MANAGEMENT RESPONSE TO REQUEST FOR INSPECTION PANEL REVIEW OF THE MONGOLIA: MINING INFRASTRUCTURE INVESTMENT SUPPORT PROJECT (P118109) AND MINING INFRASTRUCTURE INVESTMENT SUPPORT PROJECT- ADDITIONAL FINANCING (P145439)

Management has reviewed the Request for Inspection of the Mongolia: Mining Infrastructure Investment Support Project (P118109) and Mining Infrastructure Investment Support Project – Additional Financing (P145439), received by the Inspection Panel on February 10, 2015 and registered on March 13, 2015 (RQ15/03). Management has prepared the following response.

April 21, 2015

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Annexes

ABBREVIATIONS AND ACRONYMS

ADB	Asian Development Bank
CIA	Cumulative Impact Assessment
DFAT	Department of Foreign Affairs and Trade (Australia)
ESIA	Environmental and Social Impact Assessment
ESMF	Environmental and Social Management Framework
GoM	Government of Mongolia
HPP	Hydropower Plant
IFC	International Finance Corporation
MIGA	Multilateral Investment Guarantee Association
MINIS	Mining Infrastructure Investment Project
MoU	Memorandum of Understanding
MW	Megawatt
NGO	Non-governmental Organization
OT	Oyu Tolgoi Mine
PAD	Project Appraisal Document
PMU	Project Management Unit
PSC	Project Steering Committee
RwB	Rivers without Boundaries
SMIS	Southern Gobi Infrastructure Study
SNG	Synthetic Natural Gas
ToR	Terms of Reference
TTL	Task Team Leader
UNESCO	United Nations Educational, Scientific and Cultural Organization
WB	World Bank
WBG	World Bank Group

EXECUTIVE SUMMARY

i. ***Management considers the Request for Inspection of the Mining Infrastructure Investment Project (MINIS) ineligible for investigation because the issues raised by the Requesters focus on potential harm that could derive from the construction, operation and/or failure of the proposed sub-projects, but not from the Assessment Studies the Bank is financing under the MINIS Project.*** Management notes that the Bank is not involved in financing construction of the proposed sub-projects that are being studied under the MINIS Project, no sub-projects are under construction, and Management has not made any decision or commitment to finance them.

ii. ***Management believes that the Requesters' rights or interests have not been, nor will they be, directly and adversely affected by a failure of the Bank to implement its Policies and Procedures.*** Management believes that the Bank has made every effort to apply its Policies and Procedures and to pursue its mission statement in the context of the Project. In Management's view, the Bank has followed the Policies and Procedures applicable to the matters raised by the Request.

The Project

iii. The MINIS Project was approved by the Board of Executive Directors on May 24, 2011, and became effective on November 20, 2011. The objectives of the MINIS Project are to facilitate investments in infrastructure to support mining and downstream processing activities, regardless of funding source, and to build local capacity to prepare and transact infrastructure projects in Mongolia ("the Recipient").

iv. While the mining sector has the potential to become a sustainable source of economic growth for Mongolia, mining development is constrained by current deficiencies in the energy, transport, water, and industrial processing sector. A key challenge for the Government of Mongolia (GoM) is to ensure that the infrastructure needed to support mining development is planned, built and operated in an environmentally and socially sustainable manner.

v. The Project supports Assessment Studies (pre-feasibility studies, feasibility studies, environmental and social impact assessments) to examine the feasibility of six proposed sub-projects in Mongolia's mining sector, addressing the above-cited constraints. Two Assessment Studies--the Shuren Studies and the Orkhon Gobi Studies--examine the feasibility and the potential environmental and social impacts of these proposed sub-projects.

vi. Under the MINIS Project, no infrastructure investments are eligible for financing and the Bank has given no commitment to the GoM that it would provide investment financing for the construction of the proposed sub-projects studied under the MINIS Project.

The Request

vii. On March 13, 2015, the Inspection Panel registered a Request for Inspection (IPN Request RQ 15/03, hereafter referred to as "the Request"), concerning the Mongolia: Mining Infrastructure Investment Support Project (P118109) and Mining Infrastructure Investment Support Project – Additional Financing (P145439) (the MINIS Project), financed by the International Development Association (the Bank).

viii. The Request for Inspection was submitted by community representatives and local organizations from Mongolia and Russia who believe that they may be adversely affected by the Project (hereafter referred to as the "Requesters").

Management's Response

ix. ***Management considers the Request ineligible for investigation because the issues raised by the Requesters focus on potential harm that could derive from the construction, operation and/or failure of the proposed sub-projects, and not from the Assessment Studies the Bank is financing.*** Management notes that the Bank is not involved in financing construction of the proposed sub-projects studied, nor is any construction underway. Notwithstanding these concerns regarding the eligibility of this Request for Inspection, Management welcomes the opportunity to respond to the issues and questions raised in the Request.

x. ***Management maintains that its support for the power sector in Mongolia is based on robust assessments and studies,*** including the "Mongolia: Updating the Energy Sector Development Plan," (Energy Sector Plan), that was supported through a technical assistance project financed by the Asian Development Bank (ADB). The Energy Sector Plan is a sound and comprehensive study of the energy sector in Mongolia that gives strategic recommendations for the development of the sector in the future. To avoid duplication of work, another study of the same sector was not included as part of the MINIS Project scope.

xi. ***Management wishes to clarify that the Assessment Studies are covered by Component 1 of the MINIS Project's document as approved by the World Bank's Board of Executive Directors on May 24, 2011.*** Once the six proposed sub-projects being studied were identified by the GoM, additional information on the Assessment Studies was included in the Project's restructuring and additional financing approved by the World Bank's Board on March 18, 2014.

xii. ***Management maintains that the MINIS Project follows Bank Policies and Procedures and international industry practice for the development of large-scale infrastructure***, which requires a series of studies and assessments beginning at a planning level, and cascading progressively into deeper analysis. The terms of reference (ToR) for each environmental and social impact assessment (ESIA) will require an assessment of alternatives to be undertaken as part of each ESIA. To date, no ESIA for any of the proposed sub-projects has commenced.

xiii. ***Management notes that the issues raised by the Requesters regarding upstream and downstream habitat impacts refer to potential harm that could derive from the construction and operation of the proposed Shuren and Orkhon Gobi sub-projects, but not from the Assessment Studies.*** The potential environmental and social impacts of the proposed Shuren and the Orkhon Gobi sub-projects – which include concerns raised by the Requesters – are the subject of the Assessment Studies.

xiv. ***Management notes that transboundary impacts will be carefully studied through the application of the Bank's Policy on International Waterways (OP 7.50)***, which applies to the Assessment Studies on the proposed Shuren and Orkhon Gobi sub-projects which – if developed – would be located on the Selenge River or its tributaries. The Selenge River crosses the border between Mongolia and the Russian Federation and connects to Lake Baikal in Russia. Feasibility studies on or involving international waterways are exempt from notification requirements under the Bank's Policy. In line with the Policy Management approved such exemption for the MINIS Project on August 28, 2013. However, the analysis of riparian issues will be undertaken through the ESIAs for the proposed Shuren and Orkhon Gobi sub-projects.

xv. Lake Baikal and the Selenge wetland area are protected under the UNESCO World Heritage Convention and the Ramsar Convention respectively. The Bank recognizes the cultural and environmental significance of these sites, and monitors GoM's obligations under international environmental agreements (including the UNESCO World Heritage and Ramsar Convention) pertaining to the MINIS Project.

xvi. ***Management shares the Requesters' concerns regarding the possible cumulative impacts of hydropower development on the Selenge River Basin and emphasizes that the MINIS Project intends to examine such concerns*** through a systematic and detailed analysis of cumulative impacts in the ESIAs for the proposed Shuren and Orkhon Gobi sub-projects. This analysis of cumulative impacts will cover all water and hydropower infrastructure considered for the Selenge River for the next 20 years, and a geographic area including the Selenge Delta and Lake Baikal.

xvii. ***Management maintains that at all stages of the preparation of the Assessment Studies for the proposed sub-projects, the Bank has ensured compliance with applicable Bank Policies and Procedures with respect to public consultation and disclosure.*** The Bank has encouraged the GoM to disclose additional client-owned information beyond the Bank Policy requirements as good practice.

xviii. Management is committed to ensuring that the Requesters' relevant concerns, and those of other stakeholders, are taken into account by supporting the Recipient to carry out the comprehensive Assessment Studies. Management will ensure that relevant Bank Policies and Procedures are applied in carrying out the Assessment Studies.

I. INTRODUCTION

1. On February 10, 2015, the Inspection Panel received a Request for Inspection, IPN Request RQ 15/03 (hereafter referred to as "the Request"), which it registered on March 13, 2015, concerning the Mongolia: Mining Infrastructure Investment Support Project (P118109) and Mining Infrastructure Investment Support Project – Additional Financing (P145439), (together, the MINIS Project), financed by the International Development Association (the Bank or the World Bank).

2. ***Structure of this Management Response.*** The document contains the following sections: Section II provides an overview of the issues raised in the Request; Section III discusses the MINIS Project context and design; Section IV provides Management's Response to the Request, both in terms of Management's view of the eligibility of the Request and the main issues raised. Annex 1 presents the Requesters' claims, together with Management's detailed responses, in table format. Annex 2 provides a list of all studies (Assessment Studies) executed and planned under the MINIS Project. Annex 3 provides details of public consultations that have been undertaken by the MINIS Project to date.

II. THE REQUEST

3. The Request for Inspection was submitted by community representatives and local organizations from Mongolia and Russia who have asked that their names remain confidential for reasons of security. They have designated two representatives in Mongolia and Russia to communicate on their behalf (hereafter referred to as the "Requesters").

4. Attached to the Request are:

(i) "Matrix of applicable World Bank policy violations"
(ii) "Matrix of potential impacts"
(iii) "Documentation of engagement with World Bank staff"
(iv) "Elaboration of problems with Stakeholder Engagement and project oversight"

No other materials were received by Management in support of the Request.

5. The Request claims that: (i) the MINIS Project supports inefficient development of the energy sector in Mongolia; (ii) the activities conducted under the MINIS Project violate its scope; iii) the Project is not following a robust process; (iv) there has been insufficient analysis of alternatives; (v) the proposed Shuren and Orkhon Gobi sub-projects, if constructed in the future, may cause material harm to the environment and people; (vi) potential transboundary impacts, including on the World Heritage-listed Lake Baikal and the Selenge wetland area Ramsar[1]-protected site, have not been adequately taken into account

[1] The International Convention on Wetlands (the Ramsar Convention).

by the MINIS Project; and (vii) disclosure of information and consultation with potentially affected stakeholders, in both Mongolia and the Russian Federation, have been insufficient.

6. The Request contains claims that the Bank has not complied with the following Policies and Procedures:

- OP/BP 4.01 Environmental Assessment
- OP/BP 4.04 Natural Habitats
- OP/BP 4.07 Water Resources Management
- OP/BP 4.12 Involuntary Resettlement
- OP/BP 7.50 Projects on International Waterways
- OP/BP 10.0 Investment Project Financing
- Access to Information.

III. PROJECT BACKGROUND

7. With a geographical area of 604,000 square miles and a population of just 3 million, half of which are in the capital city, Ulaanbaatar, Mongolia is one of the least densely populated countries in the world. In the last decade Mongolia has experienced a resource boom that has fueled economic growth and propelled the country to middle-income status, although 27 percent of the population still lives below the poverty line.[2] Mining currently accounts for around 26 percent of GDP. Moreover, the wealth of mineral resources offers the country its greatest potential for economic growth and development in the future. However, ensuring the mining sector becomes a sustainable source of economic growth for Mongolia in the long-term faces a number of significant challenges. The Government of Mongolia (GoM) needs to establish a robust legal and regulatory framework, with attention given to environmental and social impacts of mining and their mitigation. In addition, mining development is constrained by current deficiencies in the four key infrastructure sectors of energy, transport, water, and industrial processing. A key challenge for the GoM is to ensure that the infrastructure needed to support mining development is planned, built and operated in a timely and sustainable manner.

8. Mongolia is home to some of the world's richest deposits of copper, uranium, coal, iron ore, and gold. In recent years, several large-scale projects such as the Oyu Tolgoi copper and gold mine and the Tavan Tolgoi coal mine, both in South Gobi Province, have started development through significant domestic and foreign investment. There is therefore a high urgency for Mongolia to ensure that necessary regulatory frameworks and infrastructure are in place to support these mining activities in a sustainable manner.

[2] The Mongolian National Poverty Line was defined as 118 669 MNT (or US$ 89 in 2012 nominal exchange rate) per person per month

9. The risks of mineral dependency are well-known in Mongolia and building capacity to manage these risks has been at the heart of the World Bank Group's (WBG) support for several years. The WBG's comprehensive strategy, with mining as a central theme, was articulated in the Interim Strategy Note 2009-2010, which was in effect at the time of MINIS Project preparation and approval; the strategy was deepened in the current Country Partnership Strategy 2013-2017. The first of three pillars in the current Country Partnership Strategy is entitled *"Enhancing Mongolia's capacity to manage the mining economy sustainably and transparently,"* under which a comprehensive package of WBG activities is organized, including: technical assistance for improving the regulatory environment and strengthening environmental and social management of the mining sector;[3] support for better planning of critical infrastructure;[4] "good practice" mining investments by IFC and MIGA; technical assistance to strengthen Mongolia's institutions for greater transparency and accountability, and enhanced citizen-oriented public management through better data and e-Government;[5] and, assistance to strengthen implementation of fiscal, economic and monetary management policies.[6]

Definitions

Project. The Project is the Mongolia MINIS Project, which is an approved World Bank, IDA-funded project.

Assessment Studies. The MINIS Project is funding – among other things – Assessment Studies (pre-feasibility studies, feasibility studies, ESIA) to examine six proposed sub-projects in Mongolia. These Assessment Studies include the Shuren Studies and the Orkhon Gobi Studies, which examine the feasibility and the potential environmental and social impacts of these proposed sub-projects.

Sub-projects. The six proposed sub-projects – including the proposed Shuren and the Orkhon Gobi – are possible future physical infrastructure projects. These proposed sub-projects are not being financed by the MINIS Project or another Bank project.

