior to completion of UNDP assistance to the project, the Government, the UNDP and the Executing Agency shall consult as to the disposition of all project equipment provided by the UNDP. Title to such equipment shall normally be transferred to the Government, or to an entity nominated by the Government, when it is required for continued operation of the project or for activities following directly therefrom. The UNDP may, however, at its discretion retain title to part or all of such equipment.

C. Participation of the UNDP and of the Executing Agency (Continued)

Paragraph
3.C.10 At an agreed time after the completion of UNDP assistance to the project, the Government and the UNDP and/or the Executing Agency shall review the activities continuing from or consequent upon the project with a view to evaluating its results.

D. Facilities, Privileges and Immunities

(a) UNDP and Executing Agency personnel

Paragraph
3.D.1 In accordance with the Agreement concluded by UNDP and the Government, referred to in the Preamble to this Plan of Operation, the personnel of UNDP and of the Executing Agency and of any other United Nations organization associated with this project, shall be accorded facilities, privileges and immunities specified in the said Agreement.

(b) Sub-Contractors and their personnel

Paragraph
3.D.2 The Executing Agency's contractors and their personnel (except Government nationals employed locally) shall

- a. Be immune from legal process in respect of all acts performed by them in their official capacity in the execution of the project;
- b. Be immune from national service obligations;
- c. Be immune together with their spouses and relatives dependent on them from immigration restrictions;
- d. Be accorded the privilege of bringing into the country reasonable amounts of foreign currency for the purposes of the project or for personal use of such personnel, and of withdrawing any such amounts brought into the country, or, in accordance with the relevant foreign

D. Facilities, Privileges and Immunities (Continued)

exchange regulations, such amounts as may be earned therein by such personnel in the execution of the project;

- e. Be accorded together with their spouses and relatives dependent on them the same repatriation facilities in the event of international crises as diplomatic envoys.

Paragraph
3.D.3

All personnel of the Executing Agency's contractors shall enjoy inviolability for all papers and documents relating to the project.

Paragraph
3.D.4

The Government shall either exempt from, or bear the cost of, any taxes, duties, fees or levies which it may impose on any foreign firm or organization which may be retained by the Executing Agency and on the foreign personnel of any such firm or organization in respect of:

- a. The salaries or wages earned by such personnel in the execution of the project;
- b. Any equipment, materials and supplies brought into the country for the purposes of the project or which, after having been brought into the country, may be subsequently withdrawn therefrom;
- c. Any substantial quantities of equipment, materials and supplies obtained locally for the execution of the project, such as, for example, petrol and spare parts for the operation and maintenance of equipment mentioned under b. above, with the provision that the types and approximate quantities to be exempted and relevant procedures to be followed, shall be agreed upon with the Government and, as appropriate, recorded in the Work Plan (Appendix I); and

D. Facilities, Privileges and Immunities (Continued)

- d. As in the case of concessions currently granted to UNDP and Executing Agency personnel, any property brought, including one privately owned automobile per employee, by the firm or organization or its personnel for their personal use or consumption or which, after having been brought into the country, may subsequently be withdrawn therefrom upon departure of such personnel.

Paragraph
3.D.5

The privileges and immunities to which such firm or organization and its personnel may be entitled, referred to in the paragraphs above, may be waived by the Executing Agency where, in its opinion or in the opinion of the UNDP, the immunity would impede the course of justice and can be waived without prejudice to the successful completion of the project or to the interest of the UNDP or the Executing Agency.

Paragraph
3.D.6

The Executing Agency shall provide the Government through the Resident Representative with the list of personnel to whom the privileges and immunities enumerated above shall apply.

