



**МОНГОЛЫН МЯНГАНЫ СОРИЛТЫН САН**  
MILLENNIUM CHALLENGE ACCOUNT – MONGOLIA

# ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM

Ulaanbaatar 2020

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## Abbreviations and Acronyms

AWPP	Advanced Water Purification Plant
DWA	Downstream Wells Activity
CP	Conditions Precedent
GEIA	General Environmental Impact Assessment
CDC	Construction Development Center
CRM	Grievance Redress Mechanism
CHP-3	Central Heating Plant 3
CHP-4	Central Heating Plant 4
CWWTP	Central Wastewater Treatment Plant
DEIA	Detailed Environment Impact Assessment
ESBS	Environmental and Social Baseline Study
EPRP	Emergency Preparedness and Response Plan
EIA	Environmental Impact Assessment
ESMP	Environmental and Social Management Plan
ESPD	Environmental and Social Performance Director
ESAP	Environmental and Social Action Plan
ESIA	Environmental and Social Impact Assessment
ESMF	Environment and Social Management Framework
ESMS	Environment and Social Management System
ESPD	Environmental and Social Performance Director
GASI	General Agency for Specialized Investigation
Governor's office of KhUD	Governor's office of Khan-Uul district
Governor's office of SKhD	Governor's office of Songinokhairkhan district
GSIP	Gender and Social Integration Plan
GoM	Government of Mongolia
HSE specialist	Health, Safety and Environment Specialist
HSMP	Health and Safety Management Plan
IFC	International Finance Corporation
IFC	International Finance Corporation

MCA-Mongolia	Millennium Challenge Account-Mongolia
MoE	Ministry of Energy
MET	Ministry of Environment and Tourism
MoU	Memorandum of Understanding
MFALI	Ministry of Food, Agriculture and Light Industry
MCC	Millennium Challenge Corporation
MCUD	Ministry of Urban Development
NCGE	National Committee on Gender Equality
NDA	National Development Agency
NEMA	National Emergency Management Agency
NSO	National Statistics Office
NUM	National University of Mongolia
OSNAAUG	Ulaanbaatar Housing and Public Utilities Authority
PAP	Project Affected Person
PS	IFC Performance Standard
PMC	Project Management Consultant
RAP	Resettlement Action Plan
RPF	Resettlement Policy Framework
RS specialist	Resettlement and Social Specialist
SGA	Social and Gender Assessment
C-TIP	Countering Trafficking in Persons
TIP	Trafficking in Persons
USUG	Water supply and sewerage authority of Ulaanbaatar city
ToR	Terms of Reference
TRBA	Tuul River Basin Authority
WMF	Waste Management Framework
WMP	Waste Management Plan
WRC	Water Resources Council
WRSC	Water Service Regulatory Commission of Mongolia
WRA	Wastewater Recycling Activity
WRP	Wastewater Recycling Plant

## **Glossary of Terms**

Project	When capitalized, refers to the three Projects in the Compact
AECOM	Design Consultant for Downstream wells project
JEMR	Sub-contractor of AECOM

## INTRODUCTION

### *1.1 Purpose of this Document*

This document (including the Annexes) describes the Environmental and Social Management System (ESMS) that has been established by MCA-Mongolia to manage environmental and social risks and impacts related to the implementation of all the Projects developed under the Compact. The ESMS is designed to be consistent with the environmental and social safeguard laws of the Government of Mongolia, Millennium Challenge Corporation (MCC) Environmental Guidelines including the IFC Performance Standards (of 2012), MCC Gender Policy and Guidelines, MCC Counter-Trafficking in Persons (C-TIP) Policy, MCC Guidance Note to MCAs on Sexual Harassment and the relevant sections of the MCA Mongolia's Social and Gender Integration Plan (SGIP). MCA-Mongolia will ensure that:

- (i) All Projects/Activities/sub-projects are screened against the MCC Environmental Guidelines with respect to the following:
  - a. Projects deemed "likely to cause a significant environmental, health, or safety hazard" are prohibited from receiving MCC funding ("MCC Categorical Prohibitions")<sup>1</sup>;
  - b. Projects/Activities/sub-projects deemed likely to have potential significant environmental and/or social impacts are further reviewed and evaluated so as to comply with MCC's Environmental Guidelines, Gender Policy, and the IFC Performance Standards;
- (ii) All Projects/Activities/sub-projects are reviewed and evaluated against National and local laws, regulations, and standards on environment, health, safety, involuntary resettlement and land acquisition, gender, indigenous peoples, and physical cultural resources.

The ESMS is used to assist in the design and implementation of Compact Projects and Activities while avoiding, minimizing and/or mitigating environmental and social risks and impacts. It provides guidance for developing Project/Activity/sub-project specific environmental and social documents, such as Environmental and Social Management Plans (ESMP) that provide further details on mitigation measures and identifies key entities responsible for implementation,

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<sup>1</sup> MCC funding prohibition applies to any project if:

- (a) as a result of the project, even with mitigation efforts and proper use, there exists or will exist a substance, condition, or circumstance that represents a significant risk of harm to the environment or to human health because of the physical, chemical or biological effects of such substance, condition or circumstance;
- (b) the project involves or will involve the production, procurement or intentional release of:
  - Persistent Organic Pollutants (POPs) that the United States Environmental Protection Agency (USEPA) has identified as of greatest concern to the global community;
  - any pesticide or industrial or consumer chemical that is listed by the United States Environmental Protection Agency as "banned" or "severely restricted" under the Prior Informed Consent (PIC) Program; or
  - a product (including an emission or effluent) that is prohibited or strictly regulated in the United States because its toxic effects on the environment create a serious public health risk; or
- (c) the project is a physical project that is prohibited or strictly regulated by Federal law in the United States to protect the environment from radioactive substances, unless MCC has made a final determination, taking into account a thorough Environmental Impact Assessment, that the project is not likely to cause a significant environmental, health, or safety hazard.

supervision, monitoring and reporting. The ESMS defines a continuous process initiated and supported by MCA-Mongolia management, which involves MCA-Mongolia staff, contractors, local communities directly affected by the project, and other stakeholders, such as government and non-government organizations, private industry, and women’s groups. Drawing on the elements of the established business management process of “plan, do, check, and act,” this ESMS entails a methodological approach to managing environmental and social risks<sup>2</sup> and impacts<sup>3</sup> in a structured way and on an ongoing basis.<sup>4</sup> Figure 1 presents an overview of the components of the MCA-Mongolia ESMS.

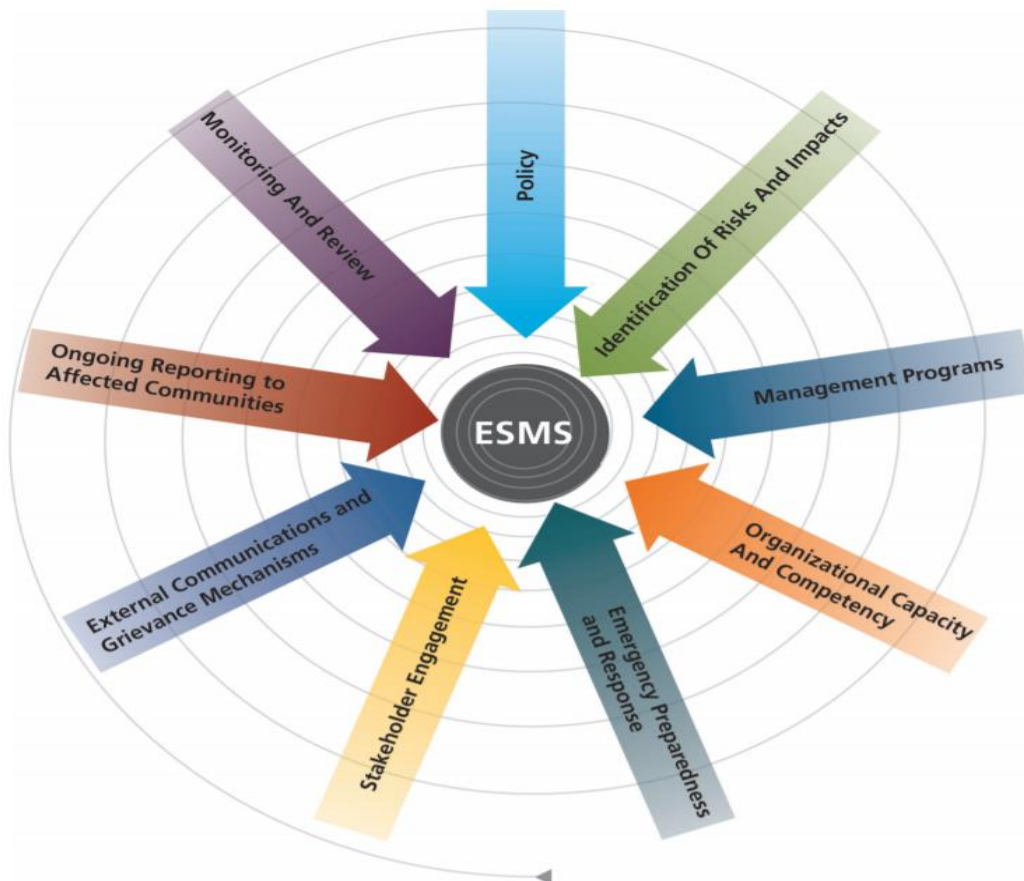


Figure 1: MCA-Mongolia ESMS overview, Source: IFC, ESMS Handbook

## 1.2 MCA-Mongolia Compact Background

Mongolia concluded its first Millennium Challenge Compact on September 17, 2013. The first compact was signed on October 22, 2007, entered into force on September 17, 2008 and included

<sup>2</sup>IFC Performance Standard (PS) 1 defines “environmental and social risk” as a combination of the probability of certain hazard occurrences and the severity of impacts resulting from such an occurrence

<sup>3</sup> PS 1 defines “environmental and social impacts” as any change, potential or actual, to (i) the physical, natural, or cultural environment, and (ii) impacts on surrounding community and workers, resulting from the business activity to be supported [in this case, the Compact]. The MCC Guidelines also provide information on impact assessment.

<sup>4</sup>PS 1 establishes the importance of the management of environmental and social performance throughout the life of the project.

investments in property rights, health, vocational education, energy, environment and transportation.

Given its performance on MCC's scorecard for fiscal year 2015, Mongolia was selected in December 2014 as eligible to develop this second Compact. Over the following months, the Government appointed a national coordinator and established the National Secretariat for Development of the Second Compact Agreement with the Millennium Challenge Corporation (the "National Secretariat") within the Ministry of Foreign Affairs to lead the compact development process. Working closely with MCC, the National Secretariat analyzed the constraints to economic growth in Mongolia and identified "costly access to water and sanitation" as one of Mongolia's most binding constraints. Mongolia's capital, Ulaanbaatar, 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. Following two decades of rapid growth, Ulaanbaatar faces an imminent shortage of potable water that, as early as 2021, may begin to undermine its economy and influence the quality of life of its residents. Through extensive due diligence analysis during 2016, 2017, and 2018, MCC and the National Secretariat identified investments to develop new wellfields, introduce the recycling and reuse of wastewater, and enhance long-term sustainability in the water sector. These investments align with the Government's interest in more efficient and focused water governance and constitute the Water Supply Project.

### ***1.3 MCA-Mongolia Water Compact Description***

The Water Supply Project will be designed and implemented under Water Compact to respond to economic growth constraints by improving both water quality and quantity in Ulaanbaatar city. The Water Supply Project supports a series of strategically important investments to achieve the Project Objective: (i) the Downstream Wells Activity; (ii) the Wastewater Recycling Activity and (iii) the Water Sector Sustainability Activity.

#### ***(i) Downstream Wells Activity.***

The "***Downstream Wells Activity***" supports the development of the Biokombinat Wellfield and the Shuvuun Wellfield downstream of Ulaanbaatar. MCC Funding for this Activity dedicated to the construction of (i) approximately 30 new wells in the two downstream wellfields, (ii) associated pumps, local collection pipelines, equalization tanks, and a transmission line to convey the water from the wellfields, (iii) an advanced water purification plant located at the western edge of the city to remove contaminants (designed to include multiple barriers to remove pathogens, volatile organic compounds, heavy metals, and other contaminants that may be present in the groundwater), and (iv) storage facilities, pumping station, and conveyance pipeline to transport finished water from the purification plant into the existing municipal water network of Ulaanbaatar.

#### ***(ii) Wastewater Recycling Activity.***

The "***Wastewater Recycling Activity***" supports the recycling and reuse of large quantity of wastewater effluent from the central wastewater treatment plant ("CWWTP"). MCC Funding for this Activity is dedicated to the construction of (i) a wastewater recycling plant (located on available public land adjacent to the CWWTP) designed to treat a portion of the effluent from the CWWTP, (ii) pumping stations and associated pipelines to convey the recycled water to water storage facilities



near combined heating and power plants (“CHP”) three and four (known as “CHP-3” and “CHP-4”), and (iii) internal piping, storage facilities, and control systems to facilitate the use of recycled wastewater for certain processes within CHP-3 and CHP-4.

**(iii) *Water Sector Sustainability Activity.***

The “*Water Sector Sustainability Activity*” supports five interventions that address policy, legal, regulatory, and institutional issues and improve the long-term sustainability of the water sector in Ulaanbaatar.

(A) The “*Cost Recovery Sub-Activity*” supports technical assistance to the Water Service Regulatory Commission (WSRC) for a detailed examination of the structuring of water and wastewater tariffs, based on a detailed assessment of the willingness and ability of USUG customers to pay for improved water service. The sub-activity also supports assistance to USUG for the preparation of rate cases that reflect the goal of full coverage of costs for operations, maintenance and depreciation, as required by law.

(B) The “*Ger Area Cost Containment Sub-Activity*” supports efforts to curtail the high costs that USUG bears for providing water through the system of water kiosks throughout the ger areas of Ulaanbaatar. The sub-activity supports a variety of small-scale works intended to reduce the direct costs associated with the delivery and sale of water, including the conversion of manually operated kiosks to automatic “smart” kiosks that operate longer hours at lower cost and the construction of additional filling stations to reduce distance and time traveled by USUG’s fleet of tanker trucks. 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.

(C) The “*Utility Operations Sub-Activity*” supports the strengthening of critical operational capacities within USUG, to be identified through the implementation of Aqua Rating, 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.

(D) 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 it is constructed and 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 agencies responsible for monitoring, detecting and enforcing pollution regulations in Ulaanbaatar city.

(E) “*Public Awareness and Behavior Change Sub-activity*”, supports improved communication and engagement with stakeholders and the general public in an effort to improve awareness and 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.

## 1.4 Structure of the ESMS

**Table 1: Structure of the MCA-Mongolia ESMS**

Section	Content
1	Compact background and a general summary of activities of each project
2	MCA-Mongolia Environmental and Social Policy Statement for all projects and activities. Brief summary of the IFC Performance Standards and Mongolian legislation and how the Compact Projects relate to them.
3	Anticipated risks and impacts of the project activities and guidance on how to mitigate these impacts through planning.
4	Procedures for environmental and social management of the risks and impacts identified, including standard contractor requirements.
5	Parties involved in ESMS implementation, identifies capacity building and training measures to ensure that the institutional arrangements are appropriate and qualified for the allocated tasks.
6	Monitoring and reporting of environmental and social aspects for the parties involved in the program management cycle at different stages.
7	Procedures for the review and enhancement of the ESMS by MCA-Mongolia

The ESMS also includes number of Annexes that provide more procedural detail and measures that shall be used by MCA-Mongolia, the contractors or their sub-contractors to ensure full compliance with the ESMS.

- **Annex 1: Analysis of Comparison of Mongolian Laws, Regulations with the Content of IFC Performance Standards.**
- **Annex 2: Environmental and Social Action Plan**
- **Annex 3: Involuntary Resettlement Guidance and Livelihood Restoration Framework** - Approaches and procedures to avoid or minimize physical and/or economic displacement and land acquisition, while balancing environmental, social, and financial costs and benefits, paying particular attention to impacts on the poor and vulnerable persons. It also serves as framework guidance for RAPs development for individual sub-project sites.
- **Annex 4: Draft Emergency Preparedness and Program (EPRP)** -- Identifies potential hazards or emergencies that may take place during the implementation phase of Projects and provides general guidelines for emergency planning and preparedness procedures.
- **Annex 5: Chance Finds Procedure** – Addresses the possibility of archaeological deposits, finds and other features becoming exposed during earthmoving activities associated with the Projects and provides guidelines to follow in the event of a chance archaeological find.
- **Annex 6: Stakeholder Engagement and Consultation Plan and Grievance Redress Mechanism**– Defines the procedures and approaches to communicate with stakeholder groups and the general public who may be affected by or interested in Compact Projects, and how complaints/comments of stakeholders will be handled.

## ENVIRONMENTAL AND SOCIAL MANAGEMENT POLICY AND APPLICABLE REQUIREMENTS

### *2.1 MCA-Mongolia Policy*

The environmental and social management policy of MCA-Mongolia was approved by the Supervisory Board on 28 May, 2020 and signed by the Chief Executive Officer on 28 May, 2020 and states that:

*As the Accountable Entity designated to implement the second Compact in Mongolia, MCA-Mongolia aims to reduce poverty through economic growth by strengthening good governance, economic freedom, and promoting investments in the people of Mongolia. The objective of the MCA-Mongolia Program is to improve water supply service through new groundwater resources, advanced water purification plant, wastewater recycling and water sector sustainability activities in Ulaanbaatar. This program is critical for increasing water resources with high quality to meet residential consumers and commercial and industrial users demand. MCA-Mongolia aims to achieve sustainable economic development through Compact-funded actions while minimizing environmental and social risks and enhancing environmental benefits, natural resource management and protections for the people of Mongolia, with particular emphasis on the vulnerable groups and women.*

*MCA-Mongolia will ensure the integration of internationally-accepted principles of environmental and social sustainability, particularly comply with the Millennium Challenge Corporation (MCC) Environmental Guidelines and Gender Policy, the International Finance Corporation (IFC) Performance Standards on Environmental and Social Sustainability, and the laws and regulations of the Government of Mongolia, into the design and implementation of the Compact and related actions. As such, MCA-Mongolia has developed an Environmental and Social Management System (ESMS) in an effort to guide investments and operations and ensure all activities and actors, including the Government of Mongolia, MCA-Mongolia, consultants and contractors, and project beneficiaries will uphold the principles of environmental and social performance of the Compact.*

*To underscore the importance of establishing effective programs and practices, which ensure environmental and social sustainability through the consistent application of the Environmental and Social Policy and principles throughout all stages of Compact implementation, MCA-Mongolia will:*

- Establish and maintain an Environmental and Social Management System (ESMS);*
- Identify and evaluate environmental and social risks and impacts of the Projects and sub-projects;*
- Adopt a mitigation hierarchy to anticipate and avoid, or where avoidance is not possible, minimize, and, where residual impacts remain, compensate/offset for risks and impacts to workers, affected communities, and the environment;*
- Develop corresponding management plans to address risks and impacts and to maximize positive environmental and social benefits;*
- Promote sustainable and efficient use of natural resources and maximize opportunities to use energy and water efficient technologies in Project and sub-project design;*

- *Promote improved environmental and social performance of all actors and actions through the effective use of management systems and institutional capacity building;*
- *Develop a grievance redress mechanism for MCA-Mongolia and ensure that grievances or concerns from affected communities and external communications from other stakeholders are responded to and managed appropriately;*
- *Develop a stakeholder engagement plan to promote and provide means for adequate engagement with affected communities throughout the project cycle on issues that could potentially affect them and to ensure that relevant environmental and social information is disclosed and disseminated;*
- *Ensure all activities and actors consciously design and foster positive environmental and social impacts and benefits;*
- *Set appropriate monitoring and reporting systems for the Projects and take corrective action wherever necessary.*
- *Ensure that its staff has the knowledge, skills and resources necessary to implement and monitor compliance with this Environmental and Social Policy and related principles.*

MCA-Mongolia is responsible for ensuring that the Program investments and operations comply with this Environmental and Social Policy, and the MCA-Mongolia Chief Executive Officer is ultimately held accountable for upholding this policy. MCA-Mongolia's performance with regards to the Environmental and Social Policy is included in its reports to the Supervisory Board of the MCA-Mongolia. This policy has been communicated to all staff, operational employees, service providers, consultants, contractors, and Government of Mongolia partner organizations of MCA-Mongolia.