The Mining Infrastructure Investment Support Project (MINIS Project)

10. *Objective*. The objective of the MINIS Project is to carry out studies to facilitate infrastructure investments in support of mining and downstream processing activities, regardless of funding source, and to build the capacity of Mongolia's authorities to prepare and transact infrastructure projects. The project has a nation-wide scope and finances only technical assistance – i.e., the preparation of studies, including feasibility studies and en-

[3] Mining Sector Institutional Strengthening Technical Assistance Program (MSISTAP)
[4] Mining Infrastructure Investment Support Project (MINIS)
[5] Extractive Industries Transparency Initiative (EITI) Mongolia program, SMART Government Project (SMART), plus additional activities to improve governance and citizen involvement under other projects and programs
[6] Multi-sector Technical Assistance Project (MSTAP) and other ongoing technical assistance and AAA engagements

vironmental and social impact assessments, and capacity building. No sub-projects are eligible for financing under the MINIS Project. Moreover, Management emphasizes that the Bank has made no commitment to Mongolia to provide investment financing for the construction of the proposed sub-projects studied under the MINIS Project.

11. *Project Design*. The MINIS Project was approved by the Board of Directors on May 24, 2011. It became effective on November 20, 2011 after ratification by the Mongolian Parliament. The MINIS Project comprises four technical assistance components: (i) Support for Infrastructure Investments, consisting of feasibility studies and other technical studies (US$18.11 million); (ii) Capacity Building and Knowledge Transfer (US$2.47 million); (iii) Strengthening Groundwater Management (US$3.23 million); and, (iv) Project Management (US$1.19 million). It is a Category A project under OP4.01, Environmental Assessment. Component 1 of the MINIS Project comprises, among other, technical assistance studies to facilitate infrastructure investments, the feasibility studies and environmental and social impact assessments (ESIAs) for the proposed Shuren Hydropower Plant (Shuren) and Orkhon Gobi sub-projects, which are the main subject of this Request.

12. Management emphasizes that helping Mongolia follow international practices for the study of large-scale infrastructure is at the heart of the MINIS Project. Studies, including detailed feasibility studies, will be carried out in parallel to and in full coordination with environmental and social impact assessments, including cumulative impact assessments where appropriate. Internationally recruited experienced consultants will play a central role in carrying out the Assessment Studies, ensuring that they follow Bank Policies and Procedures. Through this approach, the MINIS Project strives to ensure that the GoM conducts comprehensive, systematic, scientifically sound, and objective Assessment Studies for each proposed sub-project, in order to make informed and sustainable decisions in future.

13. *Bank value-added*. The value of the Bank's support for the MINIS Project is primarily derived from the enhanced capacity, more structured and systematic approach, and transparency that the Bank's involvement brings to the process of assessment and study of proposed sub-projects. Through the application of Bank Policies and Procedures to the Assessment Studies being undertaken, greater emphasis is placed on the identification of economic, financial, environmental and social risks, and the thorough analysis of alternatives at both the sector and project levels (including "without project" scenarios). The quality of the Assessment Studies conducted under the MINIS Project is expected to be higher than if they were conducted without the involvement of the Bank. For example, the environmental assessments to be conducted under the MINIS Project include cumulative impact assessment as part of the ESIA, which is required under Bank Policies and Procedures, but not required under Mongolian law. Furthermore, the application of the consultation and disclosure requirements of the Bank promotes greater transparency.

14. Management notes that the Environmental and Social Management Framework (ESMF) for the MINIS Project specifies that if the proposed sub-projects being assessed and studied are implemented by GoM in the future, they will be subject to the processes defined in the ESMF. The ESMF seeks to ensure that any potential financier addresses and

identifies measures to avoid, minimize or mitigate environmental and social impacts. Specifically where they cannot be avoided, the impacts are adequately identified and assessed and the mitigation measures are designed and implemented following relevant Mongolian environmental and social legislation and the World Bank's Safeguard Policies.

15. In addition to the above, the Bank's involvement has allowed the MINIS Project to convene and coordinate financial support from multiple channels, including a grant from the Government of Australia that is used to scale-up the water resource assessments and institutional capacity building conducted under Component 3 of the MINIS Project. Coordinating development assistance to Mongolia in this way enhances overall outcomes by ensuring that activities supported by donors and development partners are consistent, coordinated, and address the country's highest priority needs.

16. *Sub-project selection and implementation*. A key element of the MINIS Project is the process through which proposed sub-projects to be assessed and studied under Component 1 are identified, selected, and evaluated. A multi-ministerial Project Steering Committee (PSC) led by the State Secretary of the Ministry of Finance was established to provide overall leadership for the Project. The PSC is supported by a Project Management Unit (PMU) housed in the Ministry of Finance. A key responsibility of the PSC is the identification and decision on which of the proposed sub-projects would be assessed and studied with the support of the MINIS Project.

17. In 2012, the PSC met twice to carry out the selection process for the potential candidate sub-projects based on the priorities listed in the various national infrastructure master plans. Six proposed sub-projects, including Shuren and Orkhon Gobi, were short-listed by the PSC from a long list of 43 sub-projects proposed by government ministries and agencies. After confirmation by the Bank on November 20, 2014 that the proposed sub-projects were consistent with the objective and scope of the MINIS Project, the leading technical ministry for each of the six proposed sub-projects established a working group supported by international consultants to oversee the technical studies and assessments to be funded under the MINIS Project.

18. The PSC established a multi-phase implementation procedure for the activities to be carried out under each of the six proposed sub-projects. This approach reflects international good practice for the analysis and preparation of infrastructure projects, and is tailored to individual proposed sub-projects according to their level of complexity and the baseline information available at the start of the MINIS Project. In general, the assessment and study of the proposed sub-projects follows a two phase approach: Phase 1 – preliminary technical, financial, environmental and social impact screening and execution of selected technical studies; and Phase 2 – feasibility studies and environmental and social impact assessments. In the case of the assessment and study of the proposed Orkhon Gobi (Orkhon Gobi Studies) sub-project, due to the complexity of the proposed sub-project and the lack of available groundwater assessments, the screening phase has included a preparatory study, which deepens the analysis beyond a level that would normally be included in a screening stage. For the assessment and study of the proposed Shuren (Shuren Studies) sub-project, given its complexity, a three phase approach has been followed, namely: Phase 1 – preliminary technical, financial, environmental and social impact screening; Phase 2 –

pre-feasibility study; and Phase 3 – feasibility studies and environmental and social impact assessments. Decision points by the PSC and the Bank were incorporated into this process and are described in more detail later.

19. During the implementation of all Assessment Studies, public consultation with stakeholders will be carried out in accordance with World Bank Policies and Procedures. The terms of reference (ToR) of the consultants hired to conduct the environmental and social impact assessments include a requirement to conduct a stakeholder mapping and design a stakeholder consultation plan.

20. Although none of the Assessment Studies for the six sub-projects have completed the final feasibility study and ESIA stage, the process for reviewing and evaluating the Assessment Studies has been established. In addition to review and quality assurance to be provided by World Bank specialists, a Panel of Experts will be established with representation from international experts for review of the proposed Shuren and Orkhon Gobi sub-projects.

21. *Analysis of alternatives*. An essential element of the Assessment Studies being undertaken under the MINIS Project is the analysis of alternatives – including the "without project" scenario. The MINIS Project ensures that an appropriate level of analysis is conducted during each phase of the Assessment Studies, and that there is continuity between the analyses of alternatives at each stage. This commenced with sectoral level alternatives analysis at the initial short-listing stage, and has deepened as the Assessment Studies have proceeded.

22. *Sub-projects being assessed and studied under Component 1*. Following the process outlined above, the six proposed sub-projects selected for assessment and study under Component 1 are: (i) Orkhon Gobi flow regulation and water supply; (ii) Shuren hydropower plant (HPP) on the Selenge River; (iii) Integrated Steel Complex with Infrastructure in the central region of Darkhan - Selenge; (iv) Extension of Coal Mine Baganuur LLC; (v) Rural and Industrial Water Supply Scheme in the South Gobi region; and (vi) Synthetic Natural Gas (SNG) Plant. The final output of Component 1 of the Project is expected to be a set of feasibility studies and associated environmental and social impact assessments (Assessment Studies) that will address the feasibility of these six proposed sub-projects.

23. *Implementation history*. The implementation of the MINIS Project commenced slowly, largely due to the limited capacity and experience of the GoM in such projects. Initial efforts were focused on establishing the institutional and governance structure for the MINIS Project, including the PSC and the PMU. By 2012, the PSC had commenced the selection of the proposed sub-projects to be assessed and studied under Component 1, and the process of screening, confirmation, and implementation of the sub-project studies has been ongoing since.

24. In March 2014, after the six proposed sub-projects had been selected to be assessed and studied under the MINIS Project, the Project underwent a Level 1 (Board approved) restructuring to: (i) confirm the inclusion of the proposed six sub-projects for assessment

and study; (ii) trigger additional Bank Safeguards Policies relevant to the Assessment Studies being undertaken for the six proposed sub-projects;[7] and (iii) make additional ancillary changes to the Project including the procurement arrangements and results framework. Concurrently, an additional grant of US$4.2 million from the Australian Department of Foreign Affairs and Trade (DFAT, formerly AusAID) Trust Fund for the Mining Infrastructure Investment Support Project was approved for scaling up of Component 3 (Groundwater Management) under the MINIS Project.

The proposed Shuren Hydropower Plant sub-project (Shuren sub-project)

25. The MINIS Project will assess and study the feasibility of a proposal to construct a 160-245 MW hydropower station with an expected investment cost of around US$350-800 million on the Selenge River in a location to be determined upstream of the Selenge River's confluence with the Shuren River. This area is located in the territory of Mongolia around 500km upstream of Lake Baikal, a World Heritage listed natural habitat, and the Selenge Delta, a Ramsar site, both located in the territory of the Russian Federation.

26. The Selenge River and Orkhon Rivers in Mongolia are two of the rivers feeding into Lake Baikal. The Selenge River (Selenga in Russia) is joined by major tributaries Dzida, Khilok, Uda and Chikoi in Russia before entering the Ramsar site at the Selenge Delta. The catchment areas that would be regulated by the proposed Shuren and Orkhon Gobi dams are therefore only a part of the total area influencing the inflow to the Selenge Delta and the dynamics of Lake Baikal. The cumulative impact assessment to be conducted as part of the ESIAs for the proposed Shuren and Orkhon Gobi sub-projects will assess the potential impacts of these sub-projects as part of the overall impact from other interventions in Mongolia and in Russia.

27. The GoM is considering the construction of the proposed Shuren sub-project to provide power to supplement existing thermal power stations and meet the rapidly growing needs of Mongolia's mining industry and other users. If constructed, it would be a large and complex project located on a transboundary river. It could provide a sustainable source of energy for the mining sector, including the country's major mines in the South Gobi region. It could also promote clean energy production in Mongolia, which is heavily dependent on coal. At the same time, the proposed Shuren sub-project may pose risks, including: local environmental impacts near the dam site and other impacts on the downstream water systems including Lake Baikal and the Selenge Delta; dam safety; and regional politics and intergovernmental relations.

28. The Shuren Studies have followed the three-phase approach outlined above. The proposed Shuren sub-project was initially selected by the PSC for assessment and study under the MINIS Project in 2012. By late 2014, the Shuren Studies had almost completed their second phase, with pre-feasibility and initial environmental and social screening completed, and draft ToR for the feasibility study and ESIA underway. The PSC requested the

[7] In addition to OP4.01 Environmental Assessment, which had been triggered prior to Board approval of the Project in 2011, five additional Policies: OP4.04 Natural Habitats; OP4.11 Physical Cultural Resources; OP4.12 Involuntary Resettlement; OP4.37 Safety of Dams; and OP7.50 International Waterways, were triggered during the restructuring in March 2014.

Bank to provide confirmation that the Shuren Studies could continue to the final stage, i.e., the feasibility study and the environmental and social impact assessments. After careful review of the work completed in light of applicable Bank Policies and Procedures, the potential benefits and risks of the proposed Shuren sub-project being assessed and studied, and with due consideration of the concerns of interested stakeholders raised in letters previously received by the Bank, the Bank confirmed that the Shuren Studies could proceed further. As such, Management confirmed on November 20, 2014 that the feasibility study and ESIA for the proposed Shuren sub-project could proceed under the MINIS Project.

The proposed Orkhon Gobi sub-project

29. The assessment and studies of the proposed Orkhon Gobi (Orkhon Gobi Studies) sub-project will assess and study the proposal to construct a dam and reservoir on the Orkhon River to regulate flow and impound surface water. The proposed Orkhon Gobi sub-project would include a pipeline of around 900-1,000 km to transfer water to the South Gobi region to support mining development, as well as industrial and tourism development. The proposed sub-project would be expected to cost US$600 million–US$1 billion.

30. The proposed Orkhon Gobi sub-project is a large and complex sub-project that, if constructed, would be located on a transboundary river. Its potential benefits include: important development benefits for Mongolia through the provision of a sustainable source of water for local communities and the mining sector, including the country's major mines in the South Gobi region; and reduction in the exploitation of scarce groundwater resources, especially in the South Gobi region. At the same time, the construction of the proposed Orkhon Gobi sub-project could pose risks, including: local environmental impacts near the dam site and other impacts on the downstream water systems including Lake Baikal and the Selenge Delta; dam safety; regional politics and intergovernmental relations.

31. The proposed Orkhon Gobi sub-project has followed a similar process of assessment and study as the proposed Shuren sub-project, with a preparatory study completed to date under the enhanced screening process used for assessing and studying this proposed sub-project. In the case of the assessment and study of the proposed Orkhon Gobi sub-project, the pre-feasibility and feasibility study stages have been combined and will be conducted together; however, this stage has not yet commenced.

32. The assessment for the proposed Orkhon Gobi sub-project is enhanced by in-depth groundwater monitoring and assessments of the South Gobi region conducted under Component 3 of the Project, supported by a grant from the Government of Australia. These groundwater assessment studies commenced in 2014 and will continue in parallel to the Orkhon Gobi Studies. The aim is to have the results of the groundwater assessment studies available concurrently with the Orkhon Gobi Studies to facilitate the GoM's decision-making on how to meet the water demand of the South Gobi region. While the results of the groundwater assessment studies are not yet known, work carried out on the preparatory study for the proposed Orkhon Gobi sub-project indicates that water diversion from Orkhon Gobi to the South Gobi would be required in the future, and future mining development would depend on the timing and quantities of water available.

IV. MANAGEMENT'S RESPONSE

33. The Requesters' claims, accompanied by Management's detailed responses, are provided in Annex 1. Management responds to several of the issues below.

34. ***Management considers the Request for Inspection ineligible for investigation because the issues raised by the Requesters focus on potential harm that could derive from the construction, operation and/or failure of the proposed sub-projects, and not from the feasibility and the environmental and social impact assessment (ESIA) studies (Assessment Studies) which the Bank is financing under the MINIS Project.*** Management notes that the Bank is not involved in financing construction of the proposed sub-projects that are being studied under the MINIS Project, nor has Management made any decision or commitment to finance them. The MINIS Project addresses only the Assessment Studies.

