A. Basic Project Data
Country: MONGOLIA Project ID: P067770
Project: Sustainable Livelihoods Project Task Team Leader: Robin Mearns
Authorized to Appraise Date: February 14, 2002 IBRD Amount ($m):
Bank Approval: May 30, 2002 IDA Amount ($m): 16.41
Managing Unit: EASRD Sector: AL - Livestock; BD - Decentralization; SY -
Other Social Protection
Lending Instrument: Adaptable Program Loan (APL) Status: Lending

I.A.2. Project Objectives:
The development objective of the project - referring to the first
four-year phase of the overall program - is: "an effective approach to
promoting improved and sustainable livelihood strategies developed,
demonstrated, and validated, and institutional capacity created so that
these strategies can be replicated and scaled-up in Phase II of the
Program".

The project would be national in scope, with intensive pilot-testing of
certain institutional innovations in eight selected aimags. In parallel
with the pilot-testing of new approaches, selected NPAP activities would
continue to be implemented nation-wide, with the aim of facilitating
convergence between the new approaches and existing anti-poverty
interventions over the medium term. The outputs that in combination will
contribute to achieving the project development objective are:

a) Pastoral Risk Management: an integrated strategy developed, piloted,
and adopted in eight selected aimags for managing covariant risk in
pastoral livestock production, with a primary emphasis on risk
preparedness. In combination with other project components, this component
would aim to assist in addressing the underlying causes of rising
vulnerability to drought and dzud (‘winter disasters’);

b) Micro-Finance Outreach: the outreach of financially and institutionally
sustainable micro-finance services (including savings, credit, and
micro-insurance) to targeted poor and vulnerable non-poor households and
individuals in rural areas of selected aimags achieved;

c) Local Initiative Fund: efficient, socially inclusive, and transparent
community-driven mechanisms identified and established to facilitate
community prioritization, selection, co-financing, and execution of
investments in basic infrastructure and social services provision in rural
areas, combining local resource mobilization with matching government
grants based on clear and transparent criteria for inter-governmental
transfers; and

d) Project Management: a decentralized project management framework
realized through the progressive devolution of project management
responsibilities to aimag and sum (rural district) levels within local governments, while retaining overall coordination, monitoring and evaluation, and fiduciary oversight at national level.

I.A.3. Project Description:
Components:

Pastoral Risk Management
Micro-finance Outreach
Local Initiatives Fund
Management and Policy Support

I.A.4. Project Location: (Geographic location, information about the key environmental and social characteristics of the area and population likely to be affected, and proximity to any protected areas, or sites or critical natural habitats, or any other culturally or socially sensitive areas.)
The project will operate across the country in many locations covering a number of ecological regions (desert-steppe, steppe, mountain-steppe) but all will be characterized by being predominantly grassland areas where there is active nomadic herding of livestock. The screening of sub-projects detailed in the PIP will prevent activities which would impact protected areas, other critical natural habitats, or any other culturally or socially sensitive areas.

The project area will cover eight core aimags (provinces): Bayan-Olgii, Uvs, Bayankhongor, Ovorkhangai, Omnogobi, Dundgobi, Tov and Dornod. The eight pilot aimags were selected by Cabinet based on the criteria developed at the end-July 2001 SLP National Consultative Workshop: (i) poverty incidence; (ii) local government revenue; (iii) presence/absence of other donor assistance; (iv) market size; (v) net migration; (vi) frequency of natural disasters; (vii) natural resource degradation and (viii) local implementation capacity. All of the country’s regions and agro-ecological zones (AEZs) are represented among the eight core aimags. The inclusion of all the important AEZs should facilitate the development and pilot testing of pastoral risk management strategies tailored to different agro-ecological conditions. The core aimags include some of the poorest provinces but also some of less poor ones. The project area includes a number of aimags that are physically remote and difficult to access from UB and others that are near to the capital. Many of the core aimags have poor market potential but a few have moderate to good market potential.

