

**MONGOLIA: Export Development Project  
Environmental and Social Management Framework**

**I. Introduction and Background:**

The proposed operation would support the Government's efforts in providing public sector assistance to exporters, with a particular focus on non-mineral exporters. The Project will largely build on the recently adopted Export Promotion Program (EPP) and will cover financial and non-financial support activities of the Government. The objective of the EPP and the Project is to strengthen the fundamental structure of support and available resources to the Mongolian entrepreneurs who wish to start, maintain, or expand exports of their products. International competitiveness of Mongolian exports would thus be strengthened, leading to export expansion and diversification.

The Project will be inclusive: in spite of export diversification as the ultimate long term aspiration supported by the Project, all products, services and public goods envisioned to be provided by the Project will be available to all exporters, including those exporting core commodities. Any targeted support by the Government to specific exporting industries and/or product groups can be part of the government policy

The project will aim to achieve the proposed development objective through support that will lead to export diversification, quality improvements, and export volume increase. Availability of financial products and services targeted directly to exporters will be expanded from the current limited selection. The Project objective is to enable an exporter to access a menu of affordable export-finance instruments (products and services) such as pre-shipment credit, supplier's credit, buyer's credit, finance for export of projects and consultancy services, capital equipment finance, export project cash-flow, and export insurance and guarantee products.

The project will not directly finance physical investment to construct, expand, rehabilitate or modernize existing facilities used for the production of export products. However, either directly through the Development Bank of Mongolia (DBM) or indirectly through commercial banks, the project may provide exporters investment guarantees for constructing, renovating or expanding their export production facilities. In addition, the MOED will provide exporters with matching grants. Said grants will only support soft investments, such as workshops and travel expenses, and will not be used to finance physical investments.

**II. Overview of Environmental and Social Management Framework**

In accordance with World Bank policy on Environmental Assessment (OP 4.01), this project has received environmental category rating "FI". This rating is normally assigned to projects that involve an intermediary responsible for evaluating the eligibility of specific subprojects to access World Bank funds.

This Environmental and Social Management Framework (ESMF) is designed to provide guidance on procedures to be followed by the MOED, commercial banks as well as export clients. It is designed to be consistent with Mongolian, laws and regulations (see Annex F), and relevant World Bank Safeguard policies (see Annex G). If there are differences between the Mongolian and World Bank requirements, the stricter of the two requirements must be followed (e.g. if Mongolian noise standards are stricter than World Bank, Mongolian standards would prevail. If World Bank noise standards are stricter than Mongolian standards, World Bank standards would prevail). If there are inconsistencies between the two requirements, the MOED should consult with the World Bank for resolution.

This ESMF will be incorporated into the Operations Manual of the Project.

The procedures consist of the following key steps:

Subproject Evaluation

- Due Diligence
- Screening
- Safeguard Documentation
- Public Consultation and Disclosure
- Review and Approval
- Legal/Contractual Obligation

Subproject Implementation

- Monitoring and Reporting

III ESMF Procedures

**Due Diligence**

The project design will provide exporters with finance instruments (products and services) and only support physical investments indirectly through DBM or commercial banks by providing exporters investment guarantees for constructing or expanding their export production facilities. This ESMF will focus on the current and past environmental and social management performance of existing exporter facilities for their products for exporters seeking non-investment financial instruments and exporters seeking guarantees for export related investments (equipment purchase, facilities renovation and/or expansion).

MOED, commercial banks and DBM will be responsible for performing a due diligence evaluation of any potential exporter client. The due diligence will comprise of the following aspects of the exporters' enterprise:

a. Prohibited Activities List (see Table A)

*DBM, commercial banks and MOED, as applicable, will evaluate the potential exporter client using the Table presented in Annex A1. If the evaluation indicates "Yes" for any current or future exporter enterprise activity listed or seeks to import and/or export materials identified on the list presented in the Table shall not be eligible for support under this World Bank operation.*

*DBM, commercial banks and MOED, as applicable, should complete the Table and place it in the Project File.*

**Table 1: Prohibited Activities List**

Criteria	N/A	YES	NO
<p><i>Does the enterprise engage in any of the following activities?</i></p> <p>Any kind of military hardware</p> <p>Trade in wildlife and wildlife products prohibited under the CITES convention;</p>			

Release of genetically altered organisms into the natural environment			
Manufacturing, distribution and sale of banned pesticides and herbicides;			
Drift seine netting in the marine environment;			
Radioactive products;			
Hazardous waste storage, treatment and disposal;			
Manufacturing of equipment and appliances containing CFCs, halons and other substances regulated under the Montreal Protocol;			
Manufacturing of electrical equipment containing polychlorinated biphenyls (PCBs) in excess of 0.005 percent by weight;			
Manufacturing of asbestos-containing products;			
Nuclear reactors and parts thereof;			
Tobacco, unmanufactured or manufactured;			
Tobacco processing machinery;			

b. Status of Existing Operating Permit, Environmental Approvals, Permits, Licenses etc. (see Table 2)  
*DBM, commercial banks and MOED will collect data from the potential exporter client to determine if all operating permits are in proper order, are not nearing expiration, nor have expired and complete the Table presented in Annex A2. MOED will not provide support to any exporter client who does not have valid government permits etc. and will only further consider eligibility when proof of all such permits have been provided to MOED.*

*MOED should place the completed Table in the Project File.*

**Table 2: Evaluation of Approvals/Permits/Licenses**

Issue	Approval Type (Permit, License, Letter etc.) and Approving Authority	Approval Date		Approval Documentation Attached
		Received	Renewal	
Enterprise Operation (Permit, license etc.)				
Environmental Assessment			N/A	
Boiler/Furnace Emissions				
Water Supply				
Wastewater Discharge: <i>Municipal</i> <i>Industrial</i> <i>Other</i>				
Waste Disposal:  <i>Non Hazardous</i> (e.g. paper, packaging, wood, plastics etc.)  <i>Hazardous</i>				
Hazardous Materials Storage and Use  (paints, solvents, fuels, other combustibles etc.)				
Fire Prevention				
Worker Health and Safety				
Child Labor				

c. History of Environmental and Social Management Performance

Evaluation of the enterprise environmental and social management performance over the past *five* years and request the enterprise to complete the Table 3. The chief questions which should be identified are as follows:

Does/did the enterprise have any outstanding environmental or social liabilities (fees, fines, penalties, pending legal actions/decisions)?