35. ***Management appreciates the Requesters' concerns, which contain valid questions regarding the proposed Shuren and Orkhon Gobi sub-projects.*** However, Management maintains that these concerns can only be addressed and answered through a comprehensive and systematic environmental and social assessment, as mandated by OP 4.01. Through the MINIS Project, the Bank is currently supporting the GoM in developing this body of credible and objective knowledge through the Assessment Studies for the proposed Shuren and Orkhon Gobi sub-projects. The Requesters' valid concerns will be included and reviewed as part of these Assessment Studies.

36. ***Management is of the view that the harm the Requesters allege could not derive from the Assessment Studies, particularly as they do not serve to predetermine and/or dictate the decision of the GoM to proceed with the proposed sub-projects.*** A logical distinction must be maintained between the Assessment Studies carried out by an independent consultant – which are intended to provide an objective information base needed for informed and evidence-based decision-making – and the GoM's decision whether to accept or implement the recommendations of such Assessment Studies. Management cannot see how the financing of these Assessment Studies has violated Bank Policies and Procedures, leading to actual or potential harm as required by the Inspection Panel Resolution.

37. ***Management believes that an inspection at this stage, by focusing on the limited concerns and issues expressed by one stakeholder group, would undermine the Recipient's ability to conduct and complete an independent and integrated environmental and social impact assessment, as mandated by OP4.01.*** This would also undermine the Bank's ability to provide technical support and impartial advice to its Member Countries, based on technical and environmental and social assessments as contemplated by the Bank's Policies and Procedures.

38. ***Management also notes that the Request seeks to prohibit the study of specific proposed sub-projects, which would not allow for a proper process of evaluating risks and impacts.*** Such an approach would be inconsistent with the Bank's mandate to support Member Countries in developing their economic resources in a sustainable manner; it

would also be highly problematic for the Bank's role to gather and share knowledge globally, as expected and requested by its shareholders.

On Specific Issues Raised in the Request

39. Notwithstanding serious concerns regarding the eligibility of this Request for Inspection, Management welcomes the opportunity to address the issues and questions raised by the Requesters. Management would like to specifically address the following allegations raised in the Request:

a) Alleged inefficiency of the development of Mongolia's energy sector.

b) Alleged violation of the MINIS Project scope.

c) Alleged lack of robustness of MINIS Project process.

d) Alleged insufficient analysis of alternatives.

e) Alleged potential impacts on habitats.

f) Alleged potential transboundary impacts.

g) Alleged weaknesses in consultation and disclosure.

Alleged inefficiency of the development of Mongolia's energy sector

40. Mongolia's energy sector faces multiple, interrelated challenges to meet the country's fast-growing energy demand reliably, ensure energy security and mitigate environmental and social impacts resulting from its heavy reliance on coal. Until at least 2020, electricity demand is forecast to increase between 8 and 10 percent per year, driven largely by mining sector-led economic growth. Constraints exist in both production of electricity and in the old and inefficient regional distribution systems that were constructed in the Soviet era and are reaching their capacity limits. Mongolia faces an impending energy supply crisis if substantial investments are not made to reduce the vulnerability of the existing energy systems and to increase capacity to meet the country's rapidly growing demand.

41. Coal is the dominant source of energy in Mongolia. There is no natural gas available and all refined oil is imported, mainly from Russia with some minor imports from China and South Korea. Mongolia has high development potential in renewable resources – hydropower, wind and solar – with hydropower the most efficient and economical option for base load supply. Development of renewable energy is encouraged through the Renewable Energy Law of Mongolia (2007), which sets reasonable feed-in tariffs to encourage investment.

42. Strategic development of a country's energy sector is normally conducted through energy or power master plans. Development of hydropower has been part of power supply plans in Mongolia since 1970. The MINIS Project evolved from the Bank-supported advisory service activity called the "Southern Gobi Infrastructure Study" (SMIS), completed in 2009, which analyzed the infrastructure needs for development in the South Gobi region, including energy infrastructure. This study has subsequently been complemented by the

most recent energy sector strategy, financed by the Asian Development Bank (ADB), entitled, "Mongolia: Updating the Energy Sector Development Plan" (hereinafter Energy Sector Plan), which began in 2010 and was completed in 2014.[8] In response to the Requesters' claim that the MINIS Project was remiss in not including a strategic study of the energy sector on the national level, Management notes that the available information from the ADB-financed Energy Sector Plan was comprehensive and sound and therefore to avoid duplication of work, another study of the same sector was not included as part of the MINIS Project's scope.

43. The Energy Sector Plan conducted a comprehensive forecast of the future power demand in Mongolia, which is estimated to reach a total of 4,372 MW by 2030. It also estimates that 2,821 MW of this would be needed to meet the projected demand from the two major mines, the Oyu Tolgoi and Tavan Tolgoi.

44. The Energy Sector Plan also conducted an analysis of Mongolia's aging grid system and concluded that significant investment is required to ensure reliability and energy security for the country. The Energy Sector Plan noted the recent connection of the southern and central grids to establish an integrated one (the Central Energy System) that encompasses both Ulaanbaatar and the South Gobi region. The interconnectedness of this grid provides greater flexibility for managing energy supply to both the mining sector and the Mongolian population. A high priority for investment, as identified in the Energy Sector Plan, is securing bulk power supplies through the Central Energy System to the South Gobi region, including the Oyu Tolgoi and Tavan Tolgoi mines.

45. The Energy Sector Plan extensively screened different sources of power production for Mongolia and for the different power grid systems in the country. It considered both fossil and renewable sources (hydro, solar and wind). The screening resulted in a prioritization, which was based on energy policies, including electricity demand, least-cost solutions, energy security, environmental policy, portfolio diversity and financing. It found hydropower to be a viable, cost-effective option in Mongolia's energy mix that would help balance the energy supply mix, and bring flexibility in the supply of electricity to better respond to peak load demands. A specific recommendation that Mongolia develop a hydropower plant on the Shuren River to provide power to the Central Energy System was included in the Plan.[9] Hydropower has important advantages compared to the conventional coal fired power plants that dominate electricity generation in Mongolia.

46. The importance of curbing the use of coal and switching to clean sources of energy cannot be overstated. Mongolia's capital city, Ulaanbaatar, has some of the worst coal-related air pollution in the world. While the Energy Sector Plan considered the full array of clean energy alternatives, it concluded that neither solar nor wind can supply Mongolia's rapidly growing demand at present due to their inherently intermittent nature. There is no

[8] Mongolia: Updating the Energy Sector Development Plan. ADB Project number 43079.

[9] Para 7, page 6, Mongolia: Updating the Energy Sector Development Plan, Part C, Volume VI of X.

evidence that wind and solar power can provide a full substitute for hydropower and gas or coal fired power plants in Mongolia.

47. Notwithstanding the recommendations above, any potential hydropower options need to be studied carefully in terms of environmental and social impacts, economic and technical viability and cumulative impacts, and Management notes that until these studies have been undertaken, the full range of potential risks and impacts of the proposed projects will not be known. A systematic and comprehensive assessment and study of all these aspects of the proposed Shuren and Orkhon Gobi sub-projects is precisely what the MINIS Project is intended to do.

Alleged violation of MINIS Project scope

48. Management disagrees with the Requesters' claim that the six proposed sub-projects to be assessed and studied under Component 1 violate the scope of the MINIS Project, which is to finance the preparation of assessments and studies of infrastructure investments that will support the development of the mining sector. As the various studies and plans of Mongolia's infrastructure needs have shown, such infrastructure logically includes investments that enhance power supply to meet the growing demand.

49. The MINIS Project Appraisal Document (PAD) identifies the Project's scope as financing studies related to the preparation of mining infrastructure investment support: "Projects in the energy, transport, IT and communications, water, housing and social sectors will be eligible, as will logistics and border crossing facilities. In addition, the evaluation and structuring (for private investment) of downstream, value-added activities, such as copper smelters and iron pellets plants, will also be eligible for funding," (PAD, para 89). These priority sectors were selected based on the recommendations of the 2009 SMIS study and are consistent with the recommendations of the Energy Sector Plan.

50. The six proposed sub-projects to be assessed and studied under Component 1 of the MINIS Project were identified by the PSC, and were specifically referenced in the documents of the MINIS Project's restructuring and additional financing approved by the Board on March 18, 2014.

Alleged lack of robustness of MINIS Project process

51. Management disagrees with the claim that the MINIS Project lacks a robust process. Management notes that the MINIS Project follows Bank Policies and Procedures and international best practice for the development of large-scale infrastructure, which includes a series of studies, beginning at a planning level, and cascading progressively into deeper analysis of potential alternatives, impacts and mitigation measures, as the project analysis proceeds. As noted above in more detail in paragraphs 16-19, the multi-ministerial PSC, led by the State Secretary of the Ministry of Finance, provides overall leadership for the Project. The PSC established a multi-phase implementation procedure for the activities to be carried out under each of the six selected sub-projects, see Table 1 below.

Table 1. Implementation Procedure for Studies

Orkhon Gobi	Screening studies and Preparatory study		Pre-feasibility/Feasibility study and ESIA
Shuren	Screening studies	Pre-feasibility study	Feasibility study and ESIA
Other sub-projects	Screening studies	Feasibility study and ESIA	

52. For the majority of the Assessment Studies for the proposed sub-projects,[10] a two-phase assessment process has been established, comprising, Phase 1 – Screening and Phase 2 – Feasibility study and environmental and social impact assessments. Under Phase 1, a screening of each proposed sub-project was carried out, including technical, financial, environmental and social impact screening, and analysis of project alternatives. This phase comprised a fact-finding of available information and the production of a screening report. Where available information was insufficient to develop the ToR for the next phase of the assessment, Phase 1 also included the execution of selected technical studies. In addition to the screening report, output from Phase 1 included ToR for a feasibility study and associated environmental and social impact assessments to be conducted under Phase 2. Phase 1 includes consultation with stakeholders, including an outreach event conducted early in the screening process that was organized by the PMU with its consultants to provide details of the sub-project to be studied, collect information, and initiate discussions on environmental and social considerations, and systematic consultations during the preparation of the ToR for the feasibility study and ESIA. Phase 2 will include additional consultations during the preparation of the ESIA, as detailed below.

53. The Shuren Studies, as noted earlier, include an additional pre-feasibility study phase. The output from Phase 1 was comprised of viability and financial screening studies and the ToR for a pre-feasibility study to be conducted under Phase 2. The pre-feasibility study was carried out in 2014 and detailed ToR are being developed for the feasibility study and environmental and social impact assessments that will be conducted under Phase 3. Phase 2 is not yet complete and procurement of consultants for the feasibility study and the ESIA has not commenced. The Shuren Studies have also included consultation with stakeholders throughout the process, as described above and in more detail below.

54. The Orkhon Gobi Studies follow a three-phase process. However, given the complex nature of the proposed Orkhon Gobi sub-project and lack of available information regarding the groundwater resources in the Gobi region, Phase 1 – Screening was enhanced to include a preparatory study that addresses many of the aspects normally analyzed at pre-feasibility stage. Some important aspects of pre-feasibility analysis, including an analysis

[10] Integrated Steel Complex with Infrastructure in the central region of Darkhan - Selenge; Extension of Coal Mine Baganuur LLC; Rural and Industrial Water Supply Scheme in the South Gobi region; and, Synthetic Natural Gas (SNG) Plant.

of potential site options, will be carried out as part of the feasibility study when more information is available. The rationale for taking such an approach for the Orkhon Gobi Studies is to ensure that the analysis is only conducted when sufficient information is available to provide robust results, and that the analysis is fully integrated and coordinated with the groundwater assessment work that is being carried out under Component 3 of the MINIS Project. The Phase 1 preparatory study was carried out in 2013–2014 and detailed ToR have been developed for the combined pre-feasibility/feasibility study and the environmental and social impact assessments that will be conducted under Phase 3. Phase 2 is not yet complete and the procurement of consultants for Phase 3 has not commenced.

55. For all Assessment Studies, decision points by the PSC and the Bank have been incorporated into the procedures. The main purpose of Phase 1 – Screening for each sub-project was to provide the PSC with sufficient information to make an informed decision about whether to proceed with the next study phase, either a pre-feasibility or feasibility study. Once a proposed sub-project had passed the screening phase, the PSC recommended that the assessment of the proposed sub-project proceed further and after careful review of the outputs thus far, a no-objection was provided by the Bank. In the case of the Shuren Studies, given that an additional pre-feasibility study stage was added prior to the commencement of full feasibility study and associated assessments, an additional decision point was also added. That is, the recommendation to proceed with the feasibility and environmental and social impact assessments for the proposed Shuren and Orkhon Gobi sub-projects was only made by the PSC and confirmed by the Bank on November 20, 2014 after the satisfactory completion of the pre-feasibility study and the preparatory study, respectively. Consequently, the Bank's no objections to the ToR for the feasibility studies of the proposed Shuren and Orkhon Gobi sub-projects were issued on February 9, 2015 and February 25, 2015, respectively. In the case of the proposed Orkhon Gobi sub-project, on the basis of the completed preparatory study, the PSC recommended proceeding to a combined pre-feasibility and feasibility study stage.

56. Public consultation is required prior to finalizing the ToR for the ESIA (environmental assessment), and once a draft environmental assessment report is prepared, in accordance with World Bank Policies and Procedures. As part of both the Shuren Studies and Orkhon Gobi Studies, public consultations are currently underway on the draft ToR for the ESIAs, as referenced in the Request. Management confirms that to date, neither the feasibility study nor the environmental and social impact assessments have commenced as part of the Shuren or Orkhon Gobi Studies.

57. Although none of the sub-projects have yet completed the feasibility and ESIA stage, the process for reviewing and evaluating the studies has been established, as noted above in paragraph 20.

Alleged insufficient analysis of alternative options for each sub-project

58. Management disagrees with the Requesters' claim that there has been an insufficient analysis of alternative options for each proposed sub-project.

59. Management notes that through the MINIS Project, Mongolia is following an internationally accepted process for the development of large energy infrastructure. First, in the assessment and study of proposed sub-projects, initial options have been narrowed down through a process involving national master plans, screening analysis, and pre-feasibility studies. The MINIS Project is now supporting Assessment Studies for the six proposed sub-projects identified in para 22. Second, the Assessment Studies themselves will further develop the analysis of alternative options for each proposed sub-project.

60. ***Shuren Studies***. The principal analysis on which the selection by the PSC of options for the Shuren sub-project has been based, is the Energy Sector Plan, which commenced in 2010 prior to the start of the MINIS Project, and for which interim results and reports were delivered in 2012–2013. The Energy Sector Plan has also been the source of the alternative options with which the proposed Shuren sub-project has been and continues to be compared during the screening, pre-feasibility and feasibility study phases.