The eight core aimags have a total population of around 150,000 households and 650,000 people living in an area of 740,000 sq. km. with an average density of one person per sq. km. Together they account for 47% of Mongolia’s land area, 27% of its population and 45% of its rural population. 72% of the total population is rural, ranging from a high of 83-84% in Ovorkhangai and Tov to a low of only 45% in Dornod. Average household size is 4.3 persons in the eight core aimags. The other main characteristics of the eight core aimags are summarized in the following table.

<table>
<thead>
<tr>
<th>Aimag</th>
<th>Parameter</th>
<th>Bayan Ulgii</th>
<th>Uvs</th>
<th>Bayan khongor</th>
<th>Ovor khangai</th>
<th>Omnogobi</th>
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- 2 -
B. Check Environmental Classification:  B (Partial Assessment)

Comments: The category is consistent with regional practice under other CDD-type projects and those with significant involvement in the livestock sector. Most environmental impacts resulting from the project are expected to be beneficial.

C. Safeguard Policies Triggered

Policy Applicability

Environmental Assessment (OP/BP/GP 4.01) Yes
Forestry (OP/GP 4.36) Yes
Natural Habitats (OP/BP 4.04) No
Safety of Dams (OP/BP 4.37) Yes
Pest Management (OP 4.09) No
Involuntary Resettlement (OP/BP 4.12) Yes
Indigenous Peoples (OD 4.20) Yes
Cultural Property (OP 4.11) No
Projects in Disputed Territories (OP/BP/GP 7.60)* No
Projects in International Waterways (OP/BP/GP 7.50) No

*By supporting the proposed project, the Bank does not intend to prejudice the final determination of the parties’ claims on the disputed areas

Section II - Key Safeguard Issues and Their Management

D. Summary of Key Safeguard Issues. Please fill in all relevant questions. If information is not available, describe steps to be taken to obtain necessary data.

II.D.1a. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts.

The project is not expected to have any potential large scale, significant and/or irreversible environmental impacts. No incremental livestock will be generated under the proposed project, and improved herd and grassland management practices will be supported, which will be conducive to environmental sustainability. The environmental and social assessments and the pre-appraisal mission have examined potential impacts of the proposed and have removed activities that would have contravened Safeguard policies.

The Social Assessment undertaken during project preparation concluded that
the Project will have negligible negative impacts and more significant positive impacts for all poor beneficiaries, including the ethnic minority communities. Rather than an Indigenous Peoples Development Plan, an Ethnic Minority Development Strategy is a more appropriate instrument for the ethnic minority beneficiaries and this has been prepared to provide the guidance and directions for the participation of ethnic minorities in the Project.

While no resettlement or land acquisition is anticipated, the Project has developed a policy framework to protect people who may be negatively impacted from the possible community demand for the construction and or rehabilitation of small-scale infrastructure sub-projects, such as, roads, bridges, buildings, structures, water supply and sanitation facilities, and other civil work. Local officials confirmed that the rural countryside of Mongolia has vast amount of land with low density population; therefore, land acquisition will not be necessary and will be rare. The demand for the rehabilitation of small-scale infrastructure sub-projects will be known only during project implementation. An integrated environmental and social screening process, therefore, has been prepared which will check for possible negative impacts and for the necessary actions required for such sub-projects.

II.D.1b. Describe any potential cumulative impacts due to application of more than one safeguard policy or due to multiple project component.
None

II.D.1c Describe any potential long term impacts due to anticipated future activities in the project area.
None

II.D.2. In light of 1, describe the proposed treatment of alternatives (if required)
None

II.D.3. Describe arrangement for the borrower to address safeguard issues
The borrower will screen sub-projects according to an agreed protocol which includes attention to Safeguard issues. The aimag (province) and sum (district) project staff will be responsible for monitoring and conducting the screening respectively.

II.D.4. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.
During the initial environmental screening and scoping of the PRM component and again during the dedicated EA, extensive meetings were held with concerned government ministries (MoNE, MoFA, MoFE), international organizations, universities and research institutes, environmental NGOs, local authorities including Poverty Alleviation Councils and environmental inspectors at aimag and sum level as well as NPAP beneficiaries and herders.