## ***2.2 Compact Projects' Categorization***

As a result of initial screening conducted by MCC, the three Projects of the Compact were categorized in terms of their environmental and social risks and potential impacts, as shown in Table 2. The screening was carried out by environmental and social professionals, based on a careful understanding of the Projects and their effects at the time of Compact preparation.

Referring to the MCC Environmental Guidelines, projects can fall into one of the following categories:

- Category A: if the project has potential to have significant adverse environmental and social impacts that are sensitive, diverse or unprecedented. These impacts may affect an area broader than the sites of facilities subject to physical works.
- Category B: if the potential environmental and social impacts are less adverse than those of Category A projects. Typically, these impacts are site-specific, few if any are irreversible, and mitigation measures are more readily available.
- Category C: if the project is unlikely to have adverse environmental and social impacts.
- Category D: if the project involves an intermediate facility that will use MCC funding to finance subprojects that may potentially result in adverse environmental and social impacts.

**Table 2: Compact Project Environmental Categories**

Compact Project	Category per MCC Guidelines
Downstream Wells Activity	A
Wastewater Recycling Activity	B
Water Sector Sustainability Activity	C

Any future modifications or changes (including significant additions or extensions) to the Projects or Activities to be funded by the Compact will be screened and categorized in the same way as described in the MCC Environmental Guidelines and in the following section.

### ***2.3 IFC Performance Standards***

The Performance Standards are an internationally accepted framework for managing the environmental and social risks of development projects and are a key part of MCC’s approach to risk management and how MCC puts the Environmental Guidelines into practice at an operational level. The Performance Standards complement the MCC Environmental Guidelines by specifying the required standard of environmental and social performance compact-funded activities are expected to meet. The MCA-Mongolia Program is subject to the requirements of the IFC Performance Standards (PS)<sup>5</sup>, which are briefly described as follows.

***PS1: Assessment and Management of Environmental and Social Risks and Impacts*** – emphasizes the importance of managing social and environmental performance throughout the life of a “project” (any Compact action that is subject to assessment and management). An effective ESMS is a dynamic, continuous process initiated by management and involving communication between MCA-Mongolia, its workers, consultants, contractors, the local communities directly affected by the Projects (the affected communities), and MCC.

***PS2: Labor and Working Conditions*** - recognizes that economic development should be balanced with workers’ rights. PS2 aims at establishing, maintaining and improving the worker-management relationships; promoting the equal opportunities for workers, and compliance with national labor and employment laws; protecting the workforce by addressing child labor and forced labor; and promoting safe and healthy working conditions.

***PS3: Resource Efficiency and Pollution Prevention*** - deals with pollution and prevention of pollution, and is aimed at avoiding or, where avoidance is not possible, minimizing the adverse impacts on human health and the environment through avoiding or minimizing pollution directly arising from the Projects.

***PS4: Community Health, Safety and Security***- aims to avoid or minimize risks to and impacts on the health and safety of the local community during the project life cycle; and ensure that the

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<sup>5</sup> Full description of the Performance Standards and Guidance Notes can be found at: [http://www.ifc.org/wps/wcm/connect/115482804a0255db96fbffd1a5d13d27/PS\\_English\\_2012\\_Full-Documents.pdf?MOD=AJPERES](http://www.ifc.org/wps/wcm/connect/115482804a0255db96fbffd1a5d13d27/PS_English_2012_Full-Documents.pdf?MOD=AJPERES) and [http://www.ifc.org/wps/wcm/connect/e280ef804a0256609709ffd1a5d13d27/GN\\_English\\_2012\\_Full-Documents.pdf?MOD=AJPERES](http://www.ifc.org/wps/wcm/connect/e280ef804a0256609709ffd1a5d13d27/GN_English_2012_Full-Documents.pdf?MOD=AJPERES)

safeguarding of personnel and property avoids or minimizes the risks to the community’s safety and security.

**PS5: Land Acquisition and Involuntary Resettlement**- aims to avoid or at least minimize involuntary resettlement wherever feasible by exploring alternative Project or sub-project designs; mitigate adverse social and economic impacts from land acquisition by (i) providing compensation for loss of assets and (ii) ensuring that resettlement activities are implemented with appropriate consultation and disclosure; and improve or at least restore the livelihoods, standards of living and living conditions of displaced persons.

**PS6: Biodiversity Conservation and Sustainable Management of Living Natural Resources** - aims to avoid or minimize risks to and impacts on protected areas, protected species, natural and critical habitats during implementation of project.

**PS7: Indigenous Peoples**- intends to avoid or minimize risks to and impacts on communities of Indigenous Peoples who may be affected by the Projects. This PS is not likely to be applicable to the Compact Projects.

**PS8: Cultural Heritage** - intends to avoid or minimize risks to and impacts on cultural heritage, including religious sites, cemeteries, human remains, and artifacts, among others.

Table 3 identifies the key Projects, Activities and sub-projects whose impacts will be managed by implementation of the ESMS, and which PS apply and how. This table is subject to future modifications and changes as Projects, Activities and their sub-projects may evolve. A more detailed table of activities and their management procedures are found in Section 4 of the ESMS.

**Table 3: Application of PS to Compact Projects, Activities, and sub-projects**

Project/Activity	Relevant PS
<b>Downstream Wells and Wastewater Recycling</b>	<p>This Activity includes work which may involve environmental and social elements associated with:</p> <p>PS1: Environmental and social risks and impacts from siting, design, construction, and operation of the facilities.</p> <p>PS2: Recruitment of labor including potential issues related to Trafficking-in-Persons (TIP), and working conditions for contractor’s workers</p> <p>PS3: Waste management through the generation of construction and hazardous wastes</p> <p>PS4: Community health and safety during construction and operation</p> <p>PS5: Potential for land acquisition (permanent or temporary) and other involuntary resettlement issues</p> <p>PS6: Biodiversity Conservation and Sustainable Management of Living Natural Resources</p> <p>PS8: Excavation and/or demolition, which may impact cultural resources, including archaeologically-significant locations and chance find occurrences.</p>
<b>Water Sector Sustainability</b>	<p>PS1: The activity includes institutional reforms and the raising of public awareness. Stakeholder Engagement is integral to this activity and is addressed through PS1. This activity does not include design and construction activities and the balance of the Performance Standards are not directly applicable.</p>

Project/Activity	Relevant PS
	PS2: Within Ger area cost containment sub-activity, there will be a variety of small-scale works intended to reduce the direct costs through transferring annual operating kiosks into smart water kiosks. USUG is committed to develop a plan that reflects with no lay off workers. Worker's rights and labor conditions are addressed through PS2.

## ***2.4 Mongolian laws and legislations***

This section provides a brief overview of the main applicable environmental and social legislation, as well as the standards and international treaties (see the annex 1) Mongolia ratified to the Projects under Water Compact.

***Law on Environmental Protection (1995, 2012)*** regulates relation between the state, citizens, economic entities and organizations in order to guarantee the human right to live in a healthy and safe environment, have ecologically balanced social and economic development. The Law requires that natural resource and environmental impact assessments are conducted to preserve the natural state of the environment, among other considerations (Article 7). It also requires that businesses obtain a certification to conduct environmental impact assessments. Article 10 identifies the conduct of environmental monitoring on the state and changes of the environment.

***Law on Environmental Impact Assessment (2012)*** sets out a process for conducting an Environmental Impact Assessment (EIA) for new projects and the expansion of existing projects. There are two types of EIAs defined in the law: an initial screening through a general environmental impact assessment (GEIA) and a full detailed environmental impact assessment (DEIA). The GEIA, developed by the project implementer, includes baseline description of the affected environment; description of the proposed project including drawings; technical and economic justification for the project; and written opinion of the Soum (second level administrative district) governor, and is submitted to MET.

Under the EIA Law, proposed new projects and project expansions are subject to an initial screening process by the Ministry of Environment and Tourism (MET) following submission of a project description and technical and economic feasibility study. This process will result in one of the following outcomes:

- The Project may be implemented without the need for a DEIA or may be implemented pursuant to specific conditions;
- A DEIA will be required; or
- The Project may be rejected on the grounds of (i) non-conformity with legislation; (ii) adverse impacts on the environment; or (iii) insufficient information is provided.

A-117 Guideline on EIA” requires social impacts to be considered. Regulation on ensuring public participation in EIA, local communities, project affected people and have a right to participate in EIA process. It is important that all local citizens are aware of their duties to engage in the EIA process in regarding the project activities and implementation.

Article 9.9 of this law (except for mineral exploitation, concentrators, processing plants and chemical plant projects specified in Article 9.10) the project implementer is required for the implementation of the annual environmental management plan as a guarantee for the project proponent to fulfill its obligations to protect the environment. At least 50 percent of its expenditures shall be deposited in a special environmental protection and rehabilitation account under the Soum or district governor, and the implementation of the plan shall be reported annually.

***Law on Water (2012)*** essentially serves as an umbrella law for water resources management and is further complemented by several other laws. Amendments to the Law in 2012 introduced the “polluter pays” principle and environmental auditing. Polluters (including citizens, business entities, and organizations) are liable for compensation for damages from pollution. The Law on Environmental Protection does not clarify the process or amounts; however, the Law of Water and Water Pollution Fees Law (see below) further elaborates on the process for water resources. Any business whose activities involve the use of natural resources must conduct an environmental audit every two years (to be paid by the business).

Specifically, the Law on Use of Natural Resources (2012), Law on Water Pollution Fees (2012), and Law on Use of Water Supply and Sewage System in Urban and Settlement Areas (2011) further define responsibilities and provide the legal basis for charging consumers for the use of water.

***Law on Land (1994, 2015)*** regulates the possession and use of land by a citizen, entity, organization, and other related issues. Articles 42/43 provide guidance on removing possessed land and granting of compensation relative to removing.

***Law on Buffer Zones (1997)*** regulates the determination of special protected area buffer zones and activities. Article 9 requires the conduct of detailed environmental assessment for the establishment of water reservoirs or construction of floodwalls or dams in buffer zones for special protected areas.

***Law on Sanitation (1998, 2012)*** governs relationships concerning maintenance of sanitary conditions, defining the general requirements for sanitation in order to ensure the right of an individual to healthy and safe working and living conditions, ensuring normal sanitary conditions, and defining the rights and duties of individuals, economic entities and organizations with this respect.

***Law on Fire Safety (1999, 2015)*** establishes the legal basis of the authority in charge of fire safety monitoring, defines the rights and duties of local administrative bodies, business entities and citizens for ensuring fire safety.

***Law on Protection of Cultural Heritage (2001, 2014)*** regulates the collection, registration, research, classification, evaluation, preservation, protection, promotion, restoration, of cultural heritage.

***Law on Disaster Protection (2003, 2012)*** regulates matters relating to the principles and full powers of disaster protection organizations and agencies, their organization and activities, as well as the rights and duties of the state, local authorities, enterprises, entities and individuals in relation to disaster protection.



***Law on Hazardous and Toxic Chemicals (2006)*** regulates the export, import and transportation of toxic chemicals across the borders of Mongolia and production, storage, trade, transport, use, removal and control.

***Law on Occupational Safety and Health (2008, 2012)*** regulates policy and principles on labor safety and hygiene, creates standards for labor safety and hygiene at the workplace.

***Law on Labor (1999, 2008)*** regulates the common rights and obligations of employees and employers participating in labor relations based on collective agreements to provide rules with respect to individual and collective labor disputes, working conditions, management, monitoring and liabilities of violating of this law and ensure the mutual equality of the parties.

***Law on Land Fees (2012)*** defines fees for possessing and/or using state-owned land and regulates the process for paying fees to the state budget.

***Law on Wastes (2012)*** governs the collection, transportation, storage, and depositing of household and industrial wastes in landfills, as well as reusing waste as a source of raw materials to eliminate hazardous impacts of house hold and industrial waste on public health and the environment. Undertakings that generate significant amount of wastes must dispose of the wastes in designated landfills that meet prescribed standards.

## IDENTIFICATION OF RISKS AND IMPACTS

All Projects and Activities performed by MCA-Mongolia have the potential to produce environmental and social risks and impacts. MCC carried out due diligence on the proposed Compact Projects, which resulted in the development of Environmental and Social Baseline Studies for the Downstream Wells Activity and Wastewater Recycling activities during the Compact Preparation stage. This section describes the completed due diligence assessment and categorization process and the procedures that MCA-Mongolia carries out to identify and categorize environmental and social risks for each of the Projects, Activities, and sub-projects<sup>6</sup>.

### ***3.1 Potential Impacts of Compact Construction Projects***

#### **3.1.1 Anticipated Positive Impacts**

Project impacts of the Compact are diverse and include positive environmental and social impacts as summarized below:

##### ***Benefits from the Development of Downstream Wells Project Activity***

- For the first time in Mongolia, an Advanced Water Purification Plant (AWPP) will produce high quality portable water that will significantly contribute to the health, nutrition, and overall well-being of the Ulaanbaatar city's residents in terms of quality of life. Improving the water supply system will have positive effects on many facets of households' lives and the community's economy. The new wells will supply 51 million m<sup>3</sup> (estimated amount approved by Water Resources Council) of water to Ulaanbaatar's water supply system through AWPP annually.
- Downstream Wells Activity represents a major step for Ulaanbaatar to provide safe reliable water to meet projected growth in water demands and address the limited water supply as a constraint to future economic growth
- The groundwater production at Shuvuun and Biokombinat Downstream Wells sources will have no significant impacts on Tuul river flows and its aquifer.
- MCA-Mongolia encourages contractors to strive to achieve a minimum target of 30% women among all employees in Compact-funded construction. Furthermore, market opportunities for local community members and revenue of local business will be increased.

##### ***Benefits of Wastewater Recycling Project Activity***

- The proposed Wastewater Recycling Plant (WRP) would result in making available groundwater reserves and Tuul River water for the Ulaanbaatar drinking water supply. The plant would treat 50,000 m<sup>3</sup>/day of the proposed Central Wastewater Treatment Plant's (CWWTP)effluent that would be used for cooling down and other technical water uses at Central Heating Plants (CHP) 3 and 4. Currently CHPs use groundwater for its cooling process.
- Tuul river pollution would reduce through new CWWTP higher quality discharges that meet MNS 4943: 2015 effluent treated wastewater standards into the environment in the long run.
- Currently, Mongolia does not have a law or policy that regulates recycled water except MNS 6734:2018 standard for recycled water reuse. Recycled wastewater usage is not

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<sup>6</sup>Detailed description of potential or identified risks and impacts for each Project and sub-project can be found in the respective project documentation prepared by consultants, including the ESIA, ESMP, WMP, and others.

broadly practiced among public communities and is still a relatively new concept in Mongolia.

- A strategic stakeholder engagement and public awareness campaign would support increased understanding of the WRP and could foster future types of recycled water projects.
- The water recycling investment and WRP offer the opportunity for both short-term and longer-term employment and potential advancement opportunities.
- As based on the USUG identified need of the types of jobs, an outreach campaign to potentially qualified people who would need only training in the new technology involved, and this could specifically target women outside USUG and women who are current USUG employees, particularly those in technical and supervisory jobs.

#### ***Benefits Associated with the Water Sector Sustainability Activity***

- For “Ger Area Cost Containment” activity, there are both economic and non-economic benefits. The intervention of constructing additional refilling stations can reduce USUG’s financial loss through cost savings in fuel and truck driver labor. Moreover, Smart kiosks result in cost savings for USUG through reduction in the number of kiosk operators needed. Kiosk operators are currently responsible for serving consumers as well as cleaning and maintenance of their respective kiosks. With smart systems, the workload is reduced as kiosk operators would only be responsible for cleaning and maintaining the kiosks, allowing one operator to be in charge of several kiosks. When refilling stations are proximate, the water delivery to kiosks will be reliable and water outage risks at kiosks will be lower. 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.

#### **3.1.2 Potential Risks and Negative Impacts**

The potential adverse environmental and social risks and impacts that are likely to occur during implementation of construction activities are summarized in the following sections. In general, these are expected to be short-term and localized. The vast majority of the potential adverse impacts will be observed during the construction period and mainly occur within the construction site where the works are implemented. These risks and impacts are described in detail in documents such as the ESIA, ESMP, WMP and HSMP.

The following sections apply to any activities under each Project of the Compact.

#### **3.1.3 Design Phase Impacts**

The potential adverse environmental impacts and risks that could occur during the design phase may be described in three categories: general, environmental, and social.

##### ***General Risks:***

- Inadequate consideration of environmental and social impacts, non-compliance with IFC Performance Standards, MCC Environmental Guidelines and national legislation during design phase of construction activities;
- Inadequate preparation for mitigation of environmental and social impacts, non-compliance with applicable guidelines and legislation;
- Inadequate preparation for monitoring of environmental and social impacts, non-compliance with applicable guidelines and legislation;
- Lack of awareness on the part of the sub-project designers of effective environmental and social measures;

***Environmental Risks:***

- Inadequate consideration of landscape degradation and soil erosion impacts;
- Inadequate consideration of air pollution, water and soil contamination, degradation of landscapes when considering measures for disposal of excavated materials and construction wastes;
- Inadequate consideration of pollution when considering measures for disposal of hazardous wastes;

***Social Risks:***

- Inadequate stakeholder engagement and public consultation with affected persons and/or communities;
- Inadequate consideration of temporary or permanent use of private or community owned lands or property for project implementation, or other resettlement impacts.
- As result of the Ger area cost containments activity, more specifically conversion of annually operated water kiosks to automatic kiosks, certain number of kiosk operators, mostly female workers may lose their jobs.
- Significant increase in water tariff to recover the cost of USUG operation and maintenance may lead to financial burden among the poorest households by leading them to reduce their daily consumption of water for drinking and sanitation purposes;

### **3.1.4 Construction Phase Impacts**

The potential adverse environmental and social impacts and risks during the construction phase may include:

- Degradation of landscapes and soil erosion due to site clearing for construction works
- Soil contamination
- Pollution of surface water and groundwater
- Direct release of contaminants to surface water due to jacking processes for crossing Tuul river
- Impacts on biodiversity
- Noise and vibration of techniques and bulldozers at the construction site
- Air pollution and emission of inorganic dust from digging-loading works and emission of harmful substances from vehicles
- Generation of construction and hazardous wastes
- Health and safety hazards from construction activities and traffic
- Impacts on historic-cultural and archaeological monuments
- Temporary or moderate impacts on Tuul river streams due to jacking of pipes at crossings with Tuul river
- Temporary or permanent impacts from resettlement or disruption of economic activities
- Adverse health impacts can be associated with possible spread of sexually transmitted diseases
- Displacement or relocation of residents and local business have negative impacts where unregistered or temporary residents may have trouble relocating into different locations. Furthermore, displaced business may lose their existing customers and may face additional costs associated with re-establishing their businesses. There will be no physical displacement or relocation of residents regarding to Downstream wells project activities.
- Both Songinokhairkhan and Khan-Uul districts have number of herders that use the pasture

land surrounding the construction project sites. The construction project may cause decreased pastureland for local herders, which directly influence herders' livelihood and financial income as well as treating their cultural heritage of nomadic lifestyle.