IV. REPORTS

- Paragraph 4.1** In the course of project operations, the Executing Agency shall submit reports on particular components and/or subject-areas of the project, to the Government and UNDP, where specific provision for such reports is included in the Work Plan (Appendix I).
- Paragraph 4.2** Where exceptional or unforeseen circumstances during project operations so warrant, the Government or the Executing Agency may be requested by the other parties to the Plan of Operation to provide them with a report on the subject.
- Paragraph 4.3** The Government and the Executing Agency shall, at the end of each calendar year, submit to the UNDP a joint certified inventory of project equipment purchased from the UNDP contribution and for which title remains with the UNDP.
- Paragraph 4.4** Upon completion of project field work, the Executing Agency will submit a terminal report assessing project results, and setting forth its conclusions and recommendations. The UNDP will transmit this report and its own views thereon to the Government for appropriate follow-up action.
- Paragraph 4.5** The Government shall, within three months of receiving the Executing Agency's terminal report, communicate its views to UNDP on project results and shall indicate the steps envisaged or under way to implement the recommendations arising from the project.

V. REVIEW AND REVISION OF THE PLAN OF OPERATION

Paragraph 5.1 The Government, UNDP and the Executing Agency may make joint decisions at any time during the normal course of project operations which affect the Work Plan or Project Budgets and agree to modifications required in the Plan of Operation, provided they are within the scope and intent of the project.

Paragraph 5.2 Where so indicated in the Work Plan and without prejudice to any other periodic reviews, the Government, the UNDP and the Executing Agency shall undertake a mid-project review of the Plan of Operation for the following purposes:

- a. To review the design and objectives of the project in order to ensure their continuing efficacy and if necessary to agree on modifications thereof;
- b. To assess progress towards the attainment of project objectives;
- c. To identify problem areas, if any, impeding the execution of the project with a view to joint agreement on indicated solutions; and
- d. To agree on revisions, as necessary, of the Work Plan and Project Budgets.

Paragraph 5.3 All agreed modifications to either the text or the Appendices shall be reflected in Adjustments or Amendments to this Plan of Operation which shall be prepared by the Executing Agency.

SIGNATURES

Agreed, on behalf of the Parties, by the undersigned:

Signature

On behalf of:

Date

[Handwritten Signature]

The Mongolian People's Republic
Government

13.04.1970

Magne Fredeld

The United Nations Industrial
Development Organization (UNIDO)
Participating and Executing Agency

13 October 1970

[Handwritten Signature]

United Nations Development
Programme

17/XII/70

Country: The People's Republic of Mongolia

Title of Project: Applied Research and Experimental Centre for the
Leather and Leather Goods Industry, Ulan Bator

PLAN OF OPERATION

APPENDICES

APPENDIX I

WORK PLAN

A. DESCRIPTION OF PROJECT

Paragraph A.1

The Applied Research and Experimental Centre for the Leather and Leather Goods Industry will be located on the grounds of the Prokhorovskiy Complex in Ulan Uter, which is the most important enterprise in the leather and footwear industry in the country. This will enable the Centre to maintain close contact with industry to use the production facilities of the PIS, equipment and certain the necessary material and technical supplies themselves. At present 14 specialists are working at the Prokhorovskiy and attending in-plant training courses, while several technicians are being trained abroad.

Paragraph A.2

The Centre will be organized to include the following functions:

- (a) Research and development in:
 - (i) hides and skins improvement
 - (ii) technology of the industrial production of leather
 - (iii) chemistry of leather processing and of auxiliaries
 - (iv) technology and design regarding industrial manufacturing of footwear and of leather goods
 - (v) utilization of by-products from the hides and skins, leather and leather products industries
 - (vi) technology and chemistry of fur processing
 - (vii) modernization and automation of production facilities
- (b) Consultancy services in all aspects of productivity and formulation of development programmes and policies for leather and allied industries.
- (c) Technical information and documentation services including a collection of models of footwear and leather goods articles to be produced in the country.

Paragraph A.3

The work programme of the Centre will be prepared by a Scientific and Technical Council. Arrangements will be made to ensure close co-operation of the work of the Centre with other technical scientific institutions of the country, including the Academy of Sciences and the USSR (Special Fund) assisted Polytechnical Institute, which also provides courses in the technology of leather.

