

GONZALO CASTRO DE LA MATA  
Chairman  
The Inspection Panel

**IPN REQUEST 18/01**

May 11, 2018

## **NOTICE OF NON-REGISTRATION**

### **Request for Inspection**

#### **Mongolia: Mining Infrastructure Investment Support Project (P118109) and Mining Infrastructure Investment Support Project - Additional Financing (P145439) – Component 1 – Support for Infrastructure Investments (Shuren Hydropower Plant and Orkhon Gobi Water Diversion Subprojects)**

#### **Summary**

1. In accordance with paragraph 17 of the Resolution<sup>1</sup> establishing the Inspection Panel (“the Panel”), I hereby inform you that on April 2, 2018, the Panel received a Request for Inspection (“the Request”) of the Mining Infrastructure Investment Support Project and the Mining Infrastructure Investment Support Project - Additional Financing (“MINIS” or “the Project”) in Mongolia.<sup>2</sup>
2. The Request was submitted by Rivers without Boundaries Coalition, Rivers without Boundaries Mongolia and a local non-governmental organization in Russia, the latter of which has asked for confidentiality. The Requesters claim potential environmental and social harm caused by the financing of impact assessments and feasibility studies of the Shuren Hydropower Plant (HPP) and Orkhon Gobi Water Diversion (OGW) subprojects financed by MINIS. The Requesters have raised concerns related to lack of consultation, especially related to the Regional Environmental Assessment (REA) Terms of Reference (TORs), disclosure of information, lack of analysis of alternatives in the assessments, and the sequencing and quality of the studies.
3. The Request concerns the subject matter on which in 2017 the Panel made a previous recommendation.<sup>3</sup> In that case the Panel did not recommend an investigation.<sup>4</sup> The Panel has conducted due diligence in line with its Operating Procedures and learned from

---

<sup>1</sup> The World Bank Inspection Panel, International Development Association, Resolution No. IDA 93-6 (referred to as the “Resolution”).

<sup>2</sup> <http://projects.worldbank.org/P118109/mn-mining-infrastructure-investment-supp?lang=en>

<sup>3</sup> <http://ewebapps.worldbank.org/apps/ip/Pages/ViewCase.aspx?CaseId=107>

<sup>4</sup> The World Bank Board of Executive Directors approved the Panel’s recommendation on July 27, 2017.

Management that the REA TORs have not yet been finalized and will be made publicly available for comment. According to Management, the draft REA will then be publicly consulted. Given the fact that the Request does not provide new evidence or circumstances, the Panel has decided not to register the Request.

### **The Project**

4. MINIS is a technical assistance project financed by an International Development Association (IDA) Credit of US\$25M equivalent approved by the World Bank Board of Executive Directors on May 10, 2011.<sup>5</sup> In March 2014, an AusAID trust fund additional financing in the amount of US\$4.2M equivalent was approved.<sup>6</sup> The Project's development objectives are to "facilitate infrastructure investments to support mining and downstream processing, regardless of the funding source, and to build local capacity to prepare and transact infrastructure projects."<sup>7</sup>

5. The Project was restructured in 2014 amongst other reasons due to the triggering of new safeguard policies and in 2016 to allow completion of preparation studies.<sup>8</sup> In 2017, the closing date was extended to September 30, 2019, to carry out activities concerning the REA for Shuren HPP and Orkhon Gobi subprojects, as well as for related energy and water supply options studies.<sup>9</sup>

6. The MINIS Project Management Unit (PMU) under the Ministry of Finance is responsible for Project implementation.<sup>10</sup> The Project has four components: (1) support for infrastructure investments, (2) capacity building and knowledge transfer, (3) strengthening groundwater management, and (4) project management.<sup>11</sup> Under the first component – which is the subject of the Request - the Project finances various assessments for proposed infrastructure subprojects in support of the development of Mongolia's mining sector, including pre-feasibility, feasibility and environmental assessment studies.

7. The Project is a Category A Project and has triggered the following safeguard policies: Environmental Assessment (OP/BP 4.01), Natural Habitats (OP/BP 4.04), Physical Cultural Resources (OP/BP 4.11), Involuntary Resettlement (OP/BP 4.12), Safety of Dams (OP/BP 4.37) and Projects on International Waterways (OP/BP 7.50).

