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# **MILLENNIUM CHALLENGE ACCOUNT MONGOLIA**

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## **SOCIAL ANALYSIS AND IMPLEMENTATION PLAN (SAIP) VERSION 3.0**

APRIL 30, 2025

**DOCUMENT DETAILS**

<b>Document Title</b>	<b>SOCIAL ANALYSIS AND IMPLEMENTATION PLAN</b>
<b>Document Description</b>	The Social Analysis and Implementation Plan (SAIP) describes social analysis objectives, activities, outputs, responsibilities, and timelines for the Mongolia Water Compact. SAIP serves as one of MCA-Mongolia's main strategic and operational documents and provides a framework to ensure ongoing social analysis, integration, staffing, and training within Compact activities.
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**DOCUMENT DEVELOPMENT, APPROVAL, AND REVISION HISTORY**

<b>Version</b>	<b>Date</b>	<b>Created/Revised By</b>	<b>Approved By</b>
1.0	December 14, 2020	MCA-Mongolia	MCC
2.0	June 29, 2021	MCA-Mongolia	MCC
3.0	April 30, 2025	Manager, Social Analysis, MCA-Mongolia; Director, Sustainability, MCA-Mongolia;	Director, Social Analysis, MCC

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## LIST OF ABBREVIATIONS

ADB	Asian Development Bank
AFCCP	Agency for Fair Competition and Consumer Protection
BOQ	Bill of Quantity
CAP	Customer Assistance Program
CEO	Chief Executive Officer
CHPP	Combined Heat and Power Plant
Compact	Mongolia Water Compact
CP	Conditions Precedent
CRP	Cost Recovery Plan
CRTA	Cost Recovery Technical Assistance
C-TIP	Counter-Trafficking in Persons
CWWTP	Central Wastewater Treatment Plant
CSE	Construction Supervisory Engineer
EIF	Entry into Force
ESBS	Environment and Social Baseline Assessment
ESIA	Environment and Social Impact Assessment
ESMP	Environment and Social Management Plan
ESP	Environment and Social Performance
DEIA	Detailed Environment Impact Assessment
FCYDA	Family, Child, and Youth Development Agency
FGD	Focus Group Discussions
FHH	Female-Headed Households
IFB	Invitation for Bid
IFC	International Finance Corporation
VAW	Violence against Women
GoM	Government of Mongolia
H&E	Health and Safety
IFC	International Finance Corporation
LOE	Level of Effort
lppd	Liters per person per day
M&E	Monitoring and Evaluation
MCA-M	Millennium Challenge Account - Mongolia
MCC	Millennium Challenge Corporation
MUPCH	Ministry of Urban Planning, Construction and Housing
MECC	Ministry of Environment and Climate Change
MHH	Male-Headed Households
MFLSP	Ministry of Family, Labor, and Social Protection
MUB	Municipality of Ulaanbaatar
MUST	Mongolian University of Science and Technology
NGO (s)	Non-Government Organization (s)
NSO	National Statistics Office of Mongolia
PMC	Program Management Consultant
PS	Performance Standard
RAP	Resettlement Action Plan
RCM	Regional Country Mission
RFP	Request for Proposal
SBD	Standard Bidding Documents
SAIP	Social Analysis and Implementation Plan

STEM	Science, Technology, Engineering, and Math
PPP	Public-Private Partnership
WHO	World Health Organization
WSSA	Water Sector Sustainability Activity
WTP	Willingness to Pay
TIP	Trafficking in Persons
TOR	Terms of Reference
TVET	Technical and Vocational Education and Training
UB	Ulaanbaatar
USUG	Ulaanbaatar Water Supply and Sewerage Authority
VETAC	Vocational Education and Training Assessment Center
WSRC	Water Services Regulatory Commission

## I. INTRODUCTION TO THE MONGOLIA WATER COMPACT

The Compact is an international agreement through which Millennium Challenge Corporation (MCC), a U.S. Government agency focused on assisting countries that are committed to good governance, economic freedom, and investment in people, will provide up to \$350 million to assist the Government of Mongolia in addressing one of the most binding constraints to economic growth in Mongolia: costly access to water and sanitation. The Compact will address this constraint through a single Water Supply Project that aims to alleviate water shortages and meet the projected demand for water for residential consumers and commercial and industrial users in the capital city, Ulaanbaatar (UB). UB is home to nearly one-half of the country's population and accounts for three-quarters of the country's registered companies and two-thirds of its economic output. The Compact is expected to benefit more than 656,124 households (approximately 2,427,657 people) by the end of the Compact Term. The beneficiaries of the Water Supply Project include the entire population of UB.

The Compact comprises three closely related investment activities:

- **Downstream Wells Activity**, to construct new groundwater wells with attendant transmission lines, reservoirs, and an Advanced Water Purification Plant to increase the amount of water abstracted from groundwater aquifers, supplied to Ulaanbaatar, and ultimately consumed by residential consumers and commercial and industrial users.
- **Wastewater Recycling Activity**, to construct a new Water Recycling Plant and recycled water transmission pipelines to provide high-quality treated wastewater that can be used instead of groundwater by the Combined Heat and Power Plant (CHPP) #3 and #4, thereby saving the reserve of groundwater available that could be used for increasing water supply of UB; and
- **Water Sector Sustainability Activity**, to support five interventions or sub-activities that address policy, legal, regulatory, and institutional issues and improve the long-term sustainability of the water sector in UB:
  1. **The “Cost Recovery Sub-activity”** supports technical assistance to the Water Services Regulatory Commission (WSRC) for a detailed examination of the structuring of water and wastewater tariffs, based on an assessment of the willingness and ability of UB's apartment and ger areas customers to pay for improved water service and recommendations related to the implementation of a targeted Customer Assistance Program (CAP).
  2. **The “Ger Area Cost Containment Sub-activity”** supports efforts to curtail the high costs that the Ulaanbaatar Water Supply and Sewerage Authority (USUG) bears for providing water through the system of water kiosks throughout the ger areas of UB. The sub-activity supports the conversion of manually operated kiosks to automatic “smart” kiosks that operate longer hours at a lower cost. The Sub-Activity also supports improvements in data sharing, planning, and coordination among USUG, municipal agencies, and district offices around expansion and the development of municipal infrastructure.
  3. **The “Utility Operations Sub-activity”** supports the strengthening of critical operational capacities within USUG, to be identified through the implementation of AquaRating, an international assessment and benchmarking tool for utility operations developed by the International Water Association. The sub-activity includes funding support for a comprehensive partnership between USUG and an experienced water utility from a developed country that operates in similar conditions or deals with similar concerns. The sub-activity also includes targeted

support for specific concerns with USUG’s ability to operate, maintain, manage, and plan its asset base, as well as its ability to capture, analyze and make use of customer data.

4. **The “Industrial Pre-Treatment and Pollution Control Sub-activity”** supports efforts to reduce the incidence of industrial pollution in the municipal wastewater collection system before the new Central Wastewater Treatment Plant (CWWTP) is commissioned. The sub-activity funds technical assistance to identify and model sources of industrial pollution, strengthen pollution standards, ordinances, and penalties. The sub-activity also provides technical assistance and advanced laboratory equipment to those Government and municipal entities responsible for monitoring, detecting, and enforcing pollution regulations in Ulaanbaatar.
5. **The “Public Awareness and Behavior Change Sub-activity”** supports improved communication and engagement with stakeholders and the general public to improve public understanding of the scarcity of water resources available to Ulaanbaatar and the actual costs of exploiting them in ways that protect environmental and social concerns. Its objective is to contribute to the successful implementation of more cost-reflective tariffs, such that USUG increases its cost recovery.

## II. SOCIAL ANALYSIS AND IMPLEMENTATION PLAN OVERVIEW

The Social Analysis and Implementation Plan (SAIP) describes the social analysis related to the compact and the resulting recommendations for objectives, activities, outputs, responsibilities, and timelines for the Mongolia Water Compact. The process of developing and revising the SAIP serves as a mechanism for soliciting inputs and agreements within MCC and MCA-Mongolia and among other relevant stakeholders. The SAIP is one of MCA-Mongolia’s main strategic and operational documents and provides a framework to consolidate social analysis related to the compact and to plan the integration of social impact objectives, metrics, and targets of Compact activities. The plan highlights social constraints and risks across the sector that need to be mitigated, and it identifies opportunities for enhancing benefits for program stakeholders. It also serves as a guiding document for bidders, consultants, contractors, sub-contractors, grantees, and implementing entities to integrate social analysis and social impact activities into the relevant elements of the design, planning, implementation, and close-out phases of all Compact activities.

### A. SAIP REQUIREMENT

The Mongolia Water Supply Project activities must conform to the MCC’s Counter-Trafficking in Persons (C-TIP) policy and Guidance Note on Sexual Harassment. All MCAs, including MCA-Mongolia, are responsible for conducting relevant social assessments, gathering and using sex-disaggregated data, integrating social analysis considerations into project design, and ensuring actions on social analysis during compact implementation via a SAIP. The SAIP is one of MCC’s Operational Requirements for all MCAs, and the completion of the SAIP and compliance with its requirements are Conditions Precedents (CP) for all compacts. Before the second Disbursement of Program Funding, MCA-Mongolia must develop and approve the SAIP, in form and substance satisfactory to MCC.

### B. CONTENT OF THE SAIP

The SAIP begins by addressing the social policy and legal framework in Mongolia a brief background about the critical laws, policies, and social issues in the water sector in the country and in Ulaanbaatar project-implementation area(s), as well as the status of women, youth, local

community and low-income people that may be affected by the project. The other main component of an SAIP is a social analysis action plan, which includes specific measures to ensure the following:

- Identification of approaches for regular, meaningful, and participatory consultations with women and other groups affected by projects;
- Development of strategies for consolidating the findings and recommendations of Project-specific social analyses into final Project designs;
- Specification of actions to be taken during the Compact implementation to meet the social analysis objectives;
- Specification of outputs, responsibilities, and timelines related to specified SA actions;
- Ensuring that final designs, construction tender documents, and implementation plans are consistent with and incorporate the outcomes of the social analyses.

The SAIP also addresses how Social Analysis (SA) and Social Safeguard (SS) staff work with the Environment and Social Performance (ESP) to ensure implementation of the Environmental and Social Management Plans (ESMPs) and contractors' ESMPs (CESMPs) of the infrastructure activities and covers Monitoring and Evaluation (M&E), current and potential partnerships, communications, necessary budget for implementation, and training and technical needs to ensure all social components throughout the Compact implementation.

### **C. MCA-MONGOLIA'S SOCIAL ANALYSIS COMMITMENTS AND STAFF**

MCA-Mongolia manages the social issues and components of Compact-funded activities in part through the implementation of the SAIP. Responsible staff include the Social Analysis Manager and the Sustainability Director of MCA-Mongolia, who are responsible for ensuring compliance with the International Finance Corporation (IFC) Performance Standards (PS) and relevant Mongolian laws, policies, and standards noted below in the design, planning, and implementation phases of all Compact-funded activities.

- The Social Analysis Manager works in collaboration with the Program Management Consultant (PMC) and ESP team to ensure and monitor the incorporation of all social components in the Environmental and Social Impact Assessments (ESIA), Environmental and Social Management Plans (ESMP), and Resettlement Action Plans (RAP) of both Downstream Wells and Wastewater Recycling Activities.
- The Sustainability Director oversees the Water Sector Sustainability Activity, including the Cost Recovery Technical Assistance (CRTA) and the Public Awareness and Social Behavior Change (SBC) Sub-Activities and their respective teams (CRTA and SBC). Both of these sub-activities deal with issues related to socially acceptable water tariff levels and structure and address affordability concerns among low-income households in UB through policy reforms based on the capture and effective use of water sector customer data. In addition to customer-centered support activities, the Cost Recovery sub-activity provides inputs to the development of the full Cost Recovery Plan (CRP) for the water utility and capacity enhancement of the water services regulator. The CRTA team is responsible for providing technical support in the implementation of the reforms related to customer data and reporting on water consumption and expenditure. The CRTA team actively participates in the development of the CRP by ensuring the incorporation of affordability issues and Customer Assistance Program (CAP) development in the tariff adjustment option of the CRP that the MCA-Mongolia meets the related Conditions Precedent (CP) requirements.

## **D. MCA-MONGOLIA SOCIAL ANALYSIS AND IMPLEMENTATION PLAN**

### **1. SAIP 1.0**

MCA-Mongolia's first SAIP (1.0) was focused mainly on the social opportunity and risk assessment and related action planning for the Compact's large works infrastructure investments, the Downstream Wells Activity, and the Wastewater Recycling Activity, for which bid packages were released prior to the Compact's Entry into Force (EIF). Pre-EIF approval of Version 1.0 of the SAIP enabled bidders, contractors, and sub-contractors to consider the relationship between the Compact's SAIP's infrastructure-related sections and the following requirements:

- 1) Adherence to the IFC Performance Standards, including those related to technical approaches, staffing, and monitoring tools;
- 2) Adherence to MCC's C-TIP Policy, MCC's Guidance to MCAs on Sexual Harassment, and related standard contract clauses;
- 3) Consideration of MCC's commitment to a voluntary target of employing women as 30% of all staff on compact-funded works and its overall commitment to women's economic empowerment;
- 4) Development and implementation of CESMPs following the requirements of the relevant ESMPs.

### **2. SAIP 2.0**

The development of the SAIP 2.0 process included a consultative, participatory, and interactive approach through meetings with national, municipal, and district-level stakeholders, the introduction of SAIP 1.0 and brainstorming sessions with internal MCA-Mongolia teams/units, discussion with the Program Management Consultant (PMC)'s Social Expert for revising the Action Plan for a specific integration, and additional social assessments through a desk review. Below are the types of meetings conducted with stakeholders for the development of SAIP 2.0, and more detailed stakeholder engagement and partnership meeting details and the future Action Plan can be found in Section IX.

An additional review of relevant national and international laws, policies, and regulations was also undertaken to ensure that the SAIP 2.0 development process was compliant with the provisions of the Mongolian National Gender Policy as well as other relevant national and international policies. The SAIP 2.0 development and revision of the first version was carried out through close consultation with the MCA-Mongolia Water Sector Sustainability Activity (WSSA) team as well as a close review of the current and planned activities of the WSSA. Specific measures on mitigation and addressing the affordability and vulnerability concerns for low-income and poor households were addressed in Section V.

### **3. SAIP 3.0**

SAIP 3.0 updates the document with language that aligns with U.S. government priorities, removes reference to the now-rescinded MCC Gender Policy, integrates the Action Plan for overall Compact and Infrastructure activities which was revised in June 2024 under the review of stakeholders, and makes modest updates to Section V, Social Analysis and Social Impact in the Water Sector Sustainability Activity to set the stage for a final report on social analysis and impact prior to compact end date.

### **III. POLICY AND LEGAL FRAMEWORK IN MONGOLIA**

This section provides a brief, narrowly focused summary of the laws and policies related to labor and human rights in Mongolia that are considered for developing this plan and are most relevant to the Compact activities. Additional laws related to labor, child rights and child protection and social protection that are relevant to the Compact are included in the Environmental and Social Impact Assessment Reports of Bulk Water Supply Expansion and Wastewater Recycling activities, which also summarize the institutional framework for the Compact's development and implementation.

#### **A. RELEVANT MONGOLIAN LAWS**

##### **1. Law On Utilization Of Urban Settlements' Water Supply And Sanitation**

The purpose of this law is to set guidelines related to possessing and utilizing engineering facilities designed for supplying urban settlement users with clean water, meeting standard requirements, and disposing of and treating wastewater from consumption. It includes rules and regulations for housing and public utilities. Specifically, the Law regulates the relationship between suppliers and consumers. Consumers with water meters will pay the service fee according to the meter reading, and consumers without meters will be charged according to the water consumption norms. The service may be terminated if the customer fails to fulfill the obligations under the contract, such as incurring debts due to late payment. The law also includes the roles and powers of the Water Services Regulatory Commission (WSRC), specifically entitled to the power to monitor, adapt, and publish methodology setting clean and wastewater service charges and service tariffs for the special license holders. Specified in provisions 10.2.4 and 10.3 of the Law on Utilization of Urban Settlements' Water Supply and Sanitation, the law states that the tariff shall be based on actual cost and expenses of the operation as well as policy to deliver service to the people in urban and rural settlements with clean water at the same tariff and take actions to implement the policy. In terms of regulation, the law mandates the Agency for Fair Competition and Consumer Protection (AFCCP) to receive customers' complaints about water and wastewater services quality and tariffs and address these complaints.

##### **2. Law On Combating Human Trafficking**

The law regulates relations with respect to the prevention and suppression of trafficking in persons, the elimination of the causes of trafficking, and the protection of victims' rights. It further defines roles and responsibilities and grants power to relevant administrative organizations in charge of social protection, labor, health, and education, and to professional inspection organizations to design and implement programs aimed at preventing and combating human trafficking and assisting and protecting victims. The law reinforces provisions of the Constitution of Mongolia, the Law on Crime and Prevention of Violations, and other legislative acts.

##### **3. Law To Combat Domestic Violence**

The law regulates all matters pertaining to protecting against human rights violations, ensuring victims' safety, holding perpetrators accountable, and regulating the participation of government and NGOs, citizens, economic entities, and authorities in combating and preventing domestic violence. The enactment of the law was a significant step forward in strengthening women's rights and efforts to reduce violence against women. The law is harmonized with the Criminal Code, Law on Law Enforcement, Law on Administrative Violations, Law on Criminal Procedure, and Law on Victim and Witness Protection.

#### 4. **Law On Labor**

**Prohibition on discrimination, sexual harassment, forced labor, and employment of minors.** The law determines the general rights and duties of employers and employees who are parties to labor relationships based on a contract of employment, collective agreement, or collective bargaining. It provides rules concerning collective or single-employee labor disputes, working conditions, management, monitoring and supervision, and liabilities for violation of the law and aims to ensure the mutual equality of the parties. The law prohibits all types of discrimination in employment and contains sections protecting the rights of pregnant and nursing women. The law explicitly addresses pressure, violence, and sexual harassment at workplaces in Article 7, supporting the Mongolian Law on the Promotion of Gender Equality. Article 8 of the Law on Labor prohibits forced labor, and Articles 142 and 143 of the law deal with the employment of minors, which specifically states that an employer shall not employ a minor in a job that will adversely affect their intellectual development or health.

#### 5. **Law On Promotion Of Gender Equality**

The Law on the Promotion of Gender Equality specifically ensures the right to gender equality in political, legal, economic, social, cultural, and family relations. It sets out specific responsibilities of various public agencies in the implementation of the law, and it seeks to protect against gender discrimination in all sectors in three main ways:

1. Strengthening the capacity of the National Committee on Gender Equality;
2. Introducing gender equality goals at all levels of policymaking;
3. Developing sub-sectoral gender-sensitive policies.

**Equal rights in employment and labor relations, affirmative action.** Article 11 includes provisions relevant to women's employment under Compact-related procurement and targeted recruitment, including provisions to 1) recruit a person of the under-represented sex to ensure balance between males and females in a given organization or its unit (11.3.3); 2) carry out monitoring and evaluation of legal provisions on equal pay for equal work and equal working conditions and take actions to eliminate identified breaches (11.3.4.); 3) have a transparent hiring process.

**Approach to combatting sexual harassment.** Article 11, paragraph 4 of the law requires that "In order to prevent and keep the workplace free of sexual harassment and to maintain zero tolerance of such harassment, an employer shall incorporate into the organization's internal procedures, specific norms for prevention of sexual harassment in a workplace and the redress of such complaints." It also requires that organizations design and conduct a program of training and retraining geared toward creating a working environment free from sexual harassment and report on its impact in a transparent manner.

### **B. POLICIES**

#### 1. **Government Resolution on discounts on the water service to ger area residents**

On June 13, 2012, the Government of Mongolia passed a resolution to close the water tariff gap between ger area and apartment residents to reduce the affordability concerns for low-income ger area residents. The resolution instructs the Minister for Environment and Tourism (MET) to make a proposal to the WSRC to reduce the price of water service in Ger districts of Ulaanbaatar City and settled areas to the level of price imposed on the residents of apartments in respective localities and to take measures to solve the issue gradually. Furthermore, the government resolution assigns the Minister of Finance to calculate the loss to be incurred by

the water suppliers in 2012 due to the reduction of current tariffs and resolve the funding resources and direct Governors of UB Municipality and Aimags to reflect the associated funding in the local budget on an annual basis.

The resolution officially, although for a definite period only, recognized the importance of the link between the affordability of tariff and subsidy to customers and water providers to maintain the financial sustainability of the water providers and economic Protection of the customers. What is missing is a policy, in the long term, to link water tariff (cost recovery) with affordability and subsidy (to the customers and/or water providers) with the objective of promoting financial sustainability and economic Protection.

## **2. Policy on housing and public utilities**

The Policy on Housing and Public Utilities shall be implemented between 2020 to 2030 in three stages. Of relevance is the 3rd stage: In 2026-2030, the independent financial status of the sector shall be ensured, housing and its engineering infrastructures, water supply, and sanitation capacity and access shall be increased in line with ever-increasing consumption. 90% of the total consumers in the capital city and rural areas shall be provided with fully engineered housing; 90% of the total population shall be provided with a safe water supply; 60% of the total population shall have access to improved sanitation. The policy pushes for independent financial status while also increasing water and sanitation coverage targets, which will require big capital investments that need to be recovered, which may result in higher tariffs.

## **3. Policy of gender-responsive workplaces**

The Ministry of Labor and Social Protection (MLSP), in collaboration with the National Tripartite Committee of Labor and Social Consensus, approved the Policy of Gender-responsive workplaces that comply with the national laws on labor, gender equality, and government policies on gender, decent work, and sustainable development. The policy objectives are to establish workplaces that prevent and protect from workplace harassment and sexual harassment and build flexible working conditions that consider the gender-specific needs of men and women to balance the work and private life of employees.

## **4. The guideline for internal policies of government authorities and business entities directs to prevent workplace sexual harassment**

Based on the amended labor law which came into force on January 1, 2022, the Ministry of Labor and Social Protection (MLSP) in collaboration with the National Tripartite Committee of Labor and Social Consensus and the National Human Rights Commission made an order for government authorities and business entities to apply “The Guidance for Internal Policies of Government Authorities or Business Entities directed to prevent workplace sexual harassment, to reflect laws and regulations for resolving relevant complaints and to create sexual harassment-free workplace” that complies the requirements for Compact contractors and consultants. The guidance includes templates to apply to the internal policies, grievance redress mechanisms, and training programs of individual organizations.