Paragraph A.4

The Centre will be administered through an autonomous organization to be established by the Government in accordance with paragraph 2.2 (c) of this Plan of Operation.

APPENDIX I (Continued)

B. SCHEDULE OF OPERATIONS

Paragraph B.1 The Executing Agency shall commence execution of the project upon receipt of written authorization from the UNDP

Paragraph B.2 Following a period of pre-operational activities on the part of Government and Executing Agency personnel, field operations on the project are planned to commence
1 January 1971 and to continue on the project until approximately

31 December 1973.

Paragraph B.3 A detailed review of the work carried out will take place at midway in the course of the project. This assessment will be undertaken jointly by the Government, the Executing Agency and the UNDP. The mid-project review, as provided in section V, paragraph 5.2 will be undertaken approximately in August 1972.

Paragraph B.4 A detailed list of the equipment, machinery and supplies to be provided to the project by the UNDP as well as by the Government will be prepared by the Project Manager before the 1 December 1971 according to the priorities established.

Paragraph B.5 Under preliminary operations a Project Manager has been appointed and preparatory work on the project as well as in-service training of national specialists has been provided.

Paragraph 6.6

During the first year the plans for the project will be further elaborated, the construction programme started and the equipment lists will be finalised and orders placed. Recruitment of the first five international experts will be undertaken. Fellowship nominations will be made and the first fellowshipholders sent abroad for training. In-service training of national specialists will continue.

Paragraph 6.7

During the first half of the second year the construction of the building will be completed. Appointment for the Centre will arrive and will be installed. Fellowshipholders will return from their training abroad. In part of the international experts will be recruited. Applied research and experimental work will be started.

Paragraph 6.8

During the last year of the project applied research and experimental work will be intensified and in-service training of national specialists will be continued. During the last part of the project the international experts will gradually transfer the responsibility to the national counterparts to run the institutions day-to-day activities. The project manager will prepare his draft terminal report for submission to WHO six months in advance of completion of field activities.

APPENDIX I (Continued)

C. SPECIAL PROVISIONS

Paragraph C.1

Not applicable

APPENDIX I (Continued)

D. PROJECT MANNING TABLE

	Total Man-months	Man months of service					
		1970	1971	1972	1973	1974	1975
1. Project personnel to be provided by the Government; (list)							
a) <u>Professional Staff</u>							
Co-director of the Centre	36	4	12	12	8	8	
Deputy director in charge of research	18	-	-	10	8		
Deputy director, administrative and financial division	36	4	12	12	8		
Specialists, researchers and technicians							
Senior specialist-researcher (hides and skins improvement)	30	-	10	12	8		
Senior specialist-researcher (leather technology)	36	4	12	12	8		

APPENDIX 1 (Continued)

D. PROJECT MAINTENANCE TABLE

	Total Man-months	Man months of service					
		1970	1971	1972	1973	1974	1975
Senior specialist-researcher (utilization of by-products)	30	-	10	12	8		
Senior specialist-researcher (processing of furs)	24	-	4	12	8		
Engineer-technologist (leather production)	36	4	12	12	8		
Technician (leather finishing)	36	4	12	12	8		
Senior specialist-researcher (leather foot- wear manufacturing)	30	-	10	12	8		
Senior specialist-researcher (leather goods manufacturing)	30	-	10	12	8		
Technician (leather products manufacturing)	30	-	10	12	8		
Leather chemist (leather and auxiliaries, chief of laboratory)	30	-	10	12	8		
Technician (mechanics)	30	-	10	12	8		
Chemist-technician	30	-	10	12	8		
Mechanical engineer	30	-	10	12	8		
Senior specialist (economy of leather industry)	24	-	4	12	8		
Engineer-economist	24	-	4	12	8		
Engineer-economist	24	-	4	12	8		
Information engineer	24	-	4	12	8		
Sub-total	585	20	167	238	160		
b) Other Staff							
Laboratory assistants	474	50	160	160	104		
Administrative staff, translators, library assistant, secretaries, storekeeper, typists, drivers, guards, cleaners	615	70	205	205	135		
Sub-total	1089	120	365	365	239		
TOTAL STAFF	1674	140	532	603	399		