---

<sup>5</sup> Project Appraisal Document on a Proposed Credit in the Amount of SDR 16.00 Millions (US\$25.00 Million Equivalent), April 7, 2011.

<sup>6</sup> Project Paper on a Proposed Restructuring to Mongolia for the Mining Infrastructure Investment Support Project, March 18, 2014.

<sup>7</sup> Project Appraisal Document on a Proposed Credit to Mongolia for a Mining Investment Infrastructure Support Project, April 7, 2011, p. 4.

<sup>8</sup> Restructuring Paper on a Proposed Project Restructuring of MI-Mining Investment Infrastructure Investment Support Project (P118109) approved on May 10, 2011 to Mongolia, September 2017.

<sup>9</sup> Ibid.

<sup>10</sup> PAD, p. 8.

<sup>11</sup> Ibid. p. 5.

## The Request

8. The Request<sup>12</sup> relates to a case on which the Panel made a previous recommendation. The original request was received by the Panel on February 10, 2015. In the original request, community representatives and local organizations from Mongolia and Russia raised concerns about potential harms from the activities funded by MINIS. The request claimed that MINIS was supporting assessment studies of two subprojects, Shuren HPP and OGW which the requesters view as having potentially irreversible environmental and social impacts on the Selenge River and its delta in Mongolia and on Lake Baikal, a World Heritage site in Russia. The requesters also questioned the selection of these subprojects and raised concerns about their transboundary and cumulative impacts, in addition to complaining about lack of consultation and disclosure of information.

9. After having deferred its decision on whether to recommend an investigation twice, the Panel made a recommendation not to investigate in July 2017. The Panel based its recommendation on the fact that Management provided evidence of moving in the right direction and of its intention to comply with Bank policies and procedures.<sup>13</sup> The Panel stated it was satisfied that major adjustments had been made to the Project and important efforts to properly consult potentially affected people had been implemented. The Panel further noted Management's commitment to include various environmental assessment tools, including a REA, a cumulative impact assessment (CIA) and an analysis of alternatives.

10. In the Request received on April 2, 2018, the Requesters maintain that eight months after the Panel's recommendation not to investigate, they are "still likely to suffer harm as a result of the World Bank's failure to implement the recommendations of the WBIP [World Bank Inspection Panel]."

11. The Requesters allege there are new circumstances to justify a new Request, including the following issues:

12. **Consultation and Disclosure of Information.** They claim there has been no tangible progress in consulting with stakeholders in violation of OP 4.01 and explain there have been no consultations since June-July 2017. They contend that the wide-basin REA TORs have not been publicly disclosed and request open consultations for the TORs since, in their view, there are considerable differences in the subject, scope, depth of research and outcomes, in comparison with the combined REA/Environmental and Social Impact Assessment (ESIA) TORs that were consulted in 2017. They claim the consultation matrices for the 2017 consultations were developed with a five-month delay and were of poor quality, and that many comments from the consultations were not taken into account in the new TORs. They also allege the MINIS website lacks accurate information on the planned assessments.

13. **Analysis of Alternatives.** They allege the Project is unwilling to follow the recommendations of the World Heritage Committee and of the Panel in ensuring there is an

---

<sup>12</sup> The Request is attached to this Notice as Annex 1.

<sup>13</sup> Inspection Panel, Third and Final Report and Recommendation, July 31, 2017.



analysis of alternatives. According to the Requesters, Management is only planning to conduct a strategic assessment of least cost power production for the Mongolian central power system, instead of looking into the environmental and social impacts of various alternative scenarios of energy system development.

14. **Quality of the studies.** The Requesters allege the timing and resources allocated to prepare the REA are inadequate, considering the complexity of the studies, and state that important gaps remain in the TORs, including assessment of impacts related to labor influx and indigenous peoples. They also claim that the Project's Environmental and Social Management Framework (ESMF) is outdated and "cannot serve as a valid basis for current MINIS operations."

15. **Sequencing and timing of Studies.** They further express concern that while the REA and CIA are delayed, decisions on individual projects are moving forward, especially related to Egiin Gol HPP (which is not financed by the Bank).