## **5. Construction and urban development sector gender-responsive policy (2018-2025)**

The Ministry of Construction and Urban Development (MCUD)’s Gender-Responsive Policy provides support towards the development of gender-responsive planning, implementation, monitoring, and evaluation processes in the construction and urban development sector. The policy seeks to promote gender balance in the construction projects both among workers as well as decision-makers through the following specific strategies.

- Plan urban and built-up land with gender equality in mind and strengthen the national capacity for development;
- Support workers in the construction industry and provide proper employment with a gender-sensitive human resource strategy;
- Set up and develop a system at the organizational level for preventing discrimination and responding to gender-related complaints;
- Offer guidance on anti-discrimination and harassment rules in workplaces and prevent sexual harassment and age discrimination in the workplace;
- Establish and popularize the gender-responsive ‘human-centered and socially responsible management model among public and private-sector entities;
- Include gender targets in employment via international and domestic tenders so that one gender will not be lower than 15% among workers and 25% among decision-makers.

## **C. MCC REQUIREMENTS AND INTERNATIONAL STANDARDS**

### **1. IFC performance standards on environmental and social sustainability**

IFC’s Sustainability Framework (update effective January 1, 2012) is widely considered one of the most complete sets of policies and standards for integrating environmental and social management to avoid, mitigate, and manage risks and impacts. The framework comprises the IFC Policy on Environmental and Social Sustainability and the related IFC Performance Standards, as well as IFC’s Access to Information Policy. The IFC Performance Standards define clients’ responsibilities for managing their environmental and social risks. The eight Performance Standards establish standards that the client is to meet throughout the life of the investment by IFC:

- Performance Standard 1: Assessment and Management of Environmental and Social Risks and Impacts
- Performance Standard 2: Labor and Working Conditions
- Performance Standard 3: Resource Efficiency and Pollution Prevention
- Performance Standard 4: Community Health, Safety, and Security
- Performance Standard 5: Land Acquisition and Involuntary Resettlement
- Performance Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources
- Performance Standard 7: Indigenous Peoples
- Performance Standard 8: Cultural Heritage

### **2. MCC counter-trafficking in persons policy**

MCC has a zero-tolerance policy with respect to trafficking in persons, the crime of using force, fraud, and/or coercion to exploit another person. Trafficking in persons means (a) sex trafficking in which a commercial sex act is induced by force, fraud, or coercion, or in which the person induced to perform such act has not attained 18 years of age; or (b) the recruitment, harboring, transportation, provision, or obtaining of a person for labor or services, through the use of force, fraud, or coercion for the purpose of subjection to involuntary servitude, peonage, debt bondage, or slavery. Each MCA, including MCA-Mongolia, is responsible for implementing C-TIP Minimum Compliance Requirements on all projects, with support and supervision from MCC. The requirements, defined in Annex A of the MCC’s C-TIP Policy, are incorporated into all solicitation documents and contracts for works, non-consulting services, and consulting services.

## IV. SOCIAL RISKS AND OPPORTUNITIES IN INFRASTRUCTURE ACTIVITIES

This section summarizes the main social opportunities, potential impacts, and risks identified in relation to the Compact's large infrastructure activities, focusing on the following structures:

- A. Expanding short-term employment opportunities for local workers from Compact-funded infrastructure activities:
  1. Recruiting residents of project-affected communities
  2. Recruiting technical and vocational education and training graduates and certified skilled workers
  3. Encouraging contractors to recruit, train, and retain women as 30% or more of all workers
  4. MCA-Mongolia and Program Management Consultant's roles expanding short-term employment opportunities for local workers
- B. Identifying and managing social risks related to infrastructure:
  1. Worker exploitation during construction
  2. Child labor
  3. Trafficking in persons
  4. Sexual harassment on the job site and in surrounding communities
  5. MCA-Mongolia and Program Management Consultant's roles in identifying and managing social risks

It draws on consultations held with government and civil society organizations, findings from the ESIA's for the Downstream Wells Activity and Wastewater Recycling Activity, and MCC's experience with large works investments in other compacts. It serves to reinforce and provide background for the requirements in the ESMPs of both Downstream Wells Activity and Wastewater Recycling Activity.

### A. EXPANDING SHORT-TERM EMPLOYMENT OPPORTUNITIES FOR LOCAL WORKERS FROM COMPACT-FUNDED INFRASTRUCTURE ACTIVITIES

This sub-section covers background to improve short-term employment opportunities for local workers in the large infrastructure activities related to 1) outreach to recruit residents of project-affected communities 2) outreach to recruit local TVET graduates 3) encouraging contractors to recruit, train, and retain women toward MCC's non-binding voluntary target of 30% or more of all workers, and 4) how the MCA-Mongolia works with contractors and the Program Management Consultant (PMC) to achieve the goal of expanding short-term employment opportunities. SA's objectives related to expanding short-term employment and income-generation opportunities relate to expanding outreach and affirmative efforts to expand the pool of applicants to various Compact-funded opportunities.

Ensuring that residents of UB, including women, feel included in the short-term "benefits" of Compact-funded construction activities by encouraging and supporting them to compete for employment opportunities during construction phases is a critical risk management approach. It serves to maintain popular support for the Compact and to avoid the negative perceptions of a foreign-funded project that employs mainly foreign workers to the exclusion of city residents. Currently, many construction-related firms hire foreign workers to meet their labor demands, and this often generates considerable tension with residents. According to the National Statistics Office (NSO), in the third quarter of 2020 alone, 4,384 foreign workers were registered with the Mongolian Immigration Agency and employed in Mongolia, and over 64% of those worked in construction, mining, and manufacturing.

## 1. Recruiting residents of project-affected communities

**Background.** Many of the residents of Bayangol, Khan-Uul, and Songinokhairkhan Districts are already socially and economically marginalized, particularly in relation to the majority of the residents of central UB, so new employment opportunities will be particularly meaningful, even if the jobs are limited by the duration of the construction activities.

- A high proportion of households in the project-affected districts lived on incomes below the Minimum Living Standard (MLS) of 230,000 MNT per capita per month in 2020. These households were considered vulnerable to economic shock because of low incomes, which are also often combined with unemployment, few income-earning members and/or larger-than-average numbers of older people or young children, and family members who are people with disabilities.
- The project-affected districts include a high proportion of female-headed households, which have a higher-than-average poverty rate than male-headed households in UB.
- Most households include immigrants from elsewhere in Mongolia looking for economic opportunities to improve their lives. These workers are more likely to work in the informal economy with low rates of pay and exploitative conditions. In particular, they are also likely to work in “brigades,” which are common in Mongolia. Worker brigades are generally informal entities without legal status that do not offer contracts, thus providing an insecure employment status, often in poor employment conditions.

Both Songinokhairkhan, Bayangol, and Khan-Uul district Social and Protection and Labor Offices labor officers view the effective method for recruiting locals is through the open day events and jobs fairs organized with the employers as well as direct engagement with project-affected community members at meetings with contractor representatives. The district Labor and Social Protection offices work closely with the District’s Tripartite Labor Council, comprised of government representatives, employees (labor union), and employers (companies), to find job opportunities and provide employment training that matches labor demand. The council prefers to work directly with the employers on organizing job fairs, open day events, and the publication of vacancies within communities.

Making explicit efforts to recruit workers from project-affected communities will be a particularly important risk management strategy. During stakeholder meetings for the Downstream Wells Activity and Wastewater Recycling Activity’s ESIA, community members made it clear that they have substantial expectations that the Activity will generate opportunities for employment and income generation. Indeed, given the timeline to the Activity’s completion, short-term income generation opportunities may be one of the only visible, tangible outputs of the Compact for ordinary people before the Compact’s end. The construction contracts need to emphasize that contractors employ local people to undertake unskilled and semi-skilled jobs in the project. The advantages for contractors of employing local people are:

- Workers' camps are not needed, and the costs of importing labor, possibly foreign workers, are removed;
- Local labor is less likely to have conflicts with the community over work and recreational demands;

**Contractor Responsibilities.** Infrastructure project contractors have many means to seek, identify, and recruit local labor through close partnership and engagement with the district and local governments and construction sector trade and professional associations, like the Mongolian Builders’ Association, as well as through direct engagement with project-affected community members at meetings with contractor representatives. District Labor and Social Protection offices and khoroo government offices provide labor and social protection services

(including employment mediation) to locals. They also keep records of local unemployed and employment-seeking populations, which allows contractors to recruit local labor through partnerships with these offices. Contractors also use job boards and assist applicants in the application process to recruit local labor. The contractor is responsible for taking the following actions to improve short-term employment opportunities:

- Publish vacancies (listing the required qualifications for all categories of employment) within project-affected communities and at Districts and khoroos;
- Ensure information about employment opportunities is disseminated to local populations;
- Ensure that a staff person responds to questions from the local population regarding employment and procurement opportunities;
- Develop an employment forecast and a written recruitment strategy to:
  - Encourage the employment of qualified individuals among the local population(s) in project construction and ancillary activities in all phases, with a particular focus on women, youth, and disadvantaged groups;
  - Ensure information about employment opportunities is disseminated to local populations;
  - Target achieving women's employment as at least 30% of personnel at each skill/occupational level; and
  - Provide training for local construction brigades on how to be effective contractors for local construction brigades.
- Coordinate with MCA-Mongolia and PMC to provide support with the job application process, encourage local employment (including women's employment), implement and publicize a job fair, and ensure a consistent and transparent recruitment process; and
- Take steps to consider ways in which to maximize outreach, using all forms of media that may be appropriate in disseminating information on potential employment opportunities.

## **2. Recruiting technical and vocational education and training (TVET) graduates and certified skilled workers**

**Background.** Shortages of skilled labor in Mongolia, especially in the construction and mining sectors, are becoming a significant constraint for Mongolia's economic development, and Compact-funded infrastructure contractors and sub-contractors will need to develop and implement deliberate, pro-active strategies to recruit and retain local labor, including by providing on-the-job training, apprenticeships, and internships for engineering students.

To resolve the skilled labor shortage in sectors including construction, the Government of Mongolia has been taking substantial steps to revise the legal environment for TVET and to provide a policy framework to encourage young people to enroll in TVET centers. It is also seeking to ensure a more consistent matching of TVET curricula to private sector demand. For example, the Vocational Education and Training Assessment Center (VETAC), which oversees all of the TVET centers nationally for the Government of Mongolia, under the Ministry of Labor and Social Protection (MLSP), partnered with GIZ on a private-sector workforce demand survey in the construction sector. The Survey demonstrated that as of 2020, Mongolia has 50 public and 30 private TVET institutions with 40,011 trainees. Additionally, 712 other training centers and providers offer non-formal, short-term vocational training. About 5.8% of youth aged between 14 and 24 participate in TVET programs, but only 55% of them find work placements. According to the 2020 data of the MLSP, 2 out of the 5 top-demanded TVET trades are at least partly construction-related, namely plastering and welding. will map current and future demand for skilled and unskilled labor for the entire construction sector. Key

challenges that the Government continues to address include a lack of sufficient practical training for TVET students, inconsistent quality assurance for TVET programs, and insufficient funding for TVET.

**Contractor Responsibility.** The infrastructure contractors and subcontractors will benefit greatly from determining the potential for offering apprenticeships and other technical training to suitably interested and qualified candidates. The contractor is responsible for taking the following actions.

- Develop and submit a plan for providing on-the-job training and skills transfer opportunities to the local labor force;
- Engage with training, education, and professional organizations, such as TVET centers and other education institutes, including Mongolian University of Science and Technology (MUST) to
  - Recruit qualified applicants;
  - Provide apprenticeships and internships for students who study water engineering and relevant subjects at university.
- Provide training to enhance employees' skills using on-the-job training, internships, and apprenticeships in training programs such as TVET.

### **3. Encouraging contractors to recruit, train, and retain women as 30% or more of all workers**

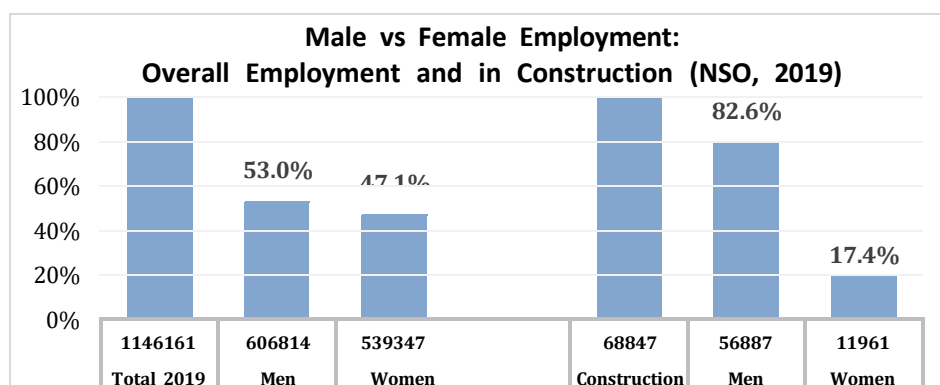
**Background.** The condition of women in the project area of the infrastructure projects is particularly poor, where women earn 69 percent less than men. Per capita, monthly income in female-headed households in the area of influence was 241,880 MNT, only 12,000 MNT above the official poverty level of 230,000 MNT (approx. 82 USD). Many female-headed households are living on incomes below the minimum living standard, have very high unemployment rates, and have higher numbers of dependents, and women face discrimination in accessing employment and at work. Women need to be able to access employment in the same ways as men with equal pay for equal work and to be able to apply for jobs in the same way in all sectors of the economy.

Mongolian women contribute to the labor market, including in construction, but opportunities for women in the construction sector are very low, and there is considerable prejudice against women's employment in this sector. Women are subject to sex-based employment discrimination not only in terms of the wage gap but also in job opportunities where employers discriminate against women applicants with respect to chances of promotion and opportunities. Such practices reinforce discrimination against women and enable sexual harassment in the workplace. According to the consultation meetings conducted with Songinokhairkhan, Bayangol, and Khan-Uul district Labor and Social Protection Offices, companies are hesitant to recruit women who are above 40 years old and women who have been out of work due to childcare. Women, especially those with young children, prefer long-term, part-time jobs. According to data available at Songinokhairkhan district Labor and Social Protection Office, 60% of the registered unemployed locals in Songinokhairkhan district are women.

Despite the relatively low proportion of women employed in construction overall, the data below related to female university students and graduates in engineering, manufacturing, and construction suggest that MCA's infrastructure contractors may identify promising engineers and other skilled staff among women graduates of the universities, TVET centers, and other institutions of higher learning. It also suggests that narrow norms about women's roles are more likely to be substantial barriers to women's employment in construction than a wholesale lack of qualifications.

- According to the 2018-2025 Gender-Responsive Policy of the MCUD, among students studying in the construction and urban development sector, approximately 40% are women.
- In 2020, the Global Gender Gap reported that, among all female graduates in Mongolia at the tertiary level, 9.84% were in engineering, manufacturing, and construction (compared to 33.12% of all male graduates).<sup>1</sup>
- Another report found that, in 2016, women were 20.4% of engineering, manufacturing, and construction students (MECSS 2017).

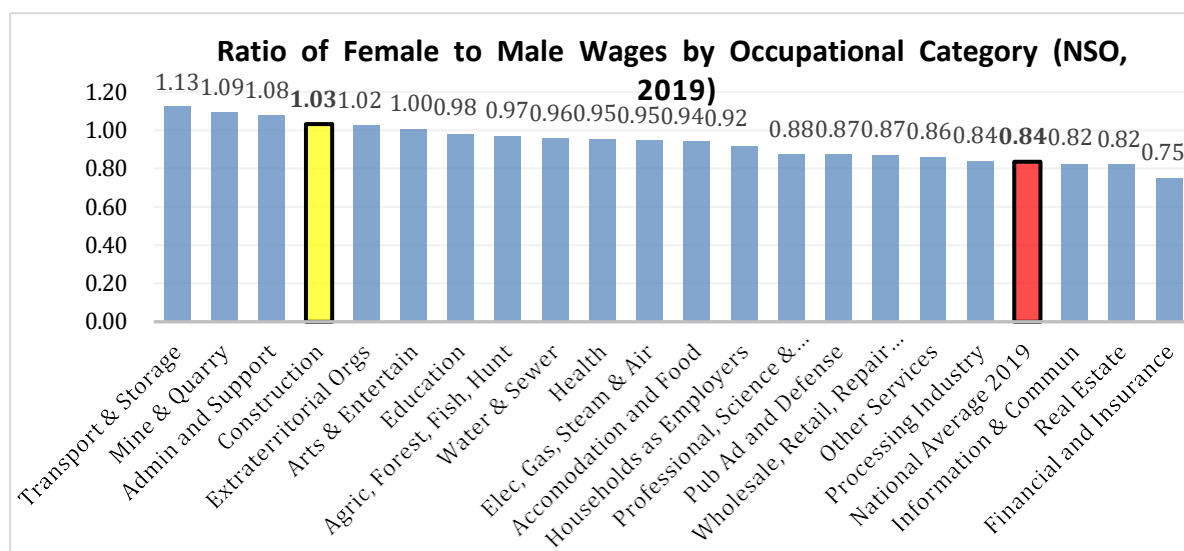
*Graph 1. Women's vs Men's Employment in Construction*



Pay parity for women is evident in the construction sector. On average, jobs in the construction industry are good-paying jobs for women in Mongolia, paying at least what men earn. Graph 3, below, shows that although there is a substantial average wage gap between males and females in Mongolia, with females earning just 0.84 of what males earned in 2019, females earned slightly more than males, on average, in the construction sector (1.03 times what males earned). This is mainly attributed to women in the construction sector being more likely to be employed for semi-skilled or high-skilled jobs that, on average, pay more than the average wage for the entire construction sector. They also begin to reach parity in the water supply, sewage, and waste management sectors (0.96 of what men earned). Women also earned more than men in the transport and storage sector (1.13), the mining and quarry sector (1.09), and the admin and support sector (1.08).

*Graph 3. Ratio of Female to Male Wages by Occupational Category*

<sup>1</sup> [https://www3.weforum.org/docs/WEF\\_GGGR\\_2020.pdf](https://www3.weforum.org/docs/WEF_GGGR_2020.pdf)



**Contractor Responsibility.** Contractors are not specifically obligated to recruit women over men. Improving women's participation in construction activities and improving employment opportunities for women go hand-in-hand with recruiting project-affected community residents for short-term employment. Contractors have many means to seek, identify, and recruit local labor and women through close partnership and engagement with the district and local governments and construction sector trade and professional associations, like the Mongolian Builders' Association, as well as through direct engagement with project-affected community members at meetings with contractor representatives. District Labor and Social Protection offices and khoroo government offices provide labor and social protection services (including employment mediation) to locals. They also keep gender-disaggregated records of unemployed and employment-seeking populations at a local level, which allows contractors to commonly recruit local labor through partnerships with these offices. Construction contractors are required to keep a regularly updated sex-disaggregated staff roster.

#### **4. MCA-Mongolia and program management consultant's roles in expanding short-term employment opportunities for local workers**

Expanding short-term employment opportunities for local workers from compact-funded infrastructure activities is not only the responsibility of the construction contractor. The MCA-Mongolia will also be responsible for the facilitation of engagement with national and local government stakeholders, and the PMC will monitor the implementation of contractor responsibilities. In addition to the specific Action Plan detailed in Section VI, this sub-section describes the general roles and responsibilities of the MCA-Mongolia and the PMC in relation to recruit residents of project-affected communities, TVET graduates, and certified skilled workers, and encourage contractors to recruit, train, and retain women as 30% or more of all workers.

**Recruiting residents of project-affected communities.** The MCA-Mongolia will work with contractors' designated socially-focused managers and any community liaison staff to cooperate with the District Labor and Social Protection Offices in the recruitment of the residents in the project-affected communities. To increase opportunities for local employment, the MCA-Mongolia will be responsible to:

- Facilitate the contractors' cooperation with the local District Labor Offices;
- Facilitate the contractors' designated managers to gather names of interested workers

from affected households and through community information programs and consultation meetings and from District and Khoroos Labor Offices;

- Facilitate contractors' holding of job fairs and procurement workshops within affected communities to support local applicants to apply for jobs and local businesses and entrepreneurs to bid.

In turn, the PMC will monitor and oversee the Contractors' cooperation with local labor offices and recruitment of residents from project-affected communities. To increase opportunities for local employment, the PMC has the responsibility to:

- Monitor that the Contractors' designated manager gathers names of interested workers from affected households and through community information programs and consultation meetings;
- Monitor the publication of vacancies within communities;
- Encourage Contractors to employ socially excluded and vulnerable people.

**Recruiting TVET graduates and certified skilled workers.** MCA-Mongolia will facilitate effective partnerships and the creation of apprenticeship and internship opportunities for TVET graduates to support employment opportunities and knowledge-sharing activities.

To increase opportunities for TVET graduates and certified skilled workers, the PMC will be responsible for:

- Monitor Contractors' engagement with relevant university engineering programs, technical and vocational education and training (TVET), and professional associations to identify and recruit qualified job applicants;
- Encourage Contractors to establish internships and apprenticeship opportunities for TVET and university students and graduates.

**Encouraging contractors to recruit women.** Achieving the objective of at least 30% of temporary project workers being women requires that MCA-Mongolia's Social Analysis and Implementation Plan. The MCA Mongolia provides technical assistance, coordination, and oversight during the procurement, construction, and closeout phases of each infrastructure activity. It will also require commitment and support from the MCA-Mongolia management, procurement, ESP, and infrastructure teams, MCC Resident Country Mission (RCM), and the PMC. The best outcome for all sections of the affected communities would be for a requirement for contractors to use as high a proportion of local labor in unskilled and semi-skilled categories as possible, with a 30 percent allocation for women. This will be facilitated by the Contractors' staff, who will inform communities of employment opportunities through the project communication plan, particularly targeting women, and then supervise the gathering of lists of persons interested in working on the construction projects. The efforts in increasing the recruitment of local labor and residents of the project-affected communities will also contribute towards increasing the recruitment of women. MCA-Mongolia will be responsible for:

- Encourage Contractors to employ women at a rate of at least 30% of personnel at each skill/occupational level;
- Encourage Contractors to employ local unskilled and semi-skilled labor, particularly youth and women, and to procure goods and services from local businesses and entrepreneurs.

The PMC will be responsible for monitoring the contractors' efforts toward the above

objectives.