- Songinokhairkhan mountain is regarded by the local communities as a sacred site with number of cultural and religious significance. The construction of the Advanced water purification plant and finished water conveyance may restrict local communities access to the sacred mountain and disturb their religious practice.

### **3.1.5 Cumulative Impacts**

Changes in water, soil, air quality resources as well as construction activities can contribute to cumulative impacts. The cumulative impacts of projects may result in short-term and localized changes in environmental and socio-economic background conditions of the project areas. The Projects are not expected to contribute to any significant adverse cumulative environmental and social impacts or risks.

### **3.1.6 Actions to Avoid and Minimize Possible Environmental and Social Impacts**

The Water Supply Project will comply with MCC Environmental Guidelines, the IFC Performance Standards and applicable Mongolian laws and regulations. The Water Supply Project will have mainly positive socio-economic effects. The short-term and localized adverse construction impacts as well as the long-term operational impacts will be managed with implementation of the mitigation measures provided in the ESMPs, environmental and social clauses for civil works' contracts, OHS Guidelines, Action Plans such as the contractor's health and safety plan (CHSP), Waste Management Plan (WMP), Biodiversity Action Plan and other relevant safeguard documents.

Based on the ESIA report and ESMP, the contractors will develop a site-specific risk management plan which is to include mitigation and prevention measures for risks of counter trafficking in persons and forced labor. The contractor will conduct training on C-TIP, sexual harassment, forced labor and child labour regularly and operate a Grievance mechanism and hotline to receive complaints on these issues.

PS 1 covers assessment and avoiding impacts in the first place and minimizing them thru the design process. Then ensuring a mitigation plan is in place to mitigate residual impacts.

IFC Performance Standard 2 issues of potential concern are the risk that female workers may lose their jobs due to the conversion of annually operated water kiosks to automatic/smart kiosks. Measures will need to be put in place to avoid or mitigate the potential for this situation to develop. In addition to this potential issue being addressed through Performance Standard 2 it may also be addressed through the GSIP<sup>7</sup> and Compliance plan. It also covers health and safety of workers and that is certainly an issue at all the activities including BWSE and WRA.

PS 3 resource efficiency – water and energy efficiency and covers climate change issues.

PS4 community health and safety – covers closing up trenches to prevent any injuries due to the construction activities and engaging with the communities.

PS5 resettlement deals with land acquisition and making sure people are not adversely impacted. IFC Performance Standard 6 Biodiversity issues are anticipated with regard to Endangered (or

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<sup>7</sup> See the MCA-Mongolia's Social and Gender Integration Plan (MCA Mongolia website) for the detailed description of each activities of analysis of social and gender issues within the framework of the three projects and the measures to be taken based on them. This plan serves as a guiding document for bidders, consultants, contractors, sub-contractors, grantees, and implementing entities to integrate social and gender analysis and activities into the design, planning, implementation, and close-out phases of the compact.

threatened) Species and Critical Habitat. Performance Standard 6 defined specific provisions to avoid and mitigate these types of potential impacts that will be complied with.

In accordance with IFC Performance Standard 8-Cultural Heritage, a landscape plan addressing an access road to the sacred Ovoo need to be designed with health, safety and security considerations. Overall, few environmental, social, health and safety impacts are expected to be significant.

## **ENVIRONMENTAL AND SOCIAL MANAGEMENT FRAMEWORK**

This section presents the framework that describes how each of the steps mentioned in the risks and impacts identification section have been, or will be addressed, who will be responsible for each activity at each phase, and how MCA-Mongolia will ultimately manage the various actors responsible for overseeing environmental and social management.

### ***4.1 Overview of Environmental and Social Management Framework***

Table 4 presents the major MCA-Mongolia actions that will be managed by this ESMS in the three Projects and a brief summary of the management steps that will be carried out. The table also indicates specific Mongolian Laws that apply to the actions. While many of project actions will be the same for the three Compact Projects, this table illustrates those undertakings that are subject to MCA-Mongolia review. The table identifies the responsible parties for each action or task, and a code to identify their roles, where:

- P = Primary responsibility for product or activity
- X = Provides input
- R = Reviews the product and provides comments
- A = Reviews and Approves the product
- O = Provides Oversight

**Table 4: Environmental and Social Management Actions**

Actions	Relevant PS	Management Undertakings to Comply with the MCC Environmental Guidelines and the IFC PS	Other key Mongolian requirements	Responsible Parties*					
				MCA-Mongolia	PMC	AECOM	MET	Construction Contractors	MCC
<b>Downstream Wells Activity</b>									
Conducting Screening for environmental and social aspects	PS 1- 6, 8	Screening for environmental and social issues is the initial activity of the design consultant in order to identify the adverse risks and impacts on environment and social aspects of the project. Screening will search for all areas that are covered by the PS and will identify the risks and impacts that need to be addressed through ES management programs. The screening tool will look into: existing and potential pollution, workers and community health and safety, land acquisition requirements, land titling and involuntary resettlement including economic activity resettlement cases, impact on biodiversity and cultural heritage.	<p>There are two types of EIAs defined in the EIA law: an initial screening through a general environmental impact assessment (GEIA) and a full detailed environmental impact assessment. DEIA requires to consider exiting environmental baseline conditions, potential and main negative impacts of the project, their intensity, distribution and consequences, mitigation measures, environmentally friendly techniques and technologies to reduce pollution, risk assessment of human health and environment, historical and cultural values of the project implementation area, feedback from local authorities and PAPs. A-117 Guideline on EIA requires social impacts to be considered including land acquisition, resettlement requirements, public health and impact on biodiversity.</p> <p>10.4. The state central administrative body in charge of nature and environment will decide whether to implement the project based on the detailed impact assessment report, the conclusion of the expert and professional council that conducted the assessment analysis, and the proposal specified in 18.4 of this law.</p> <p>General expert of MET will verify the accuracy of the DEIA, if the activities of the project or organization are causing or have caused damage to human health and the environment.</p> <p>Regulation on ensuring public consultation on EIA, Regulation on Compensation for land acquisition 2018</p>	R, X, O	R, X, O	P	A	X	A
Developing ESMPs	PS 1-6, 8	Per PS 1 the Design Consultant will develop ESMPs and other specific plans that might be needed to avoid, mitigate or minimize the risks associated with environmental and social impacts of the project.	<p>The “Procedure for developing, reviewing and reporting on the Environmental Management Plan to be implemented by citizens and business entities in a given year” (2014) is the main guideline for the development and implementation of EMP.</p> <p>Environmental management plan should be developed based on a shared understanding with the relevant stakeholders on the prevention, potential adverse impacts, mitigation measures, rehabilitation and monitoring of the project identified by the impact assessment study to avoid misunderstandings and additional costs during project implementation. (A-117 Guidelines)</p> <p>Article 9.3 of the law governs the organization that conducted the general assessment approve the environmental management plan of the project and issue a permit to implement the project.</p> <p>Article 14.1.2 of the law requires project implementer inform implementation of the EMP to local residents, local administrations and project affected PAPs within the timeframe set by the relevant state central administrative body.</p> <p>According to Article 9.9 of this law, the project implementer shall provide at least 50 percent of the amount of money required for the implementation of the annual environmental management plan as a guarantee of fulfillment of its obligations to protect the environment. These funds are to be held in a special environmental protection and rehabilitation account and the project implementer is to report on the implementation of the plan annually.</p>	R, X, O	R, X, O	P	A	X	A
Developing Waste Management and Occupational Health and Safety Plans	PS 2, 3, 4	Each construction site will include a number of site specific management plans. Among them are waste management plans that will be prepared for each construction site and will also include hazardous materials management. These plans will be consistent with Health and	The waste management plan is an integral part of the EMP and sets out measures to reduce, remove and dispose of solid, liquid and gaseous wastes in accordance with waste law and standards.	R, X, O	R, X, O	P	A	X	

		Safety plans that will be prepared for each construction site individually. These plans will include provisions for workers as well as community safety and health, and will be in accordance with PS 2 and 4.	Waste management plan regulates measures to reduce, remove and dispose of solid, liquid and gaseous wastes in accordance with waste law and standards is an integral part of the EMP.  The EMP will also develop occupational health and safety rules and regulations to be followed in project construction activities of AWPP, pipelines, WRP and related infrastructure, and road construction.							A
Contractual Agreements	PS 2	Per PS 2, MCA-Mongolia developed a Human Resources Policy that regulates not only working relations between MCA-Mongolia and its staff but also similar relations among its contractors. Compliance with the HR policy is required of design and supervision contractors of MCA-Mongolia.	Labor health and safety standards at the workplace and common rights, obligations of employees and employers participating in labor relations; individual and collective labor disputes are regulated by the Law on Occupational Safety and Health (2008, 2012) and Law on Labor of Mongolia.	P	O	X	X	X		A
Addressing Grievances	PS 1, 2, 4	Grievances arising from both MCA-Mongolia as well as its contractors will be addressed through MCA-Mongolia's Grievance Redress Mechanism that is prepared in accordance with PS 1 and 2 and considers areas that might be applicable per PS 4 (see Annex 6).	Grievances and complaints arising related to the project activities and its redress mechanism will be managed by the EMP and will be part of the plan in compliance with "Procedure for developing, reviewing and reporting on the Environmental Management Plan to be implemented by citizens and business entities in a given year" (2014)  Law on Labor (1995, 2008) regulates the common rights and obligations of employees and employers participating in labor relations based on collective agreements and collective bargaining and to provide rules with respect to individual and collective labor disputes, working conditions, management, monitoring and liabilities of violating of this law and ensure the mutual equality of the parties.	X	O	P	X	P		X
Engaging and consulting with Stakeholders	PS1, 4, 5	During pre-design, design, implementation and post implementation phases, stakeholders are invited to be part of the process in a manner that is described in Annex 6. The plan is prepared in accordance with and with consideration of PS 1, 2, 4, 5.	There is no specific Mongolian legislation is designed to ensure public consultation and stakeholder engagement in Water Projects. Although the Law on EIA stipulates that public involvement in the DEIA process is required to conduct in appropriate ways in Detailed Environmental Impact Assessment process to disclose the project information, consult on the scope of impacts, and identify potential mitigation measures and obtain full feedbacks from project affected people and local administration.  Guidelines on Ensuring public participation in EIA (2014) regulates that project implementer ensure public participation in the impact assessment process, EMP and inform/present its implementation to the local residents and public at least once a year.  The Mongolian Law on Regional Development Management (2003) primarily aims to regulate regional development and to balance social and economic objectives. Respect for the powers of local self-governing bodies in the regional development process is underwritten in the Law. According to the Law local self-governing bodies are responsible for engaging citizens in the regional development process, by responding to appropriate queries and by encouraging and directing engagement by 'citizens, enterprises and organizations'.	P	X	X	X	X		X
Developing and implementing Resettlement Action Plans (RAPs)	PS 5	RAP are prepared for each construction site. Individual compensation plans and livelihood restoration plans will be covered as part of the RAPs for each project.		RXO	RXO	P	A	X		A
Ensuring social inclusion	PS 1	Per PS 1 where individuals or groups are identified as disadvantaged or vulnerable, MCA-Mongolia shall propose and implement appropriate measures so that adverse impacts do not fall disproportionately on them and they are not disadvantaged in sharing development benefits and opportunities.	A-117 Guideline on EIA (3.4.4) requires social impacts to be considered including land acquisition, resettlement requirements, public health and consideration on individual or groups are identified as disadvantaged or poor through identification of social groups to disclosure about the project.	P	O	X	X	X		X
Monitoring of activities by MCA-Mongolia	PS 1, 2	MCA-Mongolia will monitor the work progress of the consultants, contractors. The monitoring will include reviewing periodic reports of the entity and field verification visits. MCA-Mongolia ESP team will carry out periodic field visits to ensure that activities and progress reported are accurate, and that the supervision consultant monitoring mechanisms are appropriate.	Local or state environmental inspectors, governors of all levels, state central administrative bodies and environmental non-governmental organizations have the right to monitor the implementation of the environmental management plan.	P	O	X	X	X		X
<b>Wastewater Recycling Activity</b>										



Conducting Screening for environmental and social aspects	PS 1 – 6, 8	Screening for environmental and social issues is the initial activity of the design consultant in order to identify the adverse risks and impacts on environment and social aspects of the project. Screening will search for all areas that are covered by the PS and will identify the risks and impacts that need to be addressed through ES management programs. The screening tool will look into: existing and potential pollution, workers and community health and safety, land acquisition requirements, land titling and involuntary resettlement including economic activity resettlement cases, impact on biodiversity and cultural heritage.	<p>There are two types of EIAs defined in the EIA law: an initial screening through a general environmental impact assessment (GEIA) and a full detailed environmental impact assessment. DEIA requires to consider exiting environmental baseline conditions, potential and main negative impacts of the project, their intensity, distribution and consequences, mitigation measures, environmentally friendly techniques and technologies to reduce pollution, risk assessment of human health and environment, historical and cultural values of the project implementation area, feedback from local authorities and PAPs. A-117 Guideline on EIA requires social impacts to be considered including land acquisition, resettlement requirements, public health and impact on biodiversity.</p> <p>10.4. The state central administrative body in charge of nature and environment will decide whether to implement the project based on the detailed impact assessment report, the conclusion of the expert and professional council that conducted the assessment analysis, and the proposal specified in 18.4 of this law.</p> <p>General expert of MET will verify the accuracy of the DEIA, if the activities of the project or organization are causing or have caused damage to human health and the environment.</p>	R, X, O	R, X, O	P	A	X	A
Developing ESMP	PS 1 – 6, 8	Per PS 1 the Design Consultant will develop ESMPs and other specific plans that might be needed to avoid, mitigate or minimize the risks associated with environmental and social impacts of the project.	<p>The “Procedure for developing, reviewing and reporting on the Environmental Management Plan to be implemented by citizens and business entities in a given year” (2014) is the main guideline for the development and implementation of EMP.</p> <p>Environmental management plan should be developed based on a shared understanding with the relevant stakeholders on the prevention, potential adverse impacts, mitigation measures, rehabilitation and monitoring of the project identified by the impact assessment study to avoid misunderstandings and additional costs during project implementation. (A-117 Guidelines)</p> <p>Article 9.3 of the law governs the organization that conducted the general assessment approve the environmental management plan of the project and issue a permit to implement the project.</p> <p>Article 14.1.2 of the law requires project implementer inform implementation of the EPM to local residents, local administrations and project affected PAPs within the timeframe set by the relevant state central administrative body.</p> <p>According to Article 9.9 of this law, the project implementer shall provide at least 50 percent of the amount of money required for the implementation of the annual environmental management plan as a guarantee of fulfillment of its obligations to protect the environment. These funds are to be held in a special environmental protection and rehabilitation account and the project implementer is to report on the implementation of the plan annually.</p>	R, X, O	R, X, O	P	A	X	A
Developing Waste Management and Occupational Health and Safety Plans	PS 2, 3, 4	Each construction site will include a number of site-specific management plans. Among them are waste management plans that will be prepared for each construction site and will also include hazardous materials management. These plans will be consistent with Health and Safety plans that will be prepared for each construction site individually. These plans will include provisions for workers as well as community safety and health and will be in accordance with PS 2 and 4.	<p>The waste management plan is an integral part of the EMP and sets out measures to reduce, remove and dispose of solid, liquid and gaseous wastes in accordance with waste law and standards.</p> <p>Waste management plan regulates measures to reduce, remove and dispose of solid, liquid and gaseous wastes in accordance with waste law and standards is an integral part of the EMP.</p> <p>The EMP will also develop occupational health and safety rules and regulations to be followed in project construction activities of AWPP, pipelines, WRP and related infrastructure, and road construction.</p>	R, X, O	R, X, O	P	A	X	A
Operations Manual		MCA-Mongolia will work to ensure that the Compact funded activities are in full compliance with the environmental and social safeguards as required. The Contractor will develop an Operations Manual, in which E&S requirements are established. In addition to complying with the ES safeguards, the project will comply with the requirements of IFC PS in its operations							

Contractual Agreements	PS 2	Per PS 2, MCA-Mongolia developed Human Resources Policy that regulates working relations between its staff and also its contractors. Compliance with the HR policy is required of design and supervision contractors of MCA-Mongolia.	Labor health and safety standards at the workplace and common rights, obligations of employees and employers participating in labor relations; individual and collective labor disputes are regulated by the Law on Occupational Safety and Health (2008, 2012) and Law on Labor of Mongolia.	P	O	X	X	X	A
Stakeholder Engagement and Consultation	PS 1, 4, 5	During pre-design, design, implementation and post implementation phases, stakeholders are invited to be part of the process in a manner that is described in Annex 6. The plan is prepared in accordance with and with consideration of PS 1, 2, 4, 5.	There is no specific Mongolian legislation designed to ensure public consultation and stakeholder engagement in Water Projects. Although the Law on EIA stipulates that public involvement is required in Detailed Environmental Impact Assessment process to disclose the project information, consult on the scope of impacts, identify potential mitigation measures and obtain full feedbacks from project affected people and local administration.  Guidelines on Ensuring public participation in EIA (2014) regulates that project implementer ensure public participation in the impact assessment process, EMP and inform/present its implementation to the local residents and public at least once a year.  The Mongolian Law on Regional Development Management (2003) primarily aims to regulate regional development and to balance social and economic objectives. Respect for the powers of local self-governing bodies in the regional development process is underwritten in the Law. According to the Law local self-governing bodies are responsible for engaging citizens in the regional development process, by responding to appropriate queries and by encouraging and directing engagement by 'citizens, enterprises and organizations'.	P	X	X	X	X	X
Addressing Grievances	PS 1, 2	Grievances arising from both MCA-Mongolia as well as its contractors will be addressed through MCA-Mongolia's Grievance Redress Mechanism that is prepared in accordance with PS 2 (see Annex 6).	Grievances and complaints arising related to the project activities and its redress mechanism will be managed by the EMP and will be part of the plan in compliance with "Procedure for developing, reviewing and reporting on the Environmental Management Plan to be implemented by citizens and business entities in a given year" (2014)  Law on Labor (1995) regulates the common rights and obligations of employees and employers participating in labor relations based on collective agreements and collective bargaining and to provide rules with respect to individual and collective labor disputes, working conditions, management, monitoring and liabilities of violating of this law and ensure the mutual equality of the parties.	X	O	P	X	P	X
Monitoring of activities by MCA-Mongolia	PS 1	MCA-Mongolia will monitor the work progress of the Contractors and PMC. The monitoring will include reviewing periodic reports of the PMC and field visits to the sites. MCA-Mongolia ESP team will carry out periodic field visits to ensure that activities are being implemented in compliance with the ES safeguards and this ESMS, and progress reported by the PMC is accurate, and monitoring mechanisms are appropriate.	Local or state environmental inspectors, governors of all levels, state central administrative bodies and environmental non-governmental organizations have the right to monitor the implementation of the environmental management plan.	P	O	X	X	X	X
<b>Water Sector Sustainability Activity</b>									
Stakeholder Engagement and Consultation	PS1, PS2	The activity includes institutional reforms and the raising of public awareness. Stakeholder Engagement is integral to this activity and is addressed through PS1. This activity does not include design and construction activities and the balance of the Performance Standards are not directly applicable.  Within Ger area cost containment sub-activity, there will be a small-scale work intended to reduce the direct costs through transferring annual operating kiosks into smart water kiosks. USUG is committed to develop a plan that reflects with no lay off workers. Worker's rights and labor conditions are addressed through PS2.	There is no specific Mongolian legislation is designed to ensure public consultation and stakeholder engagement in Water Projects. Although the Law on EIA stipulates that public involvement is required in the Detailed Environmental Impact Assessment process to disclose the project information, consult on the scope of impacts, identify potential mitigation measures and obtain full feedbacks from project affected people and local administration.	P	X	X	X	X	X
Monitoring of activities by MCA-Mongolia		MCA-Mongolia will monitor the work progress of the IE and its contractors. The monitoring will include reviewing periodic reports of the IE and field visits to the sites that are funded by the Compact. MCA-Mongolia ESP team will carry out periodic field visits to ensure that activities are being implemented in compliance with the ES safeguards and progress reported by the IE is accurate, and monitoring mechanisms are appropriate.		P	O	X	X	X	X

\*Note: P = Primary responsibility for product  
X = Provides input  
R = Reviews  
A = Reviews and Approves  
O = Provides Oversight

#### 4.2 Environmental and Social Management Stages

The environmental and social procedures in this ESMS cover all stages of Project development (Table 5), starting from collection of baseline data, primary screening, risk assessment, identification of potential impacts and remediation measures, and ensuring compliance of all activities with environmental and social provisions.