16. The Requesters explain they hope the involvement of the Panel will help prevent harm by: (i) guaranteeing the REA TORs are subjected to consultations; (ii) subjecting REA TORs to independent expert evaluation to ensure that the duration, expertise and financing correspond to the complexity of the study; (iii) revisiting the inappropriate selection of dams under MINIS; (iv) ensuring MINIS disclose screening protocols annexed to ESMF and triggers Bank policies on indigenous peoples and forests; and (v) ensuring MINIS' PMU fulfills requirements on the Strategic Environmental Assessment by improving the REA TORs.

#### **Panel's Observations and Determination**

17. The Panel issued a Notice of Receipt of the Request on its website on April 16, 2018,<sup>14</sup> and in accordance with its Operating Procedures, conducted its due diligence by reviewing the information contained in the Request, in the original request as well as Project documents. The Panel met with the Requesters on April 17, 2018, to better understand their concerns.

18. The Panel also met with Bank Management on April 25, 2018, to get an update on the actions being taken. Management informed the Panel that the REA TORs would be made publicly available in Russian and Mongolian on the MINIS' website for public comment during a one-month period. Furthermore, Management stressed that the draft REA would be subjected to public consultations.

19. The Panel notes that a request for inspection must comply with the technical eligibility criteria to be registered. According to paragraph 9, Criterion (f) of the 1999 Clarification, a requirement for registration is that "[t]he Panel has not made a recommendation on the subject matter or, if it has, that there is new evidence or circumstances not known at the time of the prior request." Since the Request concerns an issue on which the Panel made a previous recommendation, the Panel has to assess whether

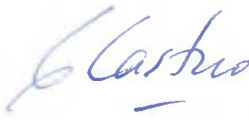
---

<sup>14</sup> <http://ewebapps.worldbank.org/apps/ip/Pages/ViewCase.aspx?CaseId=131>

the information provided by the Requesters together with the information provided by Management constitute new evidence or circumstances. The Panel does not consider this to be the case. The Panel observes that the Requesters express concerns about the consultation process and content of the REA TORs. The Panel notes, however, that the REA/ESIA TORs were consulted in Mongolia and Russia in 2017 and the REA TORs have not been finalized yet.<sup>15</sup> The Panel in this regard also notes Management's commitment to make the REA TORs publicly available for comment and to consult the draft REA.

20. In light of the foregoing and in accordance with the Panel Resolution, its Clarifications, and its Operating Procedures the Panel is not registering the Request for Inspection as no new evidence or circumstances have been provided.

Yours sincerely,



Gonzalo Castro de la Mata  
Chairman

#### Attachments

Mr. Jim Yong Kim, President  
International Development Association

The Executive Directors and Alternates  
International Development Association

Rivers without Boundaries Coalition  
Rivers without Boundaries Mongolia  
Russian NGO (Confidential)

---

<sup>15</sup> <sup>15</sup> The Panel in its third and final report and recommendation from July 13, 2017, concerning the original request gives a detailed description of the consultation conducted:  
[http://ewebapps.worldbank.org/apps/ip/PanelCases/102-Third%20and%20Final%20Report%20and%20Recommendation\(English\)-13%20July%202017.pdf](http://ewebapps.worldbank.org/apps/ip/PanelCases/102-Third%20and%20Final%20Report%20and%20Recommendation(English)-13%20July%202017.pdf)



**ANNEX 1**

**Request for Inspection**





## Request for Inspection 18/01

*(This English translation has been provided by the Requester's. The original Request for Inspection in Mongolian/Russian is kept with the Panel)*

TO: Gonzalo Castro dela Mata, Chairman, WBG the Inspection Panel

Via Electronic Mail [panel@worldbank.org](mailto:panel@worldbank.org)  
1818 H Street NW, MSN 10 1007  
Washington, DC 20433  
USA

### REQUEST FOR INSPECTION OF MINING INFRASTRUCTURE INVESTMENT SUPPORT (MINIS) PROJECT IN MONGOLIA

[REDACTED] Rivers without Boundaries Coalition, [REDACTED] and [REDACTED] are submitting three separate Requests for Inspection on Component 1 [REDACTED] of the Mining Infrastructure Investment Support Project (MINIS) (P118109). Each complaint describes the lack of inclusion of important environmental and social risks and impacts in the assessment documentation for MINIS sub-projects. All three cases are associated with enormous the delays in delivery of and substandard quality of environmental safeguard products (ESIAs, REAs, ESMP, etc). Information about each sub-project has not been disclosed in a timely manner, consultations with local community stakeholders have not been meaningful, and the measures recommended by the Inspection Panel in July 2017 to bring the project into compliance with World Bank policies have not been implemented.