## **B. IDENTIFYING AND MANAGING SOCIAL RISKS RELATED TO INFRASTRUCTURE**

Drawing on the Downstream Wells Activity and Wastewater Recycling Activity ESIA and ESMPs, this section highlights four types of social risks that are the particular responsibility of the MCA-Mongolia Social Analysis Manager to address, along with contractors and the PMC, with collaboration from MCA's ESP team, through strict adherence to the ESMPs: 1) worker exploitation during construction 2) child labor 3) trafficking in persons and 4) sexual harassment on the job site and in surrounding communities. The section also includes specifications on how the MCA-Mongolia works with contractors and the PMC to achieve the goal of expanding short-term employment opportunities.

### **1. Worker exploitation during construction**

**Background.** In Mongolia, construction poses a substantial risk of labor exploitation, both for Mongolian and foreign workers. According to the World Bank's report, Urban Poverty in Ulaanbaatar (Singh 2017), between 2010 and 2014, the construction sector contributed to more than half of the labor income growth among the poorest 20% of the labor force. However, the report also singles out the sector's exploitation of informal workers via withholding or partial payment of wages, fraudulent contracts, and unfair dismissals. Among focus groups with informal and unemployed workers in the city, participants in all groups "agreed that employers' bias towards the younger and foreign workforce, exploitative labor practices, rampant cronyism, and corruption were the main reasons for unemployment and barriers in accessing jobs" (Singh 2017, 27).

Mongolia has a history of small and medium businesses called "brigades" providing labor in the construction industry. Workers can form brigades, but the legal status of worker-formed brigades varies, and they are often informal. and their lack of clear legal status leads to less advantageous employment conditions than formal employees or directly contracted construction workers. Brigade workers have been working with or without contracts but may not be paid on time or at all. Failure to be paid is a frequent hazard. This is cited to be caused by poor performance or failure to have a strong contractual arrangement with clients. The brigades can be formally registered or not registered, and most do not pay taxes, social insurance, health insurance, accident prevention insurance, or income taxes. However, it is more common for the brigades to be hired for small-scale construction projects with limited financial capacity, and among large infrastructure projects, hiring small informal brigades is not a common practice due to their contractual obligations with the clients that require them to hire more professional and trained staff rather than self-organized brigades.

**Contractor Responsibilities.** To mitigate any exploitation risks associated with hiring construction workers and brigades, contractors should strongly consider providing training and orientations to all workers and brigades prior to recruitment to address the following common issues:

- Formal contracting and employment agreement
- Lack of formal registration and licensing for many brigades
- Poor management capacity and practices
- The low representation of women in construction and brigades
- Poor work management and lack of quality control, timekeeping, and health and safety issues
- Lack of policies or protocols on any aspect of work management

- Little awareness of the rights of both men and women in employment

## 2. Child labor

**Background.** Child labor is against human rights, and poverty remains the main cause of child labor. Children engaged in labor not only have low school attendance rates and lower educational attainment than non-working children, but they also have lower earning potential and are frequently subject to exploitative, illegal treatment, including unfair wages, unsuitable working conditions, and working hours.

According to the Mongolian Labor Law, the Ministry of Labor and Social Protection protects against hiring children in the construction sector and protects children from working in hazardous activities. No child under 18 is allowed to work in the construction industry. Despite Mongolian law, however, child labor is common in the construction sector of Mongolia. According to the 2016 Labor Force Survey by the International Labor Organization (ILO), 10% of Mongolian children aged 5 to 17 (over 56,000 children) performed child labor, particularly in the agriculture sector, but also in the forms of horse racing, construction, and mining.

Child labor is also strikingly common in project-affected communities. Among households interviewed for the Downstream Wells Activity's ESIA, 41 out of 49 households classified as poor reported sending children to work to supplement the family income. Many community members expressed strong concerns about the safety of the children on and around construction sites. Given the poverty situation in the project area, the potential exists for households to want to send children to work at the construction site to supplement household income. Additionally, construction companies might attempt to hire children to reduce costs.

The Center for Children's Protection and Services under the Family, Child, and Youth Development Agency (FCYDA) maintains a nationwide database for tracking case status and social services needs of vulnerable children and a nationwide, toll-free Child Helpline, "108," that captures child labor and child rights violations available 24 hours a day. The Center for Children's Protection has a temporary (24 to 168 hours) shelter for children and can provide a maximum of 6 months of shelter service. Some cases involve child labor when most teenagers are forced to work in car washing, retail sales, on the roads, construction work, and forced begging in order to cover daily costs for food.

**Contractor Responsibilities.** The conditions of contract for all construction will prohibit underage employment and will require the contractor to develop and implement clear anti-child labor policies with zero tolerance. The MCA-Mongolia and PMC will periodically monitor contractor compliance, examining all worker documents and checking identities. Contracts will specify penalties for non-compliance. The impact is, therefore, negative, with sensitivity moderate and significance high. To address such risks, contractors will need to make particular efforts to follow the requirements of the Conditions of the Contract. Contractor's primary actions against child labor include the following:

- Prohibit the employment of any children under the age of 18;
- Require each contractor to monitor its Primary Suppliers on an ongoing basis in order to identify any significant changes in these suppliers;
- If new risks or incidents of child labor are identified, the Contractor shall take appropriate steps specified in the Labor Management Plan to remedy them;
- Contractors shall report on a monthly basis to the PMC and MCA-Mongolia the following records: hours worked by all employees and 4 monthly payments made to the different levels of managers/professionals, administrative workers, skilled workers, and unskilled workers, each disaggregated by sex and age;
- Employee records will be used to monitor compliance with child labor prohibitions;

- Communicate with project-affected communities explicitly about their zero-tolerance policy toward child labor.

### 3. Trafficking in persons (TIP)

**Background.** Mongolia is both a source of and a destination for trafficked persons, both for sex and forced labor purposes. A significant number of Mongolian victims are trafficked to Ulaanbaatar and the surrounding areas for sex trafficking, most originating from rural and poor economic areas throughout the country (Dept. of State 2020). The country is ranked as Tier II in the 2020 US Department of State’s annual Trafficking in Persons report. This indicates that the Government of Mongolia has not fully met the minimum standards to eliminate trafficking in the country but has taken steps to do so.

In 2017, the Government instituted a National Anti-Trafficking Program (2017-2021) and a corresponding work plan under the management of a National Sub-Council. The program aimed to provide technical guidance on trafficking prevention and coordinate interagency efforts to implement relevant legislation, although some stakeholders express concern over insufficient interagency coordination. In addition, the Family, Child, and Youth Development Agency under the Ministry of Labor and Social Protection began assembling a large database in 2018 containing information on at-risk populations, and it collaborated with an international organization to establish multidisciplinary committees focusing on at-risk children’s rights and protections at the district and provincial capital levels; some of this work included anti-trafficking equities. The government also provided 20 million MNT (7,320 USD) to an NGO for the maintenance of a hotline system, through which one sex trafficking investigation was initiated.

MCC is committed to working with partner countries to ensure appropriate steps are taken to prevent, mitigate, and monitor trafficking in persons (TIP) risks. MCC’s Counter-Trafficking in Persons (C-TIP) Policy requires a zero-tolerance policy for trafficking in persons for all Compact-funded activities. Its prohibitions apply to the trafficking of workers on construction sites and the conduct of contractors’ workers toward community members. Based on MCC definitions, TIP has two broad categories:

- 1) The recruitment, harboring, transportation, provision, or obtaining of a person for labor or services through the use of force, fraud, or coercion for the purpose of subjection to involuntary servitude, peonage, debt bondage, or slavery. A victim need not be physically transported from one location to another in order for the crime to fall within these definitions.
- 2) Sex trafficking in which a commercial sex act is induced by force, fraud, or coercion, or in which the person induced to perform such act has not attained 18 years of age

MCC and, by extension, MCA-Mongolia’s prohibition on trafficking in persons is also embedded in all MCA-Mongolia contracts. Standard contracts language delineate remedies for confirmed TIP incidents, including *“the MCA Entity directing the Contractor to provide reasonable financial support or restitution to the victim(s) of any such incident, in each case in accordance with the Contractor’s applicable TIP risk management plan, and/or based on a final judicial or administrative determination issued pursuant to Applicable Law or the findings of an investigation conducted (directly or through a third party) by the MCA Entity.”*

**Contractor Responsibilities.** To mitigate TIP risks, contractors shall be required to undertake a number of actions, which are listed here and in the ESMP. Primary actions include the following:

- 1) Develop and implement a TIP Response Plan specifying how the Contractor would handle any reported TIP incident;

- 2) Provide all workers with notification of the MCC C-TIP Policy and the Contractor's TIP Response Plan before the start of on-site work;
- 3) Submit to the Engineer for approval, prior to the initiation of works, the content and format of a C-TIP orientation training about the MCC Counter-Trafficking in Persons Policy;
- 4) Providing the above training to all workers within the first month of their initiation of work on-site;
- 5) Holding update orientations about the C-TIP Policy with workers every six months to summarize and remind workers of the MCC C-TIP Policy, examples of C-TIP, and how to report suspected incidents;
- 6) Monitor and report on workers' participation in C-TIP orientation training. (See Annex I for details.);
- 7) Invite designated stakeholders to participate in one or more orientation training, as requested by the supervisory engineer or MCA-Mongolia, so they are aware of the Contractor's C-TIP requirements and how they have been communicated to personnel;
- 8) Designate at least two staff members to participate in any C-TIP meetings, training, or workshops organized by the MCA-Mongolia, if any, when directed by the Employer;
- 9) Take active measures at the building sites to prevent TIP, monitor compliance with the C-TIP requirements, and intervene when necessary to take corrective action;
- 10) Develop and submit a description of and a plan for an anonymous mechanism for workers and community members to report suspected TIP incidents and cases, separately from the Grievance Redress Mechanism, and additionally identify a means for workers and community members to provide information about the suspected project and project worker-related TIP to the Engineer and the MCA-Mongolia;
- 11) Include information about the TIP Response Plan in all community meetings and provide the policy and plan to the khoroo and district government;
- 12) Provide workers with a list of national and local organizations and government agencies that address trafficking in person; and
- 13) Consider contracting or making other arrangements with specialized organizations to design and provide the required training.

Section IX, Current and Potential External Partnerships, provides information about organizations that may be appropriate.

#### 4. Sexual harassment

**Background.** Sexual harassment is usually the verbal or physical pestering of women by men, often a precursor to sexual assault or physical violence. Harassment of women and violence meted out by men on women are human rights abuses enabled by male attitudes of the inferiority status of women that allow men to feel entitled to impose their behavior on women without sanction. However, men can also suffer sexual harassment and violence based on sexual orientation as the result of belonging to various sexual orientation groups, and these are equally unacceptable under the MCC Policy and guidelines.

Despite laws protecting women and men from these abuses, sexual harassment is prevalent in Mongolia. The socio-cultural sanction by men of such intimidation and violence is unacceptable under Mongolian law and MCC Policies and therefore needs to be addressed in the project design. As noted in Section 3.A.1, the Law on Promotion of Gender Equality, Article XI, paragraph 4 places responsibility for the prevention of sexual harassment on

employers, by requiring that they incorporate into the organization's internal procedures, specific norms for prevention of sexual harassment in a workplace and the redress of such complaints. The law also requires that organizations design and conduct a program of training and retraining geared toward creating a working environment free from sexual harassment and report on its impact in a transparent manner. Sexual harassment-related issues are also addressed in the Law on Families, the Labor Code, the Law on Promoting Employment, Package of Laws on Education, the Health Law, the Law on Child Protection, the Law on Combating Domestic Violence, the Law on Combating Human Trafficking, and Law on Infringement.

**Contractor Responsibilities.** MCC's standard Conditions of Contract include a clause on the "Prohibition of Sexual Harassment requiring a zero-tolerance policy" and the implementation of an incident referral and reporting plan<sup>2</sup>. Each contractor shall be required to undertake a number of actions, which are listed here and in the ESMP. Primary actions include the following:

1. Develop a policy prohibiting sexual harassment and an incident referral and reporting plan prior to the initiation of work. The policy and plan must be satisfactory in form and substance to the MCA-Mongolia and MCC.
2. Institute an internal worker grievance mechanism that includes reporting allegations of sexual harassment and violence.
3. Use an employment contract for all workers that 1) includes notice of the Contractor's policy against sexual harassment, guaranteeing a safe, respectful, and harassment-free workplace, and 2) specifically prohibits employee behavior of harassment and physical abuse. The contract shall notify workers that there will be zero tolerance for sexual harassment and that workers' contracts will be terminated if accusations are proven. The contract shall also notify workers of the Contractor's incident reporting and referral plan.
4. Require all employees and sub-contractors to sign the Code of Conduct that includes the explicit prohibition of harassment and abuse and awareness of the penalty.
5. Have an orientation training on the policy against sexual harassment and the incident referral and reporting plan for all workers. The Contractor must submit for approval to the MO the content and format of the training. Minimal requirements of the training can be found in Annex 1.
6. Add regular awareness training on harassment and abuse to the training schedule for employees and toolbox talks. This training can be hired from suitably expert organizations in UB to ensure the quality of content and delivery.
7. Institute a monitoring and reporting plan and carry out that plan of workers' participation in orientation training about the Contractor's policy against sexual harassment. See Annex 1 for monitoring requirements.
8. Invite stakeholders, including those designated by MCA-Mongolia, to attend one or more orientation training against sexual harassment, so they are aware of the Contractor's requirements against sexual harassment and how they have been communicated to personnel.
9. Require two designated staff members to participate in any meetings, training, or workshops about sexual harassment organized by MCA-Mongolia
10. Take active measures at the building sites to prevent sexual harassment, monitor compliance with its policy, and intervene when necessary to take corrective action.
11. Include information about the policy against Sexual Harassment and the Incident Reporting and Referral Plan in all community meetings and provide the policy and plan to khoroo and district governments.
12. Provide workers with a list of national and local organizations and government agencies

that address sexual harassment and

13. Consider contracting or making other arrangements with specialized organizations to design and provide the required training.

Section IX, Current and Potential External Partnerships, provides information about organizations that may be appropriate.

## **5. MCA-Mongolia and program management consultant's roles in identifying and managing social-related risks**

To reduce the social risks described in the SAIP and in the infrastructure project's ESIA and ESMPs, the PMC will monitor Contractors' 1) compliance with the relevant ESMP and 2) their handling of grievances, including grievances related to sexual harassment and violence against women and sexual exploitation and abuse, and

3) the handling of any allegations of trafficking in persons and use of child labor. PMC's responsibilities to ensure the Contractor's compliance with the SA-relevant requirements include the following:

- Verify that all contractors have an internal worker grievance mechanism that includes clear procedures for reporting allegations of sexual harassment and violence.
- Verify that Contractors' employment contracts for all categories of workers specifically prohibit employee behavior of harassment and physical abuse, state zero tolerance of such behavior, and that contracts will be terminated if accusations are proven.
- Monitor that Contractors' employees and workers are signing the code of conduct that includes the explicit prohibition of harassment and abuse and awareness of the penalties for such violations of their contracts.
- Monitor that Contractors add regular awareness training on trafficking in persons, child labor, and sexual harassment and abuse to the training schedule for employees and toolbox talks. This training can be hired in from suitably expert organizations. Some of the key organizations are identified and listed in Annex II.
- Monitor Contractors' operation of their internal Grievance Redress Mechanisms in relation to any allegations of sexual harassment and sexual exploitation and abuse and document the process and outcomes, maintaining the confidentiality of those reporting and victims and witnesses.
- Monitor Contractors' compliance with the MCC C-TIP Policy and all requirements related to trafficking in persons. Report any suspected instances of trafficking in persons to MCA within 24 hours of receiving any report or witnessing any suspect activity.

MCA-Mongolia and PMC will both verify Contractors' development of the following plans and certify that their content is acceptable. The PMC will monitor the Contractors' ongoing adherence to and implementation of the plans, with routine oversight from MCA-Mongolia:

- Contractor Counter-Trafficking in Persons Response Plan
- Contractor procedures related to prevention and response to sexual exploitation and abuse
- Contractor's development and adherence to its Anti-Sexual Harassment Policy and Incident Reporting and Referral Plan

In the event of a report of any grievance related to sexual harassment or sexual exploitation and abuse, the PMC will monitor that investigations into these issues are conducted by an external investigator drawn from suitably qualified organizations such as the Centre for Gender Equity, and National Human Rights Commission (see Annex II for contacts related to C-TIP

and sexual harassment). One member of the MCA-Mongolia and PMC each will be the designated officers to monitor the handling of sexual harassment and sexual exploitation and abuse, according to the requirements in the ESMP. The PMC will also monitor that any allegations of trafficking in persons or illegal child labor are handled according to the law and, in the instance of a TIP allegation, according to the MCC C-TIP Policy and procedures outlined in the AWPP and WRA ESMP.

## **V. SOCIAL ANALYSIS AND SOCIAL IMPACT IN THE WATER SECTOR SUSTAINABILITY ACTIVITY**

This section summarizes the main social opportunities, potential impacts, and risks identified in relation to the Compact's Water Sector Sustainability Activity. The activity includes several interventions to help mitigate social sustainability risks, increase women's participation in the water sector, and facilitate social inclusion and a sense of equity and fairness in the water sector's water tariff regime through the studies of the willingness and ability to pay for water among various customer groups and technical assistance to help the Water Services Regulatory Commission (WSRC) examine and factor equity considerations into the structure of water and wastewater tariffs as part of the Cost Recovery Plan (CRP). The Activity also includes assistance to USUG to automate and upgrade 180 pipe-fed kiosks into smart kiosks; technical assistance to help USUG, municipal agencies, and district offices improve planning and coordination around infrastructure in the ger areas in an effort to reduce the cost of water service in ger areas; technical assistance to USUG to capture, analyze, and utilize customer data; support for improving stakeholder engagement and public understanding of the scarcity of Ulaanbaatar's water resources; and assistance to help the WSRC and USUG engage with stakeholders.

As of the development of SAIP 1.0, the only Sustainability activity component that has fully identified its scope of work and has started implementation is the Cost Recovery sub-activity.

The remaining sub-activities are in the due diligence and development phases, with the scope of works and terms of reference in the development and specific interventions have not started. Therefore, the SAIP 2.0 includes social analysis based on the general preliminary scope of work of the activities available during the development of this version of the SAIP.

As of 2025, significant progress has been achieved following the completion of SAIP 1.0 and SAIP 2.0. Within the Cost Recovery sub-activity, both the Willingness to Pay (WTP) Study and the Water Affordability Study have been successfully completed. The Technical Assistance for the Strengthening of the Water Services Regulatory Commission, Water Affordability and Customer Assistance Policy Development, and Tariff and Subsidy Modeling and Revision (WSRC TA) is currently being implemented. The National Statistical Office (NSO) remains actively engaged through the Implementing Entity Agreement (IEA) and will lead the coordination of household water affordability data efforts. The Willingness to Pay Study, the Water Affordability Study, and the WSRC Technical Assistance (WSRC TA) are collectively referred to as the Cost Recovery Technical Assistance (CRTA) initiative. SAIP 3.0 will summarize overall progress, with further details to be included in the final SAIP report.

Under the Ger Area Cost Containment sub-activity, the upgrade and automation of 180 manually operated pipe-fed kiosks has been completed and accepted as of January 8, 2025. The technical assistance component of the sub-activity to support improvements in planning and coordination regarding truck-fed kiosks has undergone several changes in the needs and scope and has not yet been implemented. Detailed updates on the current status and works completed under the sub-activity will be provided in Section B below.

Under the Utility Operation sub-activity, Water Operators' Partnership Program between USUG and Dutch water utilities has been successfully implemented since 2023, with completion of six study trips by USUG staff to Netherlands and three trips by Dutch experts and mentors to USUG, engaging total of 104 USUG participants, including 45 women and 59 men. The technical assistance component of the sub-activity to improve USUG's capacity to capture, analyze and utilize customer data has not yet been implemented. The technical assistance shall build on the progress of the unified digital billing and customer service platform for apartment customers developed as part of the Public Awareness and Behavior Change sub-activity.

The Public Awareness and Behavior Change sub-activity has progressed from research to design and early implementation. Key outcomes include the identification of social and behavioral drivers influencing payment behavior and tariff acceptance, leading to a strategic shift from general water scarcity messaging to promoting a unified digital billing and customer service platform for apartment residents. This platform aims to improve timely payments and strengthen coordination among USUG, OSNAAUG, private kontors, and WSRC.

## **A. COST RECOVERY**

### **Background**

In 2020, the Government of Mongolia adopted "Vision 2050", the country's long-term development policy. Policy targets in Vision 2050 include increasing the proportion of the population using safely managed drinking water services to 90%. To meet these targets, substantial investments are needed to expand and upgrade the water supply and sewage infrastructure of Ulaanbaatar city, home to almost half of the country's population. Along with the benefits of meeting the increased water demand in Ulaanbaatar, these new infrastructure investments will increase the financial responsibility on USUG and Municipality of Ulaanbaatar (MUB) through costs associated with operations, maintenance, depreciation of assets, increase in labor costs, as well as principal and interest payments if these infrastructures are financed through international loans.

### **Cost Recovery Plan**

Currently, USUG does not fully recover its costs from tariff revenues, which threatens the long-term financial sustainability and operations of the water sector in Ulaanbaatar. Therefore, the GoM adopted a USUG Cost Recovery Plan (CRP) as one of the conditions precedents of the Compact in November 2020, represented by the Municipality of Ulaanbaatar and the Water Services Regulatory Commission. The CRP's goal is to ensure that USUG's revenues from water and wastewater tariffs and fees fully cover the costs of operations, maintenance, and depreciation associated with the water supply, wastewater collection, and wastewater treatment system in Ulaanbaatar, including for ger areas.

The approved version of the CRP includes tariff increase scenarios to fully recover USUG's costs. However, the CRP does not include detailed analysis and considerations on how the tariff increase scenarios will affect the customers in UB especially low-income households with affordability issues. To address this gap, MCA-Mongolia is implementing the Compact's Cost Recovery Technical Assistance (CRTA) studies to study key financial, social, affordability

issues, as well as household customers' willingness to pay for a higher water tariff. The key two objectives of the CRP are to identify utility and consumer subsidy needs based on the three studies described below as part of the CRTA sub-activity and to establish the legal framework required for implementing consumer subsidy measures.