How are/were these liabilities addressed?

Does/did the enterprise have any complaints from local affected groups, regarding environmental or social issues?

Have there been any complaints or issues raised by local media or NGOs (local or international) regarding environmental or social management performance or working conditions at the enterprise?

*Based upon this information, DBM, MOED or commercial banks must make a qualified judgment as to whether or not the enterprise presents them with a significant environment and social risk and if so what, if any, actions the enterprise might take to reduce that risk to a level acceptable.*

*DBM, commercial banks and MOED should prepare a detailed report of this evaluation and place it in the Project File.*

**Table 3. History of Enterprise Environmental and Social Management Performance**

Fines/Penalties/Complaints			
Date	Nature of Problem	Action Taken (date) or to be Taken (date)	Comments

**Screening**

*DBM, commercial banks and MOED must perform environmental and social screening to determine (i) the eligibility of the subproject against the prohibited list; (ii) the environment and social risks/issues; (iii) subproject category; and (iv) relevant safeguard instruments to be prepared for each eligible subproject.*

The screening form in Table 4 will be used.

*Environmental  
Investment*

*MOED will review any investments that the exporter wishes to receive support from the World Bank project*

**Table 4. Environment and social screening form.**

Questions	Answer		If Yes WB Policy triggered	Documents requirement if Yes
	Yes	no		

Are the subproject impacts likely to have significant adverse environmental and social impacts that are sensitive <sup>1</sup> , diverse or unprecedented? <sup>2</sup> Please provide brief description:			<i>OP 4.01 Environmental Assessment</i>  Category A	Environmental and Social Impact Assessment (ESIA)
Do the impacts affect an area broader than the sites or facilities subject to physical works and are the significant adverse environmental impacts irreversible? Please provide brief description:			<i>OP 4.01 Environmental Assessment</i>  Category A	ESIA
Is the proposed project likely to have minimal or no adverse environmental impacts? <sup>3</sup> Please provide brief justification:			<i>OP 4.01 Environmental Assessment</i>  Category C	No action needed beyond screening
Are the subproject environment and social impacts likely to be less adverse, site-specific; and few if any of the impacts are irreversible? <sup>4</sup> Please provide brief justification:			<i>OP 4.01 Environmental Assessment</i>  Category B	ESIA or Environmental and Social Management Plan (ESMP)
Will the project adversely impact physical cultural resources? <sup>5</sup> Please provide brief justification:			<i>OP 4.11 Physical Cultural Resources</i>	Addressed in ESIA (ESIA with PCR Management Plan and/or Chance Find Procedures)
Will the project involve the conversion or degradation of non-critical natural habitats? Please provide brief justification:			<i>OP 4.04 Natural Habitats</i>	Addressed in ESIA

<sup>1</sup> Sensitive (i.e., a potential impact is considered sensitive if it may be irreversible - e.g., lead to loss of a major natural habitat, or raise issues covered by OP 4.04, Natural Habitats; OP 4.36, Forests; OP 4.10, Indigenous Peoples; OP 4.11, Physical Cultural Resources; or OP 4.12, Involuntary Resettlement; or in the case of OP 4.09, when a project includes the manufacture, use, or disposal of environmentally significant quantities of pest control products);

<sup>2</sup> Examples of projects where the impacts are likely to have significant adverse environmental impacts that are sensitive, diverse or unprecedented are large scale infrastructure such as construction of power plants, large scale mining operations, waste water treatment plants and solid waste collection and disposal, etc.

<sup>3</sup> Examples of projects likely to have minimal or no adverse environmental impacts are supply of goods and services, technical assistance, simple repair of damaged structures etc.,

<sup>4</sup> Projects that do not fall either within OP 4.01 as a Category A or Category C can be considered as Category B. Examples of category B sub-projects include small scale *in-situ* reconstruction of infrastructure projects such as wastewater treatment plants, etc.

<sup>5</sup> Examples of physical cultural resources are archaeological or historical sites, including historic urban areas, religious monuments, structures and/or cemeteries particularly sites recognized by the government.

Will the project involve the significant conversion or degradation of critical natural habitats <sup>6</sup> ?			<i>OP 4.04 Natural Habitats</i>	Not eligible
Does the sub-project construct a new dam or rely on the performance of an existing dam or a dam under construction?			<i>OP 4.37 Dam Safety</i>	Dam Safety Plan
Does the project procure pesticides (either directly through the project, or indirectly through on-lending, co-financing, or government counterpart funding), or may affect pest management in a way that harm could be done, even though the project is not envisaged to procure pesticides?			<i>OP4.09 Pest Management</i>	Addressed in ESIA  (Pest Management Plan)
Does the sub-project involve involuntary land acquisition, loss of assets or access to assets, or loss of income sources or means of livelihood? Please provide brief justification:			<i>OP 4.12 Involuntary Resettlement</i>	Abbreviated Resettlement Action Plan (ARAP)/Resettlement Action Plan (RAP) <sup>7</sup>  (Please refer to Annex C for the detailed procedures).
Are there any ethnic minority communities present in the sub project area and are likely to be affected by the proposed sub-project negatively or positively? Please provide brief justification:			<i>OP 4.10 Indigenous People</i>	Ethnic Minority Development Plan/Indigenous Peoples Plan  (Please refer to Annex B for the detailed procedures).