This summary complaint will attempt to synthesize and augment to the two complaints from the local communities and the complaint from RwB.

#### 1. THE PROJECT AND HARMS TO COMMUNITIES AND THE ENVIRONMENT

The complaints focus on sub-projects under Component 1 [REDACTED] of the MINIS Project. All three complaints describe how non-disclosure of information and lack of meaningful consultations in violation of OP 4.01 have resulted in a failure to identify actual and potential harm to the environment and local communities, and to set out mitigation measures to avoid unnecessary harm for both Components 1 [REDACTED] of the project.

[REDACTED]

[REDACTED]

*Component 1: Shuren and Orkhon Sub-components.*

[REDACTED]

The potential harm from MINIS Project Shuren and Orkhon subcomponents on the Selenge River, Lake Baikal and the livelihood of communities depending on these water bodies was described in the 2015 Request and verified in the WBIP Eligibility Report. The threats have not changed in substance, and the ability to prevent/mitigate them depends on implementation of recommendations outlined in the WBIP Final Report in 2017. Eight months have now passed, and we are still likely to suffer harm as a result of the failure to implement the recommendations of the WBIP, which were essential to ensure that the project complied with Bank policies. Based on communications with the project team and Bank management, we are concerned that the new TOR on the basin-wide REA does not take into account the decision of the World Heritage Committee, and does not incorporate an assessment of impacts on indigenous people, influx of workers, and other impacts mentioned in the Panel's final report. The REA process has been delayed for another half-a-year, the draft TOR has not been disclosed, and will not be subject to a meaningful consultation process. This may result in decreased quality of REA study, improper identification of potential harm from hydropower and water supply projects and some or all negative consequences described in original complaint.

In addition, the consultations carried out by its MINIS project on Shuren HPP and Orkhon HPP/water transfer in Mongolia in June-July 2017 were not meaningful consultations as required by OP 4.01, para. 14 - 16. Rather than consult on potential harm and impacts, as well as mitigation measures, the consultations focused on promoting the projects, and orders to local governments to express support to these projects as was stated by [REDACTED] in the meeting with the IP team in June 2017 in Ulaanbaatar. The response matrices from Mongolia consultations have been bulked together for all local community concerns relating to two separate projects making it difficult to impossible to see if these have been addressed meaningfully.



[REDACTED]

## 2. ACTIONS OR OMISSIONS OF THE BANK AND INFORMING THE BANK

World Bank Management has failed to comply with the obligation to supervise the project to ensure compliance with its policies (in this case, OP/BP 4.01). Concerns have been raised with the Project Team and Bank management via email and in-person (see Annex xx), and their responses and lack of commitment to take action (see attachment XX) indicates a failure to adequately supervise the project to ensure compliance with Bank policies.

The Requestors have jointly and separately informed the Management, Country Office, PIU and TTLs regarding the issues requested to be investigated in the past. Requestors are requesting investigation into MINIS project based on the fact that non-disclosure of information, lack of meaningful consultations and non-compliance with the WBG policies. [REDACTED]

[REDACTED] The complaint from Rwb Coalition deals in detail on how and why informing the WBG was not sufficient and why we are filing yet another Request for Investigation on MINIS project. [REDACTED]

[REDACTED]

Information supporting our request is provided in the Annex section of this Request. All Requestor stand ready to provide any additional information or clarifications on the three Requests filed by Rwb Coalition and [REDACTED] on Component 1 – follow up Request for Inspection on REA TOR process; Rwb Mongolia and [REDACTED]

## 3. CONFIDENTIALITY

Inspection Panel is kindly requested to keep confidential names of community level requestors listed in the enclosed list of signatories to this Request for Inspection. Names of leaders of Rwb Coalition, Rwb Mongolia and OT Watch do not require confidentiality.

Signatures:



Sukhgerel Dugersuren, Executive Director, OT Watch, Rwb Mongolia Coordinator  
Baga Toiruu, 44-204, Ulaanbaatar -14200, Mongolia, [otwatch@gmail.com](mailto:otwatch@gmail.com)



Eugene Simonov, International Coordinator, Rwb Coalition, [simonov@riverswithoutboundaries.org](mailto:simonov@riverswithoutboundaries.org).  
Tel. +8613941868942

<sup>4</sup> I haguumberel Tumursukh, a biologist of the Snow Leopard Foundation was killed in 2015 for his attempts to prevent coal mining in this part of Gурvantes soum.