### **Cost Recovery Technical Assistance**

To provide the WSRC and other government decision-makers with adequate information to make key decisions related to the above social and financial concerns prior to the planned updating of the CRP, MCA-Mongolia is implementing a series of three interrelated studies through a consultancy service and implementing entity agreements with the National Statistics Office and the WSRC that include the following:

#### **1. Willingness to Pay Study (WTP)**

The study was conducted in 2020 in partnership with the National Statistics Office (NSO) to collect and provide the qualitative and quantitative survey data needed for subsequent analysis to support the establishment and maintenance of cost recovery tariffs that remain affordable for all consumers.

The WTP Study found that while apartment residents in Ulaanbaatar are aware of future water scarcity risks, many are unwilling to support tariff increases, citing service dissatisfaction—particularly water wastage and quality. In contrast, ger area residents demonstrated a high willingness to pay (up to 6.6 times the current rate) for improved services and to avoid rationing, due to the high non-monetary costs of water collection. The study revealed that a lifeline or block tariff would not effectively address affordability or increase consumption among the poor, particularly in ger areas, due to non-price barriers. Satisfaction levels varied by water source, with truck-fed kiosk users being the least satisfied. The study emphasized that smart kiosks are popular but may pose accessibility challenges for vulnerable groups. It also highlighted the need for tailored customer assistance programs (CAPs), revised billing norms for unmetered apartments, and improved digital payment systems to ensure affordability, fairness, and financial sustainability of the water sector.

#### **2. Affordability Study**

The key objectives of the Affordability Study are to: (i) identify income levels at which residential and ger area kiosk customers are likely to be vulnerable either to underconsumption of water or to economic hardship as a result of water tariff increases necessary to establish and maintain USUG's full cost recovery, and identify any common demographic characteristics among such water customers; (ii) inform water sector and other relevant stakeholders that are in a position to develop and set policies and regulate social and economic norms about key water affordability issues. Some of the main findings from the Water Affordability Study Basics are as follows:

The study used data from the NSO's Willingness to Pay and Household Socioeconomic Surveys, along with projected tariff increases under the Cost Recovery Plan (CRP) through 2030, to estimate potential water affordability problems in Ulaanbaatar across three household groups—ger area kiosk users, metered apartments, and unmetered apartments. These were analyzed under two income scenarios: (1) constant 2019 income levels and (2) 6% annual income growth. Three affordability measurement methods were used, each assessing whether water costs exceed a defined share of household income.

Under the 6% income growth scenario, if affordability is defined as paying over 3% of income for actual water use, the proportion of affected households is projected to increase from 2% in 2020 to 5% in 2030, with the largest impact on low-income apartment households. If affordability is instead measured against the cost of 100 liters per person per day, this proportion rises from 5% to 9%, especially affecting the lowest income deciles across all household types. The study concludes that while affordability is a concern for some, most households will not be affected under projected tariffs. It recommends phasing out broad subsidies in favor of a targeted, needs-based subsidy or customer assistance program, which would ensure support reaches those most in need and improve the social and political acceptability of future tariff increases.

To support implementation of the study's recommendations, the NSO is continuing efforts to disseminate the study findings to relevant stakeholders, including policymakers, regulators, and service providers. In parallel, the NSO is working to institutionalize regular water affordability monitoring by analyzing existing administrative and survey data, integrating it with their own datasets, and developing a standardized data collection format to enable future periodic affordability studies.

### **3. Technical Assistance for Strengthening of the Water Services Regulatory Commission; Water Affordability and Customer Assistance Policy Development; and Tariff and Subsidy Modeling and Revision (WSRC TA)**

The WSRC TA aims to (i) strengthen the WSRC's knowledge and skills and provide tools to develop and implement a sustainable water tariff system for Ulaanbaatar that balances cost recovery goals with household water affordability, seeking to ensure both that tariff levels do not impose economic hardship on households and that water supply and service remain financially sustainable; and (ii) facilitate dialogue and decision-making among relevant stakeholders to adopt a) a policy defining water affordability standards for households; b) a process for making subsidies explicit; and c) a framework for a targeted customer assistance program or consumer subsidy supporting water affordability for households.

The contract for the WSRC TA has been signed, and the assignment is currently in its initial implementation phase. This technical assistance is a critical component of broader efforts under the Compact to promote transparent, sustainable, and socially equitable water service delivery in Ulaanbaatar. It is expected to lay the groundwork for long-term regulatory reforms by equipping WSRC with the institutional frameworks, tools, and policy guidance needed to balance cost recovery with affordability for vulnerable households.

### **4. Other works.**

- **Stakeholder Education on Customer Assistance Programs (CAPs)**

In July 2024, MCA-Mongolia and MCC began introducing stakeholders to international CAP models for water affordability during the Affordability Study workshop. From September to May 2025, they hosted an online speakers' series featuring global experts to share lessons on CAP design, targeting methods, eligibility criteria, and implementation requirements. The aim was to help decision-makers in Mongolia explore CAP models to inform the Tariff and Subsidy Options Study and prepare for the adoption of a targeted assistance program aligned with a national water affordability policy.

- **Legal and Regulatory Review of the UB Tariff and Subsidy Regime**

Between October 2024 and June 2025, MCC will conduct a due diligence review of Ulaanbaatar's water tariff and subsidy system. This includes assessing cross-subsidies and direct government transfers, analyzing performance in terms of cost recovery and targeting efficiency, and identifying how subsidies can be made more transparent and explicit. The findings will support WSRC in revising its tariff structure and subsidy mechanisms and will be incorporated into Task 3 of the WSRC TA. MCA-Mongolia will support dissemination of the results and facilitate stakeholder understanding and alignment around the proposed reforms.

**Key SA concerns and analyses.** There are three key distinct social inequity considerations related to water that is critical to UB residents' everyday life, including access to water services, consumption of water, and affordability of water.

**Access to water.** The principal social equity concern with respect to the water sector in Ulaanbaatar is the extreme disparity in access to and consumption of water between the 42% of residents who live in apartments connected to the central water network and the 58% of residents who live in ger areas and are reliant on water kiosks supplied by USUG and a small number of private kiosks, wells, and natural water sources. Access to water in the city of Ulaanbaatar is completely different depending on whether one lives, near the city center in an apartment connected to the central piped system, or on the outskirts of the city in ger areas where water is distributed at public kiosks piped to the central water system or fed by truck. The results of the 2020 Census indicate that half (50.1%) of the city's dwellings are not connected to the piped water system. Residents in these dwellings use shared bathhouses and laundries for bathing and washing and mostly lack sewage connections. According to 2010 data, household water consumption in Ulaanbaatar accounted for 38.4% of all demand for water in the city, with apartment dwellers consuming 95.6% and ger area residents consuming 4.4% of water.

**Addressing affordability.** Direct and outside of the tariff subsidies or CAPs have not been considered necessary until today, because water has been priced far below the cost of supplying it. Under 2020 tariff rates, average monthly water bills comprise just 1.25% - 3.19% of households' average monthly incomes for most residential households, which consumers likely have accepted as affordable according to the WTP study conducted by MCA-Mongolia in partnership with NSO. The price of water in ger areas at kiosks was set at 1 MNT/liter, and current legislation prohibits raising water tariffs for kiosk customers until tariff levels for apartment customers reach the current tariff level for kiosks. For piped water consumers – both USUG and OSNAAUG customers – the tariff comprises two parts: a fixed water service fee of 3,000 MNT a month and a volumetric water use fee set at 0.71 MNT/liter for metered customers and 1.04 MNT/Liter for unmetered apartment customers.

In 2021, more than a quarter (26.5%) of Ulaanbaatar residents lived in households with per capita income lower than Ulaanbaatar's 2019 minimum subsistence level (MNT 217,900) according to the 2021 WTP study (2021) findings. These are more likely to include: households of larger size, those with three or more children, woman-headed households, and households with children and a single breadwinner. Households that are composed only of elderly persons have a higher proportion of employed persons, have a head who has achieved tertiary education, or reside in metered or unmetered apartments are less likely to be poor.

**Water consumption level consideration.** Over the long term, balancing between maximizing revenue generation for the utility and ensuring water affordability for the lowest-income

households contributes to sustainable cost recovery by reducing the social and economic impacts of cost recovery tariffs and ensuring that the objectives of the CRP are met. On the other hand, a significant increase in water tariffs to recover the cost of USUG operation and maintenance may lead to financial burdens among the most vulnerable and poor households by leading them to reduce their daily consumption of water.

According to the WTP study (2021), around 57.3% of consumers in metered apartments report consumption of less than the prescribed 200 liters per capita per day, and 95.3% of ger area consumers report consumption of less than 50 liters per capita per day—the level set for those not connected to the water central system large share (41.5%) of Ulaanbaatar consumers do not meet the WHO-recommended level of 20 liters per capita per day. Almost all these consumers (98.3%) are from ger areas, where they represent 74% of ger area consumers.

A high portion of consumers' water consumption levels is below standards set by the Government of Mongolia under Order A/333 of the Ministry of Environment and Tourism (MET). According to the 2021 WTP study, around 57.3% of consumers in metered apartments report consumption of less than 200 liters per capita per day, and 95.3% of ger area consumers report consumption of less than 50 liters per capita per day. Furthermore, 41.5% of the ger area consumers in Ulaanbaatar who are not connected to the central water system do not meet the WHO-recommended level of 20 liters per day for emergencies.

The 2030 Water Resources Group projects that household water demand will rise in both absolute terms (cubic meters/year) and in terms of the household share of overall demand, largely due to projected population growth between 2021 and 2030. However, absent any expectation of substantial improvements in ger area water and sanitation infrastructure, all projections also indicate that the ger area residents' share of household water consumption will remain extremely low.

**Sub-activity implementation arrangements.** MCA-Mongolia's CRTA team leads the implementation of the CRTA sub-activity. The consultant working on the CRTA activity cooperates closely with water sector stakeholders to complete the studies and ensure that key social concerns related to affordability are analyzed and addressed. MCA-Mongolia is currently working to convene a working group composed of the main stakeholders including WSRC, USUG, OSNAAUG, MUB, and MFLSP, to facilitate communication and the process of stakeholder understanding and acceptance of and feedback on the reports, analysis, and deliverables produced by the CRTA consultants. This will ensure that key government stakeholders and policymakers are provided with adequate information, data, and analysis related to not only the tariff and financial aspects of the studies. It will also be important to raise awareness of the pressing socio-economic issues that households with low income and affordability issues may face in relation to water tariff increases. MCA-Mongolia entered into an agreement with WSRC on June 26, 2020. As an Implementing Entity, WSRC will facilitate required discussions among government entities and other stakeholders as necessary to support the Cost Recovery Plan's development and approval. Also, WSRC will revise the first version of the Cost Recovery Plan following the completion of the CRTA studies and subsequently as needed depending on new information and circumstances.

In parallel, MCA-Mongolia has also signed an IEA with the NSO in 2019, recognizing NSO as the lead entity for generating household-level data required for affordability analysis. Under this arrangement, NSO conducted the Water Affordability and Willingness to Pay studies and is currently actively coordinating with service providers to establish an integrated and standardized water consumption database. This effort will enable more accurate, routine monitoring of affordability trends across customer classes and income groups.

The results of the CRTA studies will directly inform the forthcoming WSRC Technical Assistance (TA), which aims to strengthen the WSRC's institutional capacity to implement a sustainable and socially responsible water tariff system for Ulaanbaatar. Specifically, the TA will (1) enhance WSRC's technical knowledge and tools to balance full cost recovery with household water affordability and (2) facilitate stakeholder dialogue to support the adoption of a national policy on water affordability, a transparent framework for making subsidies explicit, and the design of a targeted customer assistance program. The TA includes three core tasks: (i) institutional assessment and capacity strengthening of the WSRC tariff department, (ii) defining affordability standards and consumer subsidy design options, and (iii) analyzing revised tariff and subsidy structures. A fourth task—focused on revising key regulations and updating the Cost Recovery Sustainability Plan—is also envisioned as an amendment. Together, these efforts will support more equitable and sustainable water pricing, while protecting vulnerable consumers.

**Key expected outcome.** As the result of the CRTA studies, MCA expects the GoM to define and establish an affordability policy or regulation based on the definition of the threshold(s) for “affordability” for water and, as stated in the November 2020 CRP, to “establish [the] legal framework required for implementing consumer subsidy measures develop the policy.” To implement the established policy where affordability can be inside the tariff system or outside of it through a CAP, “targeted water service affordability” is another key outcome of the CRTA. Effective targeting will clearly distinguish between people who need water affordability support and people who don't need water affordability support, rather than establishing a very broad target rationale that is based on the current cross-subsidy in favor of all ger area residents. The government's approach to “targeted water service affordability” would contribute to the CRP.

This outcome is directly aligned with CRTA's overarching policy goal: to establish updated water policies and regulations in Ulaanbaatar that balance full cost recovery with water affordability for targeted households. Specifically, it supports the adoption and publication of water affordability standards (Objective 1), improved water data collection and reporting through NSO (Objective 2), clarification and transparency of existing subsidies (Objective 3), and the introduction of explicit, targeted consumer subsidies while phasing out broad subsidies (Objective 4). Additionally, it contributes to strengthening WSRC's institutional capacity (Objective 5) and supports the revision of tariff structures and regulations in line with the CRTA framework (Objective 6). Collectively, these outcomes will ensure that water pricing reforms are socially equitable, fiscally responsible, and sustainable over the long term.

## **B. GER AREA COST CONTAINMENT**

**Background.** USUG is responsible for supplying drinking water to 50.1% of the city's population residing in the ger districts, where most of the city's low-income households are concentrated. Water is supplied to the ger residents through 671 water kiosks, and as of the end of 2025, 348 of those kiosks are truck-fed, where trucks with large water containers supply the kiosks, and 323 are pipe-fed through the central water pipeline system. Water is supplied to ger area consumers at the cost between 10 to 19.8 MNT per liter, depending on the distance the supply trucks need to travel, while the water is sold at 1 MNT per liter. This discrepancy between the ger area water delivery cost and tariff has consistently led to net revenue loss for USUG. In 2020, water revenue from ger area service was 1.6 billion MNT, and the total expense of ger area service was 21.6 billion MNT for a net revenue loss of around 20 billion MNT. If that net revenue loss could have been collected, it would comprise 31.6 percent of USUG's total water revenue. To cover the revenue loss in supplying water to ger area residents, USUG

uses cross-subsidies from other customers. Using a substantial portion of its revenues for cross-subsidization for ger area service makes USUG not able to finance operation and maintenance, renewal/replacement, and debt service expenditures, resulting in financial instability.

Therefore, the Ger Area Cost Containment sub-activity is designed to curtail the high costs that USUG bears for providing water through the system of water kiosks throughout ger areas of Ulaanbaatar and consists of the following two components:

- 1) The conversion of 180 manually operated pipe-fed kiosks to automatic “smart” kiosks that operate longer hours at a lower cost;
- 2) Improvements in data sharing, planning, and coordination among USUG, municipal agencies, and district offices around expansion and the development of municipal infrastructure.

### **1. Ger area smart water kiosk upgrade project**

The main purpose of the Ger Area Smart Water Kiosk Upgrade Project is to reduce operation and expense costs that USUG incurs in delivering drinking water service to ger area customers through a system of kiosks. The local company HTL LLC was selected as the Supplier for the Supply and Installation of the Ger Area Smart Water Kiosk Upgrade and the contract was signed in January 2023. The automation and comprehensive upgrade work at 180 manually operated pipe-fed kiosks that serve 6,593 households in 6 districts of Ulaanbaatar were completed in January 2025, including the development and integration of smart kiosk management system, electrical, instrumentation and controls upgrade, piping system upgrade, interior and exterior electrical upgrades, interior and exterior painting of kiosk buildings. With the completion of the smart kiosk upgrade project, USUG’s smart kiosks has increased from 151 to 331, with all of USUG’s pipe-fed kiosks upgraded to smart kiosks, reducing the number of kiosk operators needed. USUG’s Human Resources Department has been implementing the Kiosk Retrenchment Plan.

There are two main social issues in the Ger Area Smart Water Kiosk Upgrade components:

- 1) Along with forecasted cost savings to USUG, the Ger Area Smart Water Kiosk Upgrade component will improve access to water for many ger area residents by expanding the number of smart kiosks.
- 2) Conversion of manually operated kiosks to smart kiosks will reduce costs to USUG by reducing the number of kiosk operators who are almost exclusively women.

**Improved access to water services.** Conversion of manually operated kiosks to smart kiosks will improve access to water among ger area customers that already consume far below the WHO recommended water consumption levels. According to the estimates developed by USUG, with 24/7 operation, pipe-fed smart kiosks enable consumers to collect water outside work hours and enjoy increased water consumption of about 1 liter per day compared to regular pipe-fed kiosks. Regular manually operated kiosks are usually open from 10 am until 7 pm, with breaks. Some are open only half a day; others are not open all weekdays. Longer operating hours for kiosks help to reduce the chances that a household ends up without enough drinking water. WTP survey found that only 28% of ger area households go to another kiosk when the kiosk nearby is closed. Some consumers go to the grocery and buy bottled water, but WTP Survey results indicate that only 14.5% of kiosk users buy bottled water.

The results of the WTP Survey on ger area consumers’ preference for improved water services show that residents in ger areas appreciate their long hours of supply and mode of payment. According to the initial estimates developed by USUG’s technical working group to develop the scope of work of smart kiosk conversion, around an additional 7,000 households in all six

districts of Ulaanbaatar will benefit from the conversion to smart kiosks. The WTP study shows that the conversion to smart kiosks is the most requested water service improvement by ger area customers due to the ability to pre-pay or pay by smart cards rather than cash. However, ger area customers reported that the main drawbacks associated with the smart kiosks are their frequency of breakdowns and problems with low pressure. With the conversion of manually operated kiosks, USUG will save costs and extra costs associated with retaining kiosk operators in manually operated kiosks.

**Minimizing negative social and economic impact on kiosk operators.** According to the USUG's working group that supported development of the scope of work of smart kiosk conversion, there are currently around 180 full-time kiosk operators and 28 relief kiosk operators that rotate between 180 manual pipe-fed kiosks and refilling stations to provide the full-time kiosk operators with two days off a week. Kiosk operators are currently responsible for serving consumers as well as cleaning and maintenance of their respective kiosks. With the smart system installed at kiosks, the workload is reduced as kiosk operators would only be responsible for cleaning and maintaining the kiosks, allowing one operator to oversee several kiosks. Converting manually operated kiosks with operators to smart kiosks can reduce USUG's financial loss by reducing the number of kiosk operators needed.

To decrease the social and economic impacts for the retrenched kiosk operators due to the conversion of manually operated kiosks with operators to smart kiosks, MCA-Mongolia provided technical support to the USUG Management and Human Resources team to develop a Retrenchment Plan for kiosk operators in accordance with the IFC Performance Standards. The IFC Performance Standard 2: Labor and Working Conditions requires the development of a plan to mitigate the adverse impacts of retrenchment on employees if it anticipates the elimination of a significant number of jobs or a layoff of a significant number of employees. The approved plan adhered to the principle of non-discrimination and was based on the USUG's consultation with employees and their organizations and, where appropriate, with the government.

**Implementation arrangements.** MCA-Mongolia supported USUG to develop and implement the Retrenchment Plan to ensure that economic and social impacts on the kiosk operators who are mostly women. Throughout all phases of the sub-component from design, procurement to contract management, Water Sector Sustainability team has led the kiosk upgrade component. The technical specifications and cost estimates were developed with support from USUG's working group comprised of electrical, mechanical, and IT/automation engineers as well as MCC and its consultant Stantec in 2021-2022. The procurement was completed in 2022, with the contract signing in January 2023 with the local company HTL LLC. From January 2023 to January 2025, MCA-Mongolia's Program Management Consultant Tetra Tech provided project management and technical supervision support. The MCA-Mongolia ESP team is responsible for developing and monitoring the compliance of health and safety requirements during the implementation.

## **2. Data, planning, and coordination**

Initially, the component's objective was to support improvements in data sharing, planning, and coordination among municipal agencies around the expansion and development of truck-fed water kiosks. Planning remained a problem due to a lack of policy regulation and collaboration among the related decision-making among USUG, municipal agencies, and district offices. Every year, unexpected/unplanned new kiosks are built and registered by the Capital City Property Relations Department and assigned to USUG's operation from the district

of Ulaanbaatar. There is no specific legal regulation to coordinate kiosk planning and construction. The expected outcome of the project was improved coordination and collaboration among stakeholder institutions to develop and implement a plan to reduce the operations costs of ger area truck-fed kiosks.

In 2022-2023, The Sustainability team arranged several coordination meetings with USUG management and relevant municipal agencies, including the Property Relations Department, Urban Development Department, and the recently established Policy Research and Analysis Center. As part of these engagement, Sustainability team provided inputs on ger area planning in the draft Ulaanbaatar Master Plan 2040, which is being reviewed by the Parliament of Mongolia as of April 2025. In the meantime, USUG has compiled detailed spatial and financial data on its truck-fed kiosks. As a result of the meetings, it was found that the inclusion of USUG in decision-making on adding new truck-fed kiosks should be institutionalized through amendment of existing procedures and guidelines and establishment of new ones where necessary. The focus of the component has shifted toward broader water affordability policy and data coordination work. Discussions and planning activities around kiosk-related coordination have been paused to prioritize the development of joint data guidelines and institutional support for affordability-related reforms.

**Key social concern.** Users of truck-fed kiosks (57% of consumers in ger areas) have the lowest levels of satisfaction regarding waiting time at kiosks, distance traveled, the quality of water (rust, taste, and smell), the method of payment, access to customer service, and the handling of consumer complaints according to the WTP study. From an inclusive perspective, the data sharing, planning, and coordination component should include consultations with truck-fed kiosk consumers. The objective of the component is improved planning for the future needs of truck-fed kiosks related to the increased expansion of UB's outskirts, where most rural to urban migrants are located. The improved planning of truck-fed kiosks based on future needs will help to ensure that customer access to water service can be improved, especially the low-income population, by planning the construction of kiosks in areas where customers typically face challenges accessing water kiosks.

**Implementation arrangements.** The MCA-Mongolia Sustainability team leads this component supported by USUG. Inter-institutional coordination and decision-making on USUG's water supply costs should be led by MUB based on extensive discussions and consultations with districts and khoroos officials. Moreover, regular monitoring of the growth of truck-fed kiosks and allowing new kiosk additions only in areas/locations with lower operations costs would help USUG reduce costs, but there may be associated social issues and unwanted consequences. Ger area households in remote, hilly parts of the ger area would prefer to collect their drinking water from nearby without having to travel far to locations that are more cost-effective for USUG operations. MCA-Mongolia SA staff will provide technical support in ensuring above mentioned social concerns are addressed in the component.