61. Management notes that the option assessments carried out to date as part of the Shuren Studies (in the pre-feasibility study) are consistent with the recommendations of the Energy Sector Plan. The two main alternatives to the proposed Shuren sub-project are the development of coal-fired power plants in Mongolia and an increase in imports of electricity from hydropower plants in the Russian Federation. These two alternatives are the most probable economically and financially competitive options, and have a similar potential to the proposed Shuren sub-project to deliver power at high load factors. As part of the pre-feasibility study, these options were compared with the best potential options for the proposed Shuren sub-project, which had been identified through a separate analysis of several alternative sites for hydropower development on the Selenge River. Because of differing site conditions (topography, geology, environmental and social considerations) the various possible sites would likely result in considerably varying solutions (size of reservoir, height of dam, etc.), cost, and ability to deliver power. It is therefore important that the analysis compare specific site options for the proposed Shuren sub-project with the alternative non-hydro options.

62. The result of these option assessments, based on the analysis conducted during the pre-feasibility study, was that the best potential sites for the proposed Shuren sub-project are highly competitive compared with coal-fired power plants in Mongolia or electricity imported from Russia. These option assessments therefore confirmed the recommendations of the Energy Sector Plan to prioritize Shuren for potential development.

63. With respect to the best site and configuration of the proposed Shuren sub-project, the pre-feasibility study identified two potential options – a smaller dam and a larger dam – but these could not be prioritized conclusively with the data available at the pre-feasibility study stage of the Assessment Studies. Therefore, the final recommendation of the pre-feasibility study was to proceed with the feasibility study that would include further detailed investigations and assessments for both of these sites, and make an informed recommendation on which site is preferred. The ToR for the feasibility study and ESIA reflect this recommendation, and require the consultants to specifically look into that question.

64. ***Orkhon Gobi Studies***. The proposed Orkhon Gobi sub-project, which has been selected for assessment and study under the MINIS Project, is a multi-purpose project with potential to secure the long-term water supply to the South Gobi area in Mongolia, while at the same time offering the opportunity for the ancillary production of hydropower. This is consistent with the Energy Sector Plan, which identified hydropower on the Orkhon River as a prioritized project.

65. Prior to the commencement of the MINIS Project, it was anticipated that water demand in the Gobi region would rapidly increase from around 50,000 m3/day in 2010 to around 350,000 m3/day by 2020. However, what was not known at this time were the details of the groundwater resources available in the area. Based on limited information, the SMIS in 2009 concluded that the groundwater resources in the area might be sufficient to satisfy demand until 2020; however, it was unlikely that the longer-term demand could be satisfied with groundwater alone, and a water transfer from a surface water source such as the Orkhon River might be needed in the future.

66. With this as a background, it was decided that the preparatory study of the proposed Orkhon Gobi sub-project was crucial because it provided the first opportunity for a focused analysis of water demand and available groundwater resources in the region. The analysis concluded that: (i) all significant sources of groundwater in the Gobi region are fossil[11] and therefore cannot be used without impacting groundwater levels; (ii) the 2020 water demand in the region is expected to exceed available groundwater resources; and (iii) there is an urgent need for more data on groundwater and analysis of options to cater for different potential water demand assumptions. This analysis supported the importance of further assessing the proposed Orkhon Gobi sub-project, as it indicated that provision of water to the Gobi region from a surface water source (rather than relying on ground water) is more urgent than originally envisaged. Management recognizes the importance of ensuring effective and sustainable management of the groundwater resources in the Gobi region. Additional grant resources provided by the Government of Australia through DFAT to support a scaling up of the water resource management component of the Project (Component 3) is therefore of great importance.

67. As Orkhon Gobi Studies have proceeded, the options assessed have focused primarily on the proposed sub-project's function as an alternative water supply source, rather than as an alternative power source for Mongolia. Moreover, the preparatory study was undertaken for the proposed Orkhon Gobi sub-project prior to moving forward with the pre-feasibility and feasibility study stages because of the complexity and uncertain configuration of this proposed sub-project, i.e., where on the Orkhon River it could be situated, which conveyance route would be used for the water, and the location of the most urgent water demand hubs in Gobi. The preparatory study went beyond the level of analysis normally expected during a screening phase, which Management considers a prudent approach.

[11] Fossil groundwater resources are water resources that have been isolated in an aquifer for a long period of time. The aquifers do not recharge and therefore the groundwater is a non-renewable resource.

68. The preparatory study compared different future water supply alternatives for the Gobi region, and found that using a combination of surface water from the Orkhon River transported by pipeline to major demand points, and groundwater from local sources in the Gobi, is likely to be the best alternative in terms of availability of water resources, availability of technology, preliminary financial and economic analysis, and comparisons of environmental and social impacts. This preparatory study has informed the development of the ToR for the Orkhon Gobi pre-feasibility and feasibility studies, which will assess low and high demand scenarios to help determine the quantities and timing of securing additional water supply from the Orkhon River. Future mining development will depend on timing and quantities of water available, so the feasibility study will also consider low and high supply scenarios.

Alleged potential impacts on habitats

69. Management notes that the issues raised by the Requesters regarding upstream and downstream habitat impacts refer to potential harm that could derive from the construction and operation of the proposed Shuren and Orkhon Gobi sub-projects, not from the Assessment Studies which are being funded by the Bank. The potential environmental and social impacts of the proposed Shuren and the Orkhon Gobi sub-projects are precisely the subject of the Assessment Studies.

70. ***For the proposed Shuren sub-project***, the ESIA will, as reflected in the draft ToR:

- Identify the proposed sub-project impact area, including its area of influence;
- Document the physical, biological and socio-economic and cultural baseline conditions;
- Identify key project structures and components and the activities that would be involved in the construction and operation phases that have the potential to change the existing baseline conditions;
- Conduct public consultations to identify potential impacts, mitigation measures, and proposed sub-project alternatives;
- Identify possible alternative sites and potential positive and adverse impacts for each alternative;
- Analyze the most critical adverse impacts for the environmentally/economically best alternative;
- Identify and analyze significant archaeological sites in the proposed sub-project area;
- Identify and analyze potential impacts on Indigenous Peoples, if any present in the area of the proposed sub-project;
- Prescribe appropriate, practical, cost-effective and site specific mitigation measures for the identified adverse environmental and social impacts to avoid, minimize or compensate for adverse impacts and enhance positive impacts;

- Outline the elements of environmental and social mitigation, management, monitoring and auditing and prepare appropriate management plans;
- Provide recommendations on the overall feasibility of the proposed sub-project from an environmental and social perspective.

71. ***Legislation and policy analysis*.** In addition, the draft ESIA ToR for the proposed Shuren sub-project includes a review of relevant domestic legislation, commitments made under applicable environmental international and bilateral treaties and the requirements of applicable World Bank environmental and social Safeguard Policies. It will also include a gap analysis between the Bank Policies and relevant Mongolian environmental and social policies, laws and requirements.

72. ***Cumulative Impacts Analysis*.** The ESIA for the proposed Shuren sub-project will also assess cumulative impacts of development of the proposed Shuren sub-project and other future infrastructure considered on the Selenge River. This would include possible cumulative effects on the downstream river flow regime, and resulting environmental and social impacts in the Selenge River and Lake Baikal. It will cover all water and hydropower infrastructure considered in the Selenge River for the next 20 years and a geographic area down to at least the Selenge Delta and Lake Baikal. As part of the ESIA, the cumulative impact analysis will also consider a comparison of the potential impacts of different energy options (hydropower, coal, gas and other electricity production alternatives) at the energy policy level.

73. As part of the proposed Shuren sub-project ESIA, the consultants will prepare a detailed Environmental Management Plan to mitigate, prevent and monitor potential environmental and social impacts and costs in case of future sub-project implementation.

74. ***The proposed Orkhon Gobi sub-project***. Under the ESIA for the proposed Orkhon Gobi sub-project, as specified in the ESIA ToR, several different assessments will be carried out in a coordinated way: (i) a Regional Environmental Assessment (REA) to consider the potential impacts of flow regulation and partial diversion on the Orkhon/Selenge River basin and the introduction of a new water source to the semi-arid South Gobi region; (ii) three separate ESIAs for different elements of the proposed sub-project:

- Water flow regulation structures and reservoir;
- Water transmission pipelines and pump stations;
- Hydropower facilities and electrical transmission lines.

75. The draft ToR for the Orkhon Gobi ESIA include examination of the following:

- Water quality of the Orkhon and Selenge Rivers downstream of the reservoir and impacts caused by changes in the regime, as well as possible impacts on Lake Baikal;

- Potential environmental impacts of construction and operation of infrastructure or facilities, i.e., reservoir, water intake structure, hydropower station, water transmission pipeline, pump station, roads, and electricity transmission line;
- Current condition and use of land within the sub-project territory;
- Significant archaeological sites in the proposed area of the reservoir and along the water transmission pipeline and around project facilities;
- Potential need for land acquisition and resettlement;
- Potential impacts on Indigenous Peoples, if any are present in the area of the proposed sub-project;
- All applicable international and bilateral environmental conventions, treaties and agreements to which Mongolia is a party, as well as domestic laws, policy documents and national programs that would relate to the proposed sub-project, and examination of gaps between Mongolian law and the Bank's Safeguard Policies.

76. Based on the analysis, the consultants will prepare an environmental management plan, a resettlement plan, and, if necessary, an Indigenous People's development plan, all of which would propose mitigation measures for potential impacts identified, and would reflect the views of stakeholders and people potentially affected by sub-project implementation.

77. It should be noted that the public consultation processes for the draft ESIA ToR for both the proposed Shuren and Orkhon Gobi sub-projects are still ongoing and the draft ESIA ToR will be revised to reflect stakeholder feedback before they are finalized.

78. ***Finally, Management wishes to reiterate that the Bank has not committed to financing the proposed sub-projects that are the subject of these Assessment Studies being financed under the MINIS Project.*** However, Management is committed to enabling the GoM to complete the Assessment Studies to ensure that the necessary due diligence is performed regarding the identification and mitigation of environmental and social impacts, so that the GoM is able to make informed, evidence-based decisions regarding the possible future development of the proposed Shuren and Orkhon Gobi sub-projects.

Alleged potential transboundary impacts

79. Bank Policy (OP 7.50) is applicable to the MINIS Project because of two of the six proposed sub-projects, namely the proposed Shuren and the Orkhon Gob sub-projects. These two proposed sub-projects have potential transboundary impacts because the Orkhon River is a tributary of the Selenge River that flows northeastwards through Mongolia into Lake Baikal, the world's largest and deepest freshwater lake, which is located in the territory of the Russian Federation.

80. OP 7.50 is applicable to projects that involve (a) the use or potential pollution of international waterways, and/or (b) involve detailed designs and engineering studies of such projects. For such projects, notifications should be sent to all other riparians unless an exception to the requirement of notification is justifiable. The Bank Policy provides for

three scenarios in which such an exception may be granted, including when the project only finances *"water resource surveys and feasibility studies on or involving international waterways"* as stated in paragraph 7(b) of the Policy. In such cases, there is a requirement that the terms of reference for the activities include an examination of any potential riparian issues.

81. Taking into account the nature of activities that the Project was intended to finance, Management approved in line with the Policy an exception to the riparian notification requirements in OP 7.50 for the MINIS Project on August 28, 2013. As required under the Policy, the ToR for the ESIAs of the two sub-projects included an examination of any potential riparian issues.

82. Management notes that the GoM has engaged with the Russian Authorities on the proposed Shuren and Orkhon Gobi sub-projects through bilateral channels. First, as reported in a letter to the Bank on June 20, 2014, the GoM provided information on the proposed sub-projects to the Ministry of Natural Resource and Ecology of the Russian Federation. Second, the Ministry of Energy of Mongolia signed a Memorandum of Understanding (MoU) with the Russian Academy of Science on August 21, 2014 to "cooperate to perform complex studies on the assessment of environmental, water, energy and the socio-economic consequences of building hydropower plants in the Selenge River basin in Mongolia." Third, Management notes that it was reported publicly that the issue of hydropower development in the Selenge River Basin was discussed during bilateral talks between the Russian President and the GoM during the former's State Visit to Mongolia in August 2014. Fourth, on March 30-31, 2015, a delegation of the Russian Ministry of Natural Reserves and Ecology led by the Deputy Minister met in Ulaanbaatar with a delegation from the Ministry of Environment, Green Development and Tourism of Mongolia, led by its Deputy Minister. During this meeting, a protocol to establish cooperation between the two ministries regarding the Shuren assessment studies was signed.

83. Lake Baikal and the Selenge wetland area are protected under the World Heritage Convention[12] and the Ramsar Convention,[13] respectively. The Bank recognizes the significance of these sites, and is monitoring proposed actions in relation to the GoM's international treaty obligations throughout implementation of the MINIS Project. The Bank noted the GoM's response to a request from UNESCO for a report on the GoM's plans regarding the Selenge Basin at the 38th Session of the World Heritage Committee, which took place in Doha, Qatar on June 15–25, 2014, and the World Heritage Committee's decision 38 COM 7B.76 in this regard. Upon request from the Bank, the GoM provided a written report to the Bank on June 20, 2014 to explain the actions that had been undertaken to respond to and comply with Mongolia's international treaty obligations. This letter included copies of correspondence between Mongolia and the World Heritage Committee.

84. Upon reviewing the information available to it, Management concluded that the process being followed under the MINIS Project with respect to the proposed Shuren and Orkhon Gobi sub-projects is consistent with the recommendations of the World Heritage

[12] Lake Baikal was inscribed onto the World Heritage List in 1996.
[13] The Selenge wetland delta was inscribed on the Ramsar international wetland list in 1994.

Committee decision 38 COM 7B.76, namely that potential environmental and social impacts of the sub-projects should be duly assessed and that the results of such assessments be made public prior to a decision to proceed with the sub-projects. Management notes that the recommendation made by the World Heritage Committee is also fully aligned with the World Bank Safeguard Policies.

85. Management shares the Requesters' concerns regarding the possible cumulative impacts of hydropower development on the Selenge River Basin and emphasizes that the MINIS Project is intended to address such concerns through the cumulative impact assessment to be undertaken as part of the Shuren ESIA and the regional environmental assessment to be undertaken as part of the Orkhon Gobi ESIA.

86. Management notes that the requirement for consideration of transboundary issues and potential impacts on Lake Baikal are prominently included in the draft ToR for the Shuren and Orkhon Gobi ESIAs. Selected examples from the Shuren ESIA ToR are given in Annex 1.

Alleged weaknesses in consultation and disclosure

87. Management notes that at all stages of the Assessment Studies under the MINIS Project, the Bank has consistently monitored the Project's compliance with the Bank's Safeguard and Access to Information Policies with respect to disclosure and public consultation. Management wishes to confirm that the MINIS Project has met the requirements of the Bank Policies and Procedures.