<sup>5</sup> Note that the Mongolian language page carries a TOR for CIA dated 2015.

To: Gonzalo Castro dela Mata, Chairman, the Inspection Panel

1818 H Street NW, MSN 10-1007,  
Washington, DC 20433, USA

1. We, the undersigned, are coordinators of the Rivers without Boundaries International Coalition, who also represent a diverse group of stakeholders who submitted a Request for Inspection #102 to the WB Inspection Panel in 2015, final decision on which was made in July 2017, and who engaged with the WBIP in 2015-17 and public hearings on subcomponents 1.1. and 1.4. of the MINIS Project in Mongolia and Russia.

Potential harm from MINIS Project Shuren and Orkhon subcomponents to Selenge River, Lake Baikal and livelihood of communities depending on these water bodies has been described in original complaint and verified in great detail in the WBIP Eligibility Report. The threats have not changed in substance since, and ability of the WB and GoM to prevent/mitigate them depends on implementation of measures outlined in the WBIP Final Report.

2. The MINIS Project is aimed at facilitating infrastructure investments to support mining operations in Mongolia. It finances impact assessments, feasibility studies for subprojects, two of which were the subject of our Request for Inspection: the Shuren Hydropower Plan and the Orkhon Gobi Water Diversion project. The 2015 Requestors stated that the two subprojects may have potential irreversible environmental and social impacts on the Selenge River in Mongolia and Russia's Lake Baikal, a World Heritage Site. The Requestors also raised concerns about the subprojects' transboundary and cumulative effects, and lack of consultation and disclosure of information.

In July 2017, the Panel recognized that the Request for Inspection had placed the project on a positive trajectory, especially through a recognition of the relevance of transboundary issues, and the greater importance given to ensuring meaningful consultations with both Russian and Mongolian stakeholders. The Panel noted Bank Management's commitment to include various environmental assessment tools, including a regional environmental assessment, cumulative impact assessment and analysis of alternatives, and to integrate comments from the consultations into revised terms of reference for the studies. On July 13, 2017 the WBIP recommended not to investigate the complaint. In making this recommendation, the Panel emphasized the need for management **to remain in close contact with the Requesters and affected communities, to incorporate some of the lessons from previous consultations into future ones**, and to ensure diligent **implementation of the full set of environmental assessment tools** that have been identified.<sup>1</sup> From our understanding the WBIP concluded that:

- *Robust consultation process should be continued for the successful implementation of the Project;*
- *Decisions of the World Heritage Committee are yet to be considered in revision of the relevant TORs*
- *Draft TORs had serious gaps - are yet to include assessment of impacts on indigenous peoples and some other important fundamental aspects of large infrastructure projects*
- *If not for concerned public who initiated the Request for Inspection and rigorous implementation of public consultations current positive shift within MINIS Project would not have happened.*<sup>2</sup>

### 3. New Circumstances-reasons for a new complaint

Eight months since these recommendation of the Inspection Panel we are still likely to suffer harm as a result of the World Bank's failure to implement the recommendations of the WBIP.

---

<sup>1</sup> <http://ewebapps.worldbank.org/apps/ip/Pages/ViewCase.aspx?CaseId=107>

<sup>2</sup> See the 3rd Report of WBIP



Throughout this time no tangible progress has been made in designing and consulting with stakeholders on the new assessment plans. Reports developed with 5-month delays after the consultations held in Mongolia in June-July 2017 are of such poor quality that they even fail to make a clear distinction between two Orkhon and Shuren projects. MINIS issued one final report on consultations held separately on two different projects with a single set of conclusions for both. Despite decisions made on Project Restructuring, the MINIS web-site has no accurate information on current structure of planned assessments\ tenders making us doubt that MINIS intends to implement fully its plan for the REA assessment before the new closing date of 30 September 2019. Finally we as representatives of the public have been denied access to consultations on the key planning document - Draft REA ToR, which contradicts both the WB OP 4.01 and WBIP recommendations.