	Man-months of service						
	Total man-months	1970	1971	1972	1973	1974	1975
2. To be provided by the UNDP:							
a) <u>Experts</u>							
Project manager (leather technologist)	36	4	12	12	8		
Hides and skins improvement expert	24	-	10	12	2		
Footwear technologist	24	-	10	12	2		
Leather chemist	24	-	10	12	2		
By-products utilization expert	24	-	10	12	2		
Senior researcher in fur	12	-	4	8	-		
b) <u>Others</u>							
Mechanical engineer	18	-	10	8	-		
Industrial economist (specialized in management)	24	-	4	12	8		
Technical information expert	12	-	1	11	-		
Consultants	12	2	4	4	2		
Sub-total	210	6	75	103	26		

APPENDIX I (Continued)

E. TRAINING OF PROJECT PERSONNEL

	Total man-months	Man-months of Fellowships				
		1970	1971	1972	1973	1974 1975
1. Fellowships						
Five fellowships for six months each	30	3	27	-	-	-
Five fellowships for twelve months each	60	30	30	-	-	-
Total man-months	90	33	57	-	-	-
2. Other training facilities						
a) To be provided by the Government						
b) To be provided by the U.S.P						

APPENDIX I (Continued)

F. LAND, BUILDINGS AND EQUIPMENT

		To be provided	
		Month	Year
1.	Land and Buildings		
	Land	December	1970
	Buildings	June	1972
2.	Equipment to be provided by the Government *		
	(Major items and categories - for detail see Table)		
a)	Experimental and research equipment for the various departments of the Centre available in the NPR	June	1972
b)	Auxiliary equipment and materials required for research work available in the NPR	June	1972
c)	Office equipment	June	1972

* A detailed list will be prepared at a later stage.

APPENDIX I (Continued)

F. LAND, BUILDINGS AND EQUIPMENT (Continued)

		To be provided
		Year
		Month
3.	Equipment to be provided by the UNDP** (Major items and categories - for detail see Table)	
a)	Pilot plant machinery and equipment for the production of various types of leather	June 1972
b)	Pilot plant machinery and equipment for the manufacture of footwear and of leather goods	June 1972
c)	Pilot plant machinery and equipment for fur processing	August 1972
d)	Pilot plant machinery and equipment for the production of various by-products from the leather and leather products industries	June 1972
e)	Laboratory equipment and apparatus for the testing and analytical control of various products and auxiliaries	July 1972
f)	Equipment for testing, measuring and control of leather industry and footwear industry installations	July 1972
g)	Equipment for the Technical Information Department and for the department concerning industrial economics	July 1972

** A detailed list of machinery and equipment to be provided by the UNDP will be prepared at a later stage.

APPENDIX I (Continued)

G. SUB-CONTRACTS

Period of Sub-contract	
From	To
Month	19 70 Month 19 71

1. To be provided by the Government
(Major elements of each sub contract) **Not applicable**

2. To be provided by the UNDP
(Major elements of each sub-contract) **Not applicable**

APPENDIX I (Continued)

H. MISCELLANEOUS

1. To be provided by the Government
 - Local transport and handling of equipment
 - Import and customs clearance
 - Transport, handling, storage and related expenses
 - Insurance after delivery to the project site

2. To be provided by the UNDP
 - Motor vehicle
 - Operation and maintenance of motor vehicle
 - Driver.
 - Secretary
 - Miscellaneous expenditure
(external postage and telecommunications, translations, etc.)

