



Combined Project Information Documents / Integrated Safeguards Datasheet (PID/ISDS)

Appraisal Stage | Date Prepared/Updated: 08-Dec-2016 | Report No: PIDISDSA20247



BASIC INFORMATION

A. Basic Project Data

Country Mongolia	Project ID P159215	Project Name Mongolia Employment Support Project	Parent Project ID (if any)
Region EAST ASIA AND PACIFIC	Estimated Appraisal Date 07-Dec-2016	Estimated Board Date 22-Mar-2017	Practice Area (Lead) Social Protection & Labor
Lending Instrument Investment Project Financing	Borrower(s) Mongolia	Implementing Agency Ministry of Labor and Social Protection	

Proposed Development Objective(s)

The project development objective (PDO) is to provide jobseekers and micro-entrepreneurs with improved access to labor market opportunities.

Components

Supporting client-centric public employment services
Strengthening select active labor market programs
Facilitating labor market monitoring and analysis and project management

Financing (in USD Million)

Financing Source	Amount
Borrower	4.00
International Development Association (IDA)	25.00
Total Project Cost	29.00

Environmental Assessment Category

B - Partial Assessment

Decision

The review did authorize the preparation to continue

B. Introduction and Context

Country Context



Mongolia is a landlocked country in Northern Asia. It has a surface area of 1.6 million square kilometers and about 3 million inhabitants, 1.3 million of whom live in Ulaanbaatar, the country's capital. With a population density of around 1.9 inhabitants per square kilometer, Mongolia is the world's least densely populated country. Administratively, Mongolia is divided into Ulaanbaatar and 21 *aimags* (provinces). Ulaanbaatar is further divided into districts and *khoroos* (city wards). *Aimags* are further divided into *soums* (counties) and *baghs* (villages).

In Mongolia, jobs and poverty are closely linked. Poverty incidence is highest for those without productive and well-paying jobs. In rural areas, the majority of poor households have no access to wage employment. In urban areas access to wage jobs is more prevalent. However, even if they have some form of wage income, the poor in urban areas have comparatively less access to productive and well-paying jobs than the non-poor. In 2014, the labor force participation rate among urban non-poor households with wages as the major income source was 70 percent, whereas among the urban poor it amounted to only 57.8 percent. Again among urban households with wages as the major income source, the share of low-skilled jobs among all jobs was 87.7 percent among the poor as compared to 51.2 percent among the non-poor.

The close link between jobs and poverty is one reason why generally poor labor market outcomes are a major concern in Mongolia. Since 2014, the dampening of commodity markets and slower growth in China (Mongolia's main trading partner) have led to a dramatic slow-down in Mongolia's growth. This has brought a significant decline of the labor force participation rate and a rapid rise in the unemployment rate. More structurally, even during the economic boom between 2010 and 2014 the unemployment rate stayed relatively elevated and rarely dropped below 7 percent. Informal employment (often through low-level self-employment) and other relatively unproductive forms of employment also continue to be widespread. Rates of informality, unemployment and/or inactivity are particularly elevated for a number of specific groups, including women, seasonal workers, rural-to-urban migrants and youth.

Sectoral and Institutional Context

Three significant constraints contribute to relatively poor labor market outcomes in Mongolia in general and for specific groups, such as youth or residents of Ulaanbaatar and other urban areas, more specifically: (i) job search constraints related to incomplete information and poor labor market transparency; (ii) a lack of technical and socio-behavioral skills; and (iii) limited labor demand. Internationally, it is best practice to address job search constraints related to incomplete information through public employment services in partnership with employers and the provision and dissemination of labor market information and analysis. A lack of technical and socio-behavioral skills and of labor demand can be addressed through well-defined active labor market programs such as employment training and support for micro-entrepreneurship.

In recent years, the Government of Mongolia and its Ministry of Labor and Social Protection (MLSP) have recognized and emphasized the importance of labor market policies and programs. However, specific barriers limit the MLSP's implementation systems' effectiveness to address labor market constraints and to improve job seekers and micro-entrepreneurs access to labor market opportunities:

- (i) Because of organizational, informational, and relational limitations to being more responsive to clients' demands, few unemployed jobseekers find work through labor and social welfare offices. Job counselors are overburdened with administrative tasks, there is little cooperation between public and private employment services and information on job vacancies is often incomplete, out of date or hard to access.
- (ii) The impact of labor market monitoring and analysis is limited. The information that is available is



scattered across different agencies, not systematically analyzed and not presented and disseminated in a user-friendly way. As a result, there is no systematic labor market diagnostics and no comprehensive analysis of labor market conditions and developments.