The MINIS now claims that consultations on basin-wide unified REA ToR are not necessary *"because it is the product of the public consultations on two separate sets of REA\ESIA ToRs for all stakeholders carried out in Mongolia and Russian Federation"*. (See December 5 Response matrix to RxB Comments and the Grievance report for period May-November 2017). The WB [REDACTED] in his response to E.Simonov on [REDACTED] also rules out possibility for public consultations (see correspondence attached). Instead of public consultations on draft REA TOR, which may include proactive invitation of stakeholders, public meetings\hearings or webinars, followed\accompanied by a collection of oral and written comments and production of substantive response matrices the MINIS Project managers insist on limiting public involvement by a mere opportunity to send comments without any guarantee of being heard and getting focused response on incorporation of those comments into final ToR.

On March 11, 2018 we again made a request to open consultations for draft REA ToR and were told that the REA TOR "updates are in line with the suggestions and feedback received; these concern mostly organizational, procedural and detailed technical aspects. **The updates do not introduce significant, new, previously unknown aspects and concepts. In view of this, the revised REA TOR warrants review by experts rather than a broad public consultation.**"

The consultations held in 2017 discussed two ToRs for two separate REA\ESIA studies, that had quite standard structure, scope and contents, especially in REA part. Based on requests of many stakeholders including the Requestors, the WB and MINIS promised to rework completely plans for these safeguard studies into Unified Terms of Reference where the REA that covers both Orkhon and Shuren Projects and analyses whole watershed of the Selenge river\Lake Baikal Basin. This future REA should be an assessment of a different type than previously planned ESIA with rudimentary REA-appendix. Calling this "update" is gross misrepresentation of difference between old and new ToR documents. New ToR has a significant difference in subject, scope, depth of research and expected outcomes, from any of the REA\ESIA studies ToRs which were presented for 2017 consultations. The new REA will require a team of consultants with different expertise, different timeframe and budget. Therefore this Unified REA ToR is based on concepts quite differing from those underlining separate REA\ESIA ToR drafts and must take into consideration a lot of aspects, which were not duly reflected in the REA\ESIA ToRs.

To ensure compliance with WB policies, as well as adequate quality and stakeholders' (especially communities to be affected) trust in the new REA it should start from public consultations on the draft REA TOR document. MINIS's reiterated refusal to hold those consultations cannot be explained by a lack of time (for more than half-a-year has passed without action since the date on which they promised to deliver Draft Unified REA ToR), nor it can be excused by lack of capacity (although the WBIP specifically noted great improvement in MINIS' capacity to hold public consultations, no formal consultations have been undertaken within MINIS Project as a whole since July 2017).

The MINIS PMU reply that ToR **"updates do not introduce significant, new, previously unknown aspects and concepts"** directly contradicts findings and recommendations of

**the WBIP Final Report on "on missing aspects in the TORs, such as those related to impacts on indigenous peoples in Russia and those related to labor influx, particularly in the context of isolated nomadic communities in Mongolia". Many more "missing aspects" were acknowledged by MINIS itself in response matrices and in absence of new consultations it will be impossible for stakeholders to ensure those are properly incorporated in the final REA ToR and to "ensure diligent implementation of the full set of environmental assessment tools that have been identified".**

The Panel also encouraged the Management to ensure that the decisions of the World Heritage Committee are taken into account in any revision of the relevant TORs, which is consistent with WB policies on international conventions and its environmental safeguards. However, the [REDACTED] ignored suggestions we sent in July 2017 on efficient implementation of WHC recommendations and MINIS PMU on March 16, 2018 again declined to answer directly our inquiry on the "further communication with the World Heritage agencies regarding their participation in the REA ToR drafting or selection of an Independent Expert Panel". Instead they stipulated that "Strategic aspects have been .... covered by separate but related strategic assessments of **least cost power production** for the Mongolian central power system and water supply to Gobi." This wording is drastically different even from promises made in response matrices regarding contents of the assessment of alternatives. The WHC and IUCN request to look at alternatives implies that environmental and social impacts of various alternative scenarios of energy system development should be considered along with "least cost power production" to achieve sustainable development outcomes. The WBIP Final Report also stressed that MINIS Project "*will also analyze alternative investments and technology, looking at options to generate energy with less environmental impact*" is not incorporated in MINIS PMU intent to assess "least cost power production", i.e. continuing with the same approach pursued in "Shuren HPP Pre-feasibility Study". This clearly demonstrates the unwillingness of the MINIS Project to follow\consider WHC and subsequent WBIP recommendations and creates huge concern that without public consultations on draft REA ToR it is likely to ignore recommendations of the World Heritage Committee and the requirements of the World Heritage Advice Note on Environmental Assessment.