During the preparation of the EA itself there was an intensive schedule of interviews with key stakeholders and informants, as well as joint meetings/workshops with groups of stakeholders. A typical agenda of a meeting included an introduction of participants, a brief overview of the
project, views and comments of the consultees, and specific questions from the EA team regarding the details of environmental and social sensitivities, people's interaction with the environment, and potential impacts of the project. Interview and workshop techniques included time budgets and ranking exercises. Some stakeholders were interviewed on two or three occasions, in order to discuss conclusions in detail. For the social safeguards, consultations were undertaken at aimag and sum levels during the conduct of the social assessment and during preparation visits.

Key stakeholders consulted on the project included: national government agencies; local government (aimag and sum levels); herders in rural and peri-sum and peri-aimag areas; environmental NGOs; research institutes; private sector; international development agencies; local consultants involved in the preparation of project components.

The Centre for Social Development, a local NGO in Ulaan Baatar, was hired to undertake the necessary actions for project disclosure. A five-page document in Mongolian was prepared which covers a summary of the project, the main findings of the EA/SA, and the Resettlement Policy Framework. On February 2, 2002, this document was circulated by:

- sending to the Poverty Alleviation Councils in the 8 core aimag/province for local disclosure
- sending to the Poverty Alleviation Council of Gobi Altai aimag because the proposed inter-aimag otor reserve (pasture reserved for herders during major movements) of Bayankhongor aimag borders Gobi Altai
- sending to the NGO Working Group for the PRSP, for dissemination to their members and constituents
- posting on a public notice board in UB.

E. Safeguards Classification. Category is determined by the highest impact in any policy. Or on basis of cumulative impacts from multiple safeguards. Whenever an individual safeguard policy is triggered the provisions of that policy apply.

[ ] S1. - Significant, cumulative and/or irreversible impacts; or significant technical and institutional risks in management of one or more safeguard areas
[X] S2. - One or more safeguard policies are triggered, but effects are limited in their impact and are technically and institutionally manageable
[ ] S3. - No safeguard issues
[ ] SF. - Financial intermediary projects, social development funds, community driven development or similar projects which require a safeguard framework or programmatic approach to address safeguard issues.

F. Disclosure Requirements Environmental Assessment/Analysis/Management Plan: Expected  Actual
Date of receipt by the Bank 12/19/2001 12/19/2001
Date of "in-country" disclosure 12/20/2001 2/2/2002
Date of submission to InfoShop 12/20/2001 12/20/2001
Date of distributing the Exec. Summary of the EA to the ED (For category A projects)
Resettlement Action Plan/Framework:  Expected  Actual
Date of receipt by the Bank Not Applicable Not Applicable
Date of "in-country" disclosure Not Applicable Not Applicable
Date of submission to InfoShop Not Applicable Not Applicable
Indigenous Peoples Development Plan/Framework: Expected Actual
Date of receipt by the Bank Not Applicable Not Applicable
Date of "in-country" disclosure Not Applicable Not Applicable
Date of submission to InfoShop Not Applicable Not Applicable

Pest Management Plan: Expected Actual
Date of receipt by the Bank Not Applicable Not Applicable
Date of "in-country" disclosure Not Applicable Not Applicable
Date of submission to InfoShop Not Applicable Not Applicable

Dam Safety Management Plan: Expected Actual
Date of receipt by the Bank Not Applicable Not Applicable
Date of "in-country" disclosure Not Applicable Not Applicable
Date of submission to InfoShop Not Applicable Not Applicable

If in-country disclosure of any of the above documents is not expected, please explain why.

Signed and submitted by Name Date
Task Team Leader: Robin Mearns March 5, 2002
Project Safeguards Specialists 1: Mary P. Judd/Person/World Bank March 8, 2002
Project Safeguards Specialists 2: Anthony J. Whitten/Person/World Bank March 7, 2002
Project Safeguards Specialists 3:
Approved by: Name Date
Regional Safeguards Coordinator: Glenn S. Morgan 3/11/2002
Sector Manager/Director: Mark Wilson 3/5/2002

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