**Table 5: Summary of ESP Responsibilities**

Project	Management Tools to be applied during Implementation	Directly Responsible for Management Tool Application	Directly Responsible for Supervision and Monitoring of Management Tool Application	MCA-Mongolia's Role
<b>DWA and WRA</b>	<ul style="list-style-type: none"> <li>-Environmental and Social Management Plan</li> <li>-Emergency preparedness and response plan;</li> <li>Occupational Health and Safety Plan;</li> <li>-Waste Management Plan;</li> <li>-Resettlement Action Plan;</li> <li>-Environmental Audit Plan;</li> <li>Chance Finds Procedure</li> </ul>	<p><b>Contractor</b></p> <p>Construction Contractor is responsible for development and implementation of Site Specific Plans, training materials (as necessary), ensure that all documents are agreed with Supervision Consultant. All documentations developed by Contractor should comply with ESMP, OHS and applicable national laws and standards.</p> <p>Special staff is allocated by Contractor (environmental manager, social manager and H&amp;S manager) who will be responsible for implementation of relevant E&amp;S plans, internal monitoring procedures and mitigation measures; Construction contractor reports to Supervision Consultant.</p>	<p><b>Supervision Consultant</b></p> <p>Supervision Consultant is responsible for daily supervision on implementation of construction works and implementation of measures provided in relevant environmental and social plans developed by Construction Constructor. Consultant develops Environmental, Health and Security Monitoring Program and implements it through environmental and social managers and site inspectors.</p>	<p><b>MCA-Mongolia, ESP Team.</b></p> <p>Develops procedures and guidance for compact-funded activities on environmental and social aspects, establishes ESMS and updates the document on regular bases. Field monitoring on construction activities. Reports to MCA-Mongolia CEO. Reviews documentation submitted by <b>Contractors/Consultants</b>; provides approvals; serves as a contact point between GoM and MCC; MCA-Mongolia (Environmental and Social Performance Director, Specialist, Team) carries out monitoring on overall compliance of construction works with environmental and social requirements of IFC standards, MCC guidelines and national legislation.</p>
<b>WSSA</b>		<b>Contractor</b>	<b>Supervision Consultant</b>	<b>MCA Mongolia, ESP Team.</b>

#### 4.2.1 Stage 1 - Screening

***Responsible Party: AECOM with support from designated environmental specialist***

Initial screening and categorization of the project defines the relevant extent and type of environmental review required. At this point, the project requires a full Environmental Social Impact Assessment (ESIA), Detailed Environmental Impact Assessment (DEIA) and MCC approval. References for this process include this ESMS, the MCC Environmental Guidelines, the IFC Performance Standards, and Mongolian ESIA regulations.

MCA-Mongolia has referred the Project to MCC and provides relevant environmental and social information early in its due diligence process, and submit the draft ESIA report, Resettlement Action Plan (RAP), ESMPs and/or other environmental assessment documents to MCC for review and clearance before the sub-project is approved by MCA-Mongolia.

#### 4.2.2 Stage 2 – Prepare Environmental Documentation

***Responsible Party: AECOM and ESPD with input from PMC and contractors***

Following the screening categorization, an appropriate set of environmental and social safeguard documents for each project will be developed to ensure integration of environmental and social provisions into the project design and implementation. The requirements given in the documentation (especially the ESMP) will be incorporated in the bidding documents, so that potential bidders take into consideration specifications of environmental and social activities and ensure involvement of relevant staff and allocate budget for implementation of requirements.

#### **Environmental and Social Impact Assessment**

***Responsible Party: AECOM and ESPD with input from PMC and contractors with approval from Environmental Authorities***

In accordance with the MCC Environmental Guidelines, “the scope and level of detail of an Environmental and Social Impact Assessment should be commensurate with the potential impacts of the project. The Environmental and Social Impact Assessment report should include the following items (not necessarily in the order shown):

- **Executive summary:** concisely discusses significant findings and recommended actions.
- **Scoping:** identifies the issues and impacts that are likely to be important and establishes the terms of reference for the ESIA.
- **Policy, legal and administrative framework:** discusses the policy, legal, and administrative framework within which the Environmental Impact Assessment is carried out.
- **Project description:** describes the proposed project and its geographic, ecological, social and temporal context, including any offsite investments that may be required. In addition, it indicates the need for any resettlement or social development plan; and normally includes a map showing the project site and the project's area of influence.
- **Baseline data:** assesses the dimensions of the study area and describes relevant physical, biological, and socio-economic conditions, including any changes anticipated before the project commences. In addition, it takes into account current and proposed development projects within the project area but not directly connected to the project.
- **Environmental and social impacts:** predicts and assesses the project's likely positive and negative impacts on the surrounding natural environment and on the humans reliant on that environment, to include effects on cultural property, and involuntary resettlement, as well as the impacts on human health and safety, in quantitative terms to the extent possible. This may also include significant induced, indirect, and cumulative impacts and reasonably

foreseeable effects that may be associated with or ancillary to the project. It identifies mitigation measures and any residual negative impacts that cannot be mitigated. It explores opportunities for environmental enhancement. It identifies and estimates the extent and quality of available data, key data gaps, and uncertainties associated with predictions, and specifies topics that do not require further attention.

- **Analysis of alternatives:** systematically compares feasible alternatives to the proposed project site, technology, design and operation -- including the “without project” situation - - in terms of their potential environmental and social impacts; the feasibility of mitigating these impacts; their capital and recurrent costs; their suitability under local conditions; and their institutional, training and monitoring requirements. For each of the alternatives, it quantifies the environmental and social impacts to the extent possible and attaches economic values where feasible. It states the basis for selecting the particular project design proposed, justifies recommended emission levels, and approaches to pollution prevention and abatement.
- **Environmental and Social Management Plan (see below)**
- **Consultation:** lists and describes consultation meetings, including consultations for obtaining the informed views of the affected people, local non-governmental organizations and regulatory agencies. Project-level consultation should begin at scoping and continue through implementation.”<sup>8</sup>

#### **Environmental and/or Social Audits**

##### ***Responsible Party: ESPD with support from designated environmental/social specialists***

A professional auditing firm according to the generally accepted auditing standards on environmental and social audits will carry out MCA-Mongolia’s environmental and social audits. According to the Mongolian requirements (Law on Environmental protection 2008, Regulation on Developing, Reviewing and Reporting EMP 2019 and A-117 Guidelines on Detailed Environmental Impact Assessment 2014) these audits will be conducted in the second year of the Project implementation and conclusions will be submitted to the relevant authorities.

A typical environmental and social audit report includes the following major elements:

- (i) executive summary;
- (ii) facilities description, including both past and current activities;
- (iii) summary of national, local, and any other applicable laws, regulations, and standards;
- (iv) audit and site investigation procedure;
- (v) findings and areas of concern; and
- (vi) corrective action plan that provides the appropriate corrective actions for each area of concern, including costs and schedule.

#### **Environmental and Social Management Plan**

##### ***Responsible Party: AECOM with approval from ESPD and Environmental Authorities***

An Environmental and Social Management Plan (ESMP) describes mitigation, monitoring and institutional measures to be taken during project implementation to eliminate adverse impacts, offset them, or reduce them to acceptable levels. The ESMP shall identify responsible parties that will carry out the mitigation and monitoring, a schedule, and budget. The ESMP will describe mitigation to be undertaken at the design (pre-construction), construction (implementation), operation, and decommissioning stages of a Project or sub-project.

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<sup>8</sup> MCC Environmental Guidelines, June 28, 2012

All investment agreements will contain appropriate environmental and social covenants requiring investments to be in compliance in all material respects with the applicable environmental and social safeguard requirements and applicable ESMPs.

#### **4.2.3 Stage 3 – Mitigation during Construction**

***Responsible Party: PMC, with approval from ESPD and Environmental Authorities, as appropriate***

The contractors will be responsible for implementation of environmental and social procedures, especially the ESMPs for each project. Contractors will be required to produce relevant site-specific environmental and social management plans (Site Management Plan, Waste Management Plan, Emergency Preparedness and Response Plan, Health & Safety Plan, etc.).

#### **4.2.4 Stage 4 – Monitoring and Reporting**

***Responsible Party: PMC and ESPD***

Environmental and social monitoring will be carried out by PMC and MCA-Mongolia to ensure compliance with project's requirements and provisions. MCA-Mongolia will produce reports as described in Section 6.2 of the ESMS. Monitoring may identify necessary project modifications to comply with the ESMP and other environmental and social requirements.

#### **4.2.5 Stage 5– Closure**

***Responsible Party: PMC and ESPD, in coordination with MCA-Mongolia infrastructure team***

After the completion of implementation phase of the project MCA-Mongolia Closure Plan will be developed to ensure sustainability of the Projects by managing environmental, social, gender and H&S related risks. Before the end of compact closure period MCA-Mongolia will resolve any project-related outstanding environmental, social, gender and H&S issues. This is described in ESMS Section 4.78, which includes an ESP procedure for the handover of projects as they are completed.

### ***4.3 Project Environmental and Social Action Plans***

***Responsible Party: PMC, with ESPD approval and oversight***

As mentioned in section 4.2.3 each sub-project will require the development of site-specific environmental and social management plans (ESMPs) in order to incorporate appropriate mitigation measures into the design and construction. In accordance with PS 1, MCA-Mongolia will require the development and implementation of the management programs in the form of Environmental and Social Action Plans,<sup>9</sup> which will define desired outcomes and actions to address the issues raised in the project risks and impacts identification process. The Action Plans will indicate performance indicators, targets, or acceptance criteria that can be tracked over defined times, and with estimates of the resources and responsibilities for implementation.

A section on gender integration will be included in the action plan, which includes the key performance indicators and other relevant criteria, as well as note-required coordination with the actions emanating from the Gender Integration Plan. Additionally, SGIP will be a key compliance document for the contractors' development of ESMP that include activities on C-TIP, Sexual harassment and forced labor related risks mitigation measures. As appropriate, the management programs will recognize and incorporate the role of relevant actions and events controlled by

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<sup>9</sup>Action plans may include an overall Environmental and Social Management Plan necessary for carrying out a suite of mitigation measures, or thematic action plans, such as Resettlement Action Plans or Biodiversity Action Plans.

Government Agencies or other third parties to address identified risks and impacts, including cumulative impacts. The management program will be adaptive and responsive to changes in circumstances, unforeseen events, and the results of monitoring and review.

#### ***4.4 Stakeholder Engagement***

##### ***Responsible Party: PMC, with ESPD approval and oversight***

The following section is a summary of the Stakeholder Engagement and Consultation Plan, which is in Annex 6.

#### **4.4.1 Engagement with Affected Communities**

Community engagement is an on-going process involving MCA-Mongolia's and their contractors' disclosure of information and the approach for seeking input from the community on the sub-projects. The purpose of community engagement is to build and maintain over time a constructive relationship with neighboring communities. The nature and frequency of community engagement will reflect each project's risks to and adverse impacts on the affected communities. Community engagement will be free of external manipulation, interference, or coercion, and intimidation, and conducted on the basis of timely, relevant, understandable and accessible information. There is a legal requirement to ensure the participation of local communities in an EIA process in compliance with Mongolian laws and regulations. It is important that all local citizens are aware of their duties to engage in the EIA process in regarding the project implementation.

#### **4.4.2 Awareness Building among Vulnerable Groups and Women**

As mandated by the MCC Gender Policy, MCA-Mongolia will ensure that both women and men have opportunities for meaningful participation throughout the consultative processes and consultations and will provide evidence of women's and men's meaningful participation in its community engagement work. Awareness building on environment and social issues (including gender) shall be part of the community engagement process. Awareness building for women's groups should always include the legal identity and ownership issues that are generally important for women villagers when dealing with development programs. The awareness building is to ensure that the affected community will have a good understanding about the project, that all members of the community have access to its benefits, and that the community understands the complaint mechanism for various environment and social issues. At a minimum, each ESMP will need to address women's engagement in stakeholder meetings, as well as direct consultations with women's groups and gender equality advocacy groups. This should be tied to encouraging women's employment in construction.

#### **4.4.3 Disclosure**

Disclosure of relevant project information helps affected communities understand the risks, impacts and opportunities of a project. Where neighboring communities may be affected by risks or adverse impacts from the project, MCA-Mongolia and their contractors will provide such communities with access to information on the purpose, nature and scale of the project, the duration of proposed project activities, and any risks to and potential impacts on such communities. Disclosure should occur before the project construction commences, and on an on-going basis.

#### **4.4.4 Consultation**

MCA-Mongolia and their contractors will undertake a process of consultation in a manner that provides the affected communities with opportunities to express their views on project risks,

impacts, and mitigation measures, and allows MCA-Mongolia and their contractors to consider and respond to them. Effective consultation:

- (i) should be based on the prior disclosure of relevant and adequate information, including draft documents and plans;
- (ii) should begin before the sub-project implementation commences;
- (iii) will focus on the social and environmental risks and adverse impacts for general residents and for the marginalized groups such as women and the indigenous, and the proposed measures and actions to address these; and
- (iv) will be carried out on an on-going basis as risks and impacts arise.

The consultation process will be undertaken in a manner that is inclusive and culturally appropriate. MCA-Mongolia and their contractors will tailor the consultation process to the language preferences of the affected communities, their decision-making process, and the needs of disadvantaged or vulnerable groups.

#### **4.4.5 Participation**

In addition, MCA-Mongolia and contractors will facilitate informed participation. Informed participation involves organized and iterative consultation, leading to MCA-Mongolia and their contractors incorporating into their decision-making process the views of the affected communities on matters that affect them directly, such as proposed mitigation measures and implementation issues. MCA-Mongolia and their contractors will document the process, in particular the measures taken to avoid or minimize risks to and adverse impacts on the affected communities.

### ***4.5 Grievance Redress Mechanism***

#### ***Responsible Party: ESPD and contractors***

The Contractor shall develop and implement a grievance redress mechanism that shall be applied in the case of a complaint or grievance that is related to or results from implementation of the project activities. A well-implemented grievance redress shall management system demonstrate that the project is concerned about community members and their well-being, building trust, respect, and productive relationships. As with the broader process of stakeholder engagement, it is important that management stays informed and involved in the management of grievances so that decisive action can be taken when needed to avoid escalation of disputes.

Under the GRM all persons shall be clearly entitled to make a complaint by any means – personal contact, office visit, telephone, letter, email, website enquiry, and directly to MCA-Mongolia or its representative. There should be a dedicated free call line for complaints. The GRM must make it easy to make a complaint and for that to be addressed easily and speedily. The system shall require that any member of any company associated with the project is aware of the requirement that they must receive and transfer on any complaint submitted to them in whatever form to their Grievance Officer who then follows the protocol for resolution.

All project partners shall accept the GRM process, agree to participate, train all contractor personnel to use the protocols to report grievances, participate in grievance resolution and reporting. The requirement to collaborate with the GRM will be mandated in construction contracts which will also require the designation of a responsible officer, usually the Contractor's Social Safeguards Officer. (see the Annex 6-Figure 7 Grievance Redress Process Flowchart).



The GRM is intended to support traditional local-level mechanisms<sup>10</sup> for complaint resolution and legal administrative approaches to complaint resolution at all levels. It will also document complaints or grievances from the public or other stakeholders (external communications with affected communities), and how these are resolved.

The GRM is intended to assist in resolving grievances or complaints raised regarding environmental and/or social issues arising from the projects/investments, and does not apply to the following complaints even if they are related to project activities:

- (i) Internal MCA-Mongolia human resources complaints which are to be resolved according to the MCA-Mongolia HR policy,
- (ii) Procurement and contractual complaints between MCA-Mongolia and its vendors or contractors which are normally handled by the MCA-Mongolia General Counsel (GC) Office,
- (iii) Law suits which fall under the mandate of the GC.

The MCA-Mongolia or its representative will supervise and monitor the GRM. The Contractor shall keep the Contractor shall have a grievance redress matrix that records every complaint and communication, the dates of each action and correspondence, how it is investigated and the outcome. The contracting company shall have an internal and external grievance policy and mechanism. The Contractor shall have a designated Grievance Officer to manage complaints according to the company policy. They must have a grievance policy for dealing with external complaints that is fully compliant with and integrated with their Engineer approved project GRM. The Contractor must also have an internal grievance management system.

MCA-Mongolia or its representative will monitor and supervise the contractors' Social Safeguards Officer. MCA-Mongolia's oversight will be especially important when dealing with complaints related to sexual harassment, gender-based violence and sex trafficking complaints which require additional investigative expertise. MCA-Mongolia shall review, approve and be invited to attend training for contractors' personnel on roles and responsibilities for grievance management at both senior management levels and also to all members of the workforce. It is vital that all employees understand that they all can be receptors of grievances and they need to know how to deal with a complaint.

#### **4.5.1 Complain Resolution Procedure**

The complaint resolution process shall be generally in accordance with the following. These complaint resolution procedures are compliant with Mongolian Law.

***Tier 1:***

- Step 1 – All contractors, staff, workers are responsible for receiving grievances and ensuring that the complainant is treated respectfully, and that the grievance is written down on the correct form and forwarded to the designated Grievance Officer in their organization.
- Step 2 - Receive and Register Complaint: The project designated person shall receive the completed complaint form, and he/she is responsible for documenting and recording the complaint in the log-

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<sup>10</sup>The GSI Director will carefully consider the extent to which traditional mechanisms to resolve conflict are used, to ensure that these are not disadvantageous to women villagers, indigenous peoples, or other disadvantaged groups. A thorough assessment should be conducted to ensure that certain non-formal justice mechanism will assist women and other disadvantaged groups in accessing justice.

in system/matrix for recording the grievance and processes to resolution. This person is also responsible for reporting as required to senior management on the grievances received and steps taken to resolve.

