



# Concept Environmental and Social Review Summary

## Concept Stage

### **(ESRS Concept Stage)**

Date Prepared/Updated: 09/22/2020 | Report No: ESRSC01620



**BASIC INFORMATION**

**A. Basic Project Data**

Country	Region	Project ID	Parent Project ID (if any)
Mongolia	EAST ASIA AND PACIFIC	P174733	
Project Name	Virtual Cooperatives of Pastoral Livestock Communities		
Practice Area (Lead)	Financing Instrument	Estimated Appraisal Date	Estimated Board Date
Agriculture and Food	Investment Project Financing		2/17/2021
Borrower(s)	Implementing Agency(ies)		
	Ministry of Food Agriculture and Light Industry		

Proposed Development Objective

To improve livelihoods of remote pastoral livestock communities in targeted locations by harnessing digital technologies and services.

Financing (in USD Million)	Amount
<b>Total Project Cost</b>	<b>3.00</b>

**B. Is the project being prepared in a Situation of Urgent Need of Assistance or Capacity Constraints, as per Bank IPF Policy, para. 12?**

No

**C. Summary Description of Proposed Project [including overview of Country, Sectoral & Institutional Contexts and Relationship to CPF]**

The central idea of the project is to strengthen the social mobilization of herder organizations by empowering herders with information and improving their access to livelihood services by creating a trusted digital platform (virtual cooperative). It will help pilot innovative mobilization techniques relying on digital platforms, use digital channels for streaming technology extension, agri-service delivery, connect them with local governance systems and build business linkages with the private sector for improved market access. It will also build the capacity of other linked service providers to offer their services via the platform and maximize its use for their purposes as well as on the platform’s institutional and operational framework. The project will take a participatory approach for developing and delivering a stack of digital services. The project will help develop a Virtual Training Academy jointly with herders, livestock



researchers, and practitioners in the sector. It is envisaged to form partnerships with existing institutions that already provide locally relevant extension content, such as for example the Mongolian University of Life Sciences and other institutions collaborating in the Responsible Cashmere Round Table (RCRT). The project will finance virtual cooperatives based on institutional performance criteria for availing high-quality services from technical assistance providers, common facilities center, acquiring small scale equipment and production facilities used for improving animal welfare or livestock product processing, working capital for collective production and market activities, etc. The delivery approach is mostly through forging partnerships with existing public and private actors and may include organizing an innovation challenge to crowdsource disruptive ideas for piloting service provision in the domain of virtual cooperatives. Collaborating with existing digital financial services providers the project will pilot design and distribute sustainable livestock finance products on a virtual cooperative platform to improve their outreach to isolated herder communities. This model for digital livestock finance will have a high potential to be replicated by other players; It will also develop partnerships with public and private players for delivering services through the platform. Offering an integrated interface and a one-stop point for fragmented services will help facilitate the convergence of public and private services. Finally, the project will prepare virtual cooperatives for participation in high impact value chains by promoting principles of animal welfare, sustainable livestock practices, grass-fed organic livestock, fair trade, and responsible sourcing mechanisms.

#### D. Environmental and Social Overview

D.1. Detailed project location(s) and salient physical characteristics relevant to the E&S assessment [geographic, environmental, social]