Our concern with planning and implementation of REA is further exacerbated by the fact that MINIS Procurement Plan (not featured on the WB and MINIS web-sites, but provided on request) indicates that insufficient 10,5 months' time and \$1,0 million resources have been secured for the implementation of REA. Previous experience with MINIS shows that both time and necessary level of effort are likely to be underestimated and there are reasonable doubts that proposed timeframe is sufficient for the baseline assessment and REA. Existing good practice in any modern manual on hydro-ecological data collection would stress the need for baseline information to be collected at least for a period of 12 months to reflect all seasonal changes\variations in key ecological parameters.

March 16, 2018 response from the MINIS PMU suggests that any further clarity with REA contents and consultations will be achieved only after Mongolian-Russian Intergovernmental Committee on Transboundary Waters provides recommendations on next steps, including consultations and implementation of the REA study. This Committee meets annually in July-August, which further shortens time remaining for REA tendering, consultation and implementation, which was addressed in the WBIP Final Report (para #40) as a legitimate concerns about insufficient time and resources: "*Some experts doubt that baseline information will be readily available or that it can be collected in the field in a short time by a limited number of experts. Therefore, they claim that the REA development should be based on accurate estimates of the necessary time and resources required for baseline studies and assessments derived from the actual state of knowledge about the Lake Baikal basin. They also highlighted the need for collaboration between Russian and Mongolian scientists during the preparation of the studies*".

The WBIP report #46 explicitly mentions potential impacts of the Egiin Gol hydropower project on Baikal's biodiversity in the context of WB and GoM willingness to include "elements of



strategic environmental assessment” required by the WHC, in particular " assessment of cumulative impacts on a regional scale **before decisions on individual projects** are made..." Planned 1-year delay in start of the REA coupled with refusal to hold consultations on ToR is further exacerbated by the "Plan to start construction of 11 power plants in 2018" announced by the Ministry of Energy<sup>3</sup>. This plan announces start of Egiin gol Hydro Construction with investment of 20 billion tugrugs required to complete 10 per cent of the planned work. The site of the Agency of State Property Management also contains Resolution №376 from September 2017 releasing funding to the Egiin Gol Hydro Company in the amount of USD 2.5 million<sup>4</sup>. This demonstrates, that while REA and cumulative impacts assessment are drastically delayed, decisions on individual projects are actively moving forward thus making future results of CIA practically useless. This contradicts the WHC Decisions on Lake Baikal issued in 2015-2017.

As demonstrated by references in text above we have communicated our concerns and proposals to MINIS and World Bank continuously during consultation process and grievance mechanism since July 2017 till now. We believe that the response received is not satisfactory as it does not answer or solve our problems for the reasons explained above. Communication is also presented in Appendix 1:

#### **4. Request for Investigation**

**We request to investigate** whether the WB MINIS Project violated the WB OP 4.01 and other relevant policies by refusing to conduct public consultations on the Draft REA ToR.

**We also request to investigate** whether recommendations of the 3rd WBIP Report and the 2017 Restructuring Paper as well as specific commitments made by WB Management MINIS and Mongolia Government are being fulfilled or no sufficient action is being undertaken to "**implement the full set of environmental assessment tools that have been identified**"<sup>5</sup> and could be completed in time to guide crucial decisions on individual projects to prevent harm on the ground.

**We are also requesting to investigate** whether recommendations of the World Heritage Committee and the World Heritage Advice Note on Environmental Assessment have been sufficiently considered in the REA ToR and overall MINIS Project planning and whether Project managers and GoM have had meaningful communication with the World Heritage Center regarding SEA and cumulative impact assessment. We request to investigate whether the MINIS fully support implementation of Mongolia's obligations under World Heritage Convention as well as Bonn Convention and Ramsar Convention.