- Step 3 – Screening and Preliminary Assessment: An initial classification of the complaint will be conducted by the Grievance Officer who will assign the complaint to the relevant persons to resolve. The Grievance Officer is responsible for managing the response and reporting back to the project officer. The officer designated to resolve the issue is responsible for notifying the Grievance Manager or SST and sending information for inclusion in the project grievance matrix.
- Step 4 - Response to the Complaint: After consulting with the relevant personnel, the Grievance Officer contacts the complainant to acknowledge the complaint and provide information as to the expected steps and timeframe for resolution of the complaint. This communication is to be provided within 48 hours of receipt of complaint.
- Step 5 - Investigate and Resolve: This step investigates the complaint, including the underlying cause(s) of the complaint and develops actions needed to resolve the current issue and to prevent recurrence of a similar complaint. Resolution at local level can be a) rejecting the complaint with reasons or b) resolving the complaint and taking action to remedy as appropriate. The Designated Person reports the outcome to the Grievance Officer. Either way, the Grievance Designated Officer is responsible for communicating the decision to the complainant within 14 days and to the Grievance Manager or SST for recording in the grievance matrix. The Designated Officer is responsible for implementing any works or payments or directives to subcontractors to remedy the source of the complaint, track it and document in the company and MCA-Mongolia records.
- Step 6 - If a local and immediate Tier 1 solution is not appropriate, then the receiving officer has to escalate the complaint to the next tier of grievance resolution,
- Step 7 - If the complaint cannot be resolved then the receiving officer must revise the selection or implementation of approaches.
- Step 8 - Close-out: After implementing mitigating actions or resolving the issue, a letter describing the response and outcome is sent to the complainant, signed by a project head.
- Step 9 - Follow-up: Based on the complainant satisfaction level, the response shall be archived or transferred for further investigation.

If resolution cannot be achieved the process is escalated to Tier 2.

### **Tier 2:**

If the complaint cannot be solved in Tier 1, the Designated Officer will assess the eligibility of the complaint and address to relevant divisions/offices of the district and its resolution is recommended to the district Governor for approval and resolved within 30 days. The Designated Officer will record its deliberations and inform the concerned parties orally or by telephone and in writing, as appropriate. If the solution is agreed by the complainant, the contractor or implementing entities will implement the solution. Written records will be made of all stages and outcomes.

During this second review process either another formal written response will be provided to the grievant in 30 days or it may be decided to hold a meeting with contractor representatives and the grievant. If complaint is ineligible (i.e., not a project related impact), it will be recorded and passed to the relevant authorities and the complainant will be informed of the decision and reasons for rejection within 30 days according to the Law on Handling Grievances of Citizens Addressed to Government Authority and Government Officials.

### **Tier 3:**

If the grievance is not resolved within 30 days from its lodging at Tier 2 and/or the complainant is not satisfied with the recommended solution, the grievance will be submitted to the related divisions/offices of the MUB and its resolution is recommended to the MUB Governor for approval

and action within 30 more days. If necessary, the MUB Governor will organize stakeholder meetings and/or Working Group meetings. A solution acceptable to all shall be identified including clear steps. The contractors and implementing entities will immediately implement the agreed solution. Written records will be made of all stages and outcomes.

**Tier 4:**

Failing resolution at Tier 3, the complainant has recourse to the Courts which should be regarded only as a last resort. With specific regard to land disputes, in accordance with the Law on Land (Article 60, "Settlement of Land Related Disputes"), these will be settled by the relevant khoroog governor. Where this is unsuccessful, the dispute shall be settled by a higher-level authority, or in court. Alternatively, residents may also go directly to the District Land Officer.

**4.5.2 Approaches to Locally Based Grievance Resolution**

The following approaches are required for grievance resolution:

- Dissemination of information to communities on how to make a complaint
- Dissemination of information on the GRM and how to make a complaint is made to all contractors and employees so that they understand their role in receiving and transmitting on all complaints. Ensure that all employees can assist complainants to fill in forms.
- Ensure all project partners offices have complaint forms available at reception areas and instructions on the process. Ensure that visitors can approach the Grievance Officer directly.
- Include information on grievances in information bulletins and community meetings so as to maintain trust in the process.
- Use a grievance log to monitor cases and improve the organization. In addition to resolving individual or community disputes, the grievance mechanism is an opportunity to promote improvements in the project and trigger policy and practice changes
- Evaluate and improve the system. The MCA-Mongolia or its representative shall be allowed to periodically conduct an assessment of the GRM to evaluate and improve its effectiveness and the Contractor shall comply with the outcomes and recommendations of those reviews. The evaluation will include: general awareness of the mechanism; whether it is used and by whom; the types of issues addressed; the ability of the mechanism to resolve conflicts early and constructively; the actual outcomes (impacts on project operations, management systems, and benefits for communities); its efficiency; and, most fundamentally, the ability to accomplish its stated purpose and goals. The MCA-Mongolia will solicit and include the views of stakeholder representatives to see how the mechanism is proving effective in practice.

**4.5.3 Grievance form**

The Grievance Form (GF) developed by the Contractor will at minimum contain the following:

- Basic information about the affected entity (name, address, contact number)
- Category of grievance filed (legal, technical/engineering, social, financial)
- Detailed description of grievance including time, date of incident and of recording, location etc.
- Type of action(s) taken (resolved at the local level or referred to higher authorities)

As a grievance is addressed, the type of action(s) taken will also be recorded on the GF, in order to document how the grievance was resolved.

The complainant enjoys the right to use the Governmental grievance redress procedures in accordance with the Law on Handling Grievances of Citizens Addressed to Government Authority and Government Officials. This governs grievance and complaints of citizens regarding the decisions and conduct of government authority or officials, and access to the judicial system, i.e.,

go to the courts, at any time, if they feel their grievance or concern is not being adequately addressed through the project GRM.

#### **4.5.4 Grievance Mechanism for Contractor's Internal Process**

Each contractor is required to have an internal grievance policy and process for employees to raise issues about conditions of contact and behavior. The usual process is run by the human resources officers with the support of the Social Safeguards Officer. However, the treatment of allegations of sexual harassment, of gender-based violence and trafficking of persons needs external assistance to undertake effective investigation into allegations.

The Contractor must have an anonymous mechanism for reporting suspected TIP incidents that can be used by workers and communities. The Contractor has to develop a TIP response plan covering these issues: this TIP response plan will designate the SSO to manage the investigation including an external investigation lead from the Centre for Gender Equality, ensure a response within 24 hours and an effective resolution as soon as possible. This will also include contacting the legal authorities and qualified NGOs.

It is required that investigations into these issues are conducted with both a MCA Mongolia representative present and an external investigator drawn from a suitably qualified organization such as the Centre for Gender Equity who will chair the enquiry.

MCA Mongolia shall be able to work with the human resources department of the contractor to monitor contractor internal grievance mechanisms to ensure that allegations of sexual harassment, of gender-based violence and trafficking of persons are properly investigated with confidentiality protected and participate to ensure the investigation is properly undertaken. Appointing an independent but well-informed chair ensures effective investigation. Full documentation and recording is required.

Toolbox talks by the Contractor on anti-sexual harassment are required monthly. Contractors are required to mandate and enforce a policy refusing the transportation of non-project workers in company vehicles.

### ***4.6 Emergency Preparedness and Response Program***

***Responsible Party: ESPD develops and manages, with implementation by PMC and contractors***

The scope of the Emergency Preparedness and Response Plan (EPRP) intends to encompass all potential hazards and emergencies that may take place during the implementation phase of the Project. The emergency preparedness and response activities will be periodically reviewed, revised as necessary, to reflect changing conditions.

The plan focuses on general guidelines for emergency planning and preparedness procedures for MCA-Mongolia staffs, Consultants and Contractors during emergency arises. The Design consultant develops an Emergency Preparedness and Response Plan based on the identified risks and impacts regarding to the project activities. It also serves as a guiding document for Supervision Consultant while overseeing compliance of Contractor activities with environmental and social provisions and requirements.

The Emergency Preparedness and Response Plan (EPRP) can be found as Annex 4. The document provides the main objective of the emergency planning and preparedness; identifies key possible hazards during the implementation of the Projects, which should be considered in the development of the EPRP. It also serves as a template structure and highlights the main aspects of emergency preparedness and response to be reflected in the document.

#### ***4.7 Occupational Health, Safety and Waste Management Framework***

***Responsible Party: ESPD develops and manages, with input from PMC and contractors***

The Occupational Health and Safety and Waste Management Framework (OHS/WMF) is a part of MCA-Mongolia's ESMS to control and reduce waste and hazards that may occur during project development and all stage of project construction and rehabilitation activities to be carried out under the Compact funding. The OHS/WMF will apply to MCA-Mongolia staffs, all Contractors and subcontractors that are involved in MCA-Mongolia's Water Compact activities. It provides guidance for managing critical areas of occupational health and safety during construction, supervision and monitoring activities; describes hazards and risks; provides a general description of the levels of personal protection and safe operating guidelines; and establishes personal protection standards and mandatory safety practices and procedures.

#### ***Workplace Safety, Health, and Environment***

MCA-Mongolia will provide staffs, visitors, contractors and sub-contractors a safe and healthy work environment<sup>10</sup> (See MCA-Mongolia HR Policy): MCA-Mongolia office and the project sites. Taking into account inherent risks, they will take steps to prevent work-related accidents, injury, and disease by minimizing, so far as reasonably practicable, the causes of hazards.

#### **General Office Health and Safety**

A large percentage of workplace accidents and injuries occur in office buildings. Common causes of office accidents including:

- Environmental or working conditions (such as excessive hours of work, night work, mental or physical exhaustion),
- Burning, cutting, and pinching hazards;
- Improper lifting and handling techniques;
- Slipping, tripping, and falling hazards;
- Unobservant and inattentive employees;
- Improper office layout and arrangement;
- Dangerous electrical wiring; exposure to toxic substances (chemical, physical and biological substances and agents)
- Horseplay

MCA-Mongolia requires a few preventive measures to ensure a safe and healthy environment and will:

- Keep good housekeeping practices to prevent slips and falls
- Provide preventive and protective measures when using hazardous objects and materials;
- Provide guidelines to help reduce the chance for cuts and punctures and to prevent machine accidents
- Provide special safety instructions to use copiers, microwaves, adding machines, typewriters, and other office equipment of desk, chair, shelves, ladders, stepstools and file cabinet;

#### **On site Health and Safety**

Carrying out periodic site visits is an important part of the project implementation. Particular health and safety requirements provide practical instructions for MCA-Mongolia staff, Contractor(s) in,

sub-contractors and visitors to manage critical areas of occupational health and safety on site, during construction, supervision and monitoring, inspection and audit activities.

### *Safety Instructions*

Carrying out periodic site visits is an important part of the project implementation. Particular health and safety instructions and safety checklist provide practical instructions for MCA-Mongolia staff, contractors, sub-contractors and visitors to ensure occupational health and safety during on the way to the construction site, supervision and monitoring, inspection and audit activities. On a construction work site, the contractors' health and safety plan must be followed by MCA-Mongolia staffs and visitors.

### *Occupational Health and Safety Checklist*

A health and safety checklist is an important tool to reinforce Workplace Health and Safety practices on site where construction or operations may be in progress and to prevent work-related incidents, injuries, and illnesses. MCA-Mongolia ESP team developed two types of safety checklist and will use this proactive tool a) to make sure people are well prepared prior to going into the field and b) to monitor construction contractor's safety practices on the project site.

### *Personal Preparation*

Comfortable but hardwearing clothing (long trousers and sleeves) should be worn for project site visit to prevent minor injuries, such as scratches, or contact with harmful substances.

## **On Site Health and Safety during Construction**

Construction contractors are responsible for ensuring a safe and hazard free work site for workers, visitors and the local communities by ensuring that appropriate procedures are in place for dealing with identified hazards in a timely and effective manner. MCA-Mongolia staffs and visitors to constructions sites will be expected to sign into the site and have a safety induction/orientation to the hazards at the site, general health and safety protocols and PPE requirements.

Contractors and sub-contractors are to establish and implement a site-specific Waste Management Plan (WMP) and Occupational Health and Safety Management Plan (OHSMP) based on ESMPs and as well as applicable national laws and standards for occupational health and safety.

## **COVID-19 Safety Plan**

### **Risks**

The COVID-19 pandemic creates unprecedented risks. COVID-19 is a highly infectious virus transmitted through the air and off surfaces on which it has settled. The principle exposure pathways are inhaling the airborne virus or touching a virus contaminated surface and then touching one's eyes, nose, or mouth. To prevent exposure to the virus it is essential that pathways into the respiratory system and mucus membranes are blocked. There is some concern that exposure could potentially be through contact with the eyes.

The virus can be transmitted before symptoms appear. These unsuspecting carriers may drive infection rates. It is important to implement measures that reduce the risk of transmission, even among people who have no symptoms of the disease.

People with underlying medical conditions (such as immunodeficiency's, asthma, diabetes, and heart disease) and those who are older are at greatest risk of serious complications from the infection.

MCA-Mongolia, PMC and Contractors will develop procedures and protocols to avoid (where possible) and reduce risks associated with COVID-19. Plans will be developed to minimize the spread of COVID-19 that apply to company employees, subcontractors, and authorized individuals under the responsibility or control of the implementing entity (i.e. contractor plans at construction sites will apply to workers and visitors). Plans are to address the guidance requirements of MCC<sup>11</sup> and national and local governments (whichever is stricter)<sup>12</sup>. It forms a part of health and safety and emergency response plans.

The best way to protect the workforce and the public is to prevent the potential for exposure to the virus wherever possible. In the absence of being able to totally prevent exposure, the hierarchy of controls should be followed. This are listed in below, from the most to least effective measures:

- Elimination or substitution. Elimination physically removes a hazard. An example would be to not perform an action, such as cancelling a non-essential meeting. Substitution replaces a hazard. An example would be using online tools to hold a meeting virtually.
- Engineering controls isolate workers from a hazard. They are built into the design of infrastructure, equipment, or a process. Examples include physical barriers to separate the public from the work site (fences, access security) and the use of portable chemical toilets for mobile sites (so workers do not have to use public or private bathrooms).
- Administrative controls change the way people work. They include policies, procedures, shift designs, and training to lessen the threat of a hazard to an individual. They are typically less effective than the engineering controls above as they rely on individual action and are most effective when used in conjunction with PPE.
- Safe work practices are a type of administrative control. They are procedures individual workers can take to reduce their duration, frequency, or intensity of exposure to COVID-19. Examples include social distancing and good hygiene.
- Personal Protective Equipment (PPE) provides protection through equipment that an individual wears. The engineering controls, administrative controls and safe work practices mentioned above are the most effective risk mitigation measures. When social distancing cannot be consistently achieved, PPE should be deployed to break the exposure pathway.

Additional guidance on COVID-19 Safety Plan is developed by MCC as a separate document.

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<sup>11</sup> IFC Performance Standards 2 and 4 include health and safety requirements to protect the work force and public.

<sup>12</sup> This document identifies minimum risk mitigation plan requirements for contractors to address. Based upon other national guidance, home office guidance, and local conditions, plan elements may need to go beyond these minimum requirements.

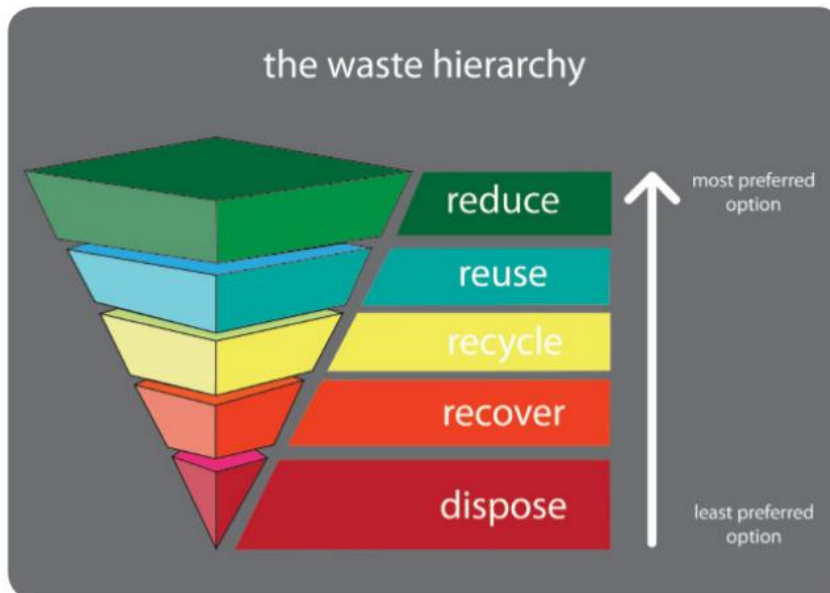
### ***Waste management approach***

The wide range of wastes potentially generated by the Project activities requires careful management to avoid negative impacts on human health, regional infrastructure and environmental factors such as groundwater, soils, surface water and ecology.

The waste management covers all activities involving waste generation, inventories, handling, segregation, storage, transportation and final disposal of waste and defined processes and procedures throughout the Project Construction phase and is applicable to all Contractors and Subcontractors. Waste Management will ensure that all waste (hazardous/non-hazardous) materials that have been identified or are encountered during the rehabilitation and construction period or any other Project related activities are managed, stored, transported and is disposed in an appropriate manner.

### **Waste Management Hierarchy**

To help manage waste effectively, the Project has committed to implementing the "hierarchy of waste management" (see Figure 2) with a focus on waste minimization; reuse; recycling; recovery and elimination. All construction contractors must follow the hierarchy and waste minimization will be practiced through this approach:



**Figure 2: Waste Management hierarchy of MCA-Mongolia**

#### *Hazardous construction waste management*

Construction contractors will ensure a proper management of hazardous construction waste materials such as chemical products, paints, and solvents includes identification, accumulation, and disposal. If the generated waste is considered hazardous (Asbestos Containing Material (ACM), Lead Based Paints (LBP), Polychlorinated Biphenyls (BCP), mercury containing fluorescent lighting tubes, Bitumen Containing Materials (BCM), measures shall be adopted for its environmentally sound disposal while consistent with regulations and laws of Mongolia.

Hazardous waste or hazardous materials will be managed separately at all locations and will be collected by authorized third party operators. There will be no incineration of hazardous waste on site. Containers of hazardous waste will only be moved or transferred to the site by qualified personnel using appropriate equipment and vehicles. Temporary storage location for a hazardous waste at site must be secured and be marked as "Hazardous Waste", provide details on the type of



the waste and date the waste was placed in the container. All hazardous waste containers must be located on impermeable surface and maintain properly.

ESMP (OHSMP and WMP) will be introduced once ESIA completed and will be an important document for the Contractors and sub-contractors to establish a site-specific Waste management plan and Occupational Health and Safety management plan.

#### ***4.8 Closure Planning***

***Responsible Party: ESPD, in coordination with MCA-Mongolia infrastructure team and PMC***

Initial Compact Closure planning process will be developed by the end of 2025 and will be further developed through the Compact implementation.

The MCA-Mongolia Closure Plan shall be developed with an aim to ensure sustainability of MCA-Mongolia projects by managing environmental, social, gender, H&S risks. At this stage MCA-Mongolia will resolve any project-related significant environmental, social, and H&S issues before the end of the Compact closure period (usually 120 days after the final day of the Compact).