## C. UTILITY OPERATIONS

**Background.** The Utility Operations Sub-Activity will help to build the necessary capacity within the utility for operating new facilities, planning operations, and maintenance, and maintaining assets. The expected outcome of this is a stronger operation and maintenance of new assets, which in turn will lead to optimal performance in the new downstream wells and the ongoing withdrawal of groundwater at levels that reflect the full capacity of the infrastructure assets. There are three components, which are all in the development phase as of June 2021:

- 1) Twinning – a water operator's partnership

- 2) Customer Data
- 3) Asset Management

Given that the asset management component is unlikely to involve institutional issues related to social analysis, the SAIP focuses on the Twinning and Customer Data components.

## **1. Twinning**

Twining involves the establishment of a comprehensive Water Operator's Partnership between USUG, OSNAAUG, and experienced water utility(s) from a developed country that operates in similar conditions or deals with similar concerns. Its objectives are to help strengthen USUG's critical operational capacities and promote improvements in the utility's operations and maintenance performance. During the compact implementation period, representatives from USUG, OSNAAUG, and a mentor utility are participating in study trips, visiting each other twice a year, exchanging experiences and best practices, including opportunities to learn about how the partner water operator handles affordability and customer data.

**Women's participation considerations.** MCA-Mongolia designed the Twinning component to include balance among women and men in the selection of participants as one criterion, along with experience, skill, dedication, and willingness to learn and share. The component also includes staff representation of different levels within the units relevant to the focus of the Twinning practice and the foreign utility partner.

**Implementation arrangements.** The MCA Sustainability team leads the design and implementation of the Twinning component. In order to determine the utilities' specific capacity-building needs, the current operations and management practices of USUG and OSNAAUG were comprehensively evaluated in 2019-2021 using AquaRating, an assessment tool developed by the International Water Association. Based on the AquaRating assessment's recommendations and their organizational priorities, USUG and OSNAAUG submitted initial proposals to MCA in April 2021 for how to focus the Twinning sub-activity.

The expected outcome of the Twinning component will be "USUG and OSNAAUG weaknesses (as uncovered by AquaRating) addressed" to "improve staff capacity" and improve its ability to undertake "planned maintenance." In addition, Twinning could lead to improved operational efficiency.

MCA-Mongolia expects to complete the design of the component by mid-2022 and plans to include selection criteria such as experience, skill, dedication, and willingness to learn and share, as well as staff representation of different levels within the units relevant to the focus of the Twinning practice and the foreign utility partner. The balance among women and men among participants will be considered in the selection process.

## **2. Customer Data**

The CRTA team leads the design and implementation of the Customer Data component, which was initially meant to support the improvement of the collection, quality, analysis, and use of USUG's customer data. Over time, the scope of this work expanded to encompass the improvement of all household-level customer data, particularly data that can help identify patterns in access, consumption, and affordability across different types of consumers. An additional aim is to ensure that this data can also be more effectively communicated and utilized by both service providers and the public to support greater transparency and

accountability. The goal is to strengthen USUG and other water service providers' responsiveness and accountability to all types of household consumers, particularly those in neighborhoods where consumers have had previous difficulties with water service.

The NSO is currently supporting this work in collaboration with other contractors and key sector stakeholders, bringing its technical capacity in data integration and household survey analysis to help establish a comprehensive and policy-relevant customer data system that supports evidence-based decision-making in the water sector.

**Social Analysis Considerations.** USUG currently has a dedicated customer service department and several mechanisms for customer feedback and data collection, including a call center, an annual customer satisfaction survey, and the ability to track water sales to households that use smart kiosks, thus tracking approximate household consumption. The 2021 Willingness to Pay Study also provided USUG with substantial data about ger area residents' water collection, water consumption, preferences for possible service improvements, perceptions of water safety and its links to illness, and attitudes about water pricing. However, routine data collection and analysis about water consumption, expenditure, and affordability among household level water customers – kiosk customers and apartment dwelling customers – does not yet exist. This means that policymakers and the water regulator do not yet have the data necessary to make data-driven decisions about water pricing and water subsidies and cannot yet show UB residents their projections about how a given policy, tariff level, or other change might impact UB households.

**Implementation arrangements.** Initially focused on improving USUG's internal customer data systems, the Customer Data component has since evolved into a broader effort to support the development of an integrated, cross-institutional water data framework. This shift was guided by the 2023–2024 Water Affordability Study, conducted by the NSO, which assessed affordability across three residential customer classes and identified the need for improved household-level data systems to support affordability monitoring and policy development.

One of the key recommendations of the study was the creation of a standardized, integrated customer-level dataset to enable routine affordability analysis. In response, MCA-Mongolia's CRTA team is supporting NSO's role as the lead institution for coordinating the collection of water-related household data. This includes working with service providers (USUG, OSNAAUG, and private kontors) to improve the quality and comparability of billing and consumption data, and to explore future integration with national socio-economic data systems—such as the Household Socio-Economic Survey (HSES) and the Integrated Household Information Database (IHID)—to enable income-based analysis.

Where feasible, additional administrative datasets—such as those managed by the Ministry of Family, Labor and Social Protection (MFLSP)—may support future efforts to identify and target households experiencing affordability challenges. Coordination is also ongoing with the consulting team responsible for the Unified Apartment Customer Database and Digital Billing Platform, to ensure consistency in data structure, format, and indicator definitions across all institutions. As a result of this component, the apartment customer database, and billing system are integrated with the Customer Data sub-activity to provide standardized data usable by NSO, USUG, policymakers, and WSRC for all household water customers.

With the completion of the Ger Area Smart Water Kiosk Upgrade Project increasing USUG's smart kiosks from 151 to 331 with all pipe-fed kiosks automated, data collection on USUG's ger area customers served by pipe-fed kiosks has improved, allowing the utility to better analyze and understand water consumption patterns among ger area customers as well as the revenues and expenses between USUG's different departments including the Pipe-fed Kiosk Division and Truck Fleet. Customers of smart water kiosks use smart water cards, which can

be topped up via online/mobile and in-person bank transfers. Smart water cards are registered to individual customers, however it can be used by several customers living in one household, meaning one household with several family members can possess only smart water card. Therefore, it should be noted that water consumption data registered to a single smart water card do not necessarily represent consumption of one individual customers, but that of several customers who collectively use the card. Smart water card balances and consumption patterns can be monitored and managed by the Smart Kiosk Management System that oversees all 331 smart, pipe-fed kiosks. The system's reporting features allows USUG to download usage data.

#### **D. PUBLIC AWARENESS AND BEHAVIOR CHANGE**

Social and behavior change, through the Public Awareness and Behavior Change sub-activity, aims to promote and enhance the effectiveness of the Compact's water sector work, ensuring the residents of Ulaanbaatar better understand the city's water sustainability concerns and the subsequent mitigation and improvement measures. Through this understanding and using data-driven social and behavior change techniques, this sub-activity will work to maximize the effectiveness of MCC and the Government of Mongolia's investments in order to promote economic growth and improve the livelihoods of Ulaanbaatar residents.

After the completion of due diligence research, analysis, and numerous User Experience-driven stakeholder consultations and workshops, it was determined that the appropriate intervention for this sub-activity would focus on the development of a unified apartment customer database and unified apartment billing and customer service digital platform. This intervention also required policy coordination between MUB, USUG, OSNAAUG, all private kontors (distributors), and the WSRC to ensure the uptake and sustainability of the digital platform. Communications about water scarcity receded in importance and communication about the new platform emerged as the primary public awareness need.

**Importance of social behavior change components.** While the improved capacity of water extraction, distribution networks, and wastewater recycling infrastructure are important contributions to meeting the water demand of residential consumers and industrial users in UB, the social determinants that shape human interaction also play a critical role in water sector sustainability at the broader levels. Social and Behavior Change (SBC) interventions are critical in facilitating consumers' Capabilities, Opportunities, and Motivations to pay enough for water service to sustain necessary investments in the water supply system: USUG's full coverage of costs for operations, maintenance, and depreciation. Social and behavior change interventions shape not only demand but also communication between water service providers, consumers, and extended stakeholder engagement in the water sector. Ensuring the financial sustainability of the Ulaanbaatar water sector and changing the future behaviors of customers will contribute towards future social risks associated with inadequate water consumption levels among certain customer sub-categories, rationing of water resources, and depletion of natural resources that are essential for economic growth and human survival.

**Design Development Approach.** The design development stage rigorously studied the social determinants that shape human interaction through a five-pronged research approach:

- Initial social and behavior change qualitative data collection;
- Inclusion of socio-behavioral questions in the CRTA Willingness to Pay Study (WTP) and triangulation with these other components;
- Additional SBC exploration of relevant questions arising from the WTP;
- Rigorous selection of design contractors or partners for the design process; and
- Use of User Experience methodologies to ensure appropriate and iterative design.

These approaches include knowledge, attitudes, social, and cultural norms, and conventions,

and habitual behaviors. To this end, this sub-activity will use MCC's SBC Model, which posits that behavior change occurs when an individual has the capability, opportunity, and motivation to adopt the promoted behavior. Social and behavior change qualitative data collection and analysis has been completed as well as the incorporation of WTP study data and analysis. Key social and behavior change factors and components were defined and a detailed design of the sub-activity was developed by The Asia Foundation, with oversight and support from MCA and MCC.

Together, these interventions influence the Capability, Opportunity, and Motivation of individuals to adopt and sustain the key behavior(s) linked to the investment's intermediate outcome(s). Structural interventions are those efforts that modify the context or physical environment, such as changing regulations, building new infrastructure, and developing standard procedures. Social interventions are those that change community and group norms that influence individual decision-making and behaviors, such as training local community members to coach adults and children, and dialogue sessions to address social norms around water use and conservation. And finally, individual interventions are those efforts that reach individual persons.

**Addressing late and non-payments of apartment customers.** One of the main challenges to water sector cost recovery is the lack of payment and late payments among apartment customers served by OSNAAUG and private Kontors (private utility providers for apartment residents), which in turn reduces and delays water utility providers' payments to USUG. Ger area customers do not have monthly water bills to pay because they use water containers and pay at the time of purchase. The 2030 Water Resources Group Hydro-economic Analysis on Cost-Effective Solutions to Close Ulaanbaatar's Future Water Gap (2016) indicates that OSNAAUG's tariff collection annual rate amounts to approximately 70-80%. Addressing late payment is one of the most critical issues for ensuring the long-term financial sustainability of the water sector in Ulaanbaatar.

Unlike electricity, the water is not cut off when there is a large accumulation of non-paid water bills. A large level of late and non-payment among customers suggests that there are social and financial concerns related to affordability that must be considered. A potential increase in water and wastewater tariff levels may lead to an increase in non-payment and late payment levels for resident apartment customers. Therefore, other social and behavior drivers related to late and non-payment were explored to ensure long-term financial sustainability in the water sector and to avoid future social and economic concerns caused by rationing of water and depletion of natural resources in Ulaanbaatar. The sub-activity explored key social and behavioral factors influencing late and non-payment through detailed data analysis of the WTP survey results and drawing qualitative analysis from focus group discussions.

It was determined that the best way to ensure timely payment was to create a unified digital payment and customer service platform, where all apartment dwellers and their various kontors participated and were included.

**Addressing SBC in ger area.** According to findings of the WTP survey, four out of five households qualified as poor live in ger areas in UB. The high poverty incidence in ger areas, and income growth inequality between urban areas observed in recent years, raises concerns that low-income families are increasingly unable to access residences in apartments connected with centralized water and wastewater systems, and that living standards between ger and apartment consumers are widening even more in recent years. Currently, the ger area customers buy water far below the cost of supplying water through the kiosk. The potential increase in ger area water tariff may lead to pushing back from the ger area residents while they are not fully

enjoying their right to access and use of water. The issue of having limited use of water (8 liters per day per person, 60 percent lower than aware of 20 l recommended by WHO) due to the household capacity to deliver enough water from kiosks has impacted on the health of ger area residents, especially the children by having bad hygiene behavior and soil pollution as studied by the Public Health Institute of Mongolia. To ensure that the increased tariff structure is effectively introduced and accepted by the ger area customers, identification of the key SBC factors that influence ger area customers' acceptance for increased water tariff, understanding of the actual costs associated with supplying water to through kiosks, and the importance of the overall financial sustainability of the water sector is crucial for ensuring residents of Ulaanbaatar better understand the city's water sustainability concerns and the subsequent mitigation and improvement measures.

**Accepting increased tariff.** MCC's due diligence consultant conducted qualitative research focus group discussions in 2019 with water customers in apartments and ger areas to identify what factors may influence water payment behavior. According to the results of the qualitative data analysis, below are the main factors that influence the current payment practices of apartment customers.

- Perception that the water tariff is low;
- Quality of water services and supply;
- Need to avoid monetary penalties for late payment;
- Need to avoid social sanctions and/or shame if late payers are publicly denounced as delinquent bill payers via announcements placed at the entrance of apartment or in bulletin boards that may be seen by building residents;
- Convenience of payment options available;
- Perception that when bills paid on time USUG may be able to do its job properly
- Sense of social responsibility or being a good citizen.

Additional due diligence and design research from 2022-24 revealed that customers were more likely to accept an increase in the water tariff if they felt that their service concerns were addressed in a timely and consistent manner. This research included stakeholder meetings and workshops convened by MCA and MCC, and design development by the Asia Foundation.

Based on the findings from the focus group discussions, both ger and apartment residents believe that the current water tariff is low, which was also observed from the WTP study. According to findings of the WTP study report, both ger area and apartment customers are willing to pay much higher tariff for their water consumption where the average WTP in ger area is around six times the current 1 MNT per liter that they pay at USUG kiosks and apartment residents are willing to pay around 50% more than their current water and wastewater bill. Based on these findings and using the data from WTP, MCC's due diligence consultant analyzed key factors that influence customer's acceptance of increased water tariffs in addition to the WTP for water services and made recommendations that led to additional stakeholder engagement and the Asia Foundations terms of reference and eventual workplan and design proposal.

**Social impact considerations.** Although all factors identified that influence the current water and wastewater practices for apartment customers have some social-related components, the key considerations are the factors or behaviors that have social impacts especially the sense of social responsibility or being a good citizen. The key social-related components of the sub-activity will be defined based on the design of the social and behavior change interventions developed using the data collected from both quantitative research of the WTP study and qualitative analysis made from focus group discussions. While addressing the key SBC related factors, these specific interventions must keep social consideration such as ensuring specific

interventions are identified for ger and apartment residents with drastically different socio-economic characteristics that pay different tariffs for a different level of water supply. These specific SA related considerations will be ensured during the design development phase of the sub-activity.

**Implementation arrangements.** In order to ensure the success of the sub-activity implementation and its contribution to the overall Compact, it is critical that the need for a unified digital payment and customer service platform, requisite policy coordination, and the communications plan is well- understood and supported by the MCA-Mongolia management and technical staff.

*This section will be revised during the next SAIP revision process after the specific social and behavior change interventions are defined during the design phase of the sub-activity. The SAIP and its Action Plan will be updated to ensure that all relevant social concerns related to the designed interventions are adequately addressed under this sub-activity.*

## VI. SOCIAL ANALYSIS AND IMPLEMENTATION ACTION PLAN

The Social Analysis and Implementation Plan (SAIP) section describes objectives, activities, and outcomes to ensure the social considerations are considered in all compact phases, including design, planning, implementation, monitoring, and close-out. SAIP 3.0 was developed in relation to and supports all of the relevant SA-related considerations in other MCA-Mongolia documents, including the Environmental and Social Management System (ESMS) and Environmental Social Management Plans (ESMPs). MCA-Mongolia monitors progress on this action plan throughout the Compact implementation.

KEY SA OBJECTIVES	MCA-MONGOLIA ACTIVITIES	OUTPUT INDICATORS AND TARGETS	MCA TEAM RESPONSIBILITY	EXPECTED DATE	IMPLEMENTATION STATUS AND MEANS OF VERIFICATION
<b>I. CROSS-CUTTING COMPACT SOCIAL ANALYSIS ACTIVITIES</b>					<b>(As of July, 2024)</b>
<b>Objective 1.1</b> Compact-wide social risks and negative impacts are identified and mitigated	<ul style="list-style-type: none"> <li>Develop, maintain, and regularly update the risk register</li> <li>Mitigate social risks according to the risk register</li> </ul>	<ul style="list-style-type: none"> <li>Develop and annually update the risk register, with mitigation action, reporting, and a plan for follow-up and risk status</li> <li>All recommended mitigation measures are implemented</li> </ul>	Lead: Social Analysis Manager and Sustainability team Support: Internal Audit	2021 - 2026	MCA-Mongolia SAIP and Risk Registry identified risks and mitigation measures and controlled them regularly through the CP report of every QDRP.

<p><b>Objective 1.2</b> Documentation of social analysis and social impacts, lessons learned, and success stories.</p>	<ul style="list-style-type: none"> <li>• Identify and record key social analysis and social impacts, lessons learned, and success stories throughout Compact implementation.</li> <li>• Communicate impacts and success stories with relevant stakeholders and communities.</li> <li>• Include social analysis and social impacts, lessons learned, and success stories in the Compact Close-out Report.</li> </ul>	<ul style="list-style-type: none"> <li>• Key social impacts are identified, measured, and recorded.</li> <li>• Workshop organized to communicate the positive impacts and success stories related to SA interventions to stakeholders and the community.</li> <li>• Success stories are identified and included in the MCA-Mongolia webpage, MCA-Mongolia annual reports, and Compact Close-out reports.</li> </ul>	<p>Lead: SA Manager and CRTA team Support: Communication</p>	<p>2021 - 2026</p>	<p><b>In progress.</b> SA initiatives and good practices are reported in MCA Mongolia outreach activities and media channels. From May 2024, contractors' monthly progress reports include the good practices of SA.</p>
<p><b>Objective 1.3</b> Disseminate the Compact social analysis and impact interventions among the infrastructure sector at the national and international sector.</p>	<ul style="list-style-type: none"> <li>• Build a network and conduct activities to advocate for social analysis and impact in the infrastructure sector in collaboration with construction sector policymakers and international and national allies</li> </ul>	<ul style="list-style-type: none"> <li>• MoU signed between MCA Mongolia and MUPCH</li> <li>• MCA Mongolia representation to be included in the relevant council of MUPCH</li> <li>• Site visits and conferences/forums to promote social analysis and impact initiatives in infrastructure projects involving construction sector policymakers</li> <li>• Policy documents and handouts to promote social impact activities in the construction sector</li> </ul>	<p>Lead: SA Manager Support: CEO</p>	<p>2023-2026</p>	<p><b>In progress:</b> MoU built it in March 2023. MCA-Mongolia SA Manager is a member of the Gender Council of MUPCH. Held two exchange visits at two construction sites involving MUPCH. MUPCH developed and approved the construction sector workplace gender criteria in June 2024.</p>

KEY SA OBJECTIVES	MCA-MONGOLIA ACTIVITIES	OUTPUT INDICATORS AND TARGETS	MCA TEAM RESPONSIBILITY	EXPECTED DATE	IMPLEMENTATION STATUS AND MEANS OF VERIFICATION
<b>II. INFRASTRUCTURE ACTIVITIES</b>					<b>(As of July, 2024)</b>
<b>A. Ensuring Contractors' Requirements Comprehensively Integrate Expansion of Social Opportunities and Management of Social Risks</b>					
<b>Objective 2.1</b> Actionable social analysis is included in ESIA, and comprehensive integration of SAIP requirements are included in the ESMPs	<ul style="list-style-type: none"> <li>• Provide SA-related technical input in the ToR development for the ESIA and ESMP</li> <li>• Review and provide comments and feedback in SA-related sections of the ESIA and ESMPs</li> <li>• Communicate all minimum requirements and standards for SA considerations in the ESIA and ESMPs development</li> </ul>	<ul style="list-style-type: none"> <li>• ESIA provide SA with sufficient information for effective infrastructure-related planning</li> <li>• ESIA provide analysis for 100% of risks and opportunities identified in IFC PS and MCC Policy and Guidance</li> <li>• For each of the risks and opportunities identified in IFC PS and MCC policy and guidance, the ESIA will provide the following:               <ul style="list-style-type: none"> <li>- Analysis of all risks and opportunities</li> <li>- Means of addressing each risk and opportunity</li> <li>- Potential partners</li> <li>- Specific actions for contractors to take</li> </ul> </li> <li>• ESMPs result in clear expectations and effective budgeting, planning, and development of CESMPs among contractors</li> <li>• ESMPs include contractor management measures for all social risks and opportunities, with monitoring indicators and budgets and include measures for compliance with MCC's C-TIP Policy and Guidance Note to MCAs on Sexual Harassment</li> </ul>	Lead: SA Manager Support: Procurement	2020 - 2022	<b>Complete.</b> DWA and WRA design includes ESIA and ESMPs, and the 4 main contractors developed following all the requirements.

KEY SA OBJECTIVES	MCA-MONGOLIA ACTIVITIES	OUTPUT INDICATORS AND TARGETS	MCA TEAM RESPONSIBILITY	EXPECTED DATE	IMPLEMENTATION STATUS AND MEANS OF VERIFICATION
<b>Objective 2.2</b> Bidders are aware of SA-related requirements, where consultants and contractors are guided and bound by SA-related clauses in contracts, technical specifications, and related documents	<ul style="list-style-type: none"> <li>Review and provide feedback on all relevant design documents and technical specifications to ensure the incorporation of SAIP requirements.</li> <li>Insert text related to MCC's C-TIP Policy, Guidance to MCAs on Sexual Harassment, women's labor targets, maximizing local employment, labor rights, and other SA considerations into relevant design documents and technical specifications</li> </ul> Include line items in the Bill of Quantities (BOQ) for budgets for consultants and contractors to implement planned SA activities, including those in the ESMPs.	<ul style="list-style-type: none"> <li>All design documents and technical specifications are reviewed by SA, and specific considerations are integrated into the documents</li> <li>All technical specifications include SA requirements related to MCC policies and IFC Performance Standards</li> <li>Relevant BOQs integrate budgets for SA activities</li> </ul>	Lead: SA Manager Support: Procurement, DWA, and WRA	2020 - 2025	<b>Complete.</b> Social impact requirements were included in the tech specs of all 4 main projects. The bidders' technical experience, methods, and budget of social analysis and impact compliance were assessed by the SA lead as an auxiliary member and introduced to the TEP.