<sup>6</sup> Subprojects that significantly convert or degrade critical natural habitats such as legally protected, officially proposed for protection, identified by authoritative sources for their high conservation value, or recognized as protected by traditional local communities, are ineligible for Bank financing.

<sup>7</sup> If any subproject supported by this Project results in involuntary resettlement impacts that are minor (i.e. affected people are not physically displaced and less than 10% of their productive assets are lost) or fewer than 200 people are displaced, then the enterprise will prepare one or more abbreviated resettlement plans (ARAP) when specific siting is known and prior to the commencement of any works or subproject implementation. If, differently, the resettlement impacts of the Project are not minor or lead to the displacement of more than 200 people, the enterprise will prepare one or more resettlement action plans (RAP) when specific siting is known and prior to the commencement of any works or subproject implementation.

Will the project have the potential to have impacts on the health and quality of forests or the rights and welfare of people and their level of dependence upon or interaction with forests; or aims to bring about changes in the management, protection or utilization of natural forests or plantations? Please provide brief justification:			<i>OP4.36 Forestry</i>	Addressed in ESIA
Will the project have the potential to have significant impacts or significant conversion or degradation of critical natural forests or other natural habitats?			<i>OP4.36 Forestry</i>	Not eligible
Is there any territorial dispute between two or more countries in the sub project and its ancillary aspects and related activities?			<i>OP7.60 Projects in Disputed Areas</i>	Governments concerned agree
Will the sub project and its ancillary aspects and related activities, including detailed design and engineering studies, involve the use or potential pollution of, or be located in international waterways <sup>8</sup> ?			<i>OP7.50 Projects on International Waterways</i>	Notification (or exceptions)

It is expected that the bulk of investments/subprojects under the project will fall under Category B for which an Environment and Social Management Plan (ESMP) must be prepared as part of the financing application. For investments assigned Category A an Environmental and Social Impact Assessment (ESIA) must be prepared. No documents are needed for Category C investments beyond screening. Details of the content for an EIA and EMP are presented under the “Safeguard Documentation” section below.

### **Safeguard Documentation**

#### *Environmental*

#### Investment

*It is the responsibility of the exporter to prepare all environmental safeguard documentation.*

For Category B investments, which constitute the bulk of the investments under the project an Environmental and Social Management Plan (ESMP) would be required. The format for a World Bank ESMP is presented in Table 5.

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<sup>8</sup> International waterways include any river, canal, lake or similar body of water that forms a boundary between, or any river or surface water that flows through two or more states.



**Table 5. Format of Environment and Social Management Plan.**

Issue	Mitigating Measure	Applicable Standard		Estimated Mitigation Cost	Responsibility	Start Date	End Date
		Mongolian	World Bank*				
CONSTRUCTION PHASE							
OPERATION PHASE							

\*see “[www.ifc.org/ifcext/sustainability.nsf/content/EHSGuidelines](http://www.ifc.org/ifcext/sustainability.nsf/content/EHSGuidelines)”

In case there are eligible Category A investments under the project, a World Bank ESIA is required. The outline for this ESIA document is presented in Annex C<sup>9</sup>.

(Note: investments for particular industrial enterprises would be required to meet either World Bank guidelines<sup>10</sup> for environment, worker health and safety or Mongolian standards/regulations, whichever is stricter).

### Public Consultation and Disclosure

Draft copies of the ESIA/ESMP, and, as appropriate, ethnic minorities protection plan, and/or resettlement action plan should be discussed with local affected groups and NGOs.

The export enterprise is responsible for public consultations. The World Bank normally requires at least one public consultation with locally affected groups and NGOs for projects with low to moderate environment or social risk. For high risk projects (Category A) at least two public consultations are required. The first to discuss the issues to be included in the environment and social safeguard documents (ESIA, resettlement action plan, ethnic minorities’ protection plan) and the second to discuss the draft safeguard documents to assure the issues identified in the first public consultation have been adequately addressed.

The export enterprise should disclose the safeguard documents in a public place (library, municipal or government building etc.) near the enterprise site(s) and/or place the documents on the enterprise website and place a notification in the local media (e.g. newspaper) as to where the documents may be viewed. If necessary, DBM or MOED could discuss the appropriate approach to public disclosure with the World Bank. The export enterprise should then send a letter to DBM, commercial banks or MOED indicating the date, location, and manner in which the safeguard documents were disclosed to the public. DBM, commercial banks and MOED should place this letter in the Project File.

Alternatively, if there is agreement with the export enterprise, DBM or MOED could disclose the safeguard documents on their website and note details of the disclosure in their Project File.

<sup>9</sup> See World Bank OP 4.01, Annex B - Content of an Environmental Assessment Report for a Category A Project

<sup>10</sup> See “[www.ifc.org/ifcext/sustainability.nsf/content/EHSGuidelines](http://www.ifc.org/ifcext/sustainability.nsf/content/EHSGuidelines)”

## ***PUBLIC CONSULTATION DOCUMENTATION***

- Manner in which Public Consultation was announced
  - Media (newspaper, TV, radio)
  - Announcement date(s)
  - Copy of announcement (if available)
- Date(s) of Consultation
- Location(s) of Consultation
- List of persons invited/contacted
- List of persons attending/participating
- Manner of Consultation
  - Public meeting
  - Questionnaire
  - Survey
  - Other
- Program/Agenda
- Minutes (comments, questions, issues raised and response by Client)
- Decisions reached, actions agreed upon (schedules, responsibilities)

### **Review and Approval**

DBM, commercial banks and MOED are responsible for reviewing and approving all safeguard documents prepared to comply with World Bank policies. DBM, commercial banks and MOED should make sure any significant issues raised at any of the public consultations are also reflected in the safeguard documents.

After DBM, commercial banks or MOED has reviewed and approved the safeguard documents they should send a formal letter of approval to the export enterprise client and include a copy of the letter in the Project File.

