

## SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY

Country:	Mongolia	Project Title:	Additional Financing of Agriculture and Rural Development Project
Lending/Financing Modality:	Project loan	Department/ Division:	East Asia Department/Environment, Natural Resources & Agriculture Division, EARD

### I. POVERTY AND SOCIAL ANALYSIS AND STRATEGY

Targeting classification: General Intervention

#### A. Links to the National Poverty Reduction and Inclusive Growth Strategy and Country Partnership Strategy

The project will remain in accordance with the government's action program for 2012–2016, which places the highest priority on employment and income generation. The project also continues to fully support the Asian Development Bank (ADB) interim country partnership strategy, 2014–2016 for Mongolia, which emphasizes employment generation and diversification of the mining-industry-driven economy through assistance to the agro-processing sector with long-term sovereign financing, private sector finance, and technical assistance (TA) to enhance the value chains of agribusinesses.

#### B. Results from the Poverty and Social Analysis during PPTA or Due Diligence

##### 1. Key poverty and social issues.

Unemployment and underemployment, which are significantly relevant to poverty, are the key issue for Mongolia. Despite the strong economic growth in the last few years, the generation of new employment has been modest as growth is driven by the capital-intensive mining industry. The national unemployment rate only declined from 8.2% in 2012 to 7.9% in 2013. The national poverty rate declined from 33.7% in 2011 to 27.4% in 2012; the poverty rate in 2012 was 35.5% in rural areas and 23.2% in urban areas.

##### 2. Beneficiaries.

The project will continue to benefit local people who are and will be employed by agro-enterprises and cooperatives (such as in the wool, cashmere, leather, meat, dairy, apparel, sea buckthorn, and bee farming industries) supported by the project and project participating enterprises (PPEs). The project, the current project and the additional financing together, will directly generate 1,800 jobs in PPEs and their own supply chains under output 1. The project will also have significant impact on employment generation among herders and farmers in rural areas who supply raw materials to those PPEs.

##### 3. Impact channels

Those who are being employed and will be employed will benefit through new and continuous employment at PPEs, which will receive investments from the project in urban, peri-urban, or rural areas. Both primary product producers (herders and farmers who are considerably vulnerable) and primary processors will indirectly benefit from the project through larger sales of raw materials and primary processed products to PPEs. PPEs, herders, farmers, and primary processors will also benefit from capacity development to be provided by the project.

##### 4. Other social and poverty issues.

Not applicable.

##### 5. Design features.

The project will provide subloans to PPEs for their value chain investments. With the new investments, PPEs are envisaged to improve their respective value chains and purchasing power for sourcing raw materials from suppliers (e.g., rural households). As a result, (i) jobs will be created by the new investments both in the areas where they are located and in the rural areas where the supply chain is strengthened, (ii) rural households' income will increase as larger amounts of raw materials are supplied to agro-processors, and (iii) herders' and/or farmers' cooperatives will be provided with capacity development. In addition, the project will directly provide selected herders' and/or farmers' cooperatives with training and agricultural equipment supplies, and materials to help them improve their production capacity. Therefore, the poverty impact will be at the level of households that directly and indirectly benefit from the activities financed under the project.

### II. PARTICIPATION AND EMPOWERING THE POOR

1. Summarize the participatory approaches and the proposed project activities that strengthen inclusiveness and empowerment of the poor and vulnerable in project implementation.

As seen in section B5, the project design itself promotes participation and empowerment of the unemployed and underemployed through increased employment opportunities.

2. If civil society has a specific role in the project, summarize the actions taken to ensure their participation.  
Herder and farmer cooperatives.

3. Explain how the project ensures adequate participation of civil society organizations in project implementation.  
Not envisaged.

4. What forms of civil society organization participation is envisaged during project implementation?  
☒ M Information gathering and sharing ☒ M Consultation ☒ L Collaboration ☐ Partnership

5. Will a project level participation plan be prepared to strengthen participation of civil society as interest holders for affected persons particularly the poor and vulnerable?  
☐ Yes. ☒ No.

NA

### III. GENDER AND DEVELOPMENT

Gender mainstreaming category:  
Effective gender mainstreaming (EGM)

#### A. Key issues.

The current project has shown that women are a significant proportion of the labor force in the agro-processing industry. The ratio of female to male workers in PPEs is an average of 60%. In 84 existing subprojects for output 2 (formerly rural infrastructure and services development component), 43% of those employed are women. The original project contributed to improved working conditions and occupational safety, increased skills and knowledge, and other significant direct benefits to women.

Significant increases in herd size, along with new tasks in dealing with different types of livestock, have increased the work and responsibilities of female members of herder households. This is in addition to their household and care-giving responsibilities. Female members are often unable to access skills training and participate in communal events because of time limitations and their nomadic lifestyle. Despite this, women are up to date with news and are the main decision makers in the household regarding household finances and other issues. The project will continue to ensure the involvement of women in project activities through training, information sharing, and consultation. This will increase women's opportunities for skills and capacity development, as well as involvement in efficient marketing of (livestock) raw materials. PPEs have already been consulting with rural men and women during subproject preparation.