	<ul style="list-style-type: none"> <li>• Ensure procurement packages include information and requirements regarding employment opportunities for local labor, the 30% target for women's employment, zero tolerance for sexual harassment, and C-TIP.</li> <li>• Include designated Social Manager as key staff for large works construction packages.</li> <li>• Provide SA-related information on requirements, targets, and policies to the bidders during pre-bid presentations and orientation.</li> </ul>	<ul style="list-style-type: none"> <li>• % of RFPs and TORs, due diligence, ESMPs, and other documents regarding employment opportunities that integrate social risk management, women's empowerment, and social impact requirements</li> <li>• All large infrastructure projects include at least 1 designated Social Manager as key staff</li> <li>• % of bidding documents that received SA feedback and support</li> <li>• # and type of bidding documents specifically prepared by SA</li> </ul>	<p>Lead: SA Manager Support: Procurement, DWA, and WRA</p>	<p>2020 – 2023</p>	
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KEY SA OBJECTIVES	MCA-MONGOLIA ACTIVITIES	OUTPUT INDICATORS AND TARGETS	MCA TEAM RESPONSIBILITY	EXPECTED DATE	IMPLEMENTATION STATUS AND MEANS OF VERIFICATION
<b>B. Expanding Short-term Employment Opportunities for local workers from Compact-funded Infrastructure Activities</b>					
<b>Objective 3.1</b> Encourage employment of local labor and achieve a target of 30% for women's employment through ensuring equal employment opportunity and access	<ul style="list-style-type: none"> <li>Facilitate partnership and collaboration with district government offices to encourage local employment and local procurement for contractors</li> <li>Monitor the implementation of the plans to increase women's employment and local employment from the ESMPs</li> <li>Verify that contractors have staff roster disaggregated by sex, Khan-Uul, Bayangol, and Songinokhairkhan resident status, TVET graduate, and type of employment (full-time, part-time, temporary, permanent) that is continuously updated and available to the Engineer</li> </ul>	<ul style="list-style-type: none"> <li>Contractor has assigned responsibility for employment outreach to a specific person or people</li> <li>All required community meetings are held by contractors with all topics covered</li> <li>At least 30% of all DWA and WRA employees hired during the life of the Compact are women as a percentage of the total number of staff hired, including both full and part-time positions</li> <li>Contractors record staff roster information disaggregated by sex, Khan-Uul, Bayangol, and Songinokhairkhan resident status, TVET graduate, and type of employment (full-time, part-time, temporary, permanent), and available for MCA-Mongolia and PMC Khan-Uul, Bayangol, and Songinokhairkhan districts residents hired for temporary and permanent positions (contractor to set target in coordination with the khoroo and district governments)</li> <li>100% of employees and sub-contractors have signed paper-based contracts</li> </ul>	Lead: SA Manager Support: Procurement, DWA, WRA, and M&E	2021 - 2026	<b>In progress.</b> Contractors developed plans for social impact activities in CESMP, which includes all the requirements for achieving the objective and the Engineer approved the plans. Social managers of contractors lead the implementations. SA ITT was developed, and contractors track the employment using the tool and report monthly. PMC controls and evaluates the results through PES. The Contract signing needs to be reported in the SA ITT.

KEY SA OBJECTIVES	MCA-MONGOLIA ACTIVITIES	OUTPUT INDICATORS AND TARGETS	MCA TEAM RESPONSIBILITY	EXPECTED DATE	IMPLEMENTATION STATUS AND MEANS OF VERIFICATION
		<p>(which include enumeration, contract terms, Health and Social insurance, ToR, provisions on prohibition on Sexual harassment, forced labor, and other key requirements).</p> <ul style="list-style-type: none"> <li>• % of local labor, including women and people with disabilities, for skilled and unskilled jobs is a higher percentage of local workers than the average in the construction sector (contractor to set target in coordination with city-wide khoroo, and district governments)</li> <li>• # of Khan-Uul, Bayangol, and Songinokhairkhan district residents hired for temporary and permanent positions (contractor to set target in coordination the khoroo and district governments)</li> </ul>			
<p><b>Objective 3.2</b> Maximize income generation opportunities for women-owned and locally owned businesses</p>	<ul style="list-style-type: none"> <li>• Encourage contractors to make contracts and purchase orders with local businesses and service providers</li> <li>• Encourage Contractors to inform local communities and businesses of the opportunities to provide goods and services to the Contractor and to project workers, particularly targeting small businesses and those owned by women</li> <li>• Co-organize meetings with the</li> </ul>	<ul style="list-style-type: none"> <li>• # and % of purchase orders signed with businesses in Khan-Uul and Songinokhairkhan districts each year (contractor to set goal)</li> <li>• Total annual dollar amount of procurements with businesses from Khan-Uul and Songinokhairkhan districts</li> <li>• <del>Contractors and local governments establish partnerships for promoting procurement from locally owned</del></li> </ul>	<p>Lead: SA Manager Support: Procurement, DWA, and WRA</p>	2021 - 2026	<p><b>In progress.</b> Procurements and purchases from local SMEs are registered in SA ITT of all 4 main contractors.</p>

	Contractor on dissemination of information about the shopping and procurement bidding processes and opportunities through district and khoroo offices, community organizations, business associations, and media	<p>businesses.<sup>2</sup></p> <ul style="list-style-type: none"> <li>• Contractors provide information related to procurement opportunities to Khan-Uul, Bayangol, and Songinokhairkhan district government offices and the MCA for every procurement to advertise to local businesses and communities</li> <li>• # and % of purchase orders signed with women-owned businesses each year (contractor to set goal)</li> <li>• # of Khan-Uul, Bayangol and Songinokhairkhan districts businesses, # of local (UB) businesses, and # women-owned businesses contracted to provide services</li> <li>• Contractors and local governments establish partnerships for promoting procurement from local owned businesses.</li> </ul>			
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<sup>2</sup> Note: Although contractors communicate and collaborate with district SME development centers it is not practical to build formal partnerships with private companies. Therefore, SAIP review workshop participants (SMEs and Contractors) asked to remove the indicator. June 26, 2024

KEY SA OBJECTIVES	MCA-MONGOLIA ACTIVITIES	OUTPUT INDICATORS AND TARGETS	MCA TEAM RESPONSIBILITY	EXPECTED DATE	IMPLEMENTATION STATUS AND MEANS OF VERIFICATION
<b>Objective 3.3</b> Maximize opportunities to enhance skills, capabilities, and empowerment of local communities, including women and youth	<ul style="list-style-type: none"> <li>Encourage contractors to facilitate and organize on-the-job training and skills transfer opportunities to the local labor force where feasible</li> <li>Facilitate contractors' engagement and formal agreements with training, education, and professional organizations such as the TVET Implementing Agency of the Ministry of Labor and Social Protections, the Mongolian University of Science and Technology (MUST), and the Mongolian Builders' Association to 1) identify and recruit qualified job applicants and 2) establish internships and apprenticeships for knowledge &amp; skill transfer</li> <li>Facilitate contractors to promote internship opportunities for students, that study water engineering and relevant subjects at the universities</li> </ul>	<ul style="list-style-type: none"> <li>Each contractor enters into and maintains an agreement with at least one TVET center and employs TVET graduates at a target to be determined between the Contractor and MCA-Mongolia or its representative's Social Safeguards Team (SST) The internships implemented with payment that is required by law and equitable labor market price <sup>3</sup></li> <li><del># of locals hired to participate in on-the-job training in construction related technical and vocational skills (contractor to set target)</del></li> <li><del># TVET students and graduates who have initiated apprenticeships with contractors (target to be defined by jointly by contractor and TVET Implementing Agency)</del></li> <li><del># TVET students and graduates who completed apprenticeships with contractors (target to be defined by jointly by contractor and TVET Implementing Agency)</del><sup>4</sup></li> <li># of students studying water engineering and other relevant fields participating in trainings and being recruited as interns (target to be defined by educational</li> </ul>	Lead: SA Manager Support: Procurement, DWA, WRA, and Communication	2021 - 2026	<b>In progress.</b> Contractors set objectives for hiring women and recruiting interns within the Contractor's plan for social analysis and impact. Internships and employment are tracked in SA ITT and controlled by the Engineer monthly.

<sup>3</sup> Note: The indicator is added by the request of TVETs and universities' representatives. 2024.06.26

<sup>4</sup> Note: As the Construction season in Mongolia is short and becomes even shorter in rainy months (Mar-Oct), the on-the-job training was not applicable and practical. Therefore, the contractors suggested to remove the indicator. 2024.06.26

		institutions and contractor) ● # of TVET graduates sponsored for official certification trainings from the Builder's Association			
<b>C. Identifying and Managing Social Risks Related to Infrastructure</b>					
<b>Objective 4.1</b> Maintain a safe and healthy working environment	<ul style="list-style-type: none"> <li>Ensure oversight of Contractors' efforts to make sure that worksites have appropriate, separated sanitation for males and females, rest areas, and changing rooms are provided. If necessary, there should be lactating rooms with appropriate sanitary and milk storage facilities</li> </ul>	<ul style="list-style-type: none"> <li>Contractors provide sex-segregated sanitation and washing facilities, changing rooms, and rest areas at all sites</li> </ul>	Lead: SA Manager and ESP Support: Procurement, DWA, and WRA	2021 - 2026	<b>In progress.</b> Contractors' and subcontractors' temporary facilities are built with accessibility for both women and men. PMC monitors through site inspections.
<b>Objective 4.2</b> Prohibit sexual harassment and ensure effective incident reporting and referral	<ul style="list-style-type: none"> <li>Review and provide feedback on the Contractors' Policy prohibiting Sexual Harassment and Incident Reporting and Referral Plan, including a confidential mechanism for workers and community members to report</li> <li>Ensure quality control and oversight of Contractors' sexual harassment prevention training in accordance with MCC's zero tolerance policy and Guidance to MCAs on Sexual Harassment prior to each worker beginning to work on-site</li> <li>Review the content of toolbox sessions related to sexual harassment prohibitions and observe some sessions.</li> <li>Monitor the PMC's oversight of</li> </ul>	<ul style="list-style-type: none"> <li>The Contractor's Anti-Sexual Harassment Policy and Incident Reporting and Referral Plan are thorough and aspects of the MCC Guidance to MCAs on Sexual Harassment, and Mongolian Law are included; provide a path to involve NGOs and specialized government staff; and include clear procedures for various actors to follow.</li> <li>The Contractor's Anti-Sexual Harassment Policy and Incident Reporting and Referral Plan prioritizes survivors' wellbeing, confidentiality, and preferences for how to handle each case.</li> <li>100% of employees and sub-contractors sign the worker code of conduct.</li> <li>100% of employees and sub-contractors have taken the sexual harassment prevention training prior to on-site work</li> </ul>	Lead: SA Manager Support: Procurement, DWA, WRA, and Legal	2021 - 2026	<b>In progress.</b> All 4 main contractors have policies against sexual harassment and collaborate with expert NGOs.

	all workers and community complaints about sexual harassment are a) resolved in a timely manner and b) resolved through the sexual harassment incident referral and reporting plan and c) addressed confidentially	<ul style="list-style-type: none"> <li>• All worker and community complaints about sexual harassment are a) addressed in a timely manner and b) resolved through the sexual harassment incident referral and reporting plan c) addressed confidentially</li> <li>• After investigation, appropriate measures are taken against perpetrators of sexual harassment on the job site, in temporary facilities, and in surrounding communities.</li> <li>• Positive feedback from community members about the project, as indicated in FGDs or a community survey</li> </ul>			
<p><b>Objective 4.3</b></p> <p>Maximize awareness of and prevention of trafficking in persons (TIP) and forced labor</p>	<ul style="list-style-type: none"> <li>• Ensure the Contractors' TIP Response Plan is based on TIP requirements in the Contractor's contract and the MCC C-TIP Policy.</li> <li>• Monitor the PMC's oversight of Contractors' responsibilities under their TIP Response Plans</li> <li>• Conduct contractors to carry out labor relation and working conditions survey among foreign and domestic labor and all sub-contractors for each year and reflect the findings for further implementation.</li> </ul>	<ul style="list-style-type: none"> <li>• 100% of employees and sub-contractors sign the worker code of conduct.</li> <li>• Anonymous reporting mechanism is functioning effectively for the duration of the construction</li> <li>• The Contractor's TIP Response Plan is thorough, references the MCC C-TIP Policy and any guidance, addresses the specific TIP risks identified in the ESIA, identifies when to contact legal authorities and provides contacts for UB-city and national government and non-government organizations that address TIP, provides a path to involve NGOs and specialized government staff, and includes clear procedures for various actors to follow. The Plan prioritizes survivors' wellbeing, confidentiality, and preferences for how to handle each case</li> <li>• 100% of reported or suspected cases of TIP are dealt with in a timely, survivor-centered manner, according to the TIP</li> </ul>	Lead: SA Manager Support: Procurement, DWA, WRA, and Legal	2021 - 2026	<p><b>In progress.</b></p> <p>All 4 main contractors have TIP response plans and collaborate with expert NGOs.</p> <p>GRM for sexual harassment is established with specific conditions.</p> <p>PMC controls the grievance boxes regularly.</p>

		<p>Response Plan.</p> <p>Effective reporting and management measures are developed, and information about the measures are introduced to the employees and contractors in toolbox sessions and by other means</p> <ul style="list-style-type: none"> <li>• 100% of community meetings include reference to the zero-tolerance policy against TIP and to the Contractor's TIP Response Plan</li> <li>• Following any confirmed TIP incident, MCA applies the Remedies mandated by</li> <li>• the C-TIP Policy and in the standard bidding documents</li> </ul>			
<p><b>Objective 4.4</b></p> <p>Maximize awareness of and prevention of child labor practices in construction</p>	<ul style="list-style-type: none"> <li>• Ensure quality control and oversight of Contractors' implementation of toolbox sessions and awareness raising activities on child labor prohibitions with workers quarterly.</li> <li>• Encourage contractors to develop an anonymous child labor reporting mechanism for employees and communities.</li> <li>• Monitor the oversight of Contractors' organizing and facilitation sessions and awareness-raising activities with project-affected communities regarding child labor at least twice during the construction season in project-affected districts. The Employee ledger must include proof of</li> </ul>	<ul style="list-style-type: none"> <li>• Zero tolerance for child labor – no child labor on site.</li> <li>• Any cases of child or forced labor are reported and dealt with in a timely manner, with respect for the child(ren) and families affected</li> <li>• Child labor incident anonymous reporting mechanism established; employees and surrounding communities are aware of the reporting mechanism</li> <li>• All subcontractors and employees have attended the child labor toolbox session on identifying and reporting child labor incidents</li> <li>• Communities have been provided with information about identifying and reporting child labor incidents during community awareness events</li> </ul>	<p>Lead: SA Manager</p> <p>Support: Procurement, DWA, and WRA</p>	2021 - 2026	<p><b>In progress.</b></p> <p>The age of all employees is controlled through GSI ITT.</p>

	each employee's age • Initiate and co-organize Joint site visits of GASI and <sup>5</sup> with PMC				
<b>Objective 4.5</b> Ensure effective Grievance Redress Mechanisms (GRM) for TIP, sexual harassment, and VAW <sup>6</sup>	• Monitor the Contractors to effectively GRM for both internal staff and community • Provided support and co-organized GRM toolbox sessions • Ensure that MCA-Mongolia has designated a responsible person to receive complaints of TIP, sexual harassment, and GBV and to follow through and ensure compliance with MCC policies	• Contractor has approved GRM mechanism and implementation plan by PMC • A Grievance committee is established at MCA-Mongolia • All contractors and employees have attended GRM tool-box sessions • # of cases resolved by the GRM • Approved and informed policy on victim protection and confidentiality • A grievance committee is established • 100% of contractors and employees have attended GRM tool-box sessions • Resolution of all internal grievances within a duration to be determined • between the Contractor and MCA-Mongolia or PMC	Lead: SA Manger and ESP Support: DWA, WRA, and Legal	2021 - 2026	<b>In progress.</b> Contractors have GRM approved by the Engineer, and PMC controls the mechanism closely.
<b>Objective 4.6</b> Avoid or minimize social impacts on local communities (other than potential impacts of SH, TIP, and child labor, which are addressed in separate sections)	• Ensure the Contractor in developing and implementing an Education, Training, and Community Outreach Plan, to ensure residents feel safe, secure, and free from intimidation and disrespect by employees, sub- contractors, and service providers, and ensure its implementation. • Support in the facilitation of	• Education, Training, and Community Outreach Plan developed, and implementation is monitored. • Two community meetings and/or trainings related to social risks organized in each five affected communities, each year, with women and men participating. Meetings include information on incident reporting mechanisms. • Positive feedback from community	Lead: SA Manager and ESP Support: DWA, WRA, and Legal	2021 - 2026	<b>In progress.</b> Contractors organize outreach activities collaborating with partner NGOs.

<sup>5</sup> Note: GASI is removed as the Government conducts labor inspections independently. 2024.06.26

<sup>6</sup> Note: The objective is revised as the grievances cannot be on only GSI-related issues. The GRMs are developed so that except for the complaints related to TIP, SH, and GBV, third-party (MCA, PMC, and NGO) involvement is not required at the initial assessment level. The complaints related to labor and working conditions are practically controlled by PMC and Contractors' GSI. 2024.06.26

	regular orientations and community outreach <ul style="list-style-type: none"> <li>activities worker code of conduct, consistent with MCC policies and guidance and the IFC Performance Standards.</li> </ul>	members about the project, as indicated in FGDs or a community survey			
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KEY SA OBJECTIVES	MCA-MONGOLIA ACTIVITIES	OUTPUT INDICATORS	MCA TEAM RESPONSIBILITY	EXPECTED DATE
<b>III. SUSTAINABILITY ACTIVITIES</b>				
<b>A. Cost Recovery</b>				
<b>Objective 5.1</b> Ensure social and affordability concerns are adequately addressed in the CRTA studies	<ul style="list-style-type: none"> <li>Facilitate consultation with MFLSP and MUB to ensure that social safety net and affordability issues are embedded in the CRTA study.</li> <li>Facilitate a working group composed of Government stakeholders to make decisions on water affordability policy and a CAP implementation mechanism.</li> <li>Provide technical support in the development of the WTP study instruments, which will include questions aimed at measuring affordability and social concerns among all customer segments.</li> <li>Ensure that the CRTA study analysis includes socio-economic characteristic disaggregated data and analysis.</li> </ul>	<ul style="list-style-type: none"> <li>Questions intended to measure customer affordability concerns are embedded into the CRTA study methodology and instruments and the required data analysis plan is developed.</li> <li>Key government stakeholders are consulted and onboard with the approach used in developing the CAP</li> <li>A specific plan is developed to ensure balanced representation among women and men WTP survey respondents</li> <li>CRTA study reports include socio-economic disaggregated data analysis and specific recommendations for analyzing affordability concerns of specific customer segments.</li> </ul>	Lead: CRTA team Support: Sustainability	2020 - 2022
<b>Objective 5.2</b>	<ul style="list-style-type: none"> <li>Ensure CRTA study recommendations for minimizing</li> </ul>	<ul style="list-style-type: none"> <li>Customers likely to be vulnerable either to under-consumption of water or to</li> </ul>	Lead: CRTA team Support: Sustainability	2020 - 2025

KEY SA OBJECTIVES	MCA-MONGOLIA ACTIVITIES	OUTPUT INDICATORS	MCA TEAM RESPONSIBILITY	EXPECTED DATE
Tariff adjustment impacts are minimized among people with affordability concerns and low income.	<p>social and economic impacts of tariff adjustment, especially for low-income households with affordability concerns, are considered for the CRP update.</p> <ul style="list-style-type: none"> <li>Facilitate coordination with stakeholders for the development of targeted CAP.</li> </ul>	<p>economic hardship as a result of water tariff increases are identified in the CRTA studies.</p> <ul style="list-style-type: none"> <li>Policymakers considered and assessed the CAP options to provide assistance for customers with affordability in the water sector.</li> </ul>		
<b>B. Ger Area Cost Containment</b>				
<p><b>Objective 6.1</b></p> <p>Facilitating discussions with USUG to minimize negative impacts on kiosk workers, who are mostly women.</p>	<ul style="list-style-type: none"> <li>Provide the IFC Performance Standards -2: Labor and working condition requirements to USUG to develop a Retrenchment Plan.</li> <li>Hold weekly meetings with USUG and provide written feedback on draft retrenchment plans to ensure compliance with the Program Implementation Agreement CP.</li> <li>Provide technical support and monitor the implementation of USUG's Retrenchment Plan.</li> </ul>	<ul style="list-style-type: none"> <li>Consultation meetings are organized, and concerns of USUG kiosk operators, their representatives, and relevant stakeholders are considered during the plan's development and adequately addressed in the Retrenchment Plan.</li> <li>USUG kiosk operator Retrenchment plan is developed and approved by kiosk operators.</li> <li>USUG's Retrenchment plan is implemented in accordance with the IFC PS2 and conducted effective measures to minimize the negative social and economic impact on the retrenched employees.</li> </ul>	Lead: Sustainability team	2021-2026
<b>C. Utility Operations</b>				
<p><b>Objective 7.1</b></p> <p>Ensure the development of Twinning includes consideration of opportunities to engage both women and men from USUG and the partner water</p>	<ul style="list-style-type: none"> <li>Participate in coordination meetings with the Sustainability team and MCC to finalize the Twinning scope and ensure balance among women and men in the selection of participants.</li> </ul>	<ul style="list-style-type: none"> <li>Balanced numbers of women and men from USUG participating in Twinning or a target proportion of women TBD by USUG</li> </ul>	Lead: Sustainability team	2021-2026