- (iii) The training provided as part of the existing Program for Providing Employment Skills and Retaining Work Places is insufficiently demand-driven and fails to comprehensively address skills constraints faced by program beneficiaries.
- (iv) The existing Entrepreneurship Development Program largely fails to address non-financial hurdles to starting or growing a micro-enterprise. Other design weaknesses also limit program access by youth and some other groups most in need of support.

C. Proposed Development Objective

Development Objectives

The project development objective (PDO) is to provide jobseekers and micro-entrepreneurs with improved access to labor market opportunities.

Key Results

The achievement of the PDO will be measured through the following indicators:

- (i) Number of trainees successfully completing the employment training program (overall and female)
- (ii) Number of micro-entrepreneurs receiving a micro-loan and pre-loan training (overall and female)
- (iii) Number of job vacancies recorded in the MLSP's Employment Registry and Information Database

D. Project Description

The project consists of three components. Component 1 will address job search constraints related to incomplete information and poor labor market transparency by supporting client centric public employment services. The unifying and guiding principle for the component will be to empower job councilors to focus on clients and their core functions of placement and acquiring new vacancies. This will enable public employment services to be both more efficient and more effective in achieving quality job placements and attract more employers and more and higher skilled job listings. The component will operate on two levels. First, it will support the comprehensive upgrading of specific labor and social welfare offices. Second, complementary systemic measures will improve the efficiency and coverage of the public employment services in partnership with private employment services.

Component 2 will strengthen the design, relevance and demand-orientation of select active labor market programs. Based on international best-practice examples and an assessment of local conditions, it will finance interventions to address the widespread lack of technical and socio-behavioral skills and of labor demand, in particular among young people. The component will consolidate and improve activities currently financed through the existing Program for Providing Employment Skills and Retaining Work Places and the Entrepreneurship Development Program. It will have 3 subcomponents. Subcomponent 2.1 will support an integrated employment training program that will have as its overarching objective the alignment of training with actual labor demand. Subcomponent 2.2 will support new opportunities for starting and growing a sustainable micro-enterprise with a focus on job creation through the provision of comprehensive financial and non-financial support. Subcomponent 2.3 will give local labor and social welfare offices



the opportunity to develop proposals for active labor market programs adequate and appropriate for the local context and support the implementation of a limited number of proposals through grants.

Component 3 will enhance the scope, quality and availability of labor market information for institutional and individual users so as to allow them to make informed decisions. In addition, it will provide support for M&E and project management. It will consist of 2 subcomponents. Subcomponent 3.1 will improve the scope, quality and availability of labor market information the production and dissemination of different types of labor market monitoring and analysis. Subcomponent 3.2 will provide day-to-day implementation and operational support to the MLSP and the Project Implementation Unit (PIU) to be established therein to efficiently implement the project. This will include the support of M&E activities and the financing of the PIU's coordination and management activities.

E. Implementation

Institutional and Implementation Arrangements

The MLSP will be the sole implementing agency, together with the offices that report to it (the General Office for Labor and Social Welfare Services GOLSW, the Labor and Social Protection Research Institute LSPRI and the local labor and social welfare offices). A Project Steering Committee (PSC) headed by the State Secretary, MLSP, will be established at the MLSP for project oversight and a PIU, led by a Project Coordinator, will also be set up within the MLSP. The MLSP, via the PIU, will be responsible for overall coordination, results monitoring and communicating with the World Bank on all fiduciary aspects. The GOLSW will be involved in the implementation of all components and in particular Subcomponent 2.3. Labor and social welfare offices will be responsible for implementing Subcomponents 1, 2.1, 2.2 and 2.3 on the ground. The LSPRI will be the primary implementing agency for Subcomponent 3.1. The private sector (including employers, private labor exchanges, private employment training providers and participating financial institutions) will be a closely involved partner.