#### B. Key actions.

☒ Gender action plan ☐ Other actions or measures ☐ No action or measure

Gender assessments and training for the PMU and stakeholder agencies are included in the gender action plan (GAP). Increased diversity of employment opportunities for women and equal overall opportunities are key features of the project; this will ensure the provision of jobs for women in the processing industry.

The project will continue to apply gender-responsive core labor standards and promote gender equality in workplaces, consistent with national legislation and the more recent 2011 Mongolia Gender Equality Law. Starting in 2012, under the guidance of PMU, every PPE has developed a gender and social development plan, which includes measures to improve the implementation of gender-responsive (and socially responsive) internal procedures, such as human resource management, skills development, working environments and conditions, and worker protection, as well as physical infrastructure. PPEs biannually report to PMU progress on implementation of the gender and social development plan. Based on those reports, the PMU produces and submit to ADB a GAP and social action plan monitoring report annually.

The PMU has a social and gender specialist who implements the GAP at the institutional level and assists the enterprises in developing capacity for improving gender equality and awareness as well as for increasing awareness on sexual harassment. As part of their corporate social responsibility, PPEs will pay attention to roles that women play in their organizations, especially in light of the increasing number of women in the workforce.

### IV. ADDRESSING SOCIAL SAFEGUARD ISSUES

A. Involuntary Resettlement

Safeguard Category ☐ A ☐ B ☒ C ☐ FI

1. Key impacts.

The project is not likely to cause any involuntary resettlement.

2. Strategy to address the impacts?

The project-financed construction activities will primarily take place on company-owned land. If required, additional land required by enterprises will be acquired by willing-buyer–willing-seller agreements and will not result in expropriation. The initial screening and checklist for impacts on involuntary resettlement will be conducted by selected PPBs with assistance of the project's social and gender specialist as part of subproject preparation for the approval. The project management unit (PMU) will review the screening to exclude any involuntary physical or economic displacement and finalize categorization of each subproject. Screening results will be reported to ADB for review and clearance.

3. Plan or other actions.

☐ Resettlement plan

☐ Combined resettlement and indigenous peoples plan

☐ Resettlement framework

☐ Combined resettlement framework and indigenous peoples planning framework

☐ Environmental and social management system arrangement

☐ Social impact matrix

☒ No action

**B. Indigenous Peoples**

**Safeguard Category** ☐ A ☐ B ☒ C ☐ FI

1. Key impacts. ☐ Yes

☒ No

The project is not likely to have any impact on indigenous people.

2. Strategy to address the impacts.

The initial screening and checklist for impacts on indigenous peoples (Appendix 1 of ethnic minorities planning framework) will be conducted by selected PPBs with assistance of the project's social and gender specialist as part of subproject preparation for the approval. The project management unit (PMU) will review the screening and finalize categorization of each subproject. Should groups that qualify as indigenous peoples under ADB's Safeguard Policy Statement (2009) be impacted by the subproject, an ethnic minority development plan will be prepared. Screening results will be reported to ADB for review and clearance.

3. Plan or other actions.

☐ Indigenous peoples plan

☐ Combined resettlement plan and indigenous peoples plan

☒ Indigenous peoples planning framework

☐ Combined resettlement framework and indigenous peoples planning framework

☐ Environmental and social management system arrangement

☐ Indigenous peoples plan elements integrated in project with a summary

☐ Social impact matrix

☐ No action

**V. ADDRESSING OTHER SOCIAL RISKS**

**A. Risks in the Labor Market**

1. Relevance of the project for the country's or region's or sector's labor market.

☒ **M** unemployment ☒ **M** underemployment ☐ retrenchment ☒ **M** core labor standards

The project will provide employment opportunities for the unemployed and underemployed. Gender-responsive core labor standards will be strictly applied and, if needed, monitored as part of the environmental management plan.

2. Labor market impact.

Positive impact, e.g., employment generation, is foreseen.

**B. Affordability**

The project will have no affordability issues.

**C. Communicable Diseases and Other Social Risks**

1. Indicate the respective risks, if any, and rate the impact as high (H), medium (M), low (L), or not applicable (NA):

☐ Communicable diseases

☐ Human trafficking

☒ **NA** Others (please specify) NA

2. Describe the related risks of the project on people in project area.  
Not applicable.

## **VI. MONITORING AND EVALUATION**

1. Targets and indicators:

Relevant outcome and output indicators include the number of local employees to be hired by PPEs; increased production among herders' cooperatives; and the number of PPE employees, herders, primary processors, and local government officials.

2. Required human resources:

The PMU, especially the full-time social and gender specialist, will monitor social and gender impacts throughout the project period.

3. Information in PAM:

Monitoring, evaluation, and reporting on social safeguards and social and gender dimensions are included in the PAM.

4. Monitoring tools:

Monitoring requirements will be conducted by the PMU with assistance from the social development and gender specialist. The PMU will continue to update the sex-disaggregated data and information and carry out annual review and consultations on the social, gender, and participatory aspects of the project. Monitoring and evaluation of the GAP will be incorporated into reporting of the overall project. The social development and gender specialist will also prepare an annual report on GAP implementation and progress. If a subproject requires an ethnic minority development plan, it will contain a section on monitoring requirements.