88. With respect to public disclosure of MINIS Project documentation, so far the Bank has publicly disclosed the PAD, ESMF, Integrated Safeguards Datasheet, Procurement Plan (including revisions), Restructuring and Additional Financing Project Paper, and the Implementation Status Reports for the MINIS Project. Furthermore, the GoM has also disclosed the ESMF (in English and Mongolian), and the draft ToR for the proposed sub-project ESIAs (in English and Mongolian).

89. Management wishes to point out that under the Bank's Policies and Procedures, the Recipient is not required to disclose pre-feasibility studies, however, the Bank has consistently encouraged the PMU to share publicly as much information as possible from the studies financed by the MINIS Project.

90. Based on meetings with NGO representatives, including one of the Requesters, seeking information on preparatory work undertaken so far, the Bank has on several occasions encouraged the GoM to disclose additional information beyond the requirements of the Policies (e.g., the pre-feasibility report of the proposed Shuren sub-project and other such client-owned information). Furthermore, the Bank has been proactive in facilitating face-to-face engagement between the PMU and other agencies such as the Ministry of Energy and Ministry of Environment and Green Development, and concerned stakeholders, including one of the Requesters.

91. The PMU has established a MINIS Project website (in both Mongolian and English) to facilitate information sharing. However, Management acknowledges that the functionality of this website could be improved. The Bank has recommended to the PMU to hire a communications specialist to assist in the preparation and coordination of the public consultations and improve the MINIS Project website to make it a more robust information-sharing tool.

92. Management confirms that the Bank has been closely supporting the PMU and helping to build its capacity. Consultations have been held on the draft ToR for the ESIAs for the proposed Shuren and Orkhon Gobi sub-projects (January 16, 2015 and January 29, 2015, respectively) in Ulaanbaatar. In addition, one training workshop on stakeholder engagement was held in Ulaanbaatar on January 13, 2015.

93. These events were in line with good practice and were well attended by NGOs, environmental and social advocates, special interest groups, local administrators including the governors of four potentially affected Soums, as well as government and private sector representatives. The PMU has sought feedback on the consultation process from participants in order to improve future forums.

94. Recognizing that consultations in Ulaanbaatar alone are only a first step, consultants who will be hired to carry out the ESIAs for all sub-projects will undertake detailed stakeholder mapping, identify required specialist studies, and engage local affected stakeholders in a round of preparatory consultations to inform them of the consultation plan and opportunities for participation.

95. Toward this end, the Bank has also supported the PMU to develop a model "consultation roadmap" as part of the draft ESIA ToR finalization process for the proposed Shuren sub-project. This roadmap was presented at the stakeholder engagement workshop on January 16, 2015, and the consultation process was explained. The consultation roadmap consists of a timeline for public consultations during the ESIA preparation process, including opportunities for stakeholders to engage with the Panel of Experts. This timeline is intended as a model for other ESIAs being supported under the MINIS Project and customized roadmaps based on the model will be prepared by the consultants who conduct the ESIAs for other sub-projects. The next steps after the finalization of the ESIA ToR is the development of detailed consultation plans with key stakeholder groups identified, and the carrying out of meaningful consultations with these groups.

96. The Bank will continue to work closely with the PMU to ensure that the important issues of public disclosure and consultation continue to improve and that any shortcomings are remedied.

Correspondence with Requesters and others during Project implementation

97. Management acknowledges receipt of the correspondence listed in Annex 3 of the Request. The consistent focus of this correspondence has been to request that the Bank withdraw support for the feasibility study of the proposed Shuren sub-project. The correspondence has also raised the following issues: (i) possible scale of environmental and

social impacts of the proposed Shuren and Orkhon Gobi sub-projects; (ii) eligibility of the Assessment Studies under the MINIS Project; and (iii) alleged lack of consultation and disclosure on the activities conducted on these Assessment Studies.

98. Management notes that some of the correspondence from external parties has confused the actual status of the proposed sub-projects and the Bank's involvement under the MINIS Project, alleging that the Bank has already provided a commitment to finance the construction of the proposed Shuren and Orkhon Gobi sub-projects, which is not the case.

99. The Bank response to each of these letters has been timely and consistent, clarifying the status of the Assessment Studies for the proposed sub-projects at the time of receipt of each letter. Further, the responses have clarified that no matter the outcome of the Assessment Studies to be conducted under the MINIS Project, the World Bank has not committed to finance the construction of any proposed sub-project being studied. Furthermore, the Bank's replies to the letters have confirmed that the proposed pre-feasibility, feasibility and ESIA studies for each of the proposed sub-projects will be conducted in accordance with World Bank Policies and Procedures, and therefore the possible environmental and social impacts highlighted by the complainants will be assessed and studied as part of the MINIS Project.

100. In addition to responding to the written correspondence received, Bank representatives, including members of the MINIS Project task team, met with a representative of Rivers without Boundaries (Mongolia), one of the Requesters for this case, in Washington, D.C., on July 10, 2014 and in Ulaanbaatar in September 2014. In these meetings, Bank representatives acknowledged the positive role of the public and NGOs and confirmed that consultations will be carried out during the preparation of the ESIA studies as required under World Bank Policies. Bank representatives also confirmed that the MINIS Project will not finance any proposed sub-projects and that the World Bank has not committed to Mongolia to finance them in the future.

101. Finally, in addition to the above-listed contact with the Requesters, Management notes that the Bank has facilitated opportunities for NGOs to interact with the relevant government entities. The Bank convened the first face-to-face meeting between Rivers without Boundaries (Mongolia), representatives of the Ministry of Energy and the MINIS PMU in Ulaanbaatar during the Implementation Support Mission in September 2014. The meeting was constructive, resulting in an agreement that the Project would conduct a training program in communication, media handling, consultation and disclosure of information targeting a wide audience, including the PMU, Ministry of Energy, Ministry of Environment and Green Development, NGOs and civil society. This training program was held in Ulaanbaatar on January 13, 2015.

Future actions

102. Management values continuous constructive engagement of all stakeholders to ensure the optimum benefit is derived from the Assessment Studies. OP4.01 and other relevant World Bank Safeguard Policies will guide the process of engagement, disclosure, and consultation.

103. Management intends to pursue the valid concerns and questions raised by stakeholders about the proposed sub-projects precisely by supporting the Recipient to implement comprehensive Assessment Studies.

104. Management will ensure that consultations, disclosure and implementation of the Assessment Studies are conducted diligently and in line with Bank Policies and Procedures. The initial consultations are underway in accordance with Bank policy in order to obtain feedback to complete the finalizing of the ESIA ToR. These consultations will continue with next steps focusing on project-affected communities and international stakeholders. The GoM has demonstrated a willingness to engage a range of key stakeholders and Management will continue to encourage greater transparency and engagement.

105. The Panel of Experts, which is being established, will be comprised of individual consultants with good international experience in hydropower, dam safety, environmental and social safeguards experience. The Panel of Experts will add to the due diligence by providing oversight and quality assurance for both ESIAs.

106. If the Assessment Studies indicate that a proposed sub-project is not viable, Management will recommend to the GoM to not further proceed with the development of the proposed sub-project assessed and studied under the MINIS Project.

Conclusion

107. ***Management considers the Request for Inspection ineligible for investigation because the issues raised by the Requesters focus on potential harm that could derive from the construction, operation and/or failure of the proposed sub-projects, and not from the Assessment Studies which the Bank is financing under the MINIS Project.*** Management notes that the Bank is not involved in financing construction of any of the proposed sub-projects that are being studied under the MINIS Project, nor has Management made any decision or commitment to finance them.

108. ***Management appreciates the Requesters' concerns, which contain valid questions regarding the proposed Shuren and Orkhon Gobi sub-projects.*** Management maintains that these concerns can only be addressed and answered through a comprehensive and systematic environmental and social assessment, as mandated by OP 4.01. The Bank is currently supporting the GoM in developing this body of credible and objective knowledge through the Assessment Studies for the proposed Shuren and Orkhon Gobi sub-projects. The Requesters' valid questions and concerns will be included and reviewed as part of these Assessment Studies.

109. ***Management is of the view that the harm the Requesters allege could not derive from the Assessment Studies, particularly as they do not serve to predetermine and/or dictate the decision of the GoM to proceed with the proposed sub-projects.*** A logical distinction must be maintained between the Assessment Studies carried out by an independent consultant – which are intended to provide an objective information base needed for informed and evidence-based decision-making – and the GoM's decision whether to accept or implement the recommendations of such Assessment Studies. Management cannot see

how the financing of Assessment Studies has violated Bank Policies and Procedures, leading to actual or potential harm as required by the Inspection Panel Resolution.

110. ***Management believes that an inspection at this stage would undermine an independent and integrated environmental and social impact assessment mandated by OP4.01 by a limited review of the concerns and issues expressed by one stakeholder group.***

111. ***Management believes that the Bank has made every effort to apply its Policies and Procedures and to pursue concretely its mission statement in the context of the Project. In Management's view, the Bank has followed the Policies and Procedures applicable to the matters raised by the Request. As a result, Management believes that the Requesters' rights or interests have not been, nor will they be, directly and adversely affected by a failure of the Bank to implement its Policies and Procedures.***

ANNEX 1
CLAIMS AND RESPONSES

No.	Claim	OP/BP	Response
	Energy sector development		
1.	***Encouraging inefficient development of energy sector***. Mongolia has scarce rivers with extreme temporal variability of flows. The energy potential of rivers is minuscule in comparison with the extremely abundant resources of solar, wind, coal. By supporting two hydropower dams the MINIS project encourages development of a sector which has a very questionable future and the highest possible risks of failure in Mongolia. When in 2012 Rivers without Boundaries (RwB) suggested to the WB Task Team Leader at the time […] to conduct an analysis of alternatives or strategic assessment for energy development he said that MINIS cannot do it.	OP4.01	While OP4.01 does not require a sector strategy to be carried out for each Bank-supported project, under the MINIS Project the Bank has encouraged the Recipient to follow good international practice in anchoring the selection and preparation of the Assessment Studies for the proposed sub-projects in the best available sector level analysis and planning, which in this case was the Bank-supported advisory service activity called the "Southern Gobi Infrastructure Study" (SMIS), completed in 2009, followed by the ADB-supported Energy Sector Plan (Energy Sector Plan), which started in 2010 and was completed in 2014. Management notes that the available information from the Energy Sector Plan development process was comprehensive and sound and therefore, to avoid duplication of work, another study of the same sector was not necessary and therefore not included as part of the MINIS Project scope. The Energy Sector Plan conducted a comprehensive forecast of the future power demand in Mongolia, projecting that power demand will reach 4,372 MW by 2030. It also estimates that 2,821 MW, or 55 percent of the projected installed capacity, would be needed to meet the projected demand from the two major mines, the Oyu Tolgoi and Tavan Tolgoi. The Energy Sector Plan also conducted an analysis of Mongolia's aging grid system and concluded that significant investment is required to ensure reliability and energy security for the country. The Energy Sector Plan noted the recent connection of the southern and central grids to establish an integrated grid (the Central Energy System) that encompasses both Ulaanbaatar and the South Gobi region. The interconnectedness of this grid provides greater flexibility for managing energy supply to both the mining sector and the Mongolian population. The Energy Sector Plan recommends, as a high priority for investment, securing bulk power supplies through the Central Energy System to the South Gobi region, including the Oyu Tolgoi and Tavan Tolgoi mines. Therefore, the proposed Shuren sub-project, which would be a major contributor to the Central Energy System, would directly benefit the mining sector in the South Gobi region.

No.	Claim	OP/BP	Response
			The Energy Sector Plan extensively screened different sources of power production for Mongolia and for the different power grid systems in the country. It considered both fossil and renewable sources (hydro, solar and wind). The screening resulted in a prioritization, which was based on energy policies, including electricity demand, least-cost solutions, energy security, environmental policy, portfolio diversity and financing. It found hydropower to be a viable, cost-effective option in Mongolia's energy mix that would help balance the energy supply mix, and bring flexibility in the supply of electricity to better respond to peak load demands. The Energy Sector Plan screening (Part B – Volume V: Technologies) states "*Large scale hydropower ranks well in cost comparison, and Orkhon, Egiin and Shuren HPP schemes need to be considered individually in the expansion planning.*" The Energy Sector Study also included a specific recommendation that Mongolia develop a hydropower plant on the Shuren River to provide power to the Central Energy System. Hydropower has important advantages compared to the conventional coal-fired power plants that dominate electricity generation in Mongolia. While the Energy Sector Plan considered the full array of clean energy alternatives, it concluded that neither solar nor wind can supply Mongolia's rapidly growing demand at present due to their inherently intermittent nature. The Energy Sector Plan states in the Summary of Electricity Generation Technologies (Part B – Volume V: technologies) that *"Wind and solar are not competitive against the low cost of coal in Mongolia as their Load Factors are limited.*" Notwithstanding the recommendations above, the feasibility of any potential hydropower option needs to be studied carefully in terms of environmental and social impacts, including cumulative impacts, and its economic and technical viability. Management notes that until a comprehensive set of Assessment Studies has been undertaken, the potential risks and impacts of the proposed sub-projects will not be known. A systematic and comprehensive assessment and study of all these aspects of the proposed Shuren and Orkhon Gobi sub-projects is precisely what the MINIS Project is intended to do.
	Water sector development		
2.	Mongolia derives most of its water supply from alluvial	OP4.07	Management notes that this issue refers to potential harm that could derive from the construction and operation of the proposed

No.	Claim	OP/BP	Response
	subsurface sources in river valley. However, Mongolian politicians have rallied to switch from groundwater to surface water. Water prices have been distorted to assist dam building. ***Threatening public water supply*** The Shuren Hydro design on which all hydrological and economic calculations were based was known to threaten the huge water intake facility of Erdenet city. Shuren Project personnel knew that, but until summer 2014 they did not disclose the fact that most pre-feasibility study calculations are based on a design that cannot be realized due to this conflict.		Shuren and Orkhon Gobi sub-projects, but not from the Assessment Studies that the Bank intends to finance. The potential environmental and social impacts of the proposed Shuren and Orkhon Gobi sub-projects are precisely the subject of the Assessment Studies. Traditionally Mongolia has largely relied on the use of shallow groundwater in river valleys to satisfy the limited demand, mainly for drinking water. With the growth of the urban population in Ulaanbaatar, the rapid development of the mining sector and related economic activities, water demand has grown rapidly and is expected to continue to grow in the years to come. This has put stress on locally available water resources in a number of regions, especially in South Gobi where all significant sources of groundwater in the Gobi region are fossil[1] and therefore cannot be used without impacting groundwater levels. In these areas, the option of water supply from surface water has to be considered, among other available options, to meet the growing water demand. *Alleged water price distortions* Increases in water price for industrial use are not a distortion, but are on the contrary a tool to promote water conservation measures by the mining industry, thereby reducing the need for the development of additional water sources. *Alleged threats to water supply in Erdenet City* Concerns about the impact of the proposed Shuren sub-project on Erdenet city were raised during the public consultations for the Shuren ESIA ToR held in Ulaanbaatar in January 2015 and will be considered under the Feasibility Study and ESIA for the proposed sub-project. The ToR for the Feasibility Study for the proposed Shuren sub-project states that "*All costs related to the construction and implementation of the Shuren HPP shall be updated based on the feasibility design and implementation plan. Costs for the implementation of the EMP, RAP and possible benefit sharing programs shall be retrieved from the ESIA and included in the total capital cost.*" (Section B13.1 – Capital and Investment Costs).
	Potential impacts on critical natural habitats		
3.	***Threatening globally significant natural habitat – Lake***	OP4.01	Management notes that the issues raised by the Requesters regarding upstream and downstream habitat impacts refer to potential

[1] Fossil groundwater resources are water resources that have been isolated in an aquifer for a long period of time. The aquifers do not recharge and therefore the groundwater is a non-renewable resource.