KEY SA OBJECTIVES	MCA-MONGOLIA ACTIVITIES	OUTPUT INDICATORS	MCA TEAM RESPONSIBILITY	EXPECTED DATE
operator, as well as opportunities to learn about how the partner water operator handles affordability and customer data	<ul style="list-style-type: none"> <li>Provide feedback on the ToR for the Twinning Facilitator.</li> </ul>	<ul style="list-style-type: none"> <li>Balanced numbers of women and men from the partner water operator participating in Twinning or a target proportion of women</li> <li>Contacts made and meetings held between relevant staff at USUG and the partner water operator about affordability and customer data</li> </ul>		
<b>Objective 7.2 Customer Data</b> Support inter-institutional coordination and data integration efforts to improve the collection, management, and use of household-level customer data for water affordability monitoring and inclusive, data-driven policy and regulatory decision-making.	<ul style="list-style-type: none"> <li>Support NSO in coordinating cross-institutional water customer data collection (from USUG, OSNAAUG, private kontors), and develop a standardized integrated customer-level dataset for routine water affordability analysis (with potential linkage to national socio-economic data systems such as HSES and IHID).</li> <li>Coordinate with the Unified Apartment Customer Database &amp; Digital Billing Platform consulting team to ensure consistency in data structure, format, and indicator definitions across all institutions.</li> </ul>	<ul style="list-style-type: none"> <li>Standardized, integrated household-level water customer database established for affordability monitoring.</li> <li>Routine water affordability analysis enabled using improved household billing and consumption data.</li> <li>Common customer data structure and indicator definitions adopted across water service providers and NSO.</li> <li>Alignment of new digital billing platform data with national water data framework.</li> </ul>	Lead: CRTA	2025-2026
<b>Objective 7.3 Customer Data</b> <i>Specific Action Plan related to this component will be defined after the scope of the activity is fully defined and will be included during the SAIP review and update process.</i>				
<b>D. Industrial Pre-Treatment and Pollution Control</b>				
<b>Objective 8.1</b> <i>There are no anticipated social analysis or integration considerations relevant to this sub-activity.</i>				
<b>E. Public Awareness and Behavior Change</b>				

<b>Objective 9.1</b> Incorporate social analysis centered components and actions in the design of the SBC/UX interventions.	<ul style="list-style-type: none"> <li>• Ensure sex disaggregation in SBC data (pre-WTP focus groups were sex disaggregated; UX stakeholder meetings disaggregated by water sector entity employer)</li> </ul>	<ul style="list-style-type: none"> <li>• SBC/UX designs and interventions are developed based on data collected from the WTP study, SBC FGDs, and UX stakeholder meetings and workshops</li> </ul>	User Experience (UX) Hub Support: Sustainability	2021 - 2026
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KEY SA OBJECTIVES	MCA-MONGOLIA ACTIVITIES	OUTPUT INDICATORS	MCA TEAM RESPONSIBILITY	EXPECTED DATE
	<ul style="list-style-type: none"> <li>• Use the SBC COM model to understand the drivers of behavior for disparate groups, including marginalized populations.</li> <li>• Review the WTP and FGD data to identify key social analysis concerns that SBC/UX interventions should address</li> </ul>	<ul style="list-style-type: none"> <li>• Data collected from the WTP and SBC/UX FGD are analyzed using the COM model to identify key social and gender issues related to SBC intervention needs.</li> <li>• Key social drivers related to user needs are considered in the development of the intervention design.</li> </ul>		
<p><b>Objective 9.2</b> Ensure effective targeting of SBC/UX activities to all residents of both ger and apartment dwellings.</p>	<ul style="list-style-type: none"> <li>• Ensure meaningful participation and benefits for people in all income categories and both apartment and ger area residents when considering all SBC/UX interventions</li> <li>• Facilitate consultation with relevant key stakeholders to ensure engagement and feedback from stakeholders</li> <li>• Incorporate important water-related social variables such as water sector groups (i.e., consumer, utility, regulator, distributor, etc.) and consumer economic indicators in the final design of the intervention.</li> </ul>	<ul style="list-style-type: none"> <li>• Designed SBC/UX interventions that effectively target people in all income categories and both apartment and ger area residents in Ulaanbaatar.</li> <li>• All key stakeholders are consulted in the development of the SBC/UX interventions to ensure uptake in all water sector social components</li> <li>• SBC/UX interventions will lead to a public understanding of 1) the cost of water, which will support the implementation and sustainability of a cost-reflective tariff; and 2) understanding of and ability to use the new unified digital platform for payment and customer service.</li> </ul>	<p>Lead: User Experience (UX) Hub Support: Sustainability</p>	2021 - 2026

<p><b>Objective 9.3</b> Ensure that the apartment customer database and billing system are integrated with the Customer Data sub-activity to provide standardized data usable by NSO, USUG, policymakers, and WSRC for all household water customers.</p>	<ul style="list-style-type: none"> <li>• Support the development of an apartment customer database and billing system aligned with Customer Data sub-activity standards.</li> <li>• Coordinate data integration between NSO, USUG, WSRC, and other policymakers to ensure that all household water customer data follows a consistent set of metrics</li> </ul>	<ul style="list-style-type: none"> <li>• Apartment customer database and billing system meet Customer Data sub-activity standards and include all HH water customer data.</li> <li>• A unified set of household water customer metrics is adopted across all relevant entities for policymaking and affordability analysis.</li> </ul>	<p>Lead: User Experience (UX) Hub Support: CRTA</p>	<p>2025-2026</p>
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## VII. COORDINATION WITH THE ENVIRONMENT AND SOCIAL PERFORMANCE (ESP) TEAM

### A. GENERAL RESPONSIBILITIES OF THE ESP TEAM

The MCA-Mongolia ESP team has overall responsibility for managing environmental and social performance issues for all Compact-funded activities and supporting the implementation of MCA-Mongolia's Environmental and Social Management System (ESMS). They are responsible for the development and implementation of the Stakeholder Engagement Plan (SEP) for the Compact; incorporating the ESP and RAP requirements into bidding documents; ensuring the quality and approval of the ESIA/DEIA and ESMPs in compliance with MCC guidelines, IFC Performance Standards; and GoM/MET requirements. The ESP team is also actively involved in RAP development and the RAP mobilization process and implementation and ensuring that MCA-Mongolia meets certain environmentally focused CP requirements. Moreover, the ESP team provides occupational health and safety guidance to the MCA-Mongolia project teams and guests when working at project sites and the MCA-Mongolia office.

### B. MCA-MONGOLIA ESP ORGANIZATION

The ESP team of MCA-Mongolia is currently a team of three people:

1. The Environmental and Social Performance (ESP) Director has responsibility for oversight of environmental and social issues, works with other MCA-Mongolia leads to ensure that environmental and social issues are incorporated into all aspects of MCA-Mongolia operations, and works to ensure that resources are made available for environmental and social management.
2. The Health, Safety, and Environment (HSE) Specialist is responsible for the regular monitoring of project activities to ensure continuing compliance with the ESMS. The HSE Specialist will also provide input to the ESIA/DEIA assessment activities, ESMP, HSMP development, and implementation at the project sites in accordance with IFC PSs, MCC guidelines, and GoM laws and regulations.
3. The Resettlement Specialist is responsible for the RAP development and implementation activities to manage project-related involuntary resettlement and restrictions on land use prepared by the host country pursuant to MCC Environmental Guidelines, IFC PSs, and host country requirements.

The Downstream Wells Activity Director, Water Recycling Activity Director, and Water Sector Sustainability Activity Directors also play a critical role in the ESMS implementation, by acting as immediate interlocutors between the MCA-Mongolia ESP team and MCA's Consultants and/or Contractors, which must develop their projects in compliance with the 's ESMS so as to comply with the IFC PS, MCC Environmental Guidelines and Mongolian legislation.

### C. ESP COORDINATION WITH SA

ESP and SA will coordinate to provide integrated feedback on stakeholder engagement plans, ESIAs, and ESMPs and to take part in stakeholder consultations and carry out monitoring visits to construction sites. Close coordination between SA and ESP teams is crucial to deal with community and stakeholder engagement on labor management and contractor hiring and procurement, as well as addressing other social issues related to C-TIP, sexual harassment, and

labor exploitation. MCA-Mongolia ESP and SA staff, in coordination with the PMC.

Representatives will facilitate the construction contractor's regular engagement and consultation with the surrounding communities to get feedback on the activities to address both environmental and social issues.

The ESP team is responsible for managing public consultations and stakeholder engagement, environmental analysis and performance, health and safety, temporary workers' camps, resettlement, and cultural heritage and archeology. SA takes the lead responsibility for many issues falling under IFC Performance Standard 2 on Labor and Working Conditions, including TIP, sexual harassment, labor rights violations, and ensuring that contractors prioritize local content (opportunities for local people's employment and provision of goods and services to contractors) and that they make a good faith effort to meet MCC's target of 30% women employed as a percentage of all Compact-funded construction workers.

#### **D. ESP RESOURCES**

The ESP Director (or other designated staff) will work with MCA-Mongolia management to ensure that adequate resources have been committed to allowing for the effective implementation of the environment and social management policy and procedures.

Similarly, PMC and contractors will be required to assign budgetary and personnel resources sufficient to carry out the requirements of their environmental and social action plans (ESMPs, H&S plans, resettlement plans, and any other action plan that is required in order to comply with the MCC Environmental Guidelines and the IFC Performance Standards).

MCA-Mongolia will appoint expert consultants in the environmental and/or social fields, as necessary, to comply with the ESMS. The consultants' scope of work will include studies and providing advice to MCA-Mongolia related to the complexity of environmental and social issues. The consultants will be available to assist MCA-Mongolia officers in the evaluation of environmental documents submitted by Project/investment proponents, completing checklists, participating in site visits, and reviewing environmental performance, especially for the projects that generally could have a significant negative impact on the environmental and social aspects.

### **VIII. MONITORING AND EVALUATION**

The Monitoring and Evaluation (M&E) section describes where SA activities fit in the Compact program logic. The MCA-Mongolia M&E Plan provides well-defined and measurable indicators that have been developed, reviewed, and revised using a participatory process involving all MCA-Mongolia relevant teams. The MCA-Mongolia M&E Plan includes social indicators disaggregated by sex, income, age, and other categories to monitor and evaluate as part of ensuring the implementation of the SAIP.

#### **A. COMPACT LEVEL MONITORING AND EVALUATION**

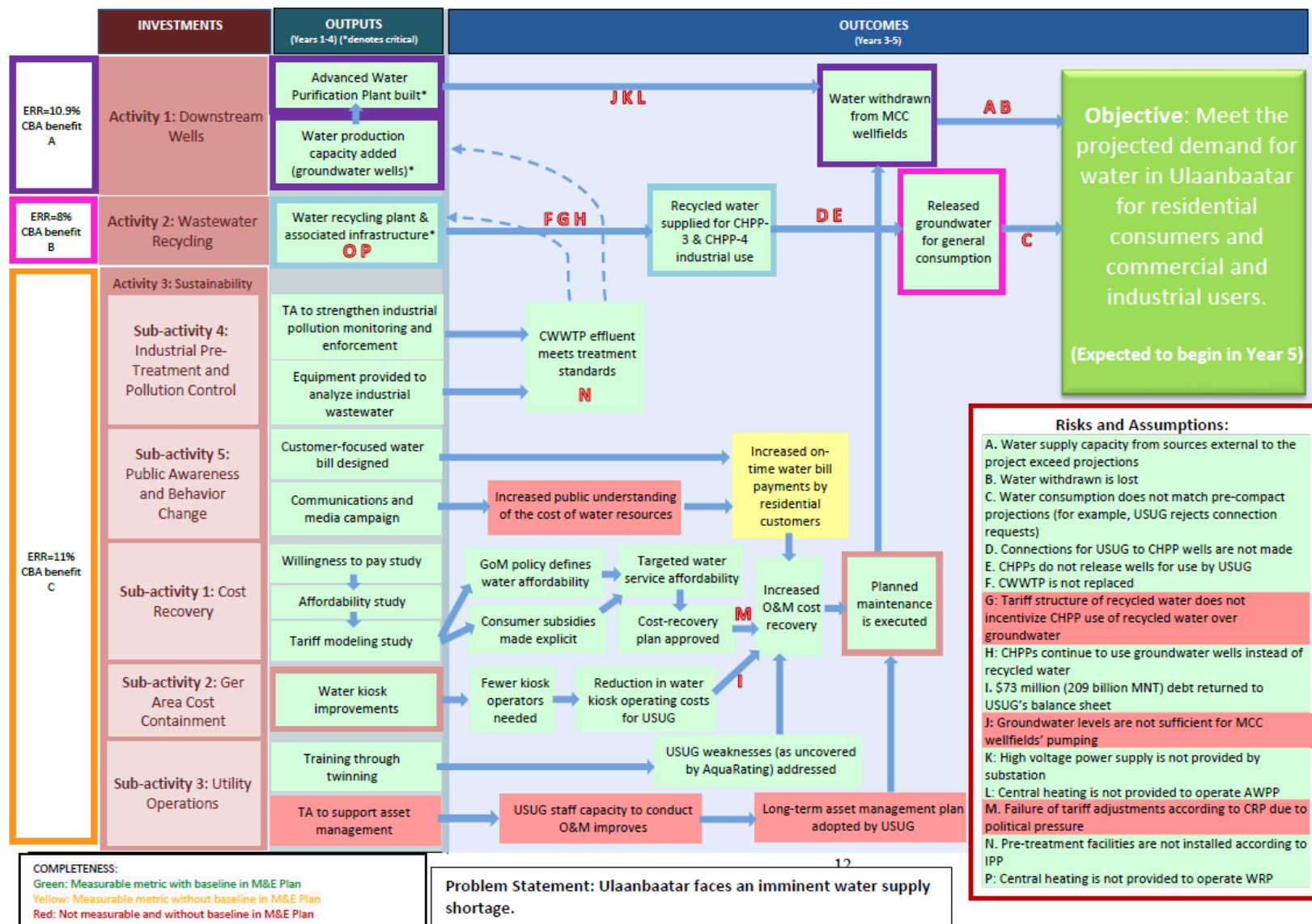
The Compact will be monitored systematically and progress reported regularly through the Indicator Tracking Table (ITT) included in the M&E Plan. There are four levels of indicators that follow from the program logic framework: (i) process; (ii) output; (iii) outcome; and (iv) goal. The various indicator levels map to the program logic and thus allow Project developers and managers to understand to what extent planned activities are likely to achieve their

intended objectives. Social considerations and gender-disaggregated indicators are incorporated into the M&E Plan, and the ITT specifies which indicators will be disaggregated by sex at the household level. i.e., households headed by females. SA-related activities are reported in the M&E Plan ITT. The table below illustrates the SA-related indicators identified in the M&E Plan and Compact's Program Logic framework. Additional indicators related to other SA-related components will be identified during the review and revision process of the M&E Plan.

Indicator		Indicator level	Definition	Disaggregation	Responsible
1.	Approval of cost recovery plan	Outcome	Date the WSRC approves an updated cost recovery plan that includes funded subsidies for vulnerable households.		WSRC
2.	Policy including a customer assistance program approved	Outcome	The date WSRC and/or other relevant institutions approve a policy/program that includes Customer Assistance Program or approve a tariff setting resolution/procedure which is responsive to consumer affordability issue and mechanism on consumer subsidy.		WSRC
3.	GoM approves resolution defining water affordability	Outcome	The date WSRC and/or other relevant institutions approve a resolution/order that determines the consumers' water affordability.		WSRC and/or other relevant institutions
4.	Approval of revised tariff-setting methodology	Outcome	The date WSRC approves revised tariff setting methodology which includes input of consumer subsidy.		WSRC
5.	Completion of willingness to pay study	Output	The date by which the Willingness to Pay study is complete and results are submitted to the WSRC.		WTP study consultant
6.	Completion of affordability study	Output	The date by which the Affordability Study is complete and results are presented/submitted to the stakeholders.		NSO
7.	Completion of tariff modeling study	Output	The date by which the required water subsidy and tariff models are agreed upon by stakeholders and WSRC. Tariff modeling study will be implemented as part of the WSRC technical assistance.		Tariff modeling study consultant

8.	Average tariff increase	Risk / Assumption	TBD This indicator is expected to be defined as a weighted average of four types of water tariffs: apartment base tariff, apartment water tariff, apartment wastewater tariff, and ger area water tariff.	TBD	WSRC
9.	Approval of cost recovery plan	Outcome	Date the WSRC approves an updated cost recovery plan that includes funded subsidies for vulnerable households.		WSRC
10.	Temporary employment generated in water and sanitation construction	Process	The number of people temporarily employed or contracted by MCA-contracted construction companies to work on construction of water or sanitation systems.	Sex [Female, Male]  Activity [Downstream Wells Activity, Wastewater Recycling Activity]	GSI Indicator Report

Figure 1: Water Supply Project Logic



## B. MONITORING AND OVERSEEING CONTRACTORS' IMPLEMENTATION OF SOCIAL REQUIREMENTS

In addition to identifying indicators for the Compact's M&E Plan, SA is responsible for supporting the monitoring contractors' implementation of social requirements. The following table lists the specific plans and documents to be developed by infrastructure contractors indicated in the Downstream Well Activity and Wastewater Recycling Activity ESMPs. MCA-Mongolia SA team will be responsible for providing technical support in the development of these plans and regularly monitor the implementation of the following plans.

REPORT	SUBMISSION SCHEDULE	CONTENT
<b>Site-specific CESMP</b>	One time during mobilization, within 28 days after the notification of contract award	<p>The Contractor will carry out an assessment of environmental, social, and health and safety conditions at the worksites to define site-specific impacts and adequate mitigation measures. The Contractor will also develop constituent plans and procedures required as a part of CESMP. The site-specific CESMP must be approved by the Engineer prior to the commencement of construction activities.</p> <p>CESMP will have specific plans to mitigate and manage social impacts and risks, including:</p> <ul style="list-style-type: none"> <li>• Labor Management Plan</li> <li>• Social Analysis and Implementation Plan</li> <li>• Counter-Trafficking in Persons Response Plan</li> <li>• Stakeholder Engagement Plan</li> <li>• Construction Camp and Temporary Facilities Management Plan</li> </ul>
<b>Training and Orientation Report</b>	<p>One time during mobilization, before commencement of works</p> <p>Monthly updates during the implementation of works</p>	<p>The Contractor will summarize information regarding training and orientation mandated under each plan, carried out before involvement of the labor in construction activities and during toolbox talks. Toolbox talks on each plan topic must be delivered monthly. The Contractor will provide copies of the Training and Orientation Reports to the Engineer. The Contractor will provide monthly updates of training and orientation activities during implementation of works in the Monthly Progress Reports.</p>
<b>Environmental, Social, Health and Safety Reports</b>	Weekly during the implementation of works	<p>The Contractor will undertake environmental, social, health, and safety inspections and report weekly, and will provide copies of such reports to the Engineer each month for the duration of the contract.</p> <p>The social reporting will include sections on issues arising in the fields of:</p> <ul style="list-style-type: none"> <li>• Recruitment strategy, employment of men and women, and prohibition of child labor</li> <li>• Implementation of the Worker Behavior Code of Conduct and outcomes</li> <li>• Grievances and investigations</li> <li>• Training on employee rights and responsibilities, counter-trafficking in persons, health, education, cultural awareness, and feedback from employees</li> </ul>

<p><b>Progress Reports</b></p>	<p>Monthly during the implementation of works</p>	<p>Summaries of these reports (including information on environmental and social activities undertaken, permits and agreements obtained, etc.) will be included in the monthly progress reports to be submitted to the Engineer for review and approval. It is expected that monthly progress reports will include information on:</p> <ul style="list-style-type: none"> <li>• Training and orientation activities</li> <li>• Environmental, social, and health and safety management actions/measures taken, including approvals sought from local or national authorities</li> <li>• Observations and concerns raised and/or decisions taken with regard to environmental, social, and health and safety management during site meetings</li> <li>• Problems encountered in relation to environmental, social, and health and safety aspects (including delays, incidents, damages and cost consequences, emergencies, etc.)</li> <li>• Investigations into the contractor internal grievance redress mechanism with outcomes</li> <li>• Lack of compliance with this ESMP and the technical specifications in relation to environmental, social, and health and safety requirements on the part of the Contractor and/or subcontractor(s)</li> <li>• Changes of assumptions, conditions, measures, designs, and actual works in relation to environmental, social, and health and safety requirements</li> <li>• Chance historical, cultural, and archaeological finds</li> <li>• Follow-up on incident investigation</li> <li>• Follow-up on the status of measures and/or corrective actions identified (including remedial measures) and their efficacy to eliminate and minimize lack of compliance with contract requirements</li> <li>• Stakeholder engagement and consultation activities carried out during the reporting period, grievances registered and resolved</li> </ul>
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## IX. STAKEHOLDER ENGAGEMENT AND EXTERNAL PARTNERSHIPS

STAKEHOLDER	DESCRIPTION OF COLLABORATION	CONSULT	INFORM	CONTACT INFORMATION
<b>CROSS-CUTTING COMPACT SOCIAL ANALYSIS (SA) ACTIVITIES</b>				
<b>MUB</b>	<ul style="list-style-type: none"> <li>Implementation of ESMP of the infrastructure projects in designing, construction, and operation/maintenance phases</li> <li>Dissemination of good practices and success stories related to SA.</li> </ul>	+		+976 11 320461
<b>Songinokhairkhan district/khoroo government</b>	<ul style="list-style-type: none"> <li>Community and stakeholder consultations for increasing opportunities for short-term employment opportunities and managing SA-related risks.</li> <li>Dissemination of good practices and success stories related to SA.</li> </ul>	+	+	+976 70173203
<b>ADB</b>	<ul style="list-style-type: none"> <li>Sharing good practices and opportunities on infrastructure activities related to social considerations.</li> <li>Dissemination of good practices and success stories related to SA.</li> <li>Consultation on increasing opportunities for short-term employment opportunities and managing SA related risks.</li> </ul>	+		+976 11 313440 +976 99022831
<b>EXPANDING SHORT-TERM EMPLOYMENT OPPORTUNITIES FOR LOCAL WORKERS</b>				
<b>MCUD</b>	<ul style="list-style-type: none"> <li>Improve employment opportunities and capacities of women and men of varying social groups in the infrastructure projects</li> <li>Promotion of equal employment and access</li> </ul>	+		+976 76003333 /1124, 1126/ info@mcud.gov.mn
<b>TVET and VETAC</b>	<ul style="list-style-type: none"> <li>Partner on increased apprenticeship opportunities for TVET students and graduates</li> <li>Promote fair treatment, nondiscrimination, and equal</li> <li>Cooperation for the enhanced youth employment opportunities and skill transfer</li> </ul>	+	+	+976 97170051 +976 99108318
<b>Mongolian Builders' Association</b>	<ul style="list-style-type: none"> <li>Partner on increased apprenticeship opportunities for TVET students and graduates</li> <li>Human resource database creation</li> </ul>	+		+976 11 318685 mongolian.builders.association@gmail.com