APPENDIX I (Continued)

I. REPORTS

Reports will be submitted to UNDP and the Government in the English and Russian languages according to the

following provisional schedules:

a) Mid-year status report 1971	July 1971
b) End-year status report 1971	January 1972
c) Building status report	May 1972
d) Mid-year status report 1972	July 1972
e) Mechanical Engineer's report	October 1972
f) Fur Researcher's report	December 1972
g) End-year status report 1972	January 1973
h) Hides and Skins Improvement Expert's report	February 1973
i) Footwear Technologist's report	March 1973
j) By-products Utilization Expert's report	March 1973
k) Technical Information Expert's report	April 1973
l) Industrial Economist's report	May 1973
m) Project Manager's draft terminal report	July 1973
n) Mid-year status report 1973	August 1973

Other technical reports will be submitted during the project period if deemed necessary.

APPENDIX II

PROJECT BUDGET - GOVERNMENT CONTRIBUTION

(In tugriks)
currency

(Government financial year begins 1 Jan. and ends 31 Dec.)

	Total Project Costs	Estimated cash disbursements				
		1970	1971	1972	1973	1974 1975
A. <u>Government Contribution in Kind</u>						
1. Project personnel	1,764,000	173,000	589,000	603,000	399,000	0
2. Training						
3. Land, Buildings and Equipment	4,300,000	1,400,000	1,650,000	1,050,000	200,000	
4. Sub-contracts						
5. Miscellaneous	1,680,000	100,000	350,000	350,000	280,000	
TOTAL GOVERNMENT CONTRIBUTION IN KIND	7,144,000	1,673,000	2,589,000	2,003,000	879,000	

APPENDIX II (Continued)

PROJECT BUDGET - GOVERNMENT CONTRIBUTION (Continued)

(In tugriks.
 (currency))

	Estimated cash disbursements					
Total	1970	1971	1972	1973	1974	1975
Project Costs						

B. Government Contribution in Cash

1. Project personnel
2. Training
3. Land, Buildings and Equipment
4. Sub-contracts
5. Miscellaneous

TOTAL PROJECT COSTS

6. Executing Agency Overhead Costs

TOTAL GOVERNMENT CONTRIBUTION
IN CASH

Not applicable

APPENDIX III

PROJECT BUDGET - UNDP CONTRIBUTION
(In US Dollars)

	Total Project costs	Estimated cash disbursements				
		1970	1971	1972	1973	1974 1975
1. Experts	484,800	13,850	173,150	237,800	60,000	-
2. Training	46,000	17,000	29,000	-	-	-
3. Equipment	300,000	25,000	150,000	100,000	25,000	-
4. Sub-contracts	-	-	-	-	-	-
5. Miscellaneous	29,100	2,800	15,000	7,000	4,300	-
<hr/>						
TOTAL PROJECT COSTS						
6. Executing Agency Overhead Costs	859,900	58,650	367,150	344,800	89,300	-
7. UNDP Direct Costs	94,600	3,000	40,000	27,000	24,500	-
	3,000	1,000	-	1,000	1,000	-
<hr/>						
UNDP CONTRIBUTION						
	957,500	62,650	407,150	372,800	114,900	-