No.	Claim	OP/BP	Response
	Baikal & Selenge River Delta. Lake Baikal/Selenge Delta Ecosystem is recognized as top global conservation priority. It is well known that large dams usually have significant impact on downstream ecosystems (WB has special OP addressing it). Therefore the MINIS Project simply SHOULD NOT identify dams in Selenge Basin as opportunities to be studied. ***Threatening significant critical habitat – Selenge and Orkhon Rivers.*** Selenge and Orkhon Rivers are the last habitat in Mongolia for Siberian Baikal Sturgeon- listed as endangered and critically endangered in Mongolia. Sturgeon and some other fish migrate from Baikal Lake and back. E.g., Selenge and Orkhon Rivers are also important habitat for other IUCN-listed species such as Siberian Taimen. In harsh winters large river channels are the only refuges available for river fish and thus by definition critical habitat for the whole freshwater biota. Selenge River is the only large river in Mongolia and therefore unique and irreplaceable habitat from national perspective. It has highest freshwater habitat and aquatic species diversity compared with smaller rivers.		harm that could derive from the construction and operation of the proposed Shuren and Orkhon Gobi sub-projects, not from the Assessment Studies. The potential environmental and social impacts of the proposed Shuren and the Orkhon Gobi sub-projects are precisely the subject of the Assessment Studies. Specifically as per threats to critical natural habitats such as the area of Lake Baikal and endangered species such as the Mongolian Sturgeon, if the Assessment Studies determine that the proposed sub-project development will result in a significant conversion or degradation of critical natural habitats, the Bank will recommend to the GoM not to proceed in line with requirements of OP 4.04. The MINIS Project is supporting the preparation of a comprehensive and systematic ESIA to help the GoM make an informed decision regarding the proposed Shuren sub-project. The Assessment Studies conducted under the MINIS Project therefore mitigate the risk that the proposed Shuren sub-project would be developed without proper assessment and mitigation of environmental and social impacts, including potential impacts on Lake Baikal and the Selenge Delta ecosystems. Until detailed and systematic Assessment Studies have been undertaken, the extent to which *endangered species and their habitats* may be threatened by the proposed Shuren and Orkhon Gobi sub-projects cannot be clearly ascertained, nor, if applicable, can the recommendation not to proceed with the sub-projects because of severity of impacts on critical natural habitats be made or mitigation measures be defined to address any potential sub-project impacts on these species and their ecosystems. The draft ToR for the ESIA of the proposed Shuren sub-project recognize the sensitivity of the Selenge River and its basin (upstream, downstream, Delta Ramsar site and Lake Baikal World Heritage Site), as follows: • Section B4.3 on "Environmental Impact of the proposed Shuren sub-project on Downstream areas" explicitly requires the consultant to "*Assess the impact of the HPP Shuren on the UNESCO world heritage "Lake Baikal" and the RAMSAR site "Selenge delta" 2RU018, resulting from the interference of the dam with the natural river discharge and the sediment transportation.*" • Sections B.2, B4, B4.1, and B4.3 require the Consultant to undertake, inter alia: detailed assessment of the proposed Shuren sub-project's potential impacts on natural habitats and critical

No.	Claim	OP/BP	Response
			natural habitats (land and water areas where most of the native plant and animal species are found) and to assess possible fragmentation of natural habitats, blocking of wildlife migratory routes (fish passage), loss of surface vegetation and land degradation, caused by the impounding of the Selenge River. • Section F1.1 requires the Consultant to include a Natural Resources Management Specialist with minimum 10 years' professional experience in natural habitat, flora and fauna research, and development of environmental management and monitoring strategies, to ensure adequate coverage of these sensitive areas. The identification and assessment of potential impacts on biodiversity, including on the Siberian Sturgeon, is covered in the ToR for the ESIA for the proposed Shuren sub-project as follows: • Section B4.3 on the Environmental Impact of the proposed Shuren sub-project on downstream areas requires the consultant to "*Assess the possible fragmentation of natural habitats, blocking of wildlife migratory routes (fish passage) and possible land degradation resulting from the erection of the dam and the change of the impact on the natural river discharge*". The ESIA ToR for the proposed Shuren sub-project explicitly emphasizes the Siberian Sturgeon, and includes assessment of possible impacts on its habitat, and identification of possible ways to avoid and mitigate such impacts. • Section B4.3 requires the consultant to "*Assess the blocking of fish migration routes up and down the Selenge River by creating an insuperable obstacle (the dam) for the aquatic species in the river, with emphasis on the Taimen and Siberian Sturgeon. Evaluate feasible mitigation measures like fish ladders, fish locks, fish lifts or compensatory fish breeding in the reservoir.*" • Section F1.1 requires the Consultant to include an Ichthyologist with a minimum of 10 years' professional experience in the research of fish fauna to ensure adequate coverage of this critical issue.
	MINIS Project scope		
4.	***Violating the scope of MINIS Project***. The WB commissioned a study in 2009 on development of energy sources	OP4.01	The MINIS PAD identifies the Project's scope as financing studies related to the preparation of mining infrastructure investment support: *"Projects in the energy, transport, IT and communica-*

No.	Claim	OP/BP	Response
	for South Gobi mining and this study did not consider hydropower as an option that is directly relevant to mining industry. Some other SUB-projects under MINIS also likely violate mandate, such as the Baganuur mine expansion. Shuren Hydro is not directly related to the mining sector. Its original function was to cover peak demands and add reliability to Central Energy System. However, the MINIS project mandate was to develop infrastructure supporting mining sector and Shuren hydropower is clearly not related to it.		*tions, water, housing and social sectors will be eligible, as will logistics and border crossing facilities. In addition, the evaluation and structuring (for private investment) of downstream, value-added activities, such as copper smelters and iron pellets plants, will also be eligible for funding,"* (PAD, para 89). These priority sectors were selected based on the recommendations of the 2009 SMIS study and are consistent with the recommendations of the Energy Sector Plan. The six proposed sub-projects which will be assessed and studied under the MINIS Project were identified by the PSC, and were specifically referenced in the MINIS Project's restructuring and additional financing approved by the Board on March 18, 2014. With regard to the Requesters' reference to Baganuur, the 2009 SMIS investigated developing a Coal to Liquids plant at Baganuur (p51) but noted a high risk of delays. This assessment of energy supply options *"does not assess the relative economic and financial attractiveness of different options. Rather it is focused on the state of commercial preparation of the projects, and their ability to be prepared in time for the expected supply shortfall in 2012-13"* (p.52). The assessment study for the proposed Baganuur Coal Mine sub-project would assess its feasibility and potential environmental and social impacts, including the potential for capturing coal bed methane gas, which would add to Mongolia's development of green energy sources. Old data are available but further confirmation is needed. Moreover, this will also help to build the capacity of Mongolia to better manage the extractive industry and place greater emphasis on environmental and social impacts, which will be addressed in the assessment of cumulative impacts and occupational health and safety risks.
	MINIS Project implementation		
5.	***Sequencing of MINIS "studies***. This is not done in proper compliance with Bank's environmental assessment policy. The Orkhon Gobi water conveyance system has been actively promoted by MINIS since summer 2012. However, the comprehensive "Groundwater Component" which was supposed to evaluate groundwater resources in the Gobi	OP4.01	Management confirms that there is no contradiction between the recommendations of preparatory studies and the actual sequencing of MINIS Project activities. 1) The "Southern Gobi Regional Environmental Assessment" (World Bank, January 2010) concludes that foremost among the constraints for development in the South Gobi Region is water availability. This report mentions very low groundwater recharge rates (1 mm/yr) and clarifies that, although there are large reserves of fossil groundwater, these must be used with care because they

No.	Claim	OP/BP	Response
	and, therefore, to determine whether any water conveyance system is needed at all barely started only 2014 after 2-3 years of delay. Studies like "1.1.7b Feasibility Study of South Gobi development – hydrogeological exploration in the region to address mine water supply sources" started in the second half 2014. The normal logical sequence would be the opposite. This work sequencing fully contradicts the WB's initial studies of 2008-2010, which have shown that groundwater potential should be explored first and only then we can determine necessity for water transmission. Although the groundwater assessment has barely started, the MINIS Director appears at various conferences and/or published papers where he talks about the necessity to "complement" groundwater supply by long-distance transmission of surface water.		are a non-renewable resource. 2) The "Groundwater assessment of the Southern Gobi region" (April 2010) makes an initial assessment of water demand and available groundwater resources in the Southern Gobi Region. This report concludes that: i. all significant sources of groundwater in the South Gobi region are fossil and cannot be used without impacting groundwater levels; ii. the 2020 water demand is expected to exceed available groundwater resources even when accepting a 50 to 100 m lowering of groundwater levels over a 25 to 40 year period; iii. there is an urgent need for more data and both groundwater and Orkhon Gobi water transfer need more studies; 3) The Project Design Document for DFAT, which provided funding for the Groundwater Management Component of the MINIS Project (February, 2012), recommends the establishment of Water Basin Administrations in three Aimags, strengthening of the capacity of the Water Authority through the creation of a Groundwater Management and Information Unit (GWMIU), the conduct of monitoring activities and studies to consolidate groundwater knowledge in the South Gobi region and the preparation of Aimag Groundwater Management Plans to be completed by September 2016; 4) Following the June 2012 elections the new Ministry of Environment and Green Development (MEGD) took over the tasks of the Water Authority. In September 2012, the World Bank engaged in discussions with the newly appointed staff of MEGD to adapt the Groundwater Management Component of the MINIS Project to reflect the new institutional set-up; during these discussion it was also agreed to establish River Basin Administrations (RBA) in three newly defined river basins. The MINIS Project also engaged in discussions with DFAT to adapt the Additional Financing for the MINIS Project to further support the Groundwater Management Component; 5) In March 2014, the three RBAs in the South Gobi region started their field activities, supported by the GWMIU at MEGD in Ulaanbaatar. Management confirms that there

No.	Claim	OP/BP	Response
			has been no delay in Project implementation and the monitoring activities, studies and Groundwater Management Plans will be completed by September 2016, as per the initial schedule; 6) The Initial Screening report of the preparatory study for the proposed Orkhon Gobi sub-project (May 2014) concluded that identified utilizable groundwater resources in the South Gobi region amount to 144,000 m3/day and that before 2020 water demand is expected to exceed available resources. In the case of the assessment and study of the proposed Orkhon Gobi (Orkhon Gobi Studies) sub-project, due to the complexity of the proposed sub-project and the lack of available groundwater assessments, the screening phase included the preparatory study, which deepens the analysis beyond a level that would normally be included in a screening stage. The assessment for the proposed Orkhon Gobi sub-project is enhanced by in-depth groundwater monitoring and assessments of the South Gobi region conducted under Component 3 of the Project, supported by a grant from the Government of Australia. These groundwater assessment studies commenced in 2014 and will continue in parallel to the Orkhon Gobi feasibility study and ESIA. The aim is to have the results of the groundwater assessment studies available concurrently with the feasibility study and ESIA to facilitate the GoM's decision-making on how to meet the water demand of the South Gobi region. While the results of the groundwater assessments are not yet known, work carried out on the preparatory study for the proposed Orkhon Gobi sub-project indicates that water diversion from Orkhon Gobi to the South Gobi would be required in the future, and future mining development would depend on the timing and quantities of water available. The feasibility study will consider low and high supply scenario.
6.	***Integrity and quality of the "project evaluation" are compromised.*** The main discussion RwB and Greenpeace had with the WB TTL over the years was about the clarity of the process of evaluating /selecting projects for the next pre-feasibility and feasibility phases. Since 2012 the WB has always mentioned but failed to demonstrate the "Project Viability Assessment" and	OP4.01	Management notes that the MINIS Project follows World Bank Policies and Procedures as well as international best practice for the development of large-scale infrastructure, which includes a series of studies, beginning at the planning level, and cascading progressively into deeper analysis of potential alternatives (including the no project scenario), potential impacts and mitigation measures. The multi-ministerial PSC, led by the Minister of Finance, provides overall leadership for the Project. The PSC established a multi-phase implementation procedure for the activities to be carried out under each of the six proposed sub-projects. For the majority of the proposed sub-projects, a two-phase process has been established, comprising, Phase 1 – Screening and Phase 2