MCA-Mongolia will carry out the following activities during the closure period of the Compact:

- **Define the “projects”** (generally, the “projects” are sub-projects defined by construction contracts);
- **Identify the “owner” for each project:** the “owner” is the entity/organization that will succeed MCA-Mongolia and will be responsible for the further implementation and operation of each project; MCA-Mongolia will carry out a capacity assessment for each owner to determine their ability and resources to carry out their responsibilities after the end of the closure period. If MCA-Mongolia will provide appropriate capacity building and training as needed to the owners before the end of the closure period, if necessary.
- **Environmental, Social, Resettlement, and H&S Audit:** It is anticipated that MCA-Mongolia will carry out an environmental, social, resettlement, and H&S review of all aspects of the Compact implementation and determine the status of environmental, social, H&S issues approximately 45 days prior to the end of the Compact period; the information will be collected from regular reports submitted by Contractors as well as from regular field visits. The Audit Plan of MCA-Mongolia presents detailed information on specific procedures. The audit will need to address the following: /1/ accounting of all sexual harassment allegations and their status; /2/ accounting of all TIP allegations/incidents and their status. For each construction package, the total number of people employed during each construction season, disaggregated by sex, with a further breakdown by type of position as aiming to track the impact of the compact encouragement of women’s employment
- **Handover Procedures:** MCA-Mongolia will participate in handover procedures and document the completion process as appropriate.
- **Carry out a “Close-out Workshop”** to review all environmental, social, gender, H&S aspects of the Compact. Participants would include MCA-Mongolia, project “owners”/project operators and other Stakeholders, including local authorities, local community representatives (including both women and men), NGOs, and the media;
- **Perform a “Gap Analysis”** to identify areas related to the Compact where Government or other organizations may wish to continue work, or where synergies may exist. Prepare an initial summary of other related activities by donors, international institutions and/or Government, as was reported in the Close-Out Workshop. Develop a “relationship matrix”

and “gap analysis” to illustrate how all the various activities work together, or where there are overlaps or conflicts in approach or results, and present a succinct set of recommendations for future harmonization of Government and donor activities in the Compact-related sectors;

- **Enhance a Grievance Redress Procedure** that will outlive the individual contracts and the Compact and deal with Compact-related potential complaints or disputes in the future. This procedure deals with all complaints and/or grievances that are posed by any party that are related to the MCA-Mongolia projects. The Stakeholder Engagement and Consultation Plan and Grievance Redress Mechanism of MCA-Mongolia presents detailed information on specific procedures. In addition, there will be separate grievances redress mechanism on sexual harassment and TIP.

## ORGANIZATIONAL CAPACITY AND COMPETENCY

### 5.1 MCA-Mongolia ESP Organization

The Environmental and Social Performance (ESP) group of MCA-Mongolia is organized as illustrated in Figure 3 MCA-Mongolia Organizational charter. The Environmental and Social Performance Director (EPSD) 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 that the resources are made available for environmental and social management. The ESPD and designated staff also work with the PMC, contractors, and wide range of respective stakeholders at large. MCA-Mongolia ESPD leads the coordination of ESMS development and implementation for all Compact Projects.

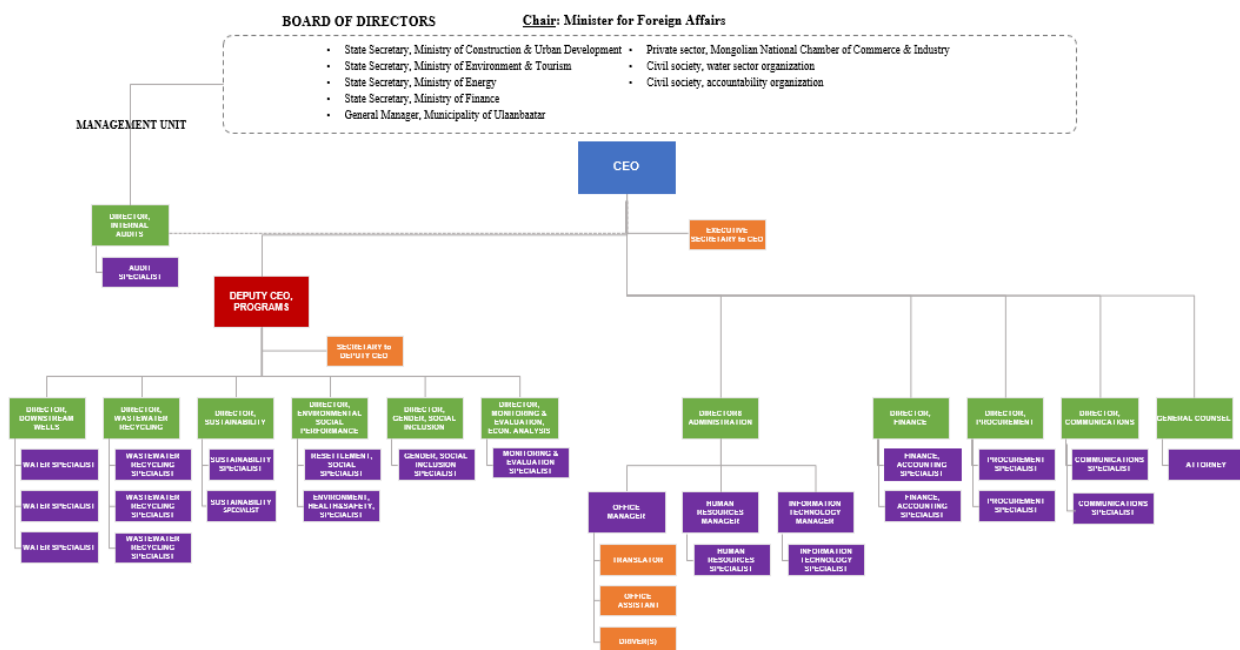


Figure 3: MCA-Mongolia Organization

### ***5.1.1 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. Other MCA-Mongolia personnel supporting the ESMS implementation include the MCA-Mongolia CEO, legal team, fiscal and procurement directors, social and gender director, communication director and all project directors. The legal and fiscal teams have a key role in supporting the ESP team in ESMS implementation. The three project directors also play critical roles in the ESMS implementation. Project directors provide support MCA-Mongolia ESP team and the consultants and/or contractors support implementation of this ESMS to comply with the IFC PS, MCC Environmental Guidelines and Mongolian legislation. ESP team is responsible for development and implementation of Stakeholder Engagement Plan (SEP) for the compact, incorporating the ESP and RAP requirements into bidding documents, ensuring ESIA/DEIA and ESMPs are compliant with MCC guidelines and IFC Performance Standards and GoM/MET requirements. In addition, the ESP team is actively involved in RAP development, RAP mobilization process and implementation, and achieving Compact Conditions Precedent (CP) requirements. Moreover, ESP team provides occupational health and safety oversight to the MCA-Mongolia staffs and visitors when working at project sites.

### ***5.2 MCA-Mongolia ESP Project Involvement***

MCA-Mongolia ESP team will work closely and provide guidance to the following teams and individuals within project activities under Water compact.

#### **5.2.1 Project Activity**

ESP team actively participate in MCA-Mongolia compact wide activities such as developing, implementing ESMS, reviewing ESIA/DEIA, ESMPs and HSE manual, Industrial pretreatment and pollution control activities and polluters pay principle covenant for meeting CP requirements, supporting and coordinating stakeholder engagement and public consultation with PMC, AECOM and other relevant stakeholders and sub-contractors. MCA-Mongolia ESP team actively participate in cross-cutting theme activities of other teams including ESP/RAP requirements into bidding documents, review of employer's requirements of WRP and other sub-activities of Sustainability project as well as. ESP take part in all project activities from initiation until closeout, planning, execution, control and monitoring stages.

### ***5.3 ESP Resources***

The ESPD receives support from the organization's management and direct assistance from the ESP Specialist and short-term consultants on demand basis.

The three-key staff of the MCA-Mongolia to carry out the ESMS are the ESP Director, Health, Safety and Environment (HSE) specialist and Resettlement Specialist. Implementation of the ESMS will require the involvement of all staff of MCA-Mongolia in different capacities.

***ESP Director (ESPD):*** The ESPD is responsible for administering MCA-Mongolia's ESMS, and will participate in the review, approval, and as necessary, update or modification of this ESMS in response to changing project conditions. The ESPD will also provide management support to the HSE and Resettlement specialists as necessary to ensure proper implementation of their Compact requirements.

The ESPD (or designated staff) will work with MCA-Mongolia management to ensure that adequate resources have been committed to allow for the effective implementation of this ESMS and

procedures. Similarly, PMC and contractors will be required to assign budgetary and personnel resources sufficient to carry out 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).

***Environment, Health and Safety Specialist (EHS):*** The EHS specialist is responsible for the regular monitoring of project activities to ensure continuing compliance with this ESMS. The EHS specialist will provide input into Environmental and social impact assessment process and review environmental documents. Also EHS specialist is responsible for HSMP, ESMP development and implementation at the project sites and prepares health and safety and environmental related reports/documents, provides relevant information and updates to project teams and relevant stakeholders as necessary that may be required for the project implementation. EHS specialist will participate in public consultation and stakeholder engagement and enable stakeholders to provide sufficient and accessible information to become informed and educated about the proposed project and health and safety issue, environmental concerns and support their capacity to participate.

***Resettlement and Social specialist:*** Resettlement and Social specialist is responsible for the RAP development and implementation activities to manage project-related involuntary resettlement and restrictions on land use. In addition, Resettlement and Social specialist will organize and participate in public consultation and stakeholder engagement and enable stakeholders to provide sufficient and accessible information about the proposed project and its potential impacts, and to support their capacity to participate.

MCA-Mongolia will appoint expert consultants in the environmental and/or social fields, including gender consultants, as necessary, to comply with this ESMS. The scope of work of the consultants will cover studies and provide 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 of checklists, participating in site visits, and reviewing environmental performance, especially for the projects that generally could have significant negative impact to the environmental and social aspects.

## ***5.4 Training***

### ***Responsible Party: ESPD and consultants***

To achieve and maintain the level of expertise required for the implementation of this ESMS, MCA-Mongolia will develop a training program for all MCA-Mongolia employees. The ESMS and its Annexes will be used as training materials for the MCA-Mongolia management team. Trainings will be carried out in Classroom settings, on-the-job and through workshops.

To maintain the appropriate level of awareness and competence of employees, courses will be repeated periodically and new employees will be given an orientation to ESP requirements when they join MCA-Mongolia.

Members of the MCA-Mongolia ESP team will participate in MCC organized ESP colleges upon invitation by MCC. Other national or international conferences and workshops that will be organized on environmental and social safeguards, particularly those of IFC will be good opportunities for the MCA-Mongolia to participate and raise the level of competency that will help them in performance and ESMS implementation for the Compact.

This training must include coverage of the prohibitions against TIP and sexual harassment, including the C-TIP Policy and each contractors' own policy against sexual harassment. The following is an outline for C-TIP. The outline on the sexual harassment policy should address similar issues:

1. What constitutes trafficking in persons under the MCC C-TIP Policy and national law;
2. Examples of types of trafficking in persons that common in the country, as well as description of the project-specific trafficking risks identified;
3. Site-specific examples of what might constitute trafficking in persons and the risks identified in the ESIA or any stand-alone trafficking assessment.
4. Explanation of the MCC C-TIP Policy.
5. The Contractor's trafficking in persons' response plan;
6. Information and means for workers to report suspected instances of TIP to the Contractor, to the MCA Entity, and, where applicable, to an independent/third party through an anonymous mechanism (such as a hotline or anonymous suggestion or complaint comment box);
7. The name and contact information of the designated staff person of the Contractor who will be responsible for notifying the MCA 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;
8. Sufficient time for discussion and answers to workers' questions.

The ESPD and GSI will work with the MCA-Mongolia CEO to identify appropriate conferences to attend and to provide the necessary budget.

#### **5.4.1 Training on Environmental, Social, Health and Safety for Workers**

##### ***Responsible Party: PMC and Contractors***

Training and orientation on environmental and social management and health and safety will be provided to all workers involved by Construction Contractor(s), prior to commencement of their works on site. This training will be organized and delivered by Construction Contractor or Supervision Consultant (either by Environmental Manager, Social Manager and H&S Manager or by organization specialized in training delivery) and will be open for attendance by representatives of Supervision Consultant and MCA-Mongolia. Training materials will be submitted to Supervision Consultant for review and approval prior to actual delivery of training (MCA-Mongolia may request to review the training materials prior to their approval by Supervising Consultant). In addition to general classroom training, special sessions will be organized for groups of workers dealing with machinery and equipment, workers involved in handling of hazardous materials and waste, drivers, people working in confined space, etc. In addition, on-the-job instructions and guidance will be provided by site supervisors of Construction Contractor on a daily basis depending on nature of planned works. Supervising Consultant is to provide a training plan to MCA-Mongolia for review.

#### **5.4.2 On-site Demonstration and Training on Operation and Maintenance of Equipment Installed**

##### ***Responsible Party: PMC and Contractors***

The principals and technical staff dealing with operation and maintenance of facilities and infrastructure will attend such on-site demonstration and training to be delivered by Construction Contractor at each construction site. The demonstration and training will cover the topics on how to operate the equipment, the maintenance schedule for installed equipment, the anticipated cost

of running the equipment, and explanations of requirements of Operation and Maintenance Manuals.

## **MONITORING AND REPORTING OF ENVIRONMENTAL AND SOCIAL ASPECTS**

### ***6.1 Review of Environmental and Social Requirements Compliance***

MCA-Mongolia is committed to reporting environmental and social performance of its projects, including the implementation of MCC and Government of Mongolia requirements and environmental management plan.

Environmental and social monitoring and reporting is a very important component of environmental and social management. It verifies effectiveness of proposed mitigation measures given in environmental and social plans during the implementation and operational phases of the project. Monitoring and Reporting plan will identify the parameters to be monitored, the activities to be implemented, location, time and frequency of monitoring activities. The monitoring will comprise supervision and surveillance to check whether contractor/subcontractor meets provisions/requirements of the contract, necessary environmental and social plans is developed, updated as necessary and implemented properly.

### ***6.2 Responsible Parties for Environmental and Social Monitoring***

Construction Contractor/subcontractor, through relevant staff (ESPD, EHS Specialist and Resettlement and Social Specialist) will be responsible for implementation of internal monitoring procedures/system to ensure adherence to environmental and social requirements identified in the ESMS, ESMF, OHSMP, WMP, RAP, applicable environmental and social guidelines and legislation and timely implementation of mitigation measures for all projects of the Compact.

PMC will carry out daily monitoring and site inspection to ensure timely and proper implementation of mitigation measures identified in environmental and social documents (most importantly CESMP and its parallel plans and procedures, as provided in the ESMF). Consultants will develop and implement Environmental and H&S Monitoring Program to verify the effectiveness of prevention and control strategies.

PMC will carry out environmental and social monitoring throughout all phases of the construction activities. Monitoring procedures include oversight of compliance with the requirements of including ESMP, and site-specific WMP, OHSP, and requirements of national legislation and IFC Performance Standards.

ESP and SGI team of MCA-Mongolia will monitor overall compliance of any construction and operation activities carried out under the MCA-Mongolia Program with environmental and social requirements of MCC guidelines, IFS Performance Standard and national legislation. The frequency of monitoring activities will depend on the nature of the project activity.

MCC will be responsible for reviewing and giving timely clearance for environmental and social analysis and progress reports produced during design and implementation phases of the program.

### ***6.3 Reporting requirements***

Construction Contractor will prepare and submit Supervision Consultant Site-Specific Environmental and Social Management Plan and other relevant documentations for approval. Contractor will also report to Supervision Consultant on training activities, incidents observed or

chance finds discovered. Monthly progress reports will be submitted to Supervision Consultant for review and endorsement. Details on environmental, social, health and safety information should be included in the reports.

Supervision Consultant will review all the reports developed by Contractor and endorse them prior to authorizing implementation of respective activities. Supervision Consultant will also develop and submit to MCA-Mongolia the monthly progress reports, including summary of environmental and social activities carried out during reporting period, and providing details of observations made during site inspections and review of documents and reports.

#### ***6.4 Quarterly and Annual Reports to MCA-Mongolia Management and MCC***

##### ***Responsible Party: ESPD***

MCA-Mongolia will summarize the outcomes of monitoring, and report on environmental and social activities in the quarterly progress reports submitted to Supervisory Board and MCC. In general, these reports will consist of:

- a. A summary of environmental and social performance review in the reporting period as discussed above in section.
- b. An evaluation of environmental and social performance sheet.
- c. A detailed explanation of any required corrective actions to deal with non-conformance with the ESMS.

MCA-Mongolia will also produce a more detailed and comprehensive Annual Environment, Social, and Health & Safety Report, based on the review of the monitoring reports and ESMS compliance prepared by the ESPD. The summary will refer to all projects funded during the year by MCA-Mongolia with MCC funds, with an assessment of the environmental, social, and health & safety compliance of those projects with the ESMS and ESMPs, as appropriate.

#### **MCA-MONGOLIA ESMS REVIEW AND ENHANCEMENT**

##### ***Responsible Party: ESPD and MCA-Mongolia management***

It is anticipated that the ESMS will need to be updated and enhanced periodically to address changing conditions, regulatory requirements or practical implementation issues. Management will use the information in the Annual reports to decide on needed improvements and direct the ESMS team to implement these.

Annex 1 – Analysis of Comparison of Mongolian Laws, Regulations with the Content of IFC Performance Standards.

Table 6: Analysis of Mongolian Requirements to IFC Performance Standards

Project/Activity	MCC Environmental Guidelines	Relevant PS	Mongolian legislations	Identified gaps
Downstream Wells	Category A: If the project has potential to have significant adverse environmental and social impacts that are sensitive, diverse or unprecedented. These impacts may affect an area broader than the sites of facilities subject to physical works.	<p>This Activity includes work which may involve potential impacts associated with:</p> <p>PS1: Environmental and social impacts from siting, design, construction, and operation of the facilities.</p> <p>PS2: Recruitment of labor including possibility of TIP, and working conditions for contractor’s workers</p> <p>PS3: Generation of construction and hazardous wastes</p> <p>PS4: Community health and safety during construction and operation</p> <p>PS5: Potential for land acquisition (permanent or temporary) and other resettlement issues</p> <p>PS-6 - Protected species, natural and critical habitats</p>	<p>PS1-Law on Environmental Protection (2012) Law on Environmental Impact Assessment (2012) A-117 Guideline on EIA (2014) Regulation on ensuring public participation in EIA (2014), Regulation on Conducting EIA (2013)</p> <p>PS2-Law on Occupational Health and Safety 2008, Law on Construction (2016), Norm of Client of Construction Works (2017), Health and Safety Norm for Construction Works – BNbD 12-03-04 (2013),</p> <p>PS3 Law on waste management (2017) Law on Water (2012) Law on Use of Natural Resources (2012), Law on Water Pollution Fees (2012), Law on Use of Water Supply and Sewage System in Urban and Settlement Areas (2011)</p> <p>PS4-Law on Waste management 2017, Law on Emergency 1995, Law on Disaster protection 2017,</p> <p>PS-5 Law on Land (2002)-ownership, use, transfer of both private and state-owned, Law on Allocation of Land to Mongolian Citizens for Ownership (2003), Cabinet Resolution No. 103 on determination of land prices for citizen ownership (2003), Mongolian Civil Code (2002)- related to negotiation procedures for land acquisition and resettlement, Law on Land Fees (1997)-pertaining to use of state-owned land Regulation on Compensation for Land Acquisition (2018)</p> <p>PS-6 Biological diversity national program 1995 Convention on Biological diversity</p>	There are no identified gaps. Mongolian laws and regulations consider both environmental and social aspects including impacts on water, air, soil, public health and safety issues, historical and cultural heritage concerns.