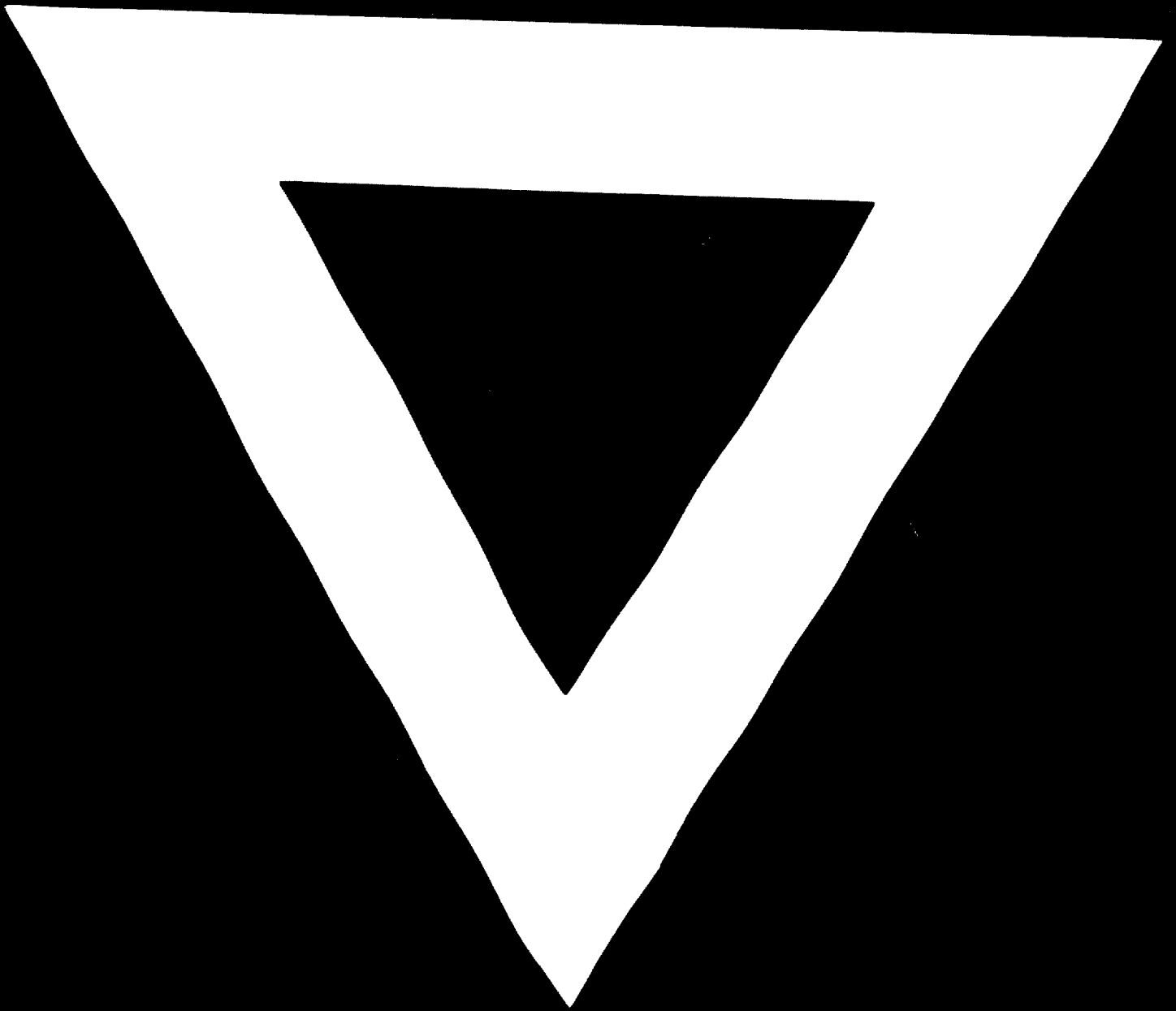
APPENDIX IV

SCHEDULE OF PAYMENTS BY GOVERNMENT

<u>Instalment Due</u>	<u>Government Contribution in cash</u>	<u>Contribution towards local costs</u>
1. On signature of Plan of Operation	<u>tuynlis</u> (currency)	Equivalent ^{1/} of US\$ 10,700
2. On 1 January 1971.	_____	10,000
3. On 1 January 1972.	_____	10,000
4. On 1 January 1973	_____	10,000
5. On	_____	_____
6. On	_____	_____
Total Contribution Due	<u>tuynlis</u> (currency)	US\$ 70,700

The above payments shall be deposited to the credit of the UNDP Contributions Account No. CS1005 with State Bank of the Mongolian People's Republic in Ulaan Bator, Mongolia (name of City)

^{1/} The amount payable in local currency in each instalment is determined on the basis of the United Nations operating rate of exchange in effect at the date the payment falls due or at the date payment is made, whichever is later.



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