



MN-Mining Infrastructure Investment Supp (P118109)

EAST ASIA AND PACIFIC | Mongolia | Energy and Mining Global Practice |
IBRD/IDA | Specific Investment Loan | FY 2011 | Seq No: 7 | ARCHIVED on 10-Dec-2014 | ISR16178 |

Implementing Agencies:

Key Dates

Key Project Dates

Board Approval date:10-May-2011

Effectiveness Date:20-Nov-2011

Planned Mid Term Review Date:31-Oct-2013

Actual Mid-Term Review Date:31-Oct-2013

Original Closing Date:30-Sep-2016

Revised Closing Date:30-Sep-2016

Project Development Objectives

MN-Mining Infrastructure Investment Supp (P118109)

Project Development Objective (from Project Appraisal Document)

To facilitate investments in infrastructure to support mining and downstream processing activities, regardless of funding source, and to build local capacity to prepare and transact infrastructure projects.

Has the Project Development Objective been changed since Board Approval of the Project Objective?

No

Components

Name

Support for Infrastructure Investments:(Cost \$18.11 M)

Capacity Building and Knowledge Transfer:(Cost \$2.47 M)

Strengthening Groundwater Management:(Cost \$5.33 M)

Project Management:(Cost \$1.19 M)

Overall Ratings

Name	Previous Rating	Current Rating
Progress towards achievement of PDO	● Satisfactory	● Satisfactory
Overall Implementation Progress (IP)	● Moderately Satisfactory	● Moderately Satisfactory
Overall Risk Rating	--	● Substantial



Implementation Status and Key Decisions

The project has been making steady progress. The Project Steering Committee (PSC) has updated the list of priority sub-projects which includes: (i) Flow regulation of the Orkhon river and construction of water reservoir complex; (ii) Shuren Hydropower plant; (iii) Integrated Steel Complex with Infrastructure in the central region of Darkhan-Selenge; and (iv) Extension of Coal Mine "Baganuur" LLC.; (v) a Rural and Industrial Water Supply Scheme in the South Gobi region; (vi) Synthetic Natural Gas Plant (SNG); and some other pre-feasibility studies.

The pre-feasibility study for Shuren Hydropower sub-project has been finalized. Similarly, the preparatory study for Orkhon Gobi river flow regulation sub-project has also been finalized. The determination of viable dam location will not be determined at this phase, but rather would be part of a feasibility study (FS) phase. The FSs as well as the ESIA for both subprojects are ready to be launched.

The FS contracts for the Extension of Coal Mine "Baganuur" LLC has been signed; the sampling and testing of iron ore required for the launching of the feasibility study for the Integrated Steel Plant Complex with infrastructure in central region of Darkhan-Selenge region have been finalized.

With regard to building local capacity, the Project is playing a significant role in building the capacity of Ministry of Environment and Green Development (MEGD), Ministry of Finance (MoF), Ministry of Economic Development (MED), Ministry of Energy (MoE), Ministry of Mining (MoM), Ministry of Industry and Agriculture (MIA) and other institutions in the areas of project preparation, contract management, public-private partnership, water resources management, iron ore processing and the development of new transactions. Around 4905 person-days of training have been already conducted to draw from the experience of developed and developing countries. As most of the ESIA will be launched very soon, training in stakeholders and public consultation and disclosure is being designed to be implemented soonest.

- The next supervision mission is scheduled for April 2015.

Risks

Systematic Operations Risk-rating Tool

Risk Category	Rating at Approval	Previous Rating	Current Rating
Political and Governance	--	--	● Substantial
Macroeconomic	--	--	● Moderate



Sector Strategies and Policies	--	--	● Moderate
Technical Design of Project or Program	--	--	● Moderate
Institutional Capacity for Implementation and Sustainability	--	--	● Substantial
Fiduciary	--	--	● Moderate
Environment and Social	--	--	● Substantial
Stakeholders	--	--	● Moderate
Other	--	--	--
Overall	--	--	● Substantial

Results

Project Development Objective Indicators

► At least two key infrastructure assets ready for tender (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	Technical/financial understanding to prepare transactions lacking.	None is ready for tender yet.	Through capacity building and training to the MED, MoE and MoF, 5 PPP transactions have been signed in 2014. They cover wide range of sectors including power generation, roads, metal processing and water supply.	Two transactions are ready for tendering.
Date	30-Apr-2010	29-May-2014	05-Dec-2014	31-Dec-2015

► Good practice and procedures established to prepare projects for public and private financing (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	Limited understanding of required studies, no guidelines on economic evaluation.	Capacity is being built through training and hiring	The MED and MoF have benefitted from the preparation process and training and 5 PPP projects have already been awarded in 2014.	Good practice and procedures adopted.
Date	30-Apr-2011	29-May-2014	05-Dec-2014	30-Jun-2016

Overall Comments

Under the project, six priority projects are under processing out of which one feasibility study contract has been signed, ToRs for three have been cleared and the remaining 2 ToRs are being finalized by the consultants and the working groups. Stakeholders like MED, MoF, MoE and MEGD have also received significant training that enabled the viability



determination of 3 priority projects and being able to manage the preparation of feasibility studies and the associated ESIA's leading to readiness of some sub-projects to be transacted for implementation.