Project/Activity	MCC Environmental Guidelines	Relevant PS	Mongolian legislations	Identified gaps
		PS8: Excavation and/or demolition, which may impact cultural resources, including archaeologically-significant locations	PS-8 Law on Cultural heritage protection (2014).	
<b>Wastewater Recycling</b>	Category B: if the potential environmental and social impacts are less adverse than those of Category A projects. Typically, these impacts are site-specific, few if any are irreversible, and mitigation measures are more readily available.	PS1-6,8 <i>Except for PS7-Indigenous Peoples, it is anticipated that each of these performance standards should be considered for the Wastewater Recycling Project investment (ESBS WRP).</i>	See the Downstream Wells Project requirements.	There is no existing Law or policy that regulates Recycled wastewater for either industries and domestic usage except MNS 6734:2018 which governs the standards of recycled wastewater.  However, there are number of companies including Oyu Tolgoi, MCS, Erdenet and Energy resources recycle their wastewater, the concept is still relatively new among public and communities. It is recommended the regulations for the use of recycled water be considered for implementation, with the intent of protecting public health and safety.
<b>Water Sector Sustainability</b>	Category C: if the project is unlikely to have adverse environmental and social impacts.  MCC generally will not require environmental and social impact analysis for a Category C project, MCC reserves the right to require specific <b>environmental and social impact studies, reporting, or training</b> where relevant or where positive environmental and social impacts may be enhanced.	PS1: The activity includes institutional reforms and the raising of public awareness. Stakeholder Engagement is integral to this activity and is addressed through PS1 as well as other PSs.  PS2: Within the Ger area cost containment sub-activity, there will be a small-scale work intended to reduce the direct costs through transferring annual operating kiosks into smart water kiosks. USUG is committed to develop a plan that reflects with no lay off workers. Worker's rights and labor conditions are addressed through PS2.	The Law on EIA stipulates that public involvement is required in the Detailed Environmental Impact Assessment process to disclose the project information, consult on the scope of impacts, identify potential mitigation measures and obtain full feedbacks from project affected people and local administration.	There is no specific Mongolian legislation designed to ensure public consultation and stakeholder engagement in project activities. The Compact requires development of a stakeholder engagement plan governing the conduct of these activities for the projects.

Annex 2—Environmental and Social Action Plan of MCA-Mongolia

Table 7: ESAP of MCA-Mongolia

	Recommended actions	Deliverable/Indicator	Timeframe
<b>Performance Standard 01. Assessment and Management of Environmental and Social Risks and Impacts</b>			
<i>ESMS:</i>	Develop ESMS document with Environmental, social, health and safety policy and maintain the system	ESMS document	ESMS document was submitted to MCA-Mongolia Board and approved on 28 of May 2020. The document will be reviewed and updated as additional details in design implementation become known.  Draft policy as part of the overall ESMS is expected to be approved prior to EIF and revisions/updates to the ESMS main document is an ongoing process.
<i>Identification of Risks and Impacts:</i>	Oversee ESIA/DEIA reports developed by the Design consultant to identify the potential environmental, social risks and impacts that could arise from projects activities and its compliance with IFC PS, MCC Environmental Guidelines and Mongolian requirements  Manage and implement E&S aspects for all projects (DWA, WRA, Sustainability activities), in an adaptive manner, over time. This shall include the whole life-cycle of projects up to decommissioning stage of a Project or sub-project	ESIA/DEIA in accordance with international and local requirements  ESIA/DEIA report (key risks have been identified as short term and localized environmental risks in regarding construction phase)	ESIA/DEIA report will be released in September. The plan will be implemented through construction, operation and decommissioning phase.
<i>Management Program</i>	Oversee the compliance of ESMP/RAP for each construction package during ESIA at design phase of the projects Review and provide inputs to improve the documents  ESMPs will be provided in bidding document to the Construction contractors to develop site-specific Construction Environmental, Social Management Plan (CESMPs) with /OHSMP/WMP and implement these plans on site.	ESMP/OHSMP/WMP/RAP	Prior to commencement of infrastructure works, contractors will develop site specific ESMP and implement during construction phase
<i>Organizational Capacity and Competency</i>	Designated focal point MCA-M ESP team coordinates matters related to E&S development and ESAP completion Develop and identify training needs (Workplace safety, health and security procedure to prevent all staffs, guests from injuries and accidents) Assign internal resources to oversee E&S matters	Presentation on ESP (Workplace safety, health and security procedure to prevent all staffs, guests from injuries and accidents) for Bulk water supply project and activities	Training and capacity development for staff and partners on the requirements for the ESMS will be an ongoing process within the life of the compact
<i>Emergency Preparedness and Response</i>	Develop a EPRP to this ESMS for internal Bulk water project's Management review Update and enhance Emergency Preparedness and Response Plan (EPRP) in accordance with the provisions for emergency response in the PS1 and PS4 at/in the sub-projects and project offices.	EPRP	EPRP is expected to be developed prior EIF.
<i>Monitoring</i>	Conduct health, safety, and environmental (HSE) and social inspection program at construction sites, workers' accommodations Carry out E&S monitoring for Projects in compliance with Mongolian Regulations and submit first monitoring report Strengthen its inspection program to ensure that reports are issued, and follow-up visits are made	Update the ESMS annually, develop checklists and tools for ESP monitoring and reporting	
<i>Ongoing Engagement with Stakeholders</i>	Formalize a draft Stakeholder Engagement Plan (SEP) as a standalone document to this ESMS for Bulk water project's management review to map its stakeholders and interested parties and how it captures stakeholder engagement activities.	Stakeholder Engagement Plan (SEP)	Stakeholder engagement shall be a continuous process from project design, implementation, commissioning, Operation and Maintenance phases.

	Recommended actions	Deliverable/Indicator	Timeframe
<b>Performance Standard 01. Assessment and Management of Environmental and Social Risks and Impacts</b>			
<i>External communications and GRM</i>	Implement and maintain a procedure for external communications in accordance with PS 1. Update its existing grievance redress mechanism (GRM) for affected communities in accordance with PS 1.	GRM policy in ESMS document	GRM shall be a continuous process from project design, implementation, operations and maintenance phases.
<b>Performance Standard 02. Labor and Working conditions</b>			
Working conditions	MCA-M is responsible to develop and implement human resources (HR) policies and recruitment procedures and update respective which sets out the approaches to managing direct employees in accordance with PS 2. HR policies will outline approach to managing working relationship consistent with the requirements of PS 2 and national law, including changes to terms of employment, grievance mechanism, etc. Consultant/Contractor is responsible for their own HR policy, and workers engaged by third parties	HR policies and manual	HR policy and manual submitted to MCA-Mongolia Board on 6 of March, 2020 and approved.
Occupational health and safety	Occupational Health and Safety MCA-Mongolia is responsible to develop a 'Workplace safety, health and security procedure' to prevent all staffs, guests from injuries and accidents and provide safety working conditions  Enhance its existing health, safety and environment (HSE) policy and procedures relating to safe and healthy working environment, workers' accommodation, road safety, incident/accident reporting, root cause analysis, etc. These policies and procedures shall be consistent with the requirements of both PS 2 and Mongolian legislation.	Workplace safety, health and security procedure	Workplace health, safety and security procedure is expected to be developed prior EIF.
<b>Performance Standard 03. Resource Efficiency and Pollution Prevention</b>			
Resource efficiency	Ensure ESMS includes minimum requirements for resource efficiency measures that relates to reduction of energy, water consumption and other resources (technically, and financially feasible and cost effective)	Resource efficiency section in MCA-Mongolia's environmental policy	
Pollution prevention - waste	Ensure ESMS includes pollution prevention and waste management framework (WMF) which cover definitions of all waste types, confirm the roles and responsibilities for waste, waste management hierarchy and describe the destinations for each waste type.  MCA-Mongolia will ensure that their long-term environmental policy includes potential health impacts on nearest communities and embraces pollution prevention measures to be integrated into management plans of future contractor's projects.	Pollution prevention section in MCA-Mongolia's environmental policy	
<b>Performance Standard 04. Community Health and Safety</b>			
Exposure diseases	Ensure ESMS includes requirements to avoid and minimize the potential for community exposure to water borne diseases and any potential for communicable diseases that may be associated with the influx of temporary or permanent project labor.	Includes the requirements in the MCA-Mongolia's ESMS	Within 6 months from EIF
<b>Performance Standard 05. Land Acquisition and Involuntary Resettlement</b>			
Government managed Resettlement	Develop and implement a detailed Implementing Entity Agreement (IEA) which describes the ongoing provisions for government-managed land acquisition and livelihood restoration and roles and responsibilities. Oversee the implementation of the RAP and compliance with IFC PS 5 and MCC resettlement policy and Mongolian requirements	Implementing Entity Agreement (IEA) will be signed between MCA-Mongolia and City Land Department	Between May and October 2021
Land acquisition	Oversee resettlement and temporary or permanent land acquisition related issues are included in the RAP developed by the Design consultant; Oversee the compliance with PS 5 and Mongolian requirements Oversee implementation of the RAP includes a transparent process for consultation and compensation (or where necessary, livelihood restoration)	RAP report	September 2020
<b>Performance Standard 06. Biodiversity Conservation and Sustainable Management of Living Natural Resources</b>			

	Recommended actions	Deliverable/Indicator	Timeframe
<b>Performance Standard 01. Assessment and Management of Environmental and Social Risks and Impacts</b>			
Protection and Conservation of Biodiversity	Oversee the impact assessment on natural habitats associated with each of the three infrastructure projects Oversee development of Biodiversity Action Plan as applicable.	Biodiversity Action Plan	Prior to start of construction
Management of Ecosystem services	Undertake an ecosystem services assessment for all sub projects		
<b>Performance Standard 08. Cultural Heritage</b>			
Cultural heritage	Oversee implementation of the Chance Finds Procedure (CFP) including compliance with IFC PS8 and national laws.	CFP included in ESIA report developed by Design Consultant	September of 2020

### **Annex 3-- Involuntary resettlement and livelihood restoration framework**

The resettlement policy framework (RPF) is to identify the extent of potential resettlement impacts and potential fatal flaws (if any) related to resettlement impacts regarding to the construction activities of the projects under Water Compact. In particular, the RPF is aimed at developing safeguards to address the potential adverse effects of the project on livelihood and quality of life. The intent is to help achieve a situation in which the well-being of any person displaced because of these projects is improved or restored. To achieve this, affected entities are usually informed of the project, consulted, and compensated for their losses. This framework enables the project to align the project boundaries, potential impacts, and areas with the ESIA to be developed during final design. In addition, the findings of ESBS will be used to ensure sustainable livelihood of PAP by designing an appropriate monitoring and evaluation plan. Assisting affected persons supports their gaining possession or ownership of replacement land and property in order to maintain or re-establish their living conditions and enterprises. MCC's objective is that all affected people and entities should be provided opportunities to participate in decision-making pertinent to involuntary resettlement.

### **Annex 4 -- Draft Emergency Preparedness and Response Plan (EPRP)**

#### **Emergency Preparedness and response Plan**

Emergency preparedness helps to minimize the human suffering and economic losses that can result from emergencies. It should be understood that the size and complexity of projects, as well as their access and location, have a bearing on the degree of planning necessary for emergencies.

The EPRP is likely to be implemented immediately after natural disaster and the purpose of this emergency plan is to protect human life, to stabilize subsequent accidents and to reduce possible damages.

Design Consultant and Construction contractor are expected to prepare site-specific Emergency Response plan and arrangements must be in place to:

- Prepare a documented emergency preparedness and response plan and share relevant information to affected communities and relevant government agencies;
- Engage with affected communities and inform them of significant potential hazards in a culturally appropriate manner;
- Assist and collaborate with the community and local government agencies in their preparations to respond effectively to emergency;
- Play an active role in providing support to local communities if local government agencies have little or no capacity to respond effectively;

Emergency planning includes the following considerations:

- Communication systems (National Emergency Management Agency of Mongolia 18001105, Health emergency 103 Fire emergency 101, Police 102)
- Emergency response procedure (Staying calm, assessing the situation, taking command, providing protection, aid and manage, maintain contacts)
- Debriefing and post-traumatic stress procedure (Local hospitals, ambulance services, and medical practitioners may also be able to help)

### ***Definitions of emergencies***

An emergency is defined as being any situation or occurrence that endangers the safe operation of the Water supply project activities or has high probability to cause immediate threat to life, health, property or environment and had already caused loss of life, or health detriments, or property or environmental damage and require immediate action.

### ***Types of Emergencies***

- Medical emergencies that put worker injury requiring transport to a clinic or hospital,
- Chemical spill, major fire and risk ruptured hydraulic hose that put workers and population at sever,
- Natural disaster: Earthquake, tornado, or other high wind event that put workers and construction site at risk

### ***What To Do When an Emergency Occurs On Your Site***

#### **A. Type “A” Emergencies - Medical**

1. Notify supervisor (or nearest Person in Charge) immediately. Be prepared to provide the following information: Your name, exact location, name of the ill or injured person(s) or a brief description of situation, symptoms, accident and nature or type of injury/illness.
2. Do not leave the injured unless you must do so to notify the jobsite office, then return.
3. Do not move the injured unless he/she is in immediate danger of further injury.

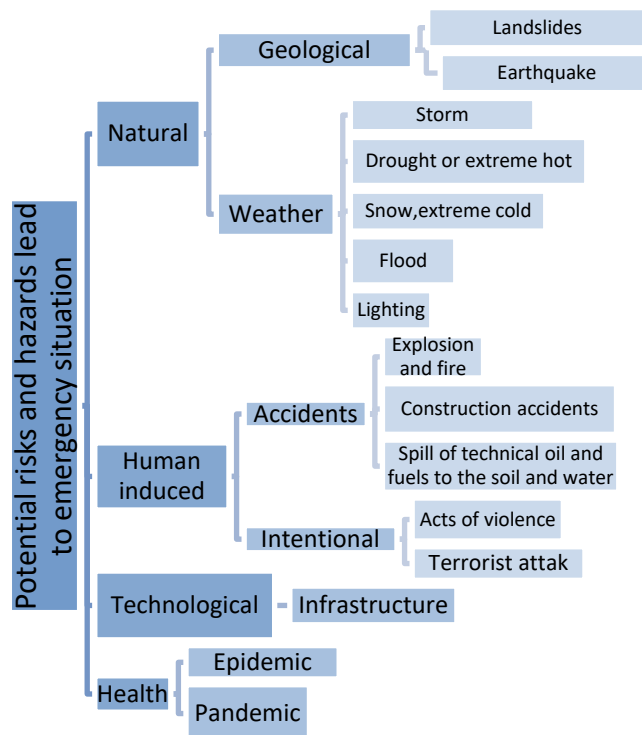
#### **B. Type “B” Emergencies – Chemical spills, major fire**

1. Notify supervisor (or nearest Person in Charge) immediately. Be prepared to provide the following information: Your name, exact location, brief description of emergency and nature or type of leak or spill, injuries or other contamination.
2. Evaluate and determine if on site equipment is sufficient to handle the emergency.
3. If yes, attempt use only if doing so presents no exposure or risk to danger or contamination you and other involved person(s).

#### **C. Type “C” Emergencies – Natural disaster**

1. Notify supervision/management immediately. Be prepared to provide the following information: Your name, exact location, name of any injured person(s), and a brief description of emergency.
2. The designated supervisor will perform a physical headcount of all on-site personnel as soon as possible.
3. Project site Manager or Officer Manager should notify the NEMA and assess them of the situation.

Figure 4 illustrates risks and hazards that could lead to an emergency situation. Figure 5 shows the steps to be implemented in response to an emergency.



**Figure 4: Potential risks and hazards lead to emergencies**

### *Implementation of the plan*

#### **Activation**

The Emergency Response Plan is to be activated under the following situations:

Notification by a person of an incident at the project site

Notification by civil authorities of an impending or occurring emergency within the municipality, which may impact upon the facility at the project site.

The activation of the smoke detection unit in the facility through the 24-hour monitoring station system

#### **Notification**

Upon activation of the Plan the following notification are to be made immediately:

- The Office manager or HR manager of MCA-Mongolia (99117155, 77111710)
- Emergency Services through (18001105, Health emergency 103, Fire emergency 101, Police 102)
- Employees
- Ministry of Health (for pandemic outbreak 119, 100, 103) or Environment (for spills) etc.

#### **Evacuation**

- Staff should secure their area if it is safe
- Evacuate the area (multiple points of egress)
- Assist the injured only if it is safe to do so
- Proceed to the meeting point – state meeting site
- Perform head count
- Site plan with evacuation routes on it

### ***Coordination with emergency services***

- Provide the Incident Commander (NEMA officer) with details of the incident and any resources available
- Provide information on products on site
- Inform Fire Incident Commander (NEMA officer) of any missing personnel and their approximate location
- Coordinate with Incident Commander from Police on security issues
- Coordinate with Incident Commander from Emergency medical services on personnel information on the injured

## **Annex 5 -- Chance Finds Procedure**

### **Chance Find Procedure**

The chance find procedure is a project-specific procedure that outlines actions required if previously unknown heritage resources, particularly archaeological resources, are encountered during project construction or operation (IFC PS8). A Chance Find Procedure, as described in IFC PS 8 and Law on Protection of Cultural Heritage of Mongolia 2014, is a process that prevents chance finds from being disturbed until an assessment by a competent specialist is made and actions consistent with the requirements are implemented.

### **Purpose of the chance find procedure**

The purpose of this document is to address the possibility of archaeological deposits becoming exposed during ESIA activities within the project area Shuvuun, Biokombinat and Songinokhairkhan mountain and to provide protocols to follow in the case of a chance archaeological find to ensure that archaeological sites are documented and protected as required.

### **Potential Impacts to Archaeological Sites**

Developments that involve excavation, movement, or disturbance of soils have the potential to impact archaeological materials, if present. Activities such as road construction, land clearing, and excavation are all examples of activities that may adversely affect archaeological deposits. Archaeologists from the “Institute of History and Archeology of the Mongolian Academy of Sciences” conducted archeological research on June 27-28, 2019 at the Downstream Wells Project site near the Shuvuun and Biokombinat in Khan-Uul district of Ulaanbaatar. During field study of Archeological research revealed that there are more than 10 graves of the Bronze Age.

As a result of the study, a total of 12 monuments were identified (5 ancient Bronze Age tombs and 7 Mongolian tombs) and documented at the project site, and these monuments were located in the eastern part of Songinokhairkhan Mountain and on the high terrace of the Tuul River. In terms of chronology, these monuments date back to the 3rd-1st millennium BCE and the 13th-14th centuries BCE.

Monuments are likely to be affected during infrastructure construction activities of the project and it will be considered in the ESMPs.



## **Relevant Legislation**

Law on Protection of Cultural Heritage of Mongolia 2014 protects all archaeological sites, whether on public/state or private land. Burial sites and rock art sites are protected regardless of age. A permit is required for any subsurface investigation of an archaeological site or investigation with the intent to locate a site. The Government Implementing Agency is responsible for administering the Law on Protection of Cultural Heritage 2014, maintaining a database of recorded archaeological sites is the

Department of Culture and Arts. Also, “National Center for Cultural Heritage” is (Ministry of Education, Science and Sports of Mongolia) in charge of Protection of historical and movable cultural monuments as tangible cultural heritage.

A person or legal entity that violates this Law on Cultural Heritage 2014 shall be subject to liability specified in the Law on Criminal Procedure or the Law on Violations.