F. Project location and Salient physical characteristics relevant to the safeguard analysis (if known)

The project will finance activities in the whole territory of the Mongolia with a focus on urban areas. Project activities will be restricted to any particular groups and will aim to improve the broader functioning of Mongolia's labor market. The support to specific employment promotion programs will be focused on core vulnerable groups including (i) "citizens having difficulty finding employment" as defined in the Employment Promotion Law; (ii) young people aged 18 to 34; and/or (iii) poor households. Equal representation of genders will be targeted as well. Appropriate outreach efforts will ensure that vulnerable groups, women and the Kazakh-speaking minority are aware of and have access to the activities supported by the project.

G. Environmental and Social Safeguards Specialists on the Team

Qing Wang, Erdene Ochir Badarch

**SAFEGUARD POLICIES THAT MIGHT APPLY**

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	<p>The policy OP4.01 is considered triggered, the project is categorized as B and an Environment and Social Management Framework (ESMF) has been developed</p> <p>Under Component 1, the MESP will finance physical upgrades of existing labor and social and welfare offices (up to 31). Physical upgrades will include small-scale interior remodeling. Potential environmental impacts during short remodeling periods include noise, dust and solid waste generation that are sometimes associated with minor civil work activities. These impacts are expected to be small, localized and can be mitigated by incorporating good civil work practices. The ESMF provides environmental code of practices (ECOPs) for small-scale interior remodeling. In case existing buildings to be remodeled under the project have asbestos-containing materials, asbestos hazards should be identified and a risk management plan should be adopted that includes disposal techniques. For this, the ESMF refers to the WBG Good Practice Note on Asbestos: Occupational and Community Health Issues dated May 2009.</p> <p>Under component 2, the project will provide financial support and a range of non-financial services to micro-entrepreneurs. Beneficiaries will be concentrated mainly in the commerce, service and small-scale manufacturing sectors. The project is not expected to finance micro-enterprises that pose substantial environmental risks. No significant, irreversible or major environmental impacts are anticipated. Depending on the exact sector, some micro-enterprises in the commerce, service and small-scale manufacturing sectors may produce noise, congestion, and litter. Safeguarding the well-being of workers and family members might also be a concern. The potential environmental impacts by micro-enterprises are seen to be site specific and readily managed with good practices during the implementation of the project. The ESMF includes</p>



procedures to screen micro businesses' environmental impacts, to eliminate applications that are ineligible and to require mitigation measures when appropriate. The ESMF provides general EHS principles for micro-enterprises and sector-specific EHS guidelines for common types of micro-businesses identified during project preparation. Additional sector-specific EHS guidelines for micro-businesses identified during project implementation will be added to the ESMF as needed. The WBG General EHS Guidelines and Industry-Specific EHS Guidelines have been referred to for the preparation of the general/sector-specific EHS guidelines for micro-businesses.

In addition to the ESMF, the project will also include technical assistance and capacity building activities with project budget allocated where appropriate to ensure that environmental and social safeguards are implemented, including public awareness activities or trainings to help beneficiaries of micro-entrepreneurship support improve environmental, health and safety performance.

Natural Habitats OP/BP 4.04	No	There are no any new constructions under the project. There are no activities with a physical footprint envisaged, nor any activities that would have implications on natural habitats.
Forests OP/BP 4.36	No	There are no activities with a physical footprint envisaged, nor any activities that would have implications on forests.
Pest Management OP 4.09	No	The project does not involve the procurement or use of pesticides.
Physical Cultural Resources OP/BP 4.11	No	There are no any new constructions under the project.
Indigenous Peoples OP/BP 4.10	No	This policy is not triggered. During preparation of the project document, screening was carried-out but did not confirm the presence of indigenous peoples in the project area. The community identified as indigenous peoples in Mongolia are located in remote Tsagaanuur soum of Khuvsgul aimag where Tsaatan (reindeer herders) people reside. Planned activities under project sub-components, in particular the sub-components 2.1 and 2.2 will not be extended to the countryside or this remote soum where the IP territory is located.



Involuntary Resettlement OP/BP 4.12	No	There is no land acquisition envisaged under the project. Minor civil works related to refurbishment of the existing physical layouts of labor department in provinces will be financed.
Safety of Dams OP/BP 4.37	No	There are no activities related to dam.
Projects on International Waterways OP/BP 7.50	No	The Project does not involve any activity in international waterways.
Projects in Disputed Areas OP/BP 7.60	No	The Project does not involve any activity in disputed areas.