**We hope that renewed involvement of the WBIP will help to prevent harm on the ground by:**

- 1) Guaranteeing that the stand-alone REA TOR is subject to meaningful public consultations, as a completely new assessment plan. So that the Requesters and communities to be affected can be ensured that all good promises given by the WB and MINIS in 2017 in several dozen response matrices are really incorporated into the ToR.
- 2) Subjecting the REA TOR to independent expert evaluation to ensure that duration, consultant diversity and financing for REA should correspond to complexity and scale of the tasks of such REA study and corresponding Baseline Assessment.
- 3) Revisiting the issue of inappropriate selection of dam projects under the MINIS in non-conformity with OPs on natural habitats and forests as clearly described in the Annex 2 to the MINIS Project ESMF.
- 4) Causing MINIS to disclose subproject screening protocols annexed to the ESMF and trigger OPs on dam safety, indigenous people, forests, natural habitats, etc. Cause these to be incorporated in the promised revision of ESMF (promised in March 2017 and again in March 2018).

<sup>3</sup> <https://www.news.mn/?id=272613> ( incomplete in English HTTP://MONTSAME.MN/RU/READ/12733)

<sup>4</sup> <http://pcsp.gov.mn/uploads/9134298842a3adb392abb8f92c73939b.pdf>

<sup>5</sup> <http://ewebapps.worldbank.org/apps/ip/Pages/ViewCase.aspx?CaseId=107>

5) Ensuring that the MINIS PMU and the GoM fulfill the World Heritage Committee requirements on the SEA by improving the REA ToR and ensuring high quality REA process, that incorporates all key aspects emphasized in WBIP 2017 Final Report:

- *comprehensive baseline studies and assessments derived from the actual state of knowledge about the Lake Baikal basin;*
- assessment of missing aspects in the REA\SEA TORs, including those related to impacts on indigenous peoples and all those revealed in response matrices from 2017 consultations
- *comprehensive analysis of alternative investments and technology, looking at options to generate energy with less environmental impact resulting from energy system development*
- assessment of cumulative impacts on a transboundary basin scale **before decisions on individual projects** are made (including Egiin Gol Hydro)
- assessment of cumulative effects on Lake Baikal and Selenge river delta from already existing and planned water infrastructure with clear recommendation on environmental flow\water regime requirements for preservation of Lake Baikal heritage values.

Signatures:

E. Simonov, International Coordinator, Rwb Coalition



D. Sukhgerel, Director of Rwb-Mongolia -



Date: March 12, 2017

Complainant addresses: Rwb Coalition,

Rwb Mongolia  
Baga Toiruu, Bldg. 44, Apt 204  
Ulaanbaatar-14200, Mongolia  
Email: [rivers.rwb@gmail.com](mailto:rivers.rwb@gmail.com)  
Tel: 976-98905828



- 3) Revisiting the issue of inappropriate selection of dam projects under the MINIS in non-conformity with OPs on natural habitats and forests as clearly described in the Annex 2 to the MINIS Project ESMF.
- 4) Causing MINIS to disclose subproject screening protocols annexed to the ESMF and trigger OPs on dam, safety, indigenous people, forests, natural habitats, etc. Cause these to be incorporated in the promised revision of ESMF (promised in March 2017 and again in March 2018).
- 5) Ensuring that the MINIS PMU and the GoM fulfill the World Heritage Committee requirements on the SEA by improving the REA ToR and ensuring high quality REA process, that incorporates all key aspects emphasized in WBIP 2017 Final Report:
  - comprehensive baseline studies and assessments derived from the actual state of knowledge about the Lake Baikal basin.
  - assessment of missing aspects in the REA SEA TORs, including those related to impacts on indigenous peoples and all those revealed in response matrices from 2017 consultations
  - comprehensive analysis of alternative investments and technology, looking at options to generate energy with less environmental impact resulting from energy system development
  - assessment of cumulative impacts on a transboundary basin scale **before decisions on individual projects** are made (including Egin Gol Hydro)
  - assessment of cumulative effects on Lake Baikal and Selenge river delta from already existing and planned water infrastructure with clear recommendation on environmental flow water regime requirements for preservation of Lake Baikal heritage values.

Signatures:

E. Simonov, International Coordinator, Rwb Coalition



D. Sukhgerel, Director of Rwb-Mongolia -



Date: March 12, 2017

Complainant addresses: Rwb Coalition.

Rwb Mongolia  
Baga Toiruu, Bldg. 44, Apt 204  
Ulaanbaatar-14200, Mongolia  
E-mail: [rivers\\_rwb@gmail.com](mailto:rivers_rwb@gmail.com)  
Tel: 976-98905828