Global Environmental Objective Indicators

Overall Comments

Intermediate Results Indicators

► Direct project beneficiaries (Number, Core)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	3256.00	4905.00	1400.00
Date	30-Apr-2011	29-May-2014	05-Dec-2014	30-Jun-2016

Comments

Completed. 4905 person.days training have been already performed in Mongolia and abroad. Training covered areas like project appraisal and risk management, design and operation of hydropower plants, steel processing, water supply, dams safety and construction, project financing and PPP and road maintenance. Target for FY2014 was 900.

▲ Female beneficiaries (Percentage, Core Supplement)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	36.00	36.41	30.00
Date	30-Apr-2011	29-May-2014	05-Dec-2014	30-Jun-2016

► Feasibility studies for infrastructure projects (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	Studies for priority projects not available.	Pre-feasibility studies for 3 priority projects are being finalized and the ToRs for the feasibility studies have been prepared for the 6 sub-projects.	Pre-feasibility study for one transaction is complete, FS for one transaction has been contracted, three FSs are ready for tendering and the FSs ToRs for the remaining 2 sub-projects are under finalization.	Complete feasibility studies for ongoing infrastructure projects.



Date	30-Apr-2011	29-May-2014	05-Dec-2014	30-Jun-2016
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► Rapid response to address issues impacting private investment (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	Technical/financial support to address issues not available.	Methodology and criteria prioritization on private investment have been agreed. Viability of projects determination is underway while pre-feasibility studies on private investment are being finalized.	Four issues including need assessment, information gathering, viability and economic analysis and proper preparation were addressed in the course of the priority sub-projects identification and the development of the pre-feasibility and/or the feasibility studies.	Rapid response to at least five issues.
Date	30-Apr-2011	29-May-2014	05-Dec-2014	30-Jun-2016

Comments

The target for FY 14 is 3 issues to be addressed.

► Training programs and events (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	47.00	62.00	10.00
Date	30-Apr-2011	29-May-2014	05-Dec-2014	30-Jun-2016

Comments

Completed. Due to the wide scope of the priority sub-projects, training needs were much more than anticipated during the preparation of the project. About 62 Training events took place in Mongolia, the USA, UK, Singapore, Canada, Norway, South Korea, Australia, China, India and Philippines.



► Conferences to promote investment opportunities (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	none	2 were held	3 were held	At least 5 events over the course of the project.
Date	30-Apr-2011	29-May-2014	05-Dec-2014	30-Jun-2016

Comments

Three conferences were held addressing the implementation of Mongolia's infrastructure needs in general with emphasis on the mining sector development.

► Consultants provide hands-on training and help administer government-financed projects & PPP concessions (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No concessions to administer.	No project is under implementation yet.	Five PPP projects have been launched throughout 2014 and are well administered.	Staff is well trained to administer government-financed projects & PPP concessions
Date	30-Apr-2011	29-May-2014	05-Dec-2014	30-Jun-2016

Comments

The staff of MoE, MED and MoF received a good level of training (5 training programs) that helped preparing and launching some PPP projects. Seven transactions have been awarded and are ongoing.

► Ability to manage groundwater strengthened (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	Insufficient resources/capacity to manage groundwater in Southern Mongolia.	In progress	The RBAs are adequately staffed, trained and became fully operational; and GW management and monitoring plans are under implementation.	Building capacity for effective groundwater management.
Date	30-Apr-2011	29-May-2014	05-Dec-2014	31-Dec-2015



► Promotion of appropriate organization structure for groundwater management established (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	Preliminary organization structure was in place but not revised	Appropriate organization structure for groundwater management established	Completed	Development of the appropriate organization structure for the management of the GW in three river basins
Date	30-Apr-2011	29-May-2014	05-Dec-2014	31-Dec-2013

► Establishment of 3 RBA in Southern Gobi Region (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	3.00	3.00	3.00
Date	30-Apr-2011	29-May-2014	05-Dec-2014	30-Jun-2016

Comments

Completed. 3 RBAs have been established in Southern Gobi Region. They have been staffed and are becoming functional.

► Agreement to implement important recommendations from water resource pricing studies (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	Water Resources Pricing studies are finalized	Water resource pricing studies are under process of implementation by related ministry and RBAs	Water resource pricing studies are under process of implementation by related ministry and RBAs	Water pricing recommendations are well adapted and enforced by the RBAs
Date	30-Apr-2014	29-May-2014	05-Dec-2014	30-Jun-2016



▶ New Institutional structure financially sustainable (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No plan	No plan yet but working on it.	The development of fiscal budget plan is underway	Develop the fiscal budget plan for the RBAs and RBCs
Date	30-Apr-2014	29-May-2014	05-Dec-2014	31-Dec-2014

Comments

FY14 target is to develop a fiscal budget plan for the RBAs and RBCs.

▶ Improved transparency and public awareness of groundwater resources and the impact of water use and abstraction (Text, Custom)



	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No plan	IFC gas started public perception and awareness campaign targeting the mining industry.	Three Public awareness workshop were organized between September 17 to 26, 2014.	Organize groundwater public awareness workshop.
Date	30-Apr-2014	29-May-2014	05-Dec-2014	30-Jun-2016

Overall Comments

The project is making a steady progress. All intermediate indicators are timely met with some are completed ahead of their schedule.

Data on Financial Performance

Disbursements (by loan)

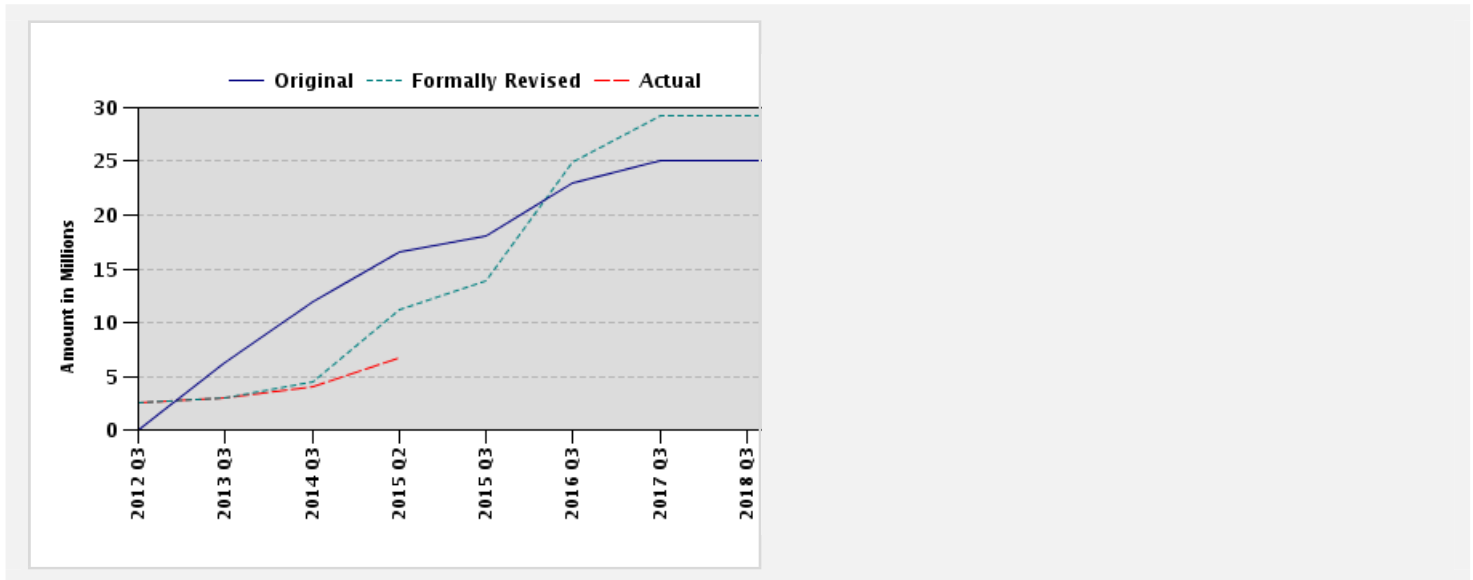
Project	Loan/Credit/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	Disbursed
P118109	IDA-48880	Effective	USD	25.00	25.00	0.00	6.21	17.79	 25%
P118109	TF-16382	Effective	USD	2.10	2.10	0.00	0.52	1.58	 25%

Key Dates (by loan)

Project	Loan/Credit/TF	Status	Approval Date	Signing Date	Effectiveness Date	Orig. Closing Date	Rev. Closing Date
P118109	IDA-48880	Effective	10-May-2011	24-May-2011	20-Nov-2011	30-Sep-2016	30-Sep-2016
P118109	TF-16382	Effective	28-Mar-2014	30-Apr-2014	30-Apr-2014	30-Sep-2016	30-Sep-2016



Cumulative Disbursements



Restructuring History

There has been no restructuring to date.

Related Project(s)

P145439-Mining Infrastructure Investment Support - Additional Financing