No.	Claim	OP/BP	Response
	documented use of these procedures for project ideas initiated and then terminated under MINIS." In reality, project selection and promotion under MINIS was a highly political process catering to the changing interests of 4-5 participating ministries. There was no good mechanism for initial identification and no impartial assessment at later stages. All 6 projects initially listed in the appendix to the Project Appraisal Document were dropped due to changes in the government. This is especially obvious in the case of Shuren Hydro- we have 3-5 letters from all WB levels promising "viability assessment" and now we learned that the pre-feasibility study was done with gross violations of the ToR that was earlier cleared by the WB. RwB requested from WB and MINIS the following evidence of assessment process: I) Criteria used to determine project viability, 2) Rules for cancelling inappropriate projects, 3) Process of project evaluation, used by WB team; 4) Participation of managers and stakeholders in project evaluation, and 5) Methodology of documenting evaluation outcomes. We never received a response from [..] the current TTL or Enkhbaatar.		– Feasibility study and ESIA. Under Phase 1, a screening of each proposed sub-project was carried out, including technical, financial, environmental and social impact screening, and analysis of proposed sub-project alternatives. This phase comprised a fact-finding of available information and the production of a screening report. Where available information was insufficient to develop the ToR for the next phase of work, this phase also included the execution of selected technical studies. In addition to the screening report, output from Phase 1 included ToR for a feasibility study and associated ESIA to be conducted under Phase 2. Phase 1 includes consultation with stakeholders, including a half day outreach event conducted early in the screening process organized by the PMU with its consultants to provide details of the sub-project to be studied, collect information, and initiate discussions on environmental and social considerations, and systematic consultations during the preparation of the ToR for the feasibility study and ESIA. Phase 2 will include additional consultations during the preparation of the ESIA, as detailed below. The Shuren Studies include an additional pre-feasibility study phase. The output from Phase 1 was comprised of viability and financial screening studies and the ToR for a pre-feasibility study conducted under Phase 2. The pre-feasibility study was carried out in 2014 and detailed ToR are being developed for the feasibility study and ESIA that will be conducted under Phase 3. The Orkhon Gobi Studies follow a three-phase process. However, given the complex nature of the proposed Orkhon Gobi sub-project and lack of available information regarding the groundwater resources in the Gobi region, Phase 1 – Screening was enhanced to include a preparatory study that addresses many of the aspects normally analyzed at pre-feasibility stage. Some important aspects of pre-feasibility analysis, including an analysis of potential site options, will be carried out as part of the feasibility study when more information is available. The rationale for taking such an approach for the proposed Orkhon Gobi sub-project is to ensure that analysis is only conducted when sufficient information is available to provide robust results, and that the analysis is fully integrated and coordinated with the groundwater assessment work that is being carried out under Component 3 of the MINIS Project. The Phase 1 preparatory study was carried out in 2013–2014 and detailed ToR have been developed for the combined pre-feasibility/feasibility study and the ESIA that will be conducted under Phase 3. Phase 2 is not yet

No.	Claim	OP/BP	Response
			complete and the procurement of consultants for Phase 3 has not commenced. For all Assessment Studies, decision points by the PSC and the Bank have been incorporated into the procedures. The main purpose of Phase 1 – Screening for each proposed sub-project was to provide the PSC with sufficient information to make an informed decision about whether to proceed with the next study phase, either a pre-feasibility or feasibility study. Once a proposed sub-project had passed the screening phase, the PSC recommended that the assessment of the proposed sub-project proceed further and after careful review of the outputs thus far, a no-objection was provided by the Bank. In the case of the proposed Shuren Studies, given that an additional pre-feasibility study stage was added prior to the commencement of full feasibility study and associated assessments, an additional decision point was also added. That is, the recommendation to proceed with the feasibility and ESIA for the proposed Shuren and Orkhon Gobi sub-projects was only made by the PSC and confirmed by the Bank on November 20, 2014 after the satisfactory completion of the pre-feasibility study and the preparatory study, respectively. Consequently, the Bank's no objections to the ToR for the feasibility studies of the proposed Shuren and Orkhon Gobi sub-projects were issued on February 9, 2015 and February 25, 2015, respectively. In the case of the Orkhon Gobi Studies, on the basis of the completed preparatory study, the PSC recommended proceeding to a combined pre-feasibility and feasibility study stage. Public consultation is required prior to finalizing the ToR for the ESIA for the proposed sub-projects, and once a draft ESIA report is prepared, in accordance with World Bank Policies. As part of both the Shuren Studies and Orkhon Gobi Studies, public consultations are currently underway on the draft ToR for the ESIAs, as referenced in the Request. Management confirms that to date, neither the feasibility study nor the ESIAs have commenced as part of the Shuren or Orkhon Gobi Studies. Risks and potential environmental and social impacts were identified that will be studied further in the Assessment Studies. The draft ToR for the Assessment Studies were reviewed, commented upon and cleared by Bank safeguard staff to ensure their completeness and compliance with Bank Policies and Procedures. The consultants who conducted the pre-feasibility and preparatory studies were competitively selected following Bank procurement guidelines and were subject to Bank prior review. Any consultants hired with Bank

No.	Claim	OP/BP	Response
			financing to support the Recipient to carry out the ESIA are required to be independent, qualified and experienced professionals. The relevant ministries were fully engaged during preparation of the studies through working groups formed to oversee the preparation of the studies and their compliance with the ToR. As preparation of the Assessment Studies for both proposed sub-projects was at an early stage, public consultation was not yet required. Nonetheless, the Bank team repeatedly encouraged the PMU to engage relevant stakeholders. The Bank noted that some NGOs have been under the erroneous impression that the feasibility studies were already being prepared, which is not the case; the Bank has sought to dispel this impression in its correspondence with the NGOs.
	Environmental assessment process		
7.	***Cumulative impact assessment for dams never started***. Although due to RwB pressure the Cumulative Impact Assessment (CIA) was prescribed as a priority for Selenge basin, there is no sign it ever started in pre-feasibility phase. Meanwhile, 4 dam projects and many mining activities are being actively developed in the Selenge basin.	OP4.01	Management notes that Bank Policy requires evaluation and consideration of cumulative impacts as part of the ESIA. Therefore an analysis of cumulative impacts was not covered by the scope of the preparatory or prefeasibility studies, but will be carried out as part of the ESIA. The prefeasibility consultant was requested to prepare the ToR for the ESIA. The ToR specify that the ESIA will include all impacted areas of the Selenge River system (upstream, downstream, Delta and Lake Baikal). Section B9 – Cumulative Impact Assessment – of the ToR for the ESIA for the proposed Shuren sub-project states: "*As part of the impact assessment, the Consultant shall consider cumulative impacts of development of Shuren HPP and other future planned infrastructure in the Selenge River. This will include possible cumulative effects on the downstream river flow regime, and resulting environmental and social impacts, in the Selenge River and the Baikal Lake. The cumulative impact assessment shall also consider impacts of the project area resulting from increased socio-economic activities triggered by the implementation of Shuren HPP. The cumulative impact assessment shall cover all water and hydropower infrastructures planned in the Selenge River for the next 20 years, and cover a geographic area down to at least the Selenge delta and the Baikal Lake. Considering the recognized*

No.	Claim	OP/BP	Response
			values of the Selenge River delta and the Lake Baikal the cumulative impact assessment shall comply with international conventions such RAMSAR and the UNESCO World Heritage Centre." For the ESIA ToR for the proposed Orkhon Gobi sub-project, Section 4.1 states: *"The proposed project will have potential impacts on the Orkhon River, Selenge River and Baikal Lake and other impacts to ecology in the dam and impoundment area and route of the water transmission pipelines, and all of these must be identified and quantified. The Consultant shall determine impacts for the project territory, area to be covered by water, river upstream, downstream of Orhon [sic], Selenge Rivers and along the transmission main and methods to mitigate impacts and protect from risk in conformance with the Safeguard Policies of the World Bank, the Laws and Regulations of Mongolia, including International Agreements."* Section 4.1.6 states: *"Need to assess water quality of Orkhon River and Selenge River downstream of the reservoir and impacts caused by changes in the regime and impacts, if any, to Baikal Lake."*
8.	***No scientific assessment of alternatives***. No meaningful and impartial assessment of alternatives was made for electricity supply to central system (alternatives to Shuren) at the pre-feasibility phase. The ToR intentionally limited the number of alternatives to be assessed, leaving the most competitive out of consideration. A similar change in the ToR for Orkhon excluded some imported water supply options from the evaluation.	OP4.01 Environmental Assessment and BP4.01, Annex A: Application of EA to Dam and Reservoir Projects	Management disagrees with the Requesters' claim that there has been an insufficient analysis of alternative options for each proposed sub-project to be assessed and studied under the MINIS Project. Management notes that the MINIS Project is following Bank Policies and Procedures as well as international best practice for the development of large energy infrastructure. First, in considering possible proposed sub-projects to be assessed and studied, initial options have been narrowed down through a process involving national master plans, screening analysis, and pre-feasibility studies. The MINIS Project is now supporting Assessment Studies for the six proposed sub-projects. Second, the Assessment Studies to be conducted will further develop the analysis of alternative options for each proposed sub-project. As the evaluation process moves forward, the most promising options from each phase are carried forward and studied further to obtain more precise data, and are compared to other possible alternatives. When the MINIS Project started, few studies existed beyond the planning level for the energy sector. For this reason, it was necessary to undertake studies at the screening, pre-feasibility and feasibility levels for the proposed sub-projects under the MINIS Project.

No.	Claim	OP/BP	Response
			Proposed Shuren sub-project. The principal analysis on which the selection by the PSC of options for the proposed Shuren sub-project has been based, is the Energy Sector Plan, which commenced in 2010 prior to the start of the MINIS Project, and for which interim results and reports were delivered in 2012–2013. The Energy Sector Plan has also been the source of the alternative options with which the proposed Shuren sub-project has been and continues to be compared during the screening, pre-feasibility and feasibility study phases. Management notes that the option assessments carried out to date as part of the Shuren Studies (in the pre-feasibility study) are consistent with the recommendations of the Energy Sector Plan. The two main alternatives to the proposed Shuren sub-project are the development of coal-fired power plants in Mongolia and an increase in imports of electricity from hydropower plants in the Russian Federation. These two alternatives are the most probable economically and financially competitive options, and have a similar potential to the proposed Shuren sub-project to deliver power at high load factors. As part of the pre-feasibility study, these options were compared with the best potential options for the proposed Shuren sub-project, which had been identified through a separate analysis of several alternative sites for hydropower development on the Selenge River. Because of differing site conditions (topography, geology, environmental and social considerations) the various possible sites would likely result in considerably varying solutions (size of reservoir, height of dam, etc.), cost, and ability to deliver power. It is therefore important that the analysis compare specific site options for the proposed Shuren sub-project with the alternative non-hydro options. The result of these option assessments, based on the analysis conducted during the pre-feasibility study, was that the best potential sites for the proposed Shuren sub-project are highly competitive compared with coal-fired power plants in Mongolia or electricity imported from Russia. These option assessments therefore confirmed the recommendations of the Energy Sector Plan to prioritize the proposed Shuren sub-project for further assessment and study. With respect to the best site and configuration of the proposed Shuren sub-project, the pre-feasibility study identified two potential options – a smaller dam and a larger dam – but these could not be prioritized conclusively with the data available at the pre-feasibility study stage of the Assessment Studies. Therefore, the final

No.	Claim	OP/BP	Response
			recommendation of the pre-feasibility study was to proceed with the feasibility study that would include further detailed investigations and assessments for both of these sites, and make an informed recommendation on which site is preferred. The ToR for the feasibility study and ESIA reflect this recommendation, and require the consultants to specifically look into that question. Management expects that only upon completion of the upcoming feasibility study and ESIA, when further information is available, will the GoM be in a position to make an informed decision regarding the proposed Shuren sub-project. Management again emphasizes that the Bank has given no commitment to Mongolia that it would provide investment financing for the proposed Shuren sub-project. ***Proposed Orkhon Gobi Sub-project***. The proposed Orkhon Gobi sub-project, which has been selected for study under the MINIS Project, is a multi-purpose project with potential to secure the long-term water supply to the South Gobi area in Mongolia, while at the same time offering the opportunity for the ancillary production of hydropower. This is consistent with the recent Energy Sector Plan, which identified hydropower on the Orkhon River as a prioritized project. Prior to the commencement of the MINIS Project, it was anticipated that water demand in the Gobi region would rapidly increase from around 50,000 m3/day in 2010 to around 350,000 m3/day by 2020. What was not known, however, were details on the groundwater resources available in the area. Based on limited information, the SMIS in 2009 concluded that the groundwater resources in the area might be sufficient to satisfy demand until 2020, however, it was unlikely that the longer-term demand could be satisfied with groundwater alone, and a water transfer from a surface water source such as the Orkhon River might be needed in the future. With this as a background, it was decided that the preparatory study of the proposed Orkhon Gobi sub-project was crucial because it provided the first opportunity for a focused analysis of water demand and available groundwater resources in the region. The analysis concluded that: (i) all significant sources of groundwater in the Gobi region are fossil[2] and therefore cannot be used without impacting groundwater levels; (ii) the 2020 water demand is expected to exceed available groundwater resources; and (iii)

[2] Fossil groundwater resources are water resources that have been isolated in an aquifer for a long period of time. The aquifers do not recharge and therefore the groundwater is a non-renewable resource.

No.	Claim	OP/BP	Response
			there is an urgent need for more data on groundwater and analysis of options to cater for different potential water demand assumptions. This analysis supported the importance of further investigating the proposed Orkhon Gobi sub-project, as it indicated that provision of water to the Gobi region from a surface water source (rather than relying on ground water) is more urgent than originally envisaged. Given the importance of ensuring effective and sustainable management of the groundwater resources in the Gobi region, the additional grant resources provided by the Government of Australia through DFAT to support a scaling up of the water resource management component of the Project (Component 3) was well justified. As the Orkhon Gobi Studies have proceeded, the options assessed have focused primarily on the proposed sub-project's function as an alternative water supply source, rather than as an alternative power source for Mongolia. Moreover, the preparatory study was undertaken for the proposed Orkhon Gobi sub-project prior to moving forward with the pre-feasibility and feasibility study stages because of the complexity and uncertain configuration of this sub-project, i.e., where on the Orkhon River it could be situated, which conveyance route would be used for the water, and the location of the most urgent water demand hubs in Gobi. The preparatory study went beyond the level of analysis normally expected during a screening phase, which Management considers a prudent approach. The preparatory study compared different future water supply alternatives for the Gobi region, and found that using a combination of surface water from the Orkhon River transported by pipeline to major demand points, and groundwater from local sources in the Gobi, is likely to be the best alternative in terms of availability of water resources, availability of technology, preliminary financial and economic analysis, and comparisons of environmental and social impacts. This preparatory study has informed the development of the ToR for the pre-feasibility and feasibility studies for the proposed Orkhon Gobi sub-projects, which will assess low and high demand scenarios to help determine the quantities and timing of securing additional water supply from the Orkhon River. Future mining development will depend on timing and quantities of water available, so the feasibility study will also consider low and high supply scenarios.