For operations that require a Category A ESIA, and/or an RPF and/or an IPPF, those safeguard documents must first be sent to the World Bank for review and “No Objection” prior to DBM, commercial banks or MOED approval.

### **Legal/Contractual Obligation**

All recommended actions included in the safeguard documentation should be made contractual obligations in the financial instruments agreed upon by the export enterprise client. It should be further specified in the agreement that failure to implement the recommended actions within the schedule specified in the safeguard document and/or agreed upon with DBM, commercial banks and MOED shall constitute sufficient cause to render the financial instrument null and void.

### **Monitoring and Reporting**

The export enterprise client shall, as an element of its regular progress reporting to MOED or DBM or the commercial banks, provide a summary of progress in implementing recommendations presented in the safeguard documents, any issues raised and the manner and schedule for their resolution. The enterprise will also undertake a regular environmental and social safeguard monitoring using the format shown Table 6.

As part of regular supervision activities, DBM, commercial banks or MOED should also check and verify enterprise client performance in implementing their environmental and social management obligations. For projects which represent high social and/or environmental risk, DBM, commercial banks or MOED should,

depending on level of risk involved, send independent safeguard supervision missions to review environmental and social management practices and performance.

**Table 6. Format of a monitoring plan**

<b>What Parameter is to be measured</b>	<b>Where Is the parameter to be measured</b>	<b>How Is the parameter to be monitored (equipment to be used)</b>	<b>When Frequency of monitoring or continuous</b>	<b>Monitoring Cost Cost of equipment or Contractor charges</b>	<b>Responsibility</b>	<b>Start Date</b>	<b>End Date</b>
<b>CONSTRUCTION PHASE</b>							
<b>OPERATION PHASE</b>							

**Grievance Redress Mechanism**

A grievance redress mechanism for sub projects is necessary for addressing legitimate concerns of affected individuals and groups who may consider themselves deprived of appropriate treatment under the project. The mechanism would include:

- a recording and reporting system, including grievances filed both verbally and in writing;
- designated staff with responsibility at various levels of governments; and
  - a time frame to address the filed grievances.

This mechanism will be detailed in sub-project safeguards documents. In the event of disputes, attempts should be made to reach resolutions among the parties involved. If agreement is not possible, the resolution of the dispute may need to be decided by the courts.

## ANNEX A. ETHNIC MINORITY DEVELOPMENT FRAMEWORK (EMDF)

### 1. Introduction and Background

The nature and type of exporting enterprises that will be supported through the Development Bank of Mongolia and the respective commercial banks or those that will benefit from the services out of the matching grants provided by the Ministry of Economic Development are not currently known. Therefore it is unknown whether there will be ethnic minorities present in the subproject areas.

This Ethnic Minority Development Framework has been prepared to guide the preparation of Ethnic Minority Plans in the event that any exporting enterprise supported by the Project is established or operating in areas or locations where ethnic minorities are present.

This EMDF has been prepared in accordance with World Bank OP 4.10 on Indigenous Peoples.

The definition of the ethnic minority used in this EMDF refers to a distinct, vulnerable, social and cultural group possessing the following characteristics in varying degrees:

- Self-identification as members of a distinct indigenous cultural group and recognition of this identity by others;
- Collective attachment to geographically distinct habitats or ancestral territories in the project area and to the natural resources in these habitats and territories
- Customary cultural, economic, social, or political institutions that are separate from those of the dominant society and culture, and
- An indigenous language, often different from the official language of the country or region

#### Ethnic Minorities in Mongolia

The following ethnic groups in Mongolia are considered as relevant to the description of the World Bank Policy 4.10 Indigenous Peoples:

##### (i) *Tsaatans*

Traditionally, the Tsaatan live in the taiga (boreal) forest in the far north of Khuvsgul *Aimag*. Their traditional livelihoods are based on reindeer breeding.

##### (ii) *Kazakhs*

Comprising 4.3% of the population of Mongolia, the Kazakh are the largest ethnic minority group living in Northern Mongolia. The Kazakh are of Turkic origin and are the only ethnic group to speak a distinct language.

### 2. Legal and Institutional Framework applicable to Ethnic Minorities

The rights of ethnic minorities are guaranteed by the constitution of Mongolia which states: “*No person may be discriminated (against) on the basis of ethnic origin, language, race, age, sex social origin or status, property, occupation or post, religion, opinion or education.*” Constitution of Mongolia, 1992, Article 14, Chapter 2.

However, no laws or regulations specifically focused on ethnic minorities have been enacted at any level of government.

### 3. Procedure

#### Arrangements for Consultations with Indigenous Peoples Communities

Under OP 4.10, World Bank project support requires that the project borrower undertake a process of free, prior and informed consultation that results in a collective expression by Indigenous Peoples communities of broad community support for the project. The modality, methodology and extent of consultations may vary with project context. Where the number or dispersion of Indigenous Peoples necessitates consultation on a sample basis, an explicit consultation strategy is devised to ensure appropriate representation. Generally, the consultation process is:

- a) Conducted in a manner allowing Indigenous Peoples communities to openly express their preferences or concerns without intimidation or trepidation
- b) Conducted in a timely manner, such that the preferences or concerns raised by Indigenous Peoples communities may be considered before project design decisions or implementation arrangements are finalized
- c) Conducted only after Indigenous Peoples communities have been provided, and have had sufficient opportunity to consider, relevant information about the project
- d) Conducted in a manner that is inclusive, with special consultation arrangements included where necessary to obtain the preferences or concerns of women, the elderly, or others who customarily may not be expected or allowed to participate in community meetings.

A summary (including date, location, approximate number and status of persons in attendance, and summary of issues discussed) is prepared and recorded for each consultation meeting.

Consultations may be undertaken as part of the social assessment process or as a separate set of activities.