## **Annex 6 -- Stakeholder Engagement and Consultation Plan and Grievance Redress Mechanism**

### **Stakeholder Engagement and Consultation Plan**

MCA-Mongolia develops and implements Stakeholder engagement plan (SEP) that is scaled to the project development and implementation stage and is to be tailored to the characteristics and interests of the Affected Communities and a wide range of relevant stakeholders.

An effective SEP identifies the range of stakeholders that may be interested in project activities and considers how external communications might facilitate a dialog with all stakeholders (see Figure 6).

#### ***The objectives of the SEP:***

- Build and maintain over time a constructive, transparent relationship with neighboring communities, especially Project affected people;
- Ensure timely disclosure of relevant, transparent, objective, meaningful and easily accessible and understandable information provided to affected communities and relevant stakeholders to help them participate meaningfully in environmental impact assessment activities;
- Ensure project affected communities and other stakeholders are provided with the opportunities and platforms to express their views on the project through a process of continuous involvement;
- Ensure establishing mechanisms to provide feedback to them on how their contributions were considered;
- Ensure focused and inclusive engagement with men, women, the elderly, youth, displaced persons and vulnerable and disadvantaged persons or groups who are directly affected by project activities

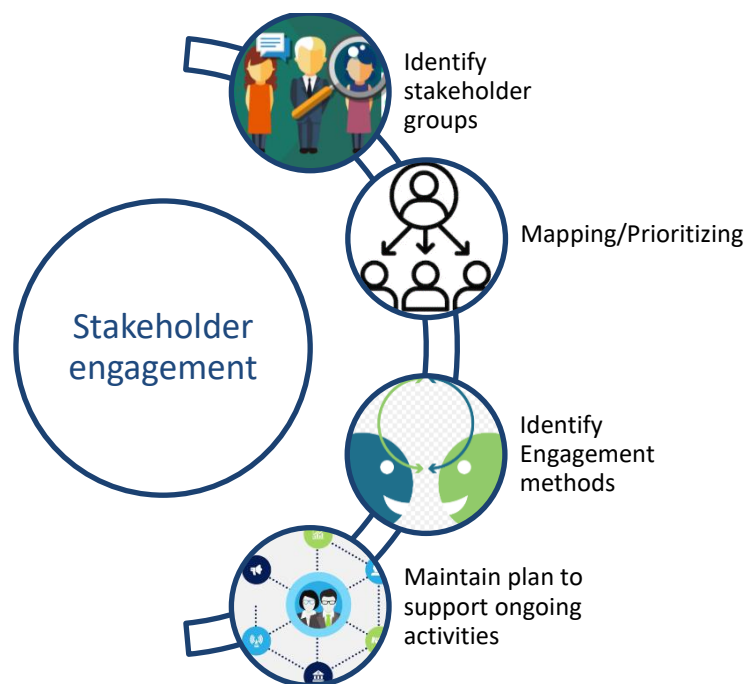
#### ***Regulatory and other Requirements for Consultation and Disclosure***

Public participation in Environmental Impact Assessment process helps to determine all positive and negative impacts and further to propose the mitigation and performance improvement measures and actions that address the identified risks and impacts and required by MCC Environmental Guidelines and IFC Performance Standards to the clients implementing projects under Compact.

Following the Mongolian legislation regarding the Environmental Impact Assessment (Law on Environmental Impact Assessment, 2012) public consultation is required to conduct in appropriate ways in Detailed Environmental Impact Assessment process to disclose the project information, consult on the scope of impacts, and identify potential mitigation measures and obtain full feedbacks from project affected people and local administration.

Early consultation with stakeholders (from the project concept phase) helps set a positive tone for conversations with the affected people about the potential impacts of the project and proposed mitigation measures. Public participation is regulated by the Regulation on Ensuring Public participation in Environmental Impact Assessment (2014), which is approved by the Ministry of Environment and Tourism. The Regulation sets out the rules for ensuring public opinion and administration authorities feedback is collected through the (capital, Soum) district's Citizen Representatives Meetings and (bag) Khoroo's Citizen Public Meetings. Their issues and concerns can be addressed and their suggestions can be evaluated to either incorporated or rejected with clear rationale communication back to the community.

A-117 Guidelines on Detailed Environmental Impact Assessment (2014) of Mongolia highlights the process of an Environmental management plan, which should be developed based on a shared understanding with the relevant stakeholders on the prevention, potential adverse impacts, mitigation measures, rehabilitation and monitoring of the project identified by the impact assessment study to avoid misunderstandings and additional costs during project implementation. Incorporating stakeholder feedback into environmental impact assessment findings, mitigation measures and environmental management plan to reduce risks and impacts and increase local social and economic benefits. Closing the consultation loop by letting the community know how their views and feedback have influenced project designs and decisions is the main step to implement the project activities.



**Figure 5: Stakeholder engagement process**

***Identify Stakeholder groups***

Under the Water compact, stakeholders are identified as groups that have an interest or right in the Bulk water supply project and those that will be affected either negatively or positively by project activities. These groups include relevant government agencies; contractors, sub-contractors, academic institutions, affected communities; media; private sector; civil society; NGOs, INGOs and public groups.

***Stakeholders mapping***

Stakeholder Mapping is a process and visual tool to clarify and categorize the various stakeholders by drawing further pictures of what the stakeholder groups are, which interests they represent, the amount of power they possess, whether they represent hindering or supporting factors for the organization to realize its objectives, or methods in which they should be dealt with. It allows to understand who the stakeholders are for the organization. Stakeholder mapping is a collaborative process of analysis, debate and discussion that draws from multiple perspectives to determine appropriate partners as illustrated in the Table 8.

***Identify Engagement methods***

SEP describes the methods MCA-M will use to engage the contractors, government agencies, affected communities (Project areas such as Shuvuun, Biokombinat and Songinokhairkhan districts), and other potential stakeholders directly affected by the Projects under Water Compact, and to ensure that relevant environmental and social information is disclosed and disseminated through appropriate outreach and communications procedures.

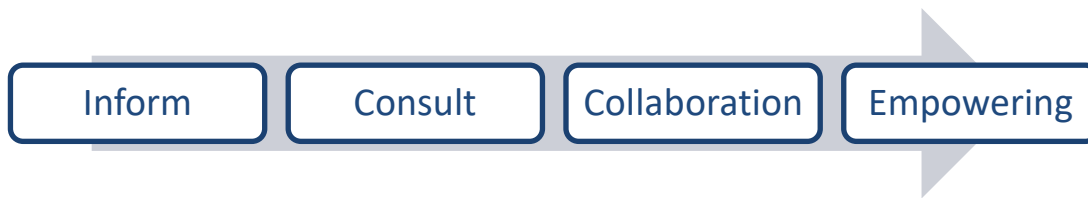
***Summary of the Methods of future engagement activities to maintain plan***

Future stakeholder engagement will be built on the already existing system and structure of stakeholder activities with the active participation of local authorities and relevant government stakeholders. The planned future activities will provide for a more systematic way of consultation

and information disclosure, and data recording from relevant and interested stakeholders. Stakeholder engagement activities will record the following information on an on-going basis:

- Type of information disclosed, date and form of disclosure and distribution channels.
- Minutes of meetings, lists of participants and locations of any meetings organized with affected people.
- Land-owners, land users, vulnerable groups, local community (including people living within a close distance to the project) and groups, organizations and institutions that have been consulted.
- Key issues and concerns discussed and raised by affected people.
- Response mechanism, follow-up actions and investigations.
- Documentation of activities and processes and response to stakeholders.

In developing the stakeholder engagement and consultation plan, MCA-Mongolia considered different types of engagement with increasing level of participation as described below and shown in Figure 7.



**Figure 6: Stakeholder participation spectrum, Source: IAP2, Spectrum**

Spectrum of Public participation approaches:

- Information Approach-to provide the public with balanced and objective information to assist them in understanding the problems, alternatives, opportunities and solutions.
- Consultation Approach - Public opinions are sought and considered in expert or managerial decision-making. Information flows in 2 directions, but decision makers not obliged to integrate comments received
- Collaboration/Involve Approach-Representatives of the public are actively involved in developing solutions and directly influencing decisions. This usually involves iterative activities, dialogue, and in-depth working relationships with more focus on joint responsibilities
- Empower approach-to place final decision-making in the hands of the stakeholder/public

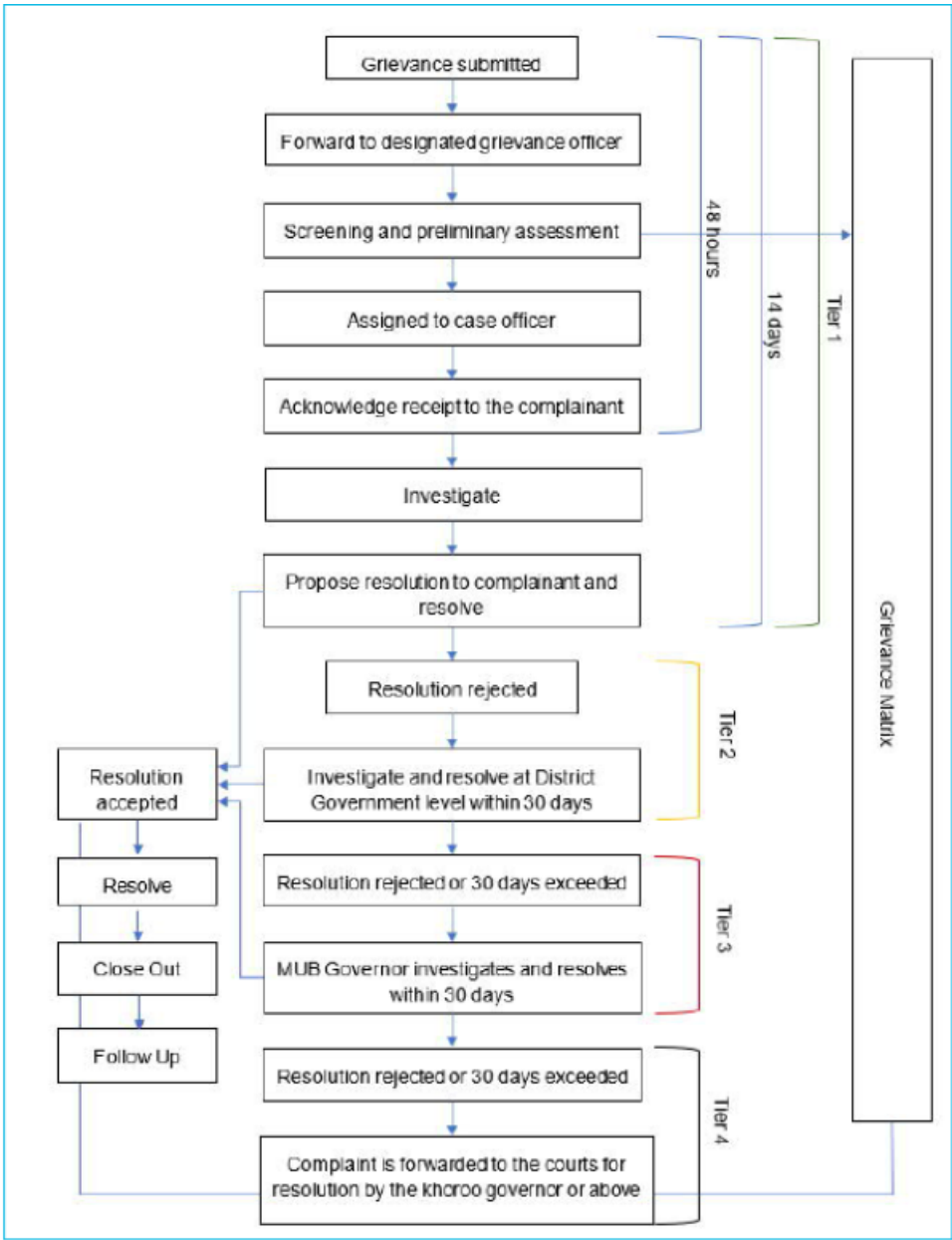
Stakeholder engagement should be premised on transparency and timely access to information.

**Table 8: Stakeholder engagement plan for Key stakeholder group**

Stakeholder / Group	Stakeholders	Stakeholder Interest/Impacts	Type of Engagement	Method	Person responsible
Government	Ministry of Environment and Tourism	High/high	<i>Collaboration/inform/Consult</i>	<i>Regular meetings, email, document review, printed reports</i>	ESP, GSI, DWA, WRA
	MCUD	High/high	<i>Collaboration/inform</i>	<i>Regular meetings, email, document review, printed reports</i>	DWA, WRA, GSI
	MoE	High/high	<i>Collaboration/inform</i>	<i>Regular meetings, email, document review, printed reports</i>	DWA
	USUG	High/high	<i>Collaboration/inform</i>	<i>Regular meetings, email, document review, printed reports</i>	ESP, DWA, WRA, Sustainability, GSI
	OSNAAUG	High/high	<i>Collaboration/inform</i>		Sustainability, GSI
	WSRC	High/high	<i>Collaboration/inform</i>	<i>Regular meetings, email, document review, printed reports</i>	Sustainability, GSI
	Municipality of UB (districts, agencies)	High/high	<i>Collaboration/inform</i>	<i>Meetings, presentation, open discussion and printed report</i>	ESP, DWA, WRA,
	Governor's office of Khan-Uul district	High/high	<i>Collaboration/inform</i>	<i>Meetings, presentation, open discussion and printed report</i>	ESP, DWA, GSI
	Governor's office of Songinokhairkhan district	High/high	<i>Collaboration/inform</i>	<i>Meetings, presentation, open discussion and printed report</i>	ESP, DWA, GSI
	CDC	High/high	<i>Collaboration/inform</i>	<i>Regular meetings, email, document review, printed reports</i>	DWA
	Water Resources Council	High/high	<i>Consultation/Collaboration/Empowering</i>	<i>Meetings, printed report</i>	ESP, DWA
	GASI	Low/low	<i>Inform</i>		ESP
	TRBA	Low/high	<i>Collaboration/inform</i>	<i>Meetings, presentation, open discussion and printed report</i>	ESP, DWA, AECOM
	MMHI	Low/low	<i>Collaboration/inform</i>	<i>Meetings, email</i>	
	NEMA	Low/low	<i>Inform</i>	<i>Meetings, email</i>	
	NDA (National Development Agency)	Low/low	<i>Inform</i>	<i>Meetings</i>	
	Mongol-Uls	Low/low	<i>Inform</i>	<i>Meetings</i>	
	CHP facilities	High/high	<i>Collaboration/inform</i>	<i>Meetings, email</i>	ESP, WRA, GSI
	Environmental police	Low/low	<i>Inform</i>	<i>Meeting</i>	ESP
	National Statistics Office	High/high	<i>Collaboration/inform</i>	<i>Regular meetings, email, document review, printed reports</i>	GSI
	National Committee on Gender equality	High/high	<i>Collaboration/inform</i>	<i>Regular meetings, email, document review, printed reports</i>	GSI

	MFALI	Low/low	<i>Inform/ Consultation</i>	<i>Meetings, email</i>	WRA, Sustainability
	MoF	Low/low	<i>Inform/ Consultation</i>	<i>Meetings, email</i>	WRA, Sustainability
Contractors/Clients	AECOM	High/high	<i>Consult/Collaboration</i>	<i>Regular meetings, email, document review, printed reports</i>	DWA, ESP, GSI
	TetraTech	High/high	<i>Consult/Collaboration</i>	<i>Regular meetings, email, document review, printed reports</i>	DWA, ESP, GSI
	BGM	High/high	<i>Consult/Collaboration</i>	<i>Regular meetings, email, document review, printed reports</i>	DWA, ESP, GSI
	JEMR	High/high	<i>Consult/Collaboration</i>	<i>Regular meetings, email, document review, printed reports</i>	DWA, ESP, GSI
	Monconsult	High/high	<i>Consult/Collaboration</i>	<i>Regular meetings, email, document review, printed reports</i>	DWA, WRA, Sus, ESP, GSI
	CoWatersogema Int	High/high	<i>Consult/Collaboration</i>	<i>Regular meetings, email, document review, printed reports</i>	GSI
	Sica	High/high	<i>Consult/Collaboration</i>	<i>Regular meetings, email, document review, printed reports</i>	GSI
	Charles and Kendal	High/high	<i>Collaboration/inform/Consult</i>	<i>Regular meetings, email, document review, printed reports</i>	DWA, WRA, Sus, ESP, GSI
	Cardno	High/high	<i>Collaboration/inform/Consult</i>	<i>Regular meetings, email, document review, printed reports</i>	DWA, WRA, Sus, ESP, GSI
Project affected persons (PAPs)/Communities	Residents of 10,12,13 Khorooos of Khan-Uul district (Shuvuun and Biokombinat areas)	Directly affected persons, households, entities who are living inside or next to project sites/areas. High/high	<i>Inform/Consult/Collaboration</i>	<i>Structured interview Public meetings, presentations,</i>	DWA, ESP, GSI
	Residents of 20,22 and 23th Khorooos of Songinokhairkhan district Business entities in above mentioned areas			<i>Household questionnaire, Survey and Focus group discussion</i>	
NGOs	Mongolian Water Forum	Low/low	<i>Inform</i>	<i>MCA-Mongolia website/ Interviews, articles, TV programs and documentaries</i>	Communication
	International Water Association	High/high	<i>Inform/Consult</i>	<i>MCA-Mongolia website/ Interviews, articles, TV programs and documentaries</i>	WRA, Sustainability, ESP

INGOs	JICA	Low/low	<i>Inform</i>	<i>MCA-Mongolia website/ Interviews, articles, TV programs and documentaries</i>	Communication
	ADB	Low/low	<i>Inform</i>	<i>MCA-Mongolia website/ Interviews, articles, TV programs and documentaries</i>	Communication
	WB	Low/ low	<i>Inform</i>	<i>MCA-Mongolia website/ Interviews, articles, TV programs and documentaries</i>	Communication
	WB 2030 Water resources group	Low/high	<i>Inform</i>	<i>MCA-Mongolia website/ TV programs and documentaries</i>	WRA, Sustainability, ESP
Media	TVs	Low/low	<i>Inform</i>	<i>MCA-Mongolia website/, TV programs and documentaries</i>	Communication
	Radios	Low/low	<i>Inform</i>	<i>MCA-Mongolia website/ TV programs and documentaries</i>	Communication
	Newspapers	Low/low	<i>Inform</i>	<i>MCA-Mongolia website/ TV programs and documentaries</i>	Communication
	Websites	Low/low	<i>Inform</i>	<i>MCA-Mongolia website/ TV programs and documentaries</i>	Communication
Universities	MUST	Low/low	<i>Inform</i>	<i>MCA-Mongolia website/ TV programs and documentaries</i>	Communication
	NUM	Low/low	<i>Inform</i>	<i>MCA-Mongolia website/ Interviews, articles, TV programs and documentaries</i>	Communication
Public groups	Hospitals	Low/low	<i>Inform</i>	<i>MCA-Mongolia website/ Interviews, articles, TV programs and documentaries</i>	Communication
	Local schools	Low/low	<i>Inform</i>	<i>MCA-Mongolia website/ Interviews, articles, TV programs and documentaries</i>	Communication
	Institutions of national heritage	Low/low	<i>Inform</i>	<i>MCA-Mongolia website/ Interviews, articles, TV programs and documentaries</i>	Communication



**Figure 7: Grievance Redress Mechanism Flowchart**