This is a recipient executed trust fund (RETF), which is funded by Japan and administered by the WBG. The Ministry of Food Agriculture and Light Industry (MoFALI) of Mongolia will implement the project by committing staff and consultants to manage every aspect of the project including environmental and social risks and impacts. This RETF will finance the mobilization of herders into virtual cooperatives to empower them with information, and improve their access to livelihood services by creating a trusted digital platform (virtual cooperative). It will also finance technical assistance, small equipment to be put in rented or open premises for animal welfare, animal health service delivery and/or value addition activities, and working capital to the virtual cooperatives based on institutional performance criteria. Some small scale productive infrastructure on existing land holdings and/or within existing facilities may also be funded by the RETF (this is subject to further consultation and needs assessment during project design). The exact locations of the proposed grant activities are not yet known, but preliminary consultations with potential herder and herder group beneficiaries were carried out in three aimags (Bulgan, Tuv and Uvs) and with several private and public sector stakeholders from Ulaanbaatar and its surrounding districts. Although this RETF will be a separate project from Livestock Commercialization Project (P165945), which is an existing project financed by the World Bank through IPF lending, all project sites of the RETF will be within the boundary of the existing livestock project. Subprojects which may require land acquisition or affect critical or natural habitats, water sources, cultural heritage or relics, protected areas, National Park, Strictly Protected Areas, nature reserves or other ecological sensitive sites have been excluded. This RETF will support social mobilization of herders through ICT and provide vital technology and approach to improve outreach to herders in remote grassland areas. The project is planned to be implemented in three aimags of Bulgan, Tuv and Uvs, overlapping with the existing Livestock Commercialization Project. Uvs is located in the most western part of Mongolia, where there is a Kazakh ethnic minority presence. Bulgan is in northern Mongolia where both Evenk and Kazakhs ethnic minority groups are present. As determined by JICA, the donor for this grant, project activities leading to land acquisition, or which adversely impact land rights, will not be supported. This RETF will apply

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the World Bank’s ESF standards, and relevant risks and impacts will be assessed and managed by developing an Environmental and Social Management Framework (ESMF) by MOFALI.

D. 2. Borrower’s Institutional Capacity

This RETF will be implemented by MOFALI, under which is a Project Management Unit that will be staffed and equipped to enable it to effectively carry out monitoring and evaluation, environmental and social risk management, and the fiduciary functions of the project under the guidance of MOFALI. Although MOFALI has implemented World Bank financed projects in the past, this RETF will be their first time to apply ESF standards. The Bank task team will provide training and hands-on support to the environmental and social management staff/consultants of the PMU during preparation and implementation of the project, particularly on standards related to ESS10, ESS2, and ESS4. On the technical side, MOFALI will single source Digital Green - a non-profit development organization with global impact that brings together technology and social organizations to improve agriculture, health and nutrition. Digital Green specializes in collaborating with local governments and mobilizing rural communities to jointly provide digital solutions that are ‘of the community’ and ‘for the community’. Digital Green has proven experience working with poor and vulnerable households and is actively engaged in India, Ethiopia, Afghanistan, Bangladesh, Ghana, Guinea, Malawi, Mozambique, Niger, Senegal and Tanzania. Digital Green partnered with the World Bank in developing an evidence base for technology driven extension models in the agriculture and nutrition sectors. They have also collaborated with several World Bank projects in agriculture and rural development sectors for revitalizing extension systems and information, education and communication (IEC) campaigns, backed by behavioral insights research. They have also implemented large programs funded by USAID, Bill and Melinda Gates Foundation, etc. and have demonstrated institutional capabilities and fiduciary systems for handling national/sub-national programs. At aimag and soum level, local organizations with sufficient qualifications and experience in community participation and mobilization will be commissioned to work with herders living in remote areas. Local knowledge and capacity in outreach to poor herder families will be key selection criteria when recruiting organizations to work in the specific soums. Working with Digital Green, and through local organizations, will supplement MOFALI’s capacity to apply the ESF standards, especially in terms of stakeholder engagement and the inclusion of poor and vulnerable beneficiaries. When there is a presence of ethnic minority groups in the project area, the selection criteria for local organizations, will include knowledge of, and experience of, working with those ethnic minority groups, as well as relevant language skills.

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**II. SCREENING OF POTENTIAL ENVIRONMENTAL AND SOCIAL (ES) RISKS AND IMPACTS**

**A. Environmental and Social Risk Classification (ESRC)** Moderate

**Environmental Risk Rating** Moderate

Targeted at improving livelihoods and quality of life of remote pastoral livestock communities in selected aimags of Mongolia, the investments considered under the project at this stage mainly include establishment of a trusted digital platform (virtual cooperative), and technical assistance, common facilities, small scale productive infrastructure, and working capital to the virtual cooperatives.