KEY SAFEGUARD POLICY ISSUES AND THEIR MANAGEMENT

A. Summary of Key Safeguard Issues

1. 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 classified as category B and the policy OP4.01 is considered triggered. Under Component 1, the project will finance physical upgrades of existing labor and social and welfare offices (up to 31). Physical upgrades will include small-scale interior remodeling. Potential environmental impacts during short remodeling periods include noise, dust and solid waste generation that are sometimes associated with minor civil work activities. These impacts are expected to be small, localized and can be mitigated by incorporating good civil work practices. In case existing buildings to be remodeled under the project have asbestos-containing materials, asbestos hazards should be identified and a risk management plan should be adopted that includes disposal techniques.

Under component 2, the project will provide financial support and a range of non-financial services to micro-entrepreneurs. Beneficiaries will be concentrated mainly in the commerce, service and small-scale manufacturing sectors. The project is not expected to finance micro-enterprises that pose substantial environmental risks. No significant, irreversible or major environmental impacts are anticipated. Depending on the exact sector, some micro-enterprises in the commerce, service and small-scale manufacturing sectors may produce noise, congestion, and litter. Safeguarding the well-being of workers and family members might also be a concern. The potential environmental impacts by micro-enterprises are seen to be site specific and readily managed with good practices during the implementation of the project.

Screening and selection will include the screening of applications with regard to their compliance with agreed selection criteria and appropriate environmental safeguards by the MLSP's labor and social welfare offices (while participating financial institutions will evaluate the credit-worthiness of shortlisted applicants). The screening process will categorize micro-enterprises as having either minor/no or moderate impacts. Activities deemed to be pollution-incentive will not be supported under the project.

2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:

The project will cover the entire country with a focus on urban areas, whereby micro-enterprises will be able to benefit from the project. Any indirect impacts from future activities of the microenterprises are expected to be localized in their area of operation. No negative project-influenced long term impacts are expected.



3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.

N/A

4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described.

In addition to the ESMF, the project will also include the following technical assistance and capacity building activities with project budget allocated where appropriate to ensure that environmental and social safeguards are implemented. These activities will be implemented or supervised by the PIU:

(i) Conduct public awareness activities or trainings to help beneficiaries of micro-entrepreneurship support improve environmental, health and safety performance;

(ii) Support, train and mentor staff of labor and social welfare offices on environmental safeguards in order to be able to manage the beneficiary screening and monitoring efficiently and effectively;

(iii) In cooperation with the Department of Occupational Safety and Health under the MLSP, develop sector-specific guidelines for sectors that are common among micro-enterprises and pose moderate environmental risks, as needed;

(iv) Maintain contact and communication with appropriate officials from the competent environmental, health and safety authorities in the cities and regions of project implementation.

5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.

Key stakeholders in terms of safeguard policies are the MLSP, micro-enterprises, and residents who might be affected by the microenterprises' activities.

62. Consultations with relevant stakeholders took place in the Ulaanbataar district of Nalaikh and Tuv aimag on November 17, 2016. The updated ESMF was locally disclosed on December 1, 2016, on the website of the General Office for Labor and Social Welfare Services and in other appropriate places in Mongolia. On the same day, the ESMF was sent to the World Bank's InfoShop.

B. Disclosure Requirements

Environmental Assessment/Audit/Management Plan/Other

Date of receipt by the Bank	Date of submission to InfoShop	For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors
09-Nov-2016	01-Dec-2016	

"In country" Disclosure



Mongolia

01-Dec-2016

Comments

Consultations with relevant stakeholders took place in the Ulaanbataar district of Nalaikh and Tuv aimag on November 17, 2016. The updated ESMF was locally disclosed on December 1, 2016, on the website <http://www.khun.gov.mn/>. On the same day, the ESMF was sent to the World Bank's InfoShop.

C. Compliance Monitoring Indicators at the Corporate Level (to be filled in when the ISDS is finalized by the project decision meeting)

OP/BP/GP 4.01 - Environment Assessment

Does the project require a stand-alone EA (including EMP) report?

No

The World Bank Policy on Disclosure of Information

Have relevant safeguard policies documents been sent to the World Bank's Infoshop?

Yes

Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs?

Yes

All Safeguard Policies

Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?

Yes

Have costs related to safeguard policy measures been included in the project cost?

Yes

Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?

Yes

Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?

Yes

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**APPROVAL**

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Country Director:	James Anderson	09-Dec-2016