STAKEHOLDER	DESCRIPTION OF COLLABORATION	CONSULT	INFORM	CONTACT INFORMATION
<b>Songinokhairkhan and Khan-Uul district/khoroo government</b>	<ul style="list-style-type: none"> <li>• Registration of unemployed people</li> <li>• Employment recruitment activities and interaction with contractors</li> <li>• Employment of vulnerable and marginalized people</li> </ul>	+	+	+976 70173203
<b>Mongolian National Construction Association</b>	<ul style="list-style-type: none"> <li>• Partner on increased apprenticeship opportunities for TVET students and graduates, including female students</li> <li>• Human resource database creation</li> </ul>	+		+ (976) 7016 5055, 7018 5055, 7011 1515, +(976) 9444 4173 info@mnca.mn <a href="http://www.mnca.mn/">http://www.mnca.mn/</a>
<b>Residents of Project-Affected Community</b>	<ul style="list-style-type: none"> <li>• Dissemination of information related to employment opportunities and partnership opportunities for local procurement</li> <li>• Consultation in increasing short-term employment opportunities for local residents</li> </ul>	+	+	
<b>IDENTIFYING AND MANAGING SOCIAL RISKS</b>				
<b>Songinokhairkhan, Bayangol and Khan-Uul district/khoroo government</b>	<ul style="list-style-type: none"> <li>• Partnership in identifying and managing potential risk related to sexual harassment, VAW, C-TIP, child labor, and labor exploitation.</li> <li>• Consult the development of an effective GRM and resolving of reported incidents.</li> </ul>	+	+	+976 70173203
<b>National Human Rights Commission</b>	<ul style="list-style-type: none"> <li>• Training on sexual harassment in the workplace</li> <li>• Advise and consult for the possible cases /hotline/</li> </ul>	+	+	+976 7000 0222 info@nhrcm.gov.mn
<b>Women for Change NGO</b>	<ul style="list-style-type: none"> <li>• Training on sexual harassment in the workplace</li> <li>• Advise and consult for the possible cases /hotline/</li> </ul>	+		+976 70112090
<b>The Immigration Authority</b>	<ul style="list-style-type: none"> <li>• Visa issuance and Residential card issuance</li> <li>• Training and awareness-raising activities on C-TIP</li> </ul>	+	+	+976 75751882 info@immigration.gov.mn
<b>Police</b>	<ul style="list-style-type: none"> <li>• Reporting and investigation</li> <li>• Training and awareness-raising activities on C-TIP</li> </ul>	+	+	+976 70191000 info@police.gov.mn
<b>Family, Child, and Youth Development Agency</b>	<ul style="list-style-type: none"> <li>• Regular monitoring and Joint site visits</li> <li>• Training on Labor relations and Child labor prohibition</li> </ul>	+	+	+976 62262109 info@fcy.gov.mn

STAKEHOLDER	DESCRIPTION OF COLLABORATION	CONSULT	INFORM	CONTACT INFORMATION
	<ul style="list-style-type: none"> <li>• Counseling on child protection</li> </ul>			
<b>Residents of Project-Affected Community</b>	<ul style="list-style-type: none"> <li>• Dissemination of information related to SA risk mitigation and management</li> <li>• Consultation in identifying and managing social risks</li> </ul>	+	+	
<b>SOCIAL ANALYSIS AND SOCIAL POLICY IN THE WATER SECTOR SUSTAINABILITY ACTIVITY</b>				
<b>MFLSP</b>	<ul style="list-style-type: none"> <li>• Consultation in developing an effective CAP in the water sector.</li> <li>• Consultation in effectively addressing affordability issues.</li> </ul>	+	+	+976 51-261553 info@mlsp.gov.mn
<b>MoF</b>	<ul style="list-style-type: none"> <li>• Consultation in financing a potential CAP and its implementation</li> </ul>	+	+	TBD
<b>MUB and Mayor's Office</b>	<ul style="list-style-type: none"> <li>• Consultation in financing a potential CAP and its implementation</li> </ul>	+	+	TBD
<b>MUB Department of Property Management and Utilization</b>	<ul style="list-style-type: none"> <li>• Consultation of Data, Planning, and Coordination component</li> </ul>	+	+	TBD
<b>Mayor's Office- Department of Engineering Facilities</b>	<ul style="list-style-type: none"> <li>• Consultation of Data, Planning, and Coordination component</li> </ul>	+	+	TBD
<b>WSRC</b>	<ul style="list-style-type: none"> <li>• Partnership in Cost Recovery Sub-activity</li> <li>• Implementation of the CRP</li> </ul>	+	+	+976 7014-7447 info@wsrc.mn
<b>NSO</b>	<ul style="list-style-type: none"> <li>• Implementation of the WTP quantitative survey implementation.</li> <li>• Consultation in WTP study report.</li> </ul>	+	+	+976 51-263964
<b>USUG</b>	<ul style="list-style-type: none"> <li>• Consultation meetings with USUG kiosk operators</li> <li>• Training the operators transferring to the other job</li> <li>• Consultation in implementation of the CRTA studies</li> </ul>	+	+	+976 7015-7031 usug1959@gmail.com usugub@yahoo.com usug@usug.ub.gov.mn
<b>OSNAAUG</b>	<ul style="list-style-type: none"> <li>• Consultations related to the CRTA studies</li> </ul>	+	+	+976 70005454 +976 70111761
<b>Energy Regulatory Committee</b>	<ul style="list-style-type: none"> <li>• Learn lessons on customer assistance in the energy sector</li> </ul>		+	+ 976-11-320126 info@erc.gov.mn
<b>2030 Water Resource Group</b>	<ul style="list-style-type: none"> <li>• Exchange information on the Tariff Study</li> </ul>	+	+	obazargochoo@worldbank.org

## X. BUDGET ARRANGEMENTS

	Description	Budget
1.	Training and workshop activities	\$3,000
2.	Monitoring and field visits	TBD
3.	Publication of good practices and success stories	\$15,000
4.	SAIP Close-Out Report Development	\$20,000

## XI. COMMUNICATION OF SOCIAL ANALYSIS AND IMPLEMENTATION OF RELATED ACTIVITIES

MCA-Mongolia developed its Strategic Communication Plan document to promote the objectives of the Compact by providing all the stakeholders, including the general public, with accurate and timely information, enhancing their awareness and understanding, and gaining their support. To achieve these objectives, MCA-Mongolia Strategic Communication Plan utilizes communications tactics based on research, audience segmentation, and tailoring messages, objectives, and campaigns to reach targeted audiences, prioritizing vulnerable groups. These tactics will integrate SA considerations to promote key messages about the benefits of integrating social analysis and components across the Compact activities. The SAIP budget includes a line for the development of communications materials and a final report to ensure that the SA considerations are disseminated to all relevant stakeholders.

To ensure this, the MCA-Mongolia Strategic Communication Plan annual review process includes consultations with SA and CRTA staff to ensure SA considerations are included in communications materials and practices. The MCA-Mongolia communication team will review communications materials developed by the SA team to ensure compliance with the Strategic Communication Plan.

## XII. SAIP REVIEW AND UPDATE PROCESS

The SAIP Action plan for infrastructure projects was reviewed and updated in 2024 to ensure that the implementation of the plan is in line with the social analysis and planning objectives. The SAIP final report will be developed and published in January 2026.

## **ANNEX I: MINIMUM CONTENT FOR CONTRACTOR REQUIREMENTS RELATED TO SEXUAL HARASSMENT AND COUNTER- TRAFFICKING IN PERSONS**

### **A. COUNTER-TRAFFICKING IN PERSONS**

#### **1. MCC Standard Contract Clause: Combating Trafficking In Persons**

MCC, along with other United States Government entities, has adopted a zero tolerance policy with regard to Trafficking in Persons (“TIP”) through its Counter-Trafficking in Persons Policy. In pursuance of this policy:

**Defined Terms.** For purposes of the application and interpretation of this Clause:

- i. The terms “coercion,” “commercial sex act,” “debt bondage,” “employee,” “forced labor,” “fraud,” “involuntary servitude,” and “sex trafficking” have the meanings given such terms in the MCC Counter-Trafficking in Persons Policy (“MCC C-TIP Policy”) and such definitions are incorporated by reference into this Sub-Clause; and
- ii. “Trafficking in Persons” means (a) Sex trafficking in which a commercial sex act is induced by force, fraud, or coercion, or in which the person induced to perform such act has not attained 18 years of age; (b) The recruitment, harboring, transportation, provision, or obtaining of a person for labor or services, through the use of force, fraud, or coercion for the purpose of subjection to involuntary servitude, peonage, debt bondage, or slavery.

**Prohibition.** Contractors, subcontractors, Consultants, Sub-Consultants, and any of their respective Personnel shall not engage in any form of Trafficking in Persons during the period of performance of any contract funded, in whole or in part, with MCC funding and must also comply with those prohibitions described in U.S. laws and Executive Orders regarding TIP, including using misleading recruitment practices; charging employees recruitment fees; or destroying, concealing, confiscating, or otherwise denying access by an employee to the employee’s identity documents.

#### **Contractor Requirements.**

- i. The Contractor (or subcontractor) shall:
  - a. Notify its employees of the MCC C-TIP Policy and of the actions that will be taken against Personnel for violations of this policy. Such actions may include, but are not limited to, removal from the contract, reduction in benefits, or termination of employment; and
  - b. Take appropriate action, up to and including termination, against Personnel or subcontractors that violate the prohibitions set out in this policy.
- ii. Each Contractor shall:
  - a. Certify that it is not engaged in, facilitating, or allowing any activities constituting Trafficking in Persons, or related activities also prohibited under this policy, for the duration of the Contract;
  - b. Provide assurances that activities constituting Trafficking in Persons, or related activities also prohibited under this policy, will not be tolerated on the part of its Personnel, subcontractors or Sub-Consultants (as the case may be), or their respective employees; and
  - c. Acknowledge that engaging in such activities is cause for suspension or termination of employment or of the Contract.

- iii. The Contractor or subcontractor shall inform the MCA-Mongolia within 24 hours of:
  - a. Any information it receives from any source (including law enforcement) that alleges its Personnel, subcontractor, or the employee of a subcontractor, has engaged in conduct that violates this policy; and
  - b. Any actions taken against any Personnel, subcontractor, subcontractor, or the employee of a subcontractor, pursuant to these requirements.

## **2. MCA-Mongolia Recommendations for Complying With Mcc Contractual Requirements on C-Tip**

### **2.1. Notice to workers**

Prior to each worker beginning to work on-site, the Contractor must provide that worker with a written notice in the appropriate language(s) of the MCC C-TIP Policy and the Contractor's Trafficking in Persons (TIP) Response Plan. Such notice should include the following minimum content:

- i. Definitions of what constitutes trafficking in persons under the MCC Counter-Trafficking in Persons (C-TIP) Policy and under national law;
- ii. The MCC C-TIP Policy's prohibition against TIP;
- iii. The C-TIP obligations of the Contractor specified in the General Conditions of Contract; and
- iv. How and to whom to report suspected instances of TIP and the remedies that the MCA-Mongolia and the Contractor may take to address any confirmed incident of TIP.

Workers must sign a form or provide other verifiable attestation of having received this notice, and the Contractor must maintain records of such attestations.

### **2.2. Orientation training**

Minimum content requirements for the Contractor's C-TIP orientation training for workers are as follows:

- i. Definitions of what constitutes trafficking in persons under the MCC C-TIP Policy and under national law;
- ii. Examples of types of trafficking in persons that are common in the country, as well as a description of the project-specific trafficking risks identified in the ESIA;
- iii. Site-specific examples of what might constitute trafficking in persons and the risks identified in the ESIA and other project documents, if these have been identified;
- iv. Explanation of the MCC C-TIP Policy;
- v. C-TIP obligations of the Contractor specified in the General Conditions of Contract;
- vi. The Contractor's Trafficking in Persons Response Plan;
- vii. Information and means for workers to report suspected instances of TIP to the Contractor, to the MCA-Mongolia, and, where applicable, to an independent/third party through an anonymous mechanism (such as a hotline or anonymous suggestion or complaint comment box);
- viii. The name and contact information of the designated staff person of the Contractor who will be responsible for notifying the MCA-Mongolia or Accountable Entity of potential TIP incidents that need to be further investigated and/or reports of TIP incidents received by employees, community members, NGOs, or any other relevant party;
- ix. Any C-TIP related activities required in the ESMP;
- x. Sufficient time for discussion and answers to workers' questions.

Contractors are required to provide the above C-TIP orientation training to all workers within one month of a given worker beginning work on-site.

It is suggested that Contractors 1) provide workers with a list of national and local organizations and government agencies that address trafficking in persons and 2) consider contracting or making other arrangements with specialized organizations to design and provide the required training.

### **3. Monitoring and reporting on C-TIP requirements**

Contractors must maintain a monitoring table or other clearly organized record to report on the following for each worker:

- Dates of hiring and start of work on-site;
- Date on which the Contractor provided a written notice in appropriate language of the MCC C-TIP Policy and the Contractor's TIP Response Plan;
- Date the worker participated in the required C-TIP orientation training;
- Date the worker participated in any C-TIP update orientation.

Each periodic report the Contractor makes to the Engineer must include the above monitoring report as an annex, and the main body of the report must include a summary of the total numbers of workers employed on the project, the total number of workers having participated in the C-TIP orientation training, the total number of workers not yet having participated in the C-TIP training, and the total number of new workers hired in the previous reporting period.

The monitoring table for C-TIP orientation may be combined with the monitoring table for compliance with anti-sexual harassment requirements and other monitoring tables and reports, provided that all required information is included.

## **B. PROHIBITIONS AGAINST SEXUAL HARASSMENT**

### **1. MCC Standard Contract Clause: Prohibition of Sexual Harassment**

The Contractor, including all Sub-Consultants and any Personnel, shall prohibit and refrain from sexual harassment behaviors directed at Compact beneficiaries, partners, stakeholders, MCA Entity employees, MCA Entity consultants, MCC personnel, or MCC consultants. Examples of sexual harassment include, but are not limited to, the following behaviors: unwelcome sexual advances, requests for sexual favors, verbal or physical harassment of a sexual nature, or offensive remarks about a person's sex or sexual orientation. The Consultant shall put in place an incident referral and reporting plan with respect to the provision of the Services to support a safe and respectful work environment, in form and substance satisfactory to the MCA Entity and MCC. The Consultant shall be responsible for ensuring that all Consultant and Sub-Consultant Personnel understand and operate in accordance with the requirements of this Clause in order to assure a safe, respectful, and harassment free work environment. The MCA Entity may investigate (either directly or through a third party) allegations of sexual harassment as it determines appropriate. The Consultant shall fully cooperate with any investigation conducted by the MCA Entity regarding breach of this provision. The Consultant will ensure that any incident of sexual harassment investigated by the MCA Entity has been resolved to the MCA Entity and MCC's satisfaction.

### **2. MCA-Mongolia Recommendations for Complying with MCC Contractual Requirements**

## 2.1. Notice to workers

Prior to each worker beginning to work on-site, the Contractor must provide that worker with written notice both of the Contractor's policy prohibiting sexual harassment and guaranteeing a safe, respectful, and harassment-free workplace and of the Contractor's Incident Reporting and Referral Plan. This notice must be in the appropriate language(s). Such notice should include the following minimum content:

1. The definition of sexual harassment stated in the MCC Guidance to MCAs on Sexual Harassment;
2. How to report incidences of sexual harassment;
3. The consequences to personnel that engage in harassment.

Workers must sign a form or provide other verifiable attestation of having received this notice, and the Contractor must maintain records of such attestations.

## 2.2. Orientation trainings

Minimum content requirements for the Contractor's anti-sexual harassment orientation trainings for workers are as follows:

- The content of the Contractor's policy prohibiting sexual harassment, including the definition of sexual harassment stated in the MCC Guidance to MCAs on Sexual Harassment, how to report incidences of sexual harassment, and the consequences to personnel that engage in harassment;
- Site-specific examples of what sexual harassment might include and how to avoid the appearance of behavior that might be considered sexual harassment;
- Explanation of the Contractor's Incident Reporting and Referral Plan and how the Contractor will document and address incident reports;
- Identification of at least one contact person on the Contractor's staff to whom questions related to sexual harassment may be addressed;
- Identification of a contact person employed by the Engineer to whom questions related to sexual harassment may be addressed;
- Explanation and assurances of how workers' confidentiality will be maintained and that complaints and witness reports will not be shared with other workers; and
- Sufficient time for discussion and answers to workers' questions.

Contractors are required to provide the above sexual harassment orientation training to all workers within one month of a given worker beginning work on-site.

It is suggested that Contractors 1) provide workers with a list of national and local organizations and government agencies that address sexual harassment and 2) consider contracting or making other arrangements with specialized organizations to design and provide the required training.

## 3. Monitoring and reporting on sexual harassment training

Contractors must maintain a monitoring [tracking] table to record and report on the following for each worker:

- Dates of hiring and start of work on-site;
- Date on which the Contractor provided a written summary notice in appropriate language (Mongolian and Khazak) of the Contractor's plan prohibiting sexual harassment;
- Date the worker participated in the required orientation training about the

- prohibition against sexual harassment;
- Date the worker participated in any update forum related to the prohibition against sexual harassment.

The monitoring table for the anti-sexual harassment orientation training may be combined with the monitoring table for compliance with C-TIP requirements and other monitoring tables and reports, provided that all required information is included.

## **ANNEX II. CONTACTS RELATED TO COUNTER-TRAFFICKING IN PERSONS AND SEXUAL HARASSMENT**

The ESIA recommends liaising with experienced NGOs to identify those able to design training courses on aspects of worker conduct and labor conditions, including trafficking in persons, sexual harassment, violence against women, and work for both women and men.

The ESIA also recommends providing a list of available resources for potential victims. The disclosure of these resources allows the victims to use them at their discretion. The information about relevant resources can be provided to the community social worker, the media, and the communication responsible person at the District level.

The organizations below may be helpful contacts for Contractors and for workers and people in project-affected communities.

### **Mongolian Employers' Federation**

**Website:** <http://www.monef.mn>

**Address:** Tavan Bogd Plaza center, Sukhbaatar Square 18, Sukhbaatar district, Ulaanbaatar city, Mongolia, 14200

**Phone number:** +976 11 325 635

**Email address:** [monef@magicnet.mn](mailto:monef@magicnet.mn)

The Mongolian Employers' Federation (MONEF) was established in 1990 with 35 members. It now embraces 21 regional employers' associations and has approximately 7,800 members in the manufacturing, construction, transportation, banking, insurance, and service sector. It advocates employers' interests and promotes the private sector.

### **Women for Change**

**Website:** <https://w4cblog.wordpress.com/>

**Email:** [youngwomenforchange@gmail.com](mailto:youngwomenforchange@gmail.com)

Women for Change is a membership-based NGO located in UB. The goal is to support, empower, and advocate for women and young people in Mongolia. Believe in the power of social change and in encouraging personal development through increasing awareness of women's workplace issues and supporting women in their quest for knowledge, self-confidence, and self-determination.

### **MONFEMNET National Network**

**Website:** [monfemnet.org/](http://monfemnet.org/)

**Address:** Room 202, "Apartment-96", Negdelchin Hotel, 6-th committee, Bayanzurkh district, Ulaanbaatar, Mongolia

**Phone:** [+976 7011 0355](tel:+97670110355)

**Email:** [info@monfemnet.org](mailto:info@monfemnet.org)

The network was first established in 2000 at the initiative of the participants of the 5th

Mongolian Women's NGO Forum as the National Network of Mongolian Women's NGOs. In 2007, the Network became the first regulatory agency. Focused on starting movements, organizational strengthening, PIR, and cultural reform (**using the SASA! Method**)

### **Mongolian Center for Gender Equality**

**Website:** <https://www.endslaverynow.org/mongolian-gender-equality-center>

**Phone number:** (+976) 11311 512

**Email address:** [gendereqcen@magicnet.mn](mailto:gendereqcen@magicnet.mn)

The MGEC was established in 2002 to fight the growing crime of human trafficking. It provides legal assistance and shelter to victims of trafficking. In Mongolia, human trafficking is primarily a gendered crime. Young women and girls are trafficked into brothels for illegal and often unpaid prostitution against their consent. The center has provided support to hundreds of victims of trafficking from countries around the world. The MGEC has worked with authorities to improve legislation against the crime, runs prevention, awareness, and advocacy programs, and provides legal advocacy, shelter, counseling services, and vocational training for repatriated victims of trafficking (VOTs).

### **Centre for Human Rights and Development**

**Website:** <https://chrdmongolia.wordpress.com/>

**Phone:** +976 11 32 5721

**Email:** [chrd@mongolnet.mn](mailto:chrd@mongolnet.mn)

In the past, they have partnered with Asia Foundation to provide training on trafficking to judges, prosecutors, investigators, and advocates.

### **One Stop Service Centers for Domestic Violence Survivors**

**Website:** [www.fcy.gov.mn](http://www.fcy.gov.mn)

**Phone:** +976 62 262109

**Email:** [info@fcy.gov.mn](mailto:info@fcy.gov.mn)

In Mongolia, One Stop Service Centers offer survivors of sexual exploitation and abuse and their families a full range of services, including safe accommodations, health care, psychosocial counseling, protection services, and basic legal guidance. They are led by the Government of Mongolia's Ministry of Justice and Home Affairs and the Ministry of Labor and Social Protection, with support from UNFPA and the Swiss Agency for Development and Cooperation. In response to the influx of reported incidents of sexual exploitation and abuse during the COVID-19 pandemic, two new One Stop Service Centers opened in the country's capital, Ulaanbaatar.

### **The National Center Against Violence**

**Website:** [www.safefuture.mn](http://www.safefuture.mn)

**Address:** #03, 06, Building-40, 6th Khoroo, Baga Toiruu, Chingeltei District, Ulaanbaatar, Mongolia

**Phone/Fax:** +976-70119949

**Counseling Hotline:** +976-96490505

**E-mail:** mongolcav@mongol.net

The National Center against Violence (NCAV) is a non-profit, non-partisan, and non-governmental organization established in 1995 to combat domestic and sexual violence against women and children in Mongolia. They have a shelter and provide counseling to those who experience GBV.

### **Family, Child, and Youth Development Agency (FCYDA)**

Implements and promotes government policies, legislation, and projects for children; supports child development and social participation; prevents children from becoming victims of violence; and provides social services. (44) Maintains a nationwide database for tracking case status and social services needs of vulnerable children, accessible from local and central offices. (10,5) Maintains a nationwide, toll-free Child Helpline, “108,” that captures child labor and child rights violations, and is staffed by 22 employees, a social worker, and a response team available 24 hours a day. (3,10,5,45,46) Runs a temporary (24 to 168 hours) shelter for children and can provide a maximum of 6 months of shelter service, depending on the severity of the case. (3,5,10,22) Reports to the Ministry of Labor and Social Protection.

END