#### Arrangements for Social Assessment

Social assessment is a necessary step for preparation of an IPP. The scope, level of detail, and methodological aspects of social assessment are commensurate to the nature and extent of project-related impacts and risks. The social assessment focuses on issues relating to Indigenous Peoples that are identified in the project screening process, or specified in terms of reference. The social assessment may be prepared as a stand-alone document or incorporated into a broader Environmental and Social Impact Assessment process. As relevant, the social assessment process includes the following elements:

- a) Description of project and potential issues or impacts relating to Indigenous Peoples communities
- b) Review of the borrower's legal and institutional framework as applicable to Indigenous Peoples appropriate to the project context
- c) Identification of relevant Indigenous Peoples communities and other key stakeholders to be consulted in the social assessment process
- d) Baseline information on the demographic, social, cultural, economic and political characteristics of relevant Indigenous Peoples communities
- e) Elaboration of a culturally appropriate process for free, prior and informed consultations with Indigenous Peoples communities during IPP preparation and project implementation
- f) Based on consultation with Indigenous Peoples communities, assessment of the potential adverse impacts and benefits likely to be associated with the project
- g) Summary of preferences and concerns of Indigenous Peoples communities relating to project objectives, access and cultural appropriateness of project benefits, mitigation of any adverse impacts, and project implementation arrangements

### Collective Expression of Broad Community Support

Based on results of consultations and the social assessment process, the enterprise owner will determine whether there is broad community support for the project among relevant Indigenous Peoples communities. This determination generally is based upon collective and often informal expression of supportive views regarding project purposes, plans, and implementation arrangements. This determination does not require unanimity; broad community support may exist even when there is internal disagreement within the community or when there is limited opposition to project purposes or proposed arrangements. The IPP explains the basis by which the determination has been made.

### Outline for Indigenous Peoples Plan

The IPP is prepared in a flexible and pragmatic manner, based on the project context. The scope and level of detail required in the IPP is commensurate with the nature and extent of project-related impacts and risks. Depending on social context, an IPP may focus solely on issues relating to one specific group, or elements of the IPP may be incorporated into a broader, integrated multi-ethnic or community-based plan. As relevant, the IPP includes the following elements:

- a) Project description and summary description of issues relating to Indigenous Peoples
- b) A brief summary of relevant issues and findings of the social assessment process
- c) A summary of results from the process of free, prior and informed consultations with relevant Indigenous Peoples communities, and review of determination of broad community support
- d) Actions to ensure equitable access to culturally appropriate benefits for Indigenous Peoples communities
- e) Actions to avoid, minimize or otherwise mitigate any adverse impacts affecting Indigenous Peoples communities
- f) Cost estimates, budget and financial responsibilities for implementation of the IPP
- g) Accessible and culturally appropriate means to address grievances raised by Indigenous Peoples (individually or collectively)
- h) Monitoring arrangements
- i) Arrangements for information disclosure

DBM, MOED and commercial banks are responsible for monitoring the location of the enterprises to be supported by the Project and the location and nature of their activities. If ethnic minorities are present in the subproject area, the enterprise to be supported under the Project shall be required by the DBM, MOED and commercial banks, as applicable, to prepare an ethnic minorities plan. The plan is prepared in consultation with the affected ethnic minorities that result in a collective expression by the communities of broad community support for the project. Generally, the consultation process is:

This EMDF will be disclosed in a public place in a manner that is culturally appropriate and accessible to the EM. Similarly, when an ethnic minorities plan is prepared under this EMDF, respective bank and/or enterprise will ensure that it is publicly disclosed and sent to the World Bank for review.

## **ANNEX B. RESETTLEMENT POLICY FRAMEWORK (RPF)**

### **1. Introduction and Background**

The Mongolia Export Development Project is not expected to have any land acquisition that would result into physical displacement or loss of physical, economic and social assets since is not expected to support civil works. In the event that enterprises receiving export services and finance channeled by the Development Bank of Mongolia (DBM) to commercial banks, or from the matching grants of the Ministry of Economic Development (MoED) undertake activities leading to the involuntary taking of land this RPF applies. For example, if those enterprises need to expand their production facilities for purposes of increasing their exports.

This RPF has been prepared, in accordance with World Bank Policy on Involuntary Resettlement - OP 4.12 for the Mongolia Export Development project because by appraisal this project, details of the likely enterprises to benefit from this Project and the details of their operations and establishments are unknown.

This RPF establishes the principles, objectives, procedures and rules to be used in the preparation of documentation referred to as resettlement action plans (RAP) and/or abbreviated action plans (ARAP) for subprojects that involve land acquisition and resettlement.

Subprojects that involve land acquisition and resettlement outside existing premises shall prepare a resettlement action plan or abbreviated resettlement action plan by following this Resettlement Policy Framework, and the plan shall be sent for review and approval by the World Bank.

**RAPs and ARAPs.** If any subproject supported by this Project results in involuntary resettlement impacts that are minor (i.e. affected people are not physically displaced and less than 10% of their productive assets are lost) or fewer than 200 people are displaced, then the enterprise will prepare one or more abbreviated resettlement plans (ARAP) when specific siting is known and prior to the commencement of any works or subproject implementation. If, differently, the resettlement impacts of the Project are not minor or lead to the displacement of more than 200 people, the enterprise will prepare one or more resettlement action plans (RAP) when specific siting is known and prior to the commencement of any works or subproject implementation.

### **OBJECTIVES AND KEY PRINCIPLES OF OP 4.12**

**Objectives.** In World Bank-assisted projects, borrowers are expected to take all necessary measures to avoid, minimize, mitigate and compensate for adverse social impacts, including, but not limited to, those impacts associated with involuntary resettlement or land acquisition.

Every viable alternative project design should be explored to avoid, where feasible, or minimize involuntary resettlement.

If involuntary resettlement cannot be avoided altogether, sufficient resources should be made available to conceive and implement resettlement activities as sustainable development programs, in close consultation with the affected including the displaced persons.

All affected persons including the displaced persons should be assisted in their efforts to improve, or at least restore, their livelihoods and living standards to pre-displacement levels or levels prevailing prior to project implementation. This is accomplished primarily through: a) compensation at full replacement cost for losses of assets (for example, land, unharvested crops, improvements on the land to be acquired, etc.);

and b) provision of other forms of assistance for livelihoods restoration or physical relocation, as necessary in accordance with OP 4.12.

## **2. The Legal and Policy Framework of Mongolia**

Traditionally, land rights have been vested in the Government in Mongolia. The country's transition to the market economy in the 1990s, however, has weakened the State's absolute rights in land. Presently land has been privatized. The following sub-sections describe the Mongolian legislations that relate to the involuntary resettlement and land issues.

National Legislation on Land with a Bearing on Resettlement:

***(a) Constitution of Mongolia (Parliament Decree No. 41, 27 October 1990)***

This law guarantees the citizen of Mongolia the privilege to enjoy the rights for having private property, safe and peaceful living accommodation and to receive material and financial assistance, etc.

***(b) Law on Land (Parliament Decree No. 56, 11 November 1994)***

The Article 28 of this legislation specifies that the size of the fenced *ger* or homestead land that a citizen could possess for his family needs shall not exceed 0.05 hectare (500 m<sup>2</sup>).

***(c) Law on Governance of Administrative and Territorial Unit and its Management***

In case the citizens of Mongolia intentionally violated their obligations with regard to the regulations and resolutions issued by the administrative units, they would be sanctioned according to the law on administrative units and their management.

***(d) Law on Legal Status of Capital City (Parliament Decree No. 35, 7 July 1997)***

Under this legislation, land could be used by the city that is identified in the city master plan and measured and approved by the City Representatives' Hural for the purpose of city and infrastructure development.

***(e) Regulation of Land Ownership and Rent at the Territory of the City (City Representatives' Khural, Resolution No. 86, Annex 1 and 2, 29 December 1995)***

In case a Mongolian citizen possesses land for his family needs exceeding 0.05 hectare in the Territory of the city, the size has to be reduced as specified in the law.

***(f) Control Charter for Implementation of Land Related Laws and Regulations at Ulaanbaatar City Territory (Resolution of City Representatives' Khural, No. 19, 20 March 1995)***

The rights of the Mongolian people are protected for using the land in accordance with law and regulations on usage and ownership of land.

***(g) Land Possession for Municipality and Districts Special Needs (Resolution of City Representatives' Khural, No. 96, 18 July 2000)***

The Municipality and Districts are entitled to take land for special needs with the purpose to develop infrastructure and construction of engineering structure, pipeline, etc.

***(h) Law on Allocation of Land to Mongolian Citizens for Ownership (27 June 2002)***

Article 40 of this legislation ensures guarantee for the Mongolian citizens' right to own land when the Government replaces or takes back the land owned by the citizens based on the special needs of the State with compensation. The various sub-sections of this article are reproduced here, which are relevant for resettlement. The most important clause is 40.2, which requires that a citizen be given at least one year's notice before his land is acquired by the Government.

***(j) Amendment to the Law on Allocation of Land to Mongolian Citizens for Ownership***

***(22 May 2008)*** Article 19.1.2 of this legislation ensures guarantee for the every member of the family to own land once for his life free of charge, starting 22 May of 2008.



### **3. Comparison of the Legal Framework of Mongolia with the World Bank OP 4.12**

The World Bank's involuntary resettlement policy (OP/BP 4.12) in general requires an assessment of the existing land acquisition and resettlement policies vis-à-vis the World Bank's resettlement policy. It is important to note that differently from Mongolian laws, the World Bank policy:

- covers all categories of affected persons (APs), including project affected persons without title or a legally valid claim to the land they are occupying; and,
- requires payment of compensation at full replacement cost and/or other resettlement assistance to restore living standards and livelihoods so that people are not disadvantaged by loss of assets or involuntary resettlement.

### **4. Implementation of the RPF**

DBM and MOED will be responsible to assess whether subprojects supported by them will lead to the involuntary resettlement. However, the enterprises and the banks for export promotion shall be responsible and required by contract to report any potential land acquisition activities for export expansion purposes to DBM or MOED, as applicable.

### **5. Disclosure and Public Consultations**

Disclosure and public consultation are key elements of implementation of the RPF. The sub project proponent or entrepreneur will be required to ensure that all stakeholders are informed, consulted and given an opportunity to provide feedback on the acquisition of land and its impacts. Issues discussed and agreed on from the basis for the way forward and are documented and transmitted upwards to the relevant commercial bank, DBM and MoED.

Experience has shown that land acquisition generally gives rise to problems for the affected population. It also shows that problems are minimized when people are properly informed and consulted about the project and allowed to make meaningful choices and participate in the decision making process. This not only reduces the insecurity among the project affected people but also avoids opposition to the project which otherwise is likely to occur due to land acquisition and or displacement.

### **6. Costs and Budget**

DBM or MOED should ensure that subprojects have sufficient budget to cover the costs related to land acquisition include expenses incurred in obtaining the land, compensating the affected peoples, resettling the people affected households (PAHs) and their relocation in the resettlement site, where applicable.

### **7. Outline of an Abbreviated Resettlement or Land Acquisition Plan for the Mongolia Export Development Plan**

In the event that any of the enterprises benefiting from this project acquires land then the implementation of this RPF will result into preparation of a land acquisition plan which has the following key elements:

- a) a census survey of displaced persons and valuation of assets

The primary purposes of the census survey are to identify and enumerate affected persons, and to establish an inventory of land and other fixed assets to be affected by the project and their values. The assistance of traditional leaders or community associations may be very useful in conducting the census survey for sub-projects. In order to discourage opportunistic land invasion or fraudulent claims for compensation, the first day of the census survey process normally is taken

to be (and is publicized as) the cut-off date in determining eligibility for compensation or other assistance. As a census, coverage of 100% of potentially affected households is intended; it cannot be conducted on a sample basis. This information may be presented in form of a table as shown below:

**Table 1: Affected Persons**

District /Village (name)	Land Acquisition		Significantly Affected by Land Acquisition		Housing Affected		Business Affected		Vulnerable Persons		Other
	Owners HH: People:	Users HH: People	Owners HH: People:	Users HH: People:	Partially Affected Owner HH: People: Tenant HH: People:	Require Relocation Owner HH: People: Tenant HH: People:	Owners	Workers	Category	Category	
<b>Total</b>											
<b>TOTAL</b>											

**Table 2: Affected Assets**

Category	Subcategory	Volume/Unit	Unit Cost	Local Currency	USD
Land Compensation	Private land – residential				
	Private land – agricultural				
	Private land – commercial				
	Private land – other				

	Community land				
Productive Assets	Crop (Specify)				
Compensation	Crop (Specify)				
	Crop (Specify)				
	Crop (Specify)				
	Tree - fruit				
	Tree – nut				
	Tree- other				
	Other productive assets				
Residential Structures	Private housing				
Compensation	Community housing				
	Water facilities				
	Ancillary structures				
	Walls, fences				
	Other				
Business Structures	Shops, food services				
Compensation	Other services				
	Other businesses				

b) description of compensation and other resettlement assistance to be provided

Normally, the resettlement plan includes unit compensation rates for various categories of land (e.g., type of agricultural use, residential, commercial, unutilized, or other) and for various categories of fixed assets (e.g., houses, shops or other commercial structures, livestock enclosures or other ancillary structures, fences, wells, irrigation channels, tombs, others). Unit rates, combined with reference to census survey results, provide the basis for determining how much compensation is due to each affected person or household.

c) consultations with displaced people about acceptable alternatives

Experience has shown that affected persons adapt better and quicker to land acquisition and other associated impacts when plans are based on their preferences and concerns. The land acquisition plan is based, in part, on consultations with affected persons, and the results of consultations are briefly summarized in the plan.

- d) institutional responsibility for implementation, monitoring and procedures for grievance redress

The plan should also establish that overall management responsibility is vested in an individual or group with the authority to ensure that necessary actions are undertaken in a timely and effective manner. Where more than one agency or one jurisdiction will be involved in implementation, the plan should describe means by which coordination among agencies or jurisdictions will be assured and any conflicts between or among them will be resolved.

Even in projects with relatively minor and uncomplicated land acquisition, complaints may arise. In some cases, complaints may relate to implementation of planning provisions (e.g., late or insufficient compensation).

- e) a timetable and budget

Effective resettlement implementation requires timely actions undertaken in an appropriate sequence. Particularly, delivery of compensation and other assistance should be provided before corresponding impacts actually occur.

The resettlement plan includes a budget with a categorical estimation of costs for compensation and all other forms of assistance. The budget also includes administrative and other costs associated with implementation of the resettlement plan.

## **Annex C. Outline of a World Bank Category A Environmental and Social Impact Assessment**

1. An environmental assessment (EA) report for a Category A project<sup>1</sup> focuses on the significant environmental issues of a project. The report's scope and level of detail should be commensurate with the project's potential impacts. The report submitted to the Bank is prepared in English, French, or Spanish, and the executive summary in English.

2. The EA report should include the following items (not necessarily in the order shown):

(a) *Executive summary*. Concisely discusses significant findings and recommended actions.

(b) *Policy, legal, and administrative framework*. Discusses the policy, legal, and administrative framework within which the EA is carried out. Explains the environmental requirements of any cofinanciers. Identifies relevant international environmental agreements to which the country is a party.

(c) *Project description*. Concisely describes the proposed project and its geographic, ecological, social, and temporal context, including any offsite investments that may be required (e.g., dedicated pipelines, access roads, power plants, water supply, housing, and raw material and product storage facilities). Indicates the need for any resettlement plan or indigenous peoples development plan<sup>2</sup> (see also subpara. (h)(v) below). Normally includes a map showing the project site and the project's area of influence.

(d) *Baseline data*. Assesses the dimensions of the study area and describes relevant physical, biological, and socioeconomic conditions, including any changes anticipated before the project commences. Also takes into account current and proposed development activities within the project area but not directly connected to the project. Data should be relevant to decisions about project location, design, operation, or mitigatory measures. The section indicates the accuracy, reliability, and sources of the data.

(e) *Environmental impacts*. Predicts and assesses the project's likely positive and negative impacts, in quantitative terms to the extent possible. Identifies mitigation measures and any residual negative impacts that cannot be mitigated. Explores opportunities for environmental enhancement. Identifies and estimates the extent and quality of available data, key data gaps, and uncertainties associated with predictions, and specifies topics that do not require further attention.

(f) *Analysis of alternatives*.<sup>3</sup> Systematically compares feasible alternatives to the proposed project site, technology, design, and operation--including the "without project" situation--in terms of their potential environmental impacts; the feasibility of mitigating these impacts; their capital and recurrent costs; their suitability under local conditions; and their institutional, training, and monitoring requirements. For each of the alternatives, quantifies the environmental impacts to the extent possible, and attaches economic values where feasible. States the basis for selecting the particular project design proposed and justifies recommended emission levels and approaches to pollution prevention and abatement.

(g) *Environmental management plan (EMP)*. Covers mitigation measures, monitoring, and institutional strengthening; see outline in [OP 4.01, Annex C](#).

(h) *Appendixes*

(i) List of EA report preparers--individuals and organizations,

(ii) References--written materials both published and unpublished, used in study preparation,

(iii) Record of interagency and consultation meetings, including consultations for obtaining the informed views of the affected people and local nongovernmental organizations (NGOs). The record specifies any means other than consultations (e.g., surveys) that were used to obtain the views of affected groups and local NGOs,

(iv) Tables presenting the relevant data referred to or summarized in the main text,

(v) List of associated reports (e.g., resettlement plan or indigenous peoples' development plan).

1. The EA report for a Category A project is normally an environmental impact assessment, with elements of other instruments included as appropriate. Any report for a Category A operation uses the components described in this annex, but Category A sectoral and regional EA require a different perspective and emphasis among the components. The Environment Sector Board can provide detailed guidance on the focus and components of the various EA instruments.
2. See [OP/BP 4.12, \*Involuntary Resettlement\*](#), and [OP/BP 4.10, \*Indigenous Peoples\*](#).
3. Environmental implications of broad development options for a sector (e.g., alternative ways of meeting projected electric power demand) are best analyzed in least-cost planning or sectoral EA. Environmental implications of broad development options for a region (e.g., alternative strategies for improving standards of living in a rural area) are best addressed through a regional development plan or a regional EA. EIA is normally best suited to the analysis of alternatives within a given project concept (e.g., a geothermal power plant, or a project aimed at meeting local energy demand), including detailed site, technology, design, and operational alternatives.

## **Annex D: Mongolian Laws on Environmental Matters**

The major Mongolian national legislations on environmental safeguards include:

- *Mongolian Law of Environmental Impact Assessment (LEIA, updated in May 2012);*
- *Law on Environmental Protection;*
- *Manual for Implementing Environmental Impact Assessment Procedures;*
- *General EIA Study Manual, Detailed EIA Study Manual, Criteria for Application of Projects to Environmental Impact Assessment, Manual on Developing and Implementing an Environmental Management Plan and a Monitoring Program.*

Some of guidelines which follows Law of Environmental Impacts Assessment such as *Guideline for Strategic Environmental Assessment (SEA guideline)* and *Guideline for Cumulative Impact Assessment (CIA)* are in the process of development and soon will be approved.

An Environmental audit mechanism is enforced by the Law on Environmental protection, since in May 17, 2012. The following guideline for Environmental auditing was activated from June, 2013. Mongolian LEIA requires the undertaking of environmental screenings (identified as “General Environmental Assessments”) for each proposed project to determine the appropriate extent and type of environmental assessment (EA) required.

Depending on a subproject’s scale, the Ministry of Environment and Green Development (MEGD) or its local branches are responsible for environmental screening to decide whether a detailed EA is required or not. All detailed EAs include Environmental Protection Plans (equivalent to the World Bank’s Environmental Management Plan), and need to be reviewed by MEGD before an environmental permit can be granted for construction.

Public consultation is mandatory for detailed EA preparation, however, disclosure of information is not clearly required, i.e., EA documents are not disclosed to the general public.

## **Annex E: Applicable World Bank Safeguard Policies**

Environmental Assessment (EA) (OP4.01) – inter alia, requires (i) detailed qualitative and quantitative analysis to determine project impacts, (ii) determination of tangible measures to prevent, minimize, mitigate or compensate for these adverse impacts, (iii) public consultation and disclosure as part of the EA process and (iv) requires an EMP to address set of mitigation, monitoring and institutional measures to be taken during design, implementation, operation of maintenance phases of the project.

<http://go.worldbank.org/K7F3DCUDD0>

Natural Habitats (OP4.04) – This policy requires the conservation of natural habitats and specifically prohibits the support of projects that involve significant conversion or degradation of critical natural habitats, as defined by the policy. The policy further requires the EA to identify impacts on biodiversity and species and to determine endemism, endangered species and to determine project impacts on these species and to propose acceptable mitigation and monitoring measures.

<http://go.worldbank.org/GIFQKJA130>

Physical Cultural Resources (OP4.11) – This policy seeks to avoid the disturbance and or destruction of PCR as defined by the policy by the projects activities. PCR includes places of worship, buried artifacts, cemeteries and archeological assets, etc. The policy further requires, (i) EA to undertake an exhaustive desk review and/or site investigation to pre-identify and locate PCR's in the project influence area, (ii) EA/EMP to propose management measures and (ii) to include chance find clauses in civil works contracts during construction and maintenance stages.

<http://go.worldbank.org/UBUBZD7NA0>

Forests (OP4.36) – This policy applies to the following projects: (a) projects that have or may have impacts on the health and quality of forests; (b) projects that affect the rights and welfare<sup>3</sup> of people and their level of dependence upon or interaction with forests; and (c) projects that aim to bring about changes in the management, protection, or utilization of natural forests or plantations, whether they are publicly, privately, or communally owned. Where the project requires forest restoration or plantation development, the Bank assists borrowers with forest restoration activities that maintain or enhance biodiversity and ecosystem functionality.

<http://go.worldbank.org/FGPLNFRFR0>

Indigenous Peoples (OP4.10) – requires the Government to engage in a process of free, prior and informed consultations with indigenous peoples, as described by the policy in situations where indigenous peoples are present in, or have collective attachment to, the project area and for the preparation of an Indigenous Peoples Plan (IPP) and/or Indigenous Peoples Planning Framework (IPPF).

<http://go.worldbank.org/IBZABS9UU0>

Involuntary Resettlement (OP4.12) – this policy addresses direct economic and social impacts from the projects activities that will cause (a) involuntary taking of land resulting in (i) relocation or loss of shelter, (ii) loss of assets or access to assets or (iii) loss of income sources or livelihoods and (b) involuntary restriction of access to legally designated parks and protected areas resulting in adverse impacts on the livelihoods of the displaced persons. The policy requires siting of project infrastructure to be so chosen so

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as to avoid these impacts altogether or to minimize them to the extent possible. Where these cannot be avoided, the policy requires the preparation of either or both of these instruments (i) resettlement policy Framework, (ii) Resettlement Action Plan, and for meaningful consultations with potentially affected people. The policy prohibits Community donations of lands for location-specific infrastructure.

<http://go.worldbank.org/ZDIJXP7TQ0>