No.	Claim	OP/BP	Response
			Management again emphasizes that the Bank has given no commitment to Mongolia that it would provide investment financing for the proposed Orkhon Gobi sub-project.
	World Heritage and Ramsar listing		
9.	***Handling of World Heritage requests inappropriate*** The World Heritage Commission has addressed the Government of Mongolia (GoM) twice in 2013 and 2014. Mongolia was late to respond and its response in 2013 did not meet WHC requirements. Presently, the GoM is trying to hire Russian consultants and make others believe that this is a form of *public* participation from the Russian side. So far, no open consultations or hearings are envisioned in Russia. Development of ESIA ToR for Shuren and Orkhon is undertaken before reactive mission commissioned by world Heritage Committee visits Mongolia and develops recommendations.	OP 7.50 Projects on International Waterways	Management wishes to point out that the ESIA will identify any obligations of the Recipient, pertaining to the MINIS Project, under relevant international environmental treaties and agreements. The Bank would not finance any proposed project or recommend to proceed with any proposed project that would contravene such Recipient obligations, as identified during the ESIA. The Ramsar site (Selenga Delta) and the World Heritage Site (Lake Baikal) were specifically included in the ToR for the ESIA. Bank Policy (OP 7.50) is applicable to the MINIS Project because of two of the six proposed sub-projects, namely the proposed Shuren and the Orkhon Gob sub-projects. These two proposed sub-projects have potential transboundary impacts because the Orkhon River is a tributary of the Selenge River that flows northeastwards through Mongolia into Lake Baikal, the world's largest and deepest freshwater lake, which is located in the territory of the Russian Federation. OP 7.50 is applicable to projects that involve (a) the use or potential pollution of international waterways, and/or (b) detailed designs and engineering studies of such projects. For such projects, notifications should be sent to all other riparians unless an exception to the requirement of notification is justifiable. Bank Policy provides for three scenarios in which such an exception may be granted including when the project only finances "water resource surveys and feasibility studies on or involving international waterways" as stated in paragraph 7(b) of the Policy. In such cases, there is a requirement that the terms of reference for the activities include an examination of any potential riparian issues. Taking into account the nature of activities that the Project was intended to finance, Management approved an exception to the riparian notification requirements in OP 7.50 for the MINIS Project on August 28, 2013. As required under the Policy, the ToR for the ESIAs of the two sub-projects included an examination of any potential riparian issues. Management notes that the GoM has engaged with the Russian Authorities on the proposed Shuren and Orkhon Gobi sub-projects through bilateral channels. First, as reported in a letter to the Bank on June 20, 2014, the GoM provided information on the proposed sub-projects to the Ministry of Natural Resource and Ecology of the Russian Federation. Second, the Ministry of Energy of Mongolia

No.	Claim	OP/BP	Response
			signed a MoU with the Russian Academy of Science on August 21, 2014 to "cooperate to perform complex studies on the assessment of environmental, water, energy and the socio-economic consequences of building hydropower plants in the Selenge River basin in Mongolia." Third, Management notes that it was reported publicly that the issue of hydropower development in the Selenge River Basin was discussed during bilateral talks between the Russian President and the GoM during the former's State Visit to Mongolia in August 2014. Fourth, on March 30-31, 2015, a delegation of the Russian Ministry of Natural Reserves and Ecology led by the Deputy Minister met in Ulaanbaatar with a delegation from the Ministry of Environment, Green Development and Tourism of Mongolia, led by its Deputy Minister. During this meeting, a protocol to establish cooperation between the two ministries regarding the Shuren assessment studies was signed. Lake Baikal and the Selenge wetland area are protected under the World Heritage Convention[3] and the Ramsar Convention,[4] respectively. The Bank recognizes the significance of these sites, and has monitored proposed actions in relation to the GoM's international treaty obligations throughout implementation of the MINIS Project. The Bank noted the GoM's response to a request from UNESCO for a report on the GoM's plans regarding the Selenge Basin at the 38th Session of the World Heritage Committee, which took place in Doha, Qatar on June 15–25, 2014, and the World Heritage Committee's decision 38 COM 7B.76 in this regard. Upon request from the Bank, the GoM provided a written report to the Bank on June 20, 2014 to explain the actions that had been undertaken to respond to and comply with Mongolia's international treaty obligations. This letter included copies of correspondence between Mongolia and the World Heritage Committee. Upon reviewing the information available to it, Management concluded that the process being followed under the MINIS Project with respect to the proposed Shuren and Orkhon Gobi sub-projects is consistent with the recommendations of the World Heritage Committee decision 38 COM 7B.76, namely that potential environmental and social impacts of the sub-projects should be duly assessed and that the results of such assessments be made public prior to a decision to proceed with the sub-projects. Management notes that the recommendation made by the World Heritage Committee is also fully aligned with the World Bank Safeguard Policies. Management shares the Requesters' concerns regarding the possible cumulative impacts of hydropower development on the Selenge River Basin and emphasizes that the MINIS Project is intended to

[3] Lake Baikal was inscribed onto the World Heritage List in 1996.
[4] The Selenge wetland delta was inscribed on the Ramsar international wetland list in 1994.

No.	Claim	OP/BP	Response
			address such concerns through the cumulative impact assessment to be undertaken as part of the ESIAs for the proposed Shuren and Orkhon Gobi sub-projects. Management notes that the requirement for consideration of trans-boundary issues and potential impacts on Lake Baikal are prominently included in the draft ToR for the Shuren and Orkhon Gobi ESIAs. Selected examples from the Shuren HPP ESIA ToR are summarized as follows: Sections B.2, B4, B4.1, and B4.3 require the Consultant to undertake, inter alia: detailed assessment of the proposed Shuren sub-project's potential impacts on natural habitats, including possible fragmentation, blocking of wildlife migratory routes (fish passage), loss of surface vegetation and land degradation, caused by the impounding of the Selenge River. Moreover, Section B9 on Cumulative Impact Assessment requires the consultant to consider cumulative impacts that may occur as a result of the development of the proposed Shuren sub-project and other future planned infrastructure in the Selenge River, including possible cumulative effects on the downstream river flow regime, and resulting environmental and social impacts in the Selenge River and Lake Baikal. As specified in the ToR, the cumulative impact assessment would cover all water and hydropower infrastructure planned on the Selenge River for the next 20 years, and cover a geographic area including the Selenge delta and Lake Baikal. Finally, the ToR expressly specify that the cumulative impact assessment shall comply with international conventions such as Ramsar and UNESCO World Heritage. *Consultations in Russia* Management disagrees with the Requesters' assertions that there are no consultations envisioned for project-affected communities in Russia. The draft ToR for the ESIA stipulates that Consultants will undertake a stakeholder mapping of the proposed project's areas of influence and develop a consultation plan to consult with potentially affected communities. As part of these plans, affected downstream communities will require consultation regardless of national boundaries. It is also important to note that a representative of the Russian Academy of Sciences has been involved in the stakeholder engagement workshop and also presented data on potential downstream impacts of the proposed Shuren sub-project at the Shuren public consultations in Ulaanbaatar on Jan 16, 2015. In addition, the revised draft ToR of the ESIAs for the proposed Shuren and Orkhon Gobi sub-projects are being translated into

No.	Claim	OP/BP	Response
			Russian and will be shared with the Russian Ministry of Natural Resources and Environment to solicit its comments.
	Consultations and Disclosure		
10.	Consultations on the ToR for the CIA for Baganuur and Tavan Tolgoi mines started on November 21, 2014, but they were very poorly organized (participants were contacted the day before) and had no clear process. It is unknown whether and how stakeholder comments were taken into consideration in further development of those ToR.	*Access to Information Policy and Suite of Safeguard Policies, including but not limited to OP4.01, OP4.04, OP4.11, OP4.10, and OP4.12.*	Management notes that this issue refers to the PMU's management of the first consultation meetings that took place in Ulaanbaatar related to the ESIAs for the Baganuur and Tavan Tolgoi mines. These consultations were the first experience of the PMU in conducting open public consultations. Rivers without Boundaries brought to the attention of the Bank team on November 24, 2014 that the PMU did not allow for adequate time prior to the consultation meeting. The Bank team promptly requested the PMU to remedy this. The PMU was very responsive and agreed to extend the closing date to receive comments from November 28 to December 5, 2014. Management notes that the revised ToR for the ESIA have been disclosed and are accessible. The Bank has also observed improvements in the PMU's implementation of the consultation process since this first public consultation. The PMU has given adequate time to receive comments (one month prior to the event and additional two weeks for written comments after the event for the draft Shuren ESIA ToR, for example) and has consolidated comments in a "response matrix" to be disclosed alongside the revised ToR. For both the proposed Shuren and Orkhon Gobi sub-projects, the response matrices are currently being drafted by the PMU. As noted above in Item 9, the ToR will be translated into Russian to seek comments of the Russian authorities before issuing the final ToR and response matrixes. The Bank has recommended to the PMU to hire a communications specialist to assist in the preparation and coordination of the public consultations and improve the Project website to make it a more robust information-sharing tool. The Bank also recommended that the PMU/PSC form a Panel of Experts composed of experienced individuals in the fields of hydropower and environmental and social safeguards. The ToR for all specialists have been finalized and the selection is underway.
11.	No appropriate public disclosure and consultations in Mongolia or Russia in last 2.5 years.	*Access to Information Policy and Suite of*	Management shares the Requesters' interest in ensuring that the PMU discloses and consults on documents appropriately. One of the outcomes of the MINIS Project thus far has been building the capacity of the GoM to engage stakeholders; this has resulted in a number of public consultations and allowed for extensive feedback on associated documents.

No.	Claim	OP/BP	Response
		Safeguard Policies, including but not limited to OP4.01, OP4.04, OP4.11, OP4.10, and OP4.12.	The Bank has closely supported the PMU in the development of a comprehensive consultation plan (see Annex 3 on Public Consultations), which provides for meaningful and timely consultations with affected communities and local NGOs. Since November 2014, three major public consultations (for the proposed Baganuur sub-project on November 21, 2014; for the proposed Shuren sub-project on January 16, 2015; and for the proposed Orkhon Gobi sub-project on January 29, 2015) and one training workshop (January 13, 2015) on stakeholder engagement have been held in Ulaanbaatar. These events were in line with Bank Policy and reflect good practice and were well attended by NGOs, environmental and social advocates, special interest groups, local administrators including the governors of four potentially affected Soums, as well as government and private sector representatives. Significant periods of time were allocated before and after each consultation event for the receipt of feedback on documents. The PMU has sought feedback on the consultation process from participants in order to improve future forums. It should be noted that while Bank policy only requires these initial consultations to provide 'a summary of the proposed project's objectives, description, and potential impacts' (OP4.01, para 16), the PMU has gone further than this and called for detailed feedback on the ESIA ToR themselves. These comments have been consolidated in the response matrices (see Item 10 above). Attention has also been paid to receiving feedback on the consultation process; the PMU is using this feedback to improve future forums. The PMU has also demonstrated evidence of an improved attention to consultation and disclosure in the initial stages of the carrying out of the Assessment Studies. The Bank will continue to work closely with the PMU to ensure that this progress continues throughout the Assessment Studies process and that any shortcomings are remedied.
12.	No consultations with stakeholders in Russia whatsoever, except for ministry officials.	*Access to Information Policy and Suite of Safeguard Policies,*	Detailed consultations with project-affected stakeholders will be conducted after the ESIA consultants have been hired. The ToR require the consultant to undertake a stakeholder mapping exercise to determine which communities are potentially affected and to develop consultation plans to reach these groups. As part of these plans, affected downstream communities will require consultation regardless of national boundaries. With regard to the Russian Federation, see Item 9 above.

No.	Claim	OP/BP	Response
		including but not limited to OP4.01, OP4.04, OP4.11, OP4.10, and OP4.12.	
13.	Results of pre-feasibility study not shared with public despite this item being a part of consultants' ToR published online	*Access to Information Policy and Suite of Safeguard Policies, including but not limited to OP4.01, OP4.04, OP4.11, OP4.10, and OP4.12.*	Management wishes to point out that under the Bank's Policies and Procedures, the Recipient is not required to disclose pre-feasibility studies, however, the Bank has consistently encouraged the PMU to share publicly as much information as possible from the studies financed by the MINIS Project. As per the ToR for the pre-feasibility preparation: • "Identify key stakeholders especially project affected people first, and start the two rounds of public consultation following the public consultation procedures of the World Bank. • Seek consultation with the downstream country potentially affected by the project." The consultant assisted the PMU in holding the first public consultation on January 16, 2015 in Ulaanbaatar. The consultant also revised the ToR for the ESIA accordingly. Moreover, the prefeasibility consultant remains obliged to prepare for the second round of consultations, including consultations with potentially affected local communities in Russia.
14.	MINIS-project web-site does not retain all previously published information (ToR, etc) and no basic information on sub-projects. WB website MINIS- page incomplete (e.g. lacks midterm appraisal report and inconsistent with MINIS Project website.	*Access to Information Policy and Suite of Safeguard Policies, including but not limited to OP4.01, OP4.04, OP4.11, OP4.10,*	The ESIA ToR are available on the MINIS website along with explanatory materials related to the public consultations for each sub-project (http://www.minis.mn/). The draft ToR for the ESIAs are disclosed on the website prior to consultation. Finalized ToR and response matrices explaining how comments have been taken into consideration are still being prepared, so are not yet available. The PMU is also continuously updating the website to improve access to information associated with each proposed sub-project subject to the Assessment Studies. One recent improvement has been an automated mailing system, established so that subscribers receive a notification each time a new document is uploaded to the website. All public information on the MINIS Project is disclosed at the World Bank Infoshop upon completion of the approval process associated with each document

No.	Claim	OP/BP	Response
		and OP4.12.	(http://www.worldbank.org/projects/P118109/mn-mining-infrastructure-investment-supp?lang=en).
15.	Some information was never available in Mongolian	*Access to Information Policy and Suite of Safeguard Policies, including but not limited to OP4.01, OP4.04, OP4.11, OP4.10, and OP4.12.*	Bank Policy does not require that all information is made available in Mongolian, but rather that relevant material has been made available in a language that is understandable and accessible to the stakeholders being consulted. Still, the GoM has disclosed the ESMF in English and Mongolian, and the draft ToR for the ESIA for each proposed sub-project in English and Mongolian.
16.	Plan for stakeholder consultation and information disclosure not available for any sub-project.	*Access to Information Policy and Suite of Safeguard Policies, including but not limited to OP4.01, OP4.04, OP4.11, OP4.10, and OP4.12.*	Specific stakeholder engagement plans for each of the proposed sub-projects will be developed once the ESIA consultants have been hired (a roadmap for the proposed Shuren sub-project is discussed in Item 17 below). This process will involve stakeholder mapping, consultation planning and consideration of necessary specialist studies. Once this has been completed, the consultants will then undertake preparatory consultations with local affected stakeholders to explain the plan for consultations and how stakeholders can be involved. In addition, the Bank has requested that the PMU hire a communications specialist to assist with preparation and coordination of the public consultation process for specific sub-projects. The consultation roadmaps for each sub-project will be available on the MINIS Project website, once they have been prepared.
17.	Suggested consultation template is vague and inefficient	*Access to Information Policy and*	The Bank supported the PMU to develop a model "consultation roadmap" as part of the draft ESIA ToR finalization process for the proposed Shuren sub-project (see Annex 3 on Public Consultations). This was presented at the stakeholder engagement workshop in Ulaanbaatar on January 16, 2015 and the process

No.	Claim	OP/BP	Response
		Suite of Safeguard Policies, including but not limited to OