

INTEGRATED SAFEGUARDS DATA SHEET

CONCEPT STAGE

Report No.: ISDSC6322

Date ISDS Prepared/Updated: 11-Feb-2014

Date ISDS Approved/Disclosed: 11-Feb-2014

I. BASIC INFORMATION

A. Basic Project Data

Country:	Mongolia	Project ID:	P147438
Project Name:	MN Export Development Project (P147438)		
Task Team Leader:	Marius Vismantas		
Estimated Appraisal Date:	28-Feb-2014	Estimated Board Date:	29-May-2014
Managing Unit:	EASFP	Lending Instrument:	Investment Project Financing
Sector(s):	SME Finance (30%), General finance sector (30%), Other domestic and international trade (20%), General industry and trade sector (20 %)		
Theme(s):	Other Financial Sector Development (20%), Micro, Small and Medium Enterprise support (15%), Other Private Sector Development (25%), Export development and competitiveness (40%)		
Financing (In USD Million)			
Total Project Cost:	20.00	Total Bank Financing:	20.00
Financing Gap:	0.00		
Financing Source			Amount
BORROWER/RECIPIENT			0.00
International Development Association (IDA)			20.00
Total			20.00
Environmental Category:	F - Financial Intermediary Assessment		
Is this a Repeater project?	No		

B. Project Objectives

The development objective of the project is to strengthen support to Mongolian exporters towards diversification and expansion of their exports by (i) improving access of Mongolian exporters to export finance products and services, and (ii) capacity building of exporters and quality improvements in export products.

C. Project Description

The project will have four components:

Component 1: Development of a new line of export finance products (\$10 million). This component will provide financial, technical, and institutional development support to the Development Bank of Mongolia (DBM) in building a new line of export finance products. It would enable the DBM to develop and start provision of a full range of export credit, insurance, and guarantee products to Mongolian firms. As an additional outcome from this component, a center of excellence on trade/export finance would be established in the DBM to provide consulting services to other financial institutions and exporting companies. This component will have two parts

Sub-component 1.1: Knowledge and expertise transfer and other TA for the Development Bank of Mongolia (\$1 million). This sub-component will see, for the duration of the Project, key DBM staff going on short (1- 6 months) fact-finding missions to solid foreign partner/s (Exim or development bank/s to be determined jointly by DBM and WB) for on-site learning related to export finance development. The sub-component will also allow partner bank management and staff to visit DBM for knowledge sharing sessions. It will allow the DBM to draw on the expertise and experience of the relevant partners in developing and launching a full range of export credit, insurance, and guarantee products to Mongolian entrepreneurs engaged in export activities.

Sub-component 1.2: Seed capital for DBM's new export insurance subsidiary (\$9 million). This sub-component will provide investment needed for the initial phase of setting up the export insurance subsidiary and making it operational, thus providing a stage for development and launch of export insurance products and services.

Component 2: Increasing export know-how of Mongolian exporters (\$3 million). This component will provide training on foreign trade to Mongolian firms. It will augment existing public and private sector-provided training programs to Mongolian entrepreneurs interested in starting or increasing exports. Furthermore, it will systematize such training, expand its modules, sectoral depth, geographical coverage, and virtual outreach. In addition to exporters, the component will provide training to trainers, public sector officials and Mongolian diplomatic corps responsible for economic representation of Mongolia abroad. A foreign trade research center of excellence would be set up within the structure laid out in the EPP ("Mongolian Exports SOE") and provide market research to exporting companies.

Component 3: Matching grants for stronger competitiveness (\$5.8 million). This component will provide matching grants to Mongolian exporters towards acquisition of ISO and other internationally recognized quality certificates and customized consulting services to Mongolian exports/exporters. It will pay part (e.g., half) of the cost towards acquiring ISO or other certificates by Mongolian exporters and thereby improve international competitiveness of their products and services.

Component 4: Project Implementation Support (\$1.2 million). Under this component, a Project Implementation Unit (PIU) will be established in the MOED. The PIU will be dissolved at Project closing. Technical skills of the PIU staff developed during the Project will be crucial for long-term sustainability of export promotion work, and will remain with the MOED (and DBM) after Project closing.

D. Project location and salient physical characteristics relevant to the safeguard

analysis (if known)

The Project will generally be implemented in Ulaanbaatar. Individual exporters which would benefit from the project (through finance, training, or matching grants) may be located anywhere in Mongolia.

E. Borrowers Institutional Capacity for Safeguard Policies

Implementing agencies - the DBM, MOED, and other potential (TBD) – have no or very limited experience implementing Bank safeguard policies. As this is an FI, they will need to receive training and support on the WBG's safeguard and other fiduciary policies, including screening of activities of individual exporting firms in regards to environmental and social safeguard impacts. The Project may also draw support from the existing PMU (located in the MOF) which is familiar with the WB policies.

F. Environmental and Social Safeguards Specialists on the Team

Bernard Baratz (LCSEG)

Songling Yao (EASCS)

Feng Ji (EASCS)

II. SAFEGUARD POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/ BP 4.01	Yes	<p>The Project will reach individual companies through Sub-Component 1.2 (DBM export guarantee/insurance facility) and Component 2. Although the types of activities supported have yet to be identified, these activities may have environmental and social impacts.</p> <p>This project is categorized as a Financial Intermediary (FI). Specific activities to be financed will be assessed in terms of their potential environmental and social impacts and be categorized either as a Category A, B or C.</p> <p>It is not anticipated that there will be Category A activities. However, Category A activities will be considered based upon certain eligibility criteria which will include capacity to manage safeguards risks and impacts.</p> <p>An ESMF will be prepared, providing screening procedures, eligibility criteria and procedures for assessment of potential safeguards impacts and developing measures to address impacts.</p>
Natural Habitats OP/BP 4.04	TBD	The policy may be triggered if project financing (export guarantees) include activities that may impact and/or benefit natural habitats. The likelihood of such activities will be assessed

		during project preparation and confirmed prior to project appraisal. If the policy is triggered, the ESMF will include screening procedures to identify activities that may affect natural habitats and include measures to address such impacts during project implementation.
Forests OP/BP 4.36	TBD	It is unlikely that the policy is triggered. However, project preparation will assess whether the project may finance (guarantee) activities that will trigger OP 4.36 and triggering of the policy will be confirmed prior to appraisal. The ESMF will include procedures for screening impacts of activities to be supported by the project during project implementation.
Pest Management OP 4.09	No	The project is not envisaged to finance activities that will trigger the policy.
Physical Cultural Resources OP/BP 4.11	TBD	Project preparation will assess whether the project may finance (export guarantees) activities that may impact physical cultural resources. If this is the case, the ESMF will include screening procedures and measures to identify and address impacts on physical cultural resources. It will also include chance find procedures to be followed during project implementation.
Indigenous Peoples OP/BP 4.10	Yes	The policy is triggered as project financing (export guarantees and business planning) may include companies operating in areas with social groups covered by the Bank's indigenous people's policy. An IPPF will be developed and included in the ESMF.
Involuntary Resettlement OP/BP 4.12	TBD	The policy may be triggered if the project (export guarantees) includes public sector entities that may use eminent domain to acquire land related to the guaranteed activity. If the export guarantees are limited to the private sector and/or activities that do not require land acquisition the policy will not be triggered. This will be assessed during project preparation and confirmed prior to project appraisal. If triggered an RPF will be developed and included in the ESMF.
Safety of Dams OP/BP 4.37	No	It is not anticipated that any activities will rely or be potentially affected by dams.

Projects on International Waterways OP/BP 7.50	No	It is not anticipated that this policy will be triggered.
Projects in Disputed Areas OP/BP 7.60	No	It is not anticipated that this policy will be triggered.

III. SAFEGUARD PREPARATION PLAN

A. Tentative target date for preparing the PAD Stage ISDS: 18-Feb-2014

B. Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing¹ should be specified in the PAD-stage ISDS:

An Environmental and Social Management Framework (ESMF) will be prepared during project preparation and disclosed prior to project appraisal. The ESMF will cover OP 4.01 and other policies that are determined to be triggered during project preparation. If OP 4.10 is triggered the ESMF will include an Indigenous Peoples Planning Framework (IPPF); if OP 4.12 is triggered the ESMF will include a Resettlement Policy Framework (RPF). The ESMF will be disclosed in country and be subject to public consultations prior to project appraisal.

IV. APPROVALS

Task Team Leader:	Name: Marius Vismantas	
<i>Approved By:</i>		
Regional Safeguards Coordinator:	Name: Mary C.K. Bitekerezo (RSA)	Date: 11-Feb-2014
Sector Manager:	Name: Hormoz Aghdaey (SM)	Date: 11-Feb-2014

¹ Reminder: The Bank's Disclosure Policy requires that safeguard-related documents be disclosed before appraisal (i) at the InfoShop and (ii) in country, at publicly accessible locations and in a form and language that are accessible to potentially affected persons.