The project is expected to have overall environmental and social benefits in terms of improved livestock practices sustainability and livelihood improvement of herders. Based on current project design, physical investments will include equipment purchase and installation, and small-scale civil works associated with equipment, facility improvement and animal welfare such as drains and fencing etc. Given the scale and type of civil works, the potential



environmental impacts during construction period (e.g. noise, dust, wastewater and solid waste generation) are expected to be small, temporary and localized, and can be readily mitigated by incorporating good civil works practices. There will be some other environmental issues, including occupational, health and safety (OHS) risk for project workers (ESS2); water efficiency and pollution issues (e.g. odor, air pollutants, wastewater, solid wastes, noise) associated with the operation of livestock and cashmere wool production facilities (ESS3); risk of communicable disease transmission caused by people gathering or animal raising (ESS4); and sustainability and animal welfare issues of livestock cultivation (ESS6). These environmental issues are generally small-scale and site-specific, and can be readily minimized or mitigated with good practices. An Environmental and Social Management Framework (ESMF) will be prepared by the Recipient prior to project appraisal to screen and assess the environmental risks and impacts of project activities, and propose management, mitigation and monitoring measures to achieve outcomes consistent with the ESSs.

MOFALI has demonstrated adequate capacity and satisfactory performance to manage E&S risks under the safeguard policies during previous Bank project implementation. For this project, MOFALI is committed to establish a Project Management Unit staffed and equipped to enable it to effectively carry out environmental and social safeguards management. Considering the limited environmental risks and the borrower's institutional capacity on environmental management, the overall environmental risk is rated moderate at this stage.

### Social Risk Rating

Moderate

This RETF will have a largely positive social impact. Under Component 1, the RETF will finance mobilizing herders into virtual cooperatives to empower them with information, and improve their access to livelihood services by creating a trusted digital platform (virtual cooperative). Under component 2, The RETF will also finance technical assistance, common facilities, small scale productive infrastructure, working capital to the virtual cooperatives based on institutional performance criteria for availing high-quality services from technical assistance providers. The details of the small scale infrastructure investments under component 2 will be clarified during preparation (consultations with beneficiaries is ongoing in the field) and screened to ensure they do not require land acquisition and to ensure enterprises to be supported meet ESF standards, including ESS 1, ESS2, ESS4, ESS7 and ESS10. Furthermore workers to be hired under the project will be primarily knowledge workers (consultants, trainers etc). Therefore, we expect low to moderate risks related to OHS or poor employment conditions, also, community health and safety concerns relate mainly to managing the risks of COVID19 transmission, for which mitigation measures (in terms of social distancing guidelines) are already in place in Mongolia. In addition, given the fact that targeted project beneficiaries live in dispersed and remote areas, a key social risk, related to project implementation, is that of the potential exclusion of the poorest and most vulnerable potential beneficiaries, and this will be addressed through a strong reliance on a participatory approach, and using local organizations to mobilize these groups of beneficiaries. Two of the three aimags may have ethnic minority groups present in project areas, and ESS7 is considered relevant at this stage. These groups are expected benefit from the project in a culturally appropriate manner.

ESS2, ESS4, ESS7 and ESS10 are relevant. The ESMF to be developed will include a social assessment to guide risk and impact management related to these standards. The borrower will also prepare a Stakeholder Engagement Plan (SEP) and Labor Management Procedure (LMP) by project appraisal to manage risks related to ESS2, ESS4, and ESS10, and to ensure culturally appropriate meaningful consultation under ESS7. Therefore, overall social risk is classified as Moderate.



## B. Environment and Social Standards (ESSs) that Apply to the Activities Being Considered

### B.1. General Assessment

#### ESS1 Assessment and Management of Environmental and Social Risks and Impacts

##### **Overview of the relevance of the Standard for the Project:**

As an RETF under \$5million, the Environmental and Social Policy applies. The Bank is required to prepare a Concept Stage ESRS. Appraisal stage ESRS is not currently required. Environmental and social screening was conducted based on the project AIN and project proposal from Digital Green, which indicate how the project activities will bring overall environmental and social benefits by improving livestock practices sustainability and herders' livelihoods. ESS1 is relevant, as the proposed TF funded activities mainly involve outreach to small and low income herders through information & communication technology (ICT), with only small scale infrastructure for animal health and cashmere processing. Stakeholder engagement and public consultation is a central element of the project. ESS2 is relevant in guiding labor standards and occupational health and safety, applying to project workers and organizations commissioned by the project. ESS3 is relevant, as the small-scale civil works associated with equipment installation or facility improvement will generate some dust, wastewater and solid wastes, and the operation of livestock production and cashmere wool production facilities will bring impacts and pressures on the environment, including consumption of water, management of chemicals, generation of solid wastes, wastewater, and various air emissions. ESS4 is relevant to ensure that preventative measures are built into project design against pandemics caused by animal raising and in response to COVID19. ESS5 is not relevant because the TF excludes all activities that may require land acquisition or adversely impact land rights. Also, there will be no restriction of access to livelihoods. ESS6 is relevant because the project will address sustainable management of livestock husbandry, which is a form of primary production of living natural resources. ESS7 is relevant based on the information that the project will be implemented in Bulgan and Uvs, where there is a potential ethnic minority presence. ESS8 is not relevant as the project is not expected to support any construction or rehabilitation activities that would involve the movement of earth (thereby potentially having an impact on tangible cultural heritage), or other activities that could have an impact on intangible cultural heritage. ESS9 is not relevant as no financial intermediaries will be used. ESS10 is central to the project in terms of stakeholder engagement. An SEP and ESCP will be developed by the borrower by project appraisal to ensure identification and consultation with all relevant stakeholders. Bank directive will be followed in improving inclusion of small and low-income herders living in remote locations in project aimags, equal access to project information and participation by ethnic minorities where applicable, and women herders benefiting from cashmere processing activities.

As specific project locations will not be confirmed until project implementation, an ESMF will be prepared prior to project appraisal to guide the environmental and social screening, subsequent assessment of subprojects/activities, and management and monitoring of the mitigation measures for environmental and social impacts of subprojects/activities during implementation.

The ESMF will include:

- i) Review of Mongolian existing regulatory framework and their enforcement related to E&S management of the livestock and cashmere production sector, labor and working conditions, engagement with ethnic minority groups, along with mechanisms proposed to fill any major gaps if identified against ESF;
- ii) Provide environmental and social baselines that cover various physical, ecological, ambient environmental quality, and social aspects pertaining to the project proportionate to the E&S risks



- iii) Document procedures to address environmental and social impacts, including the E&S eligibility criteria/exclusion list, development, appraisal and approval of specific safeguard instruments, implementation monitoring, public consultation and information disclosure;
- iv) Document key findings and recommendations from E&S assessment conducted for the project, including an Environmental Code of Practice (ECOP) for small civil works, a set of Environmental, Health and Safety Guidelines (EHSGs) on the management of resource efficiency, pollution and overall sustainability of the livestock and cashmere production sector;
- v) Review of existing institutional capacity on E&S management and the proposal for of project-specific capacity building plan;
- vi) Establish monitoring and reporting requirements.

**Areas where “Use of Borrower Framework” is being considered:**

NA.

**ESS10 Stakeholder Engagement and Information Disclosure**

As the project itself is focused on outreach to poor and small herders living in remote areas in selected aimags, stakeholder engagement and information disclosure is a central pillar to ensure wide public participation and equal access of vulnerable groups, including small and poor herders, and women.

At this stage, key stakeholders identified for the project include i) small herders, poor and other vulnerable households in remote pastoral communities; ii) community organizations such as herder groups, pasture groups, producer organizations, and civil society organizations (CSOs); iii) the livestock extension and animal health service delivery agents in the last mile such as private veterinary clinics; iv) aimag/soum governments, including local staff particularly engaged in food, agriculture and livestock program implementation in the target aimags/soums. Prior to the Appraisal, the Borrower will further identify the specific stakeholder groups, and map the different approaches for engaging with them, as part of the project Stakeholder Engagement Plan (SEP). The SEP will be prepared in a manner consistent with the requirements of ESS10 to enable meaningful ongoing engagement and consultation throughout the project lifecycle, giving particular consideration to vulnerable groups, the unique engagement requirements of ethnic minorities, and the current context of COVID-19.

The SEP will be developed with the implementation of appropriate mechanism for disclosure and public consultation. It will also include the description of an accessible and effective grievance redress mechanism, which should be operational by project effectiveness and before any activities are supported require the GRM coverage.

**B.2. Specific Risks and Impacts**

**A brief description of the potential environmental and social risks and impacts relevant to the Project.**

**ESS2 Labor and Working Conditions**

This standard is relevant. Based on the current design, the project will not support large scale civil works nor involve any community workers. ESS2 is deemed relevant considering that the project may involve a small number of locally sourced construction workers, and direct or contracted workers who are mostly white collar knowledge workers, and as such, effectively protected by existing legal system (e.g. consultants, trainers or monitors recruited by the

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implementing agency or its sub-contractors). A Labor Management Procedure (LMP) will be prepared by project appraisal to i) protect workers' rights as set out in ESS2; (ii) include a responsive grievance mechanism to allow workers to quickly inform management of labor issues; and (iii) promote a healthy and safe working environment for project workers, including specific health and safety issues posed by COVID-19. The LMP will distinguish between the different types of workers as identified under ESS2 and identify specific protections for each type/category.

The labor and working conditions will be subject to spot checks by the Borrower and the World Bank as part of monitoring and supervision requirements. Incidents (e.g. health and safety incidents in the workplace) involving any type of labor hired under the project should be reported to World Bank through the reporting mechanisms established for the project.

### **ESS3 Resource Efficiency and Pollution Prevention and Management**

This standard is considered relevant. The small-scale civil works associated with equipment installation or facility improvement will generate some dust, wastewater and solid wastes. The operation of livestock production and cashmere wool production facilities will bring impacts and pressures on the environment, including consumption of resources (especially water), management of chemicals (e.g. dye, detergent, lubricant used for wool processing), generation of solid wastes (such as animal feces and waste wool fiber), wastewater, and various air emissions. The environmental screening process as set out in the ESMF will identify the key ESS3 related issues associated with civil works and operation of livestock production and cashmere wool production facilities, an Environmental Code of Practice (ECOP) and a set of Environmental, Health and Safety Guidelines (EHSs) will be developed to provide detailed guidance on the management of resource efficiency and pollution, with reference to Good International Industry Practice (GIIP), including the applicable EHSs of the World Bank Group. In addition, a capacity building plan will also be developed as part of ESMF to support the actions proposed in the ESMF to improve resource efficiency and pollution management during construction work and the operation of livestock production and cashmere wool production facilities.

### **ESS4 Community Health and Safety**

This standard is Relevant. Given the scale and nature of civil works, the project will not bring significant construction nuisance to nearby communities or affect any ecosystem services. The temporary and localized impacts of noise, dust, waste generation and traffic disturbance during the construction period could be readily mitigated by incorporating good civil works management practices. The civil works will involve a small number of workers sourced locally. Therefore, there should be no significant risks associated with worker camps, labor influx or gender-based violence. However the project may involve support for meetings with beneficiaries, and travel by project workers to the field, in which case there is the possibility of the transmission of communicable diseases such as COVID19. Therefore, this standard is relevant to ensure that preventative measures are built into project design and operating procedures to minimize the risk of person-person transmission. Furthermore, preventative measures will be built into project design, to minimize the risk of pandemics caused by animal raising. Community Health and Safety guidelines that will be included in the project's operating procedures, and mainstreamed into the project design, will draw on existing World Bank and WHO guidance on COVID-19 to prevent or minimize the spread of COVID-19 in the workplace or communities. The Borrower will monitor the situation and prepare emergency response plan for COVID-19 spread when it is necessary.





### **ESS5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement**

This standard is considered not relevant. This RETF is solely funded by JICA and it has restrictions to fund any activities in relation to land acquisition and land rights. While the project may finance small scale infrastructure or civil works, sub-projects which would require land acquisition, or other impacts foreseen under ESS5, would not be eligible for RETF financing. The small scale infrastructure anticipated includes drains, fencing and other farm infrastructure on beneficiary land holdings. Each sub-project will be subjected to a screening process that will include criteria related to the impacts foreseen under ESS5, so that those activities that might result in such impacts, are identified early on and, excluded from receiving finance.

### **ESS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources**

This standard is considered relevant, because the project will address sustainable management of livestock husbandry, which is a form of primary production of living natural resources. Given the country context, the livestock producers are generally small-scale and located dispersedly, and the number of producers to be supported under the project is expected to be small. Therefore, the potential for cumulative risks and impacts is low. The ESMF will develop a set of good management practices with reference to GIIP, including the applicable ESHGs of the World Bank Group and IFC's Good Practice Note on Improving Animal Welfare in Livestock Operations, and also a capacity building plan to support the implementation of measures proposed in the ESMF to improve animal welfare and sustainability in livestock sector. In addition, exclusion criteria will be included in the ESMF to avoid any negative impacts on critical habitats or natural habitats.

### **ESS7 Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities**

This standard is relevant. The project will be implemented in three aimags (Bulgan, Tuv and Uvs). Demographic information shows that ethnic minorities live in Uvs and Bulgan. The Kazakh and Evenk ethnic minorities have been living in the western and northern border areas of Mongolia through migration. A large proportion of them still preserve their traditional livelihoods such as deer raising. Most of them speak their own language and do not speak Mongolian language. In the SEP to be prepared by the borrower, requirements will be included to ensure consultations with these ethnic minority groups are carried out in a culturally appropriate manner. Local language should be used during consultation and also for information disclosure.

### **ESS8 Cultural Heritage**

This standard is considered not relevant based on the available information and project design during preparation. The small infrastructure of the project will be on existing land holding in existing enterprises, these activities are unlikely to be located in or in the vicinity of legally protected tangible cultural heritage and customarily recognized cultural heritage sites. The project also unlikely involves the risks on intangible cultural heritage because it will not use cultural heritage for commercial purposes. The activities that may affect cultural heritages will be excluded from the project. Exclusion criteria will be included in the ESMF to avoid impacts on cultural heritage. The chance finds procedure will be prepared and integrated into the ESMF of the project.



**ESS9 Financial Intermediaries**

This standard is not relevant to the proposed project, as MOFALI will implement the project, and commission Digital Green as TA agency. No financial intermediaries will be involved.

**B.3 Other Relevant Project Risks**

Not currently anticipated.

**C. Legal Operational Policies that Apply**

**OP 7.50 Projects on International Waterways** No

**OP 7.60 Projects in Disputed Areas** No

**III. WORLD BANK ENVIRONMENTAL AND SOCIAL DUE DILIGENCE**

**A. Is a common approach being considered?** No

**Financing Partners**

NA.

**B. Proposed Measures, Actions and Timing (Borrower’s commitments)**

**Actions to be completed prior to Bank Board Approval:**

An ESMF, SEP, ESCP, LMP and GRM should be prepared by Appraisal.

GRM should be operational by project effectiveness and before any activities are supported that require the GRM coverage.

**Possible issues to be addressed in the Borrower Environmental and Social Commitment Plan (ESCP):**

The ESCP to be prepared by project appraisal should specify that instruments to be prepared by project appraisal include ESMF, SEP, and LMP. A GRM should be in place by appraisal and operational before any project activities are supported that require GRM coverage.

TORs for commissioning local organizations to be reviewed by the Bank to ensure inclusion of aspects related to ESS4 in responding to COVID19, and ESS7 if ethnic minority groups are to be engaged.

**IV. CONTACT POINTS**

**World Bank**

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## The World Bank

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### Borrower/Client/Recipient

### Implementing Agency(ies)

Implementing Agency: Ministry of Food Agriculture and Light Industry

## V. FOR MORE INFORMATION CONTACT

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## VI. APPROVAL

Task Team Leader(s): Sitaramachandra Machiraju, Mekbib Gebretsadik Haile

Practice Manager (ENR/Social) Ann Jeannette Glauber Recommended on 22-Sep-2020 at 22:28:51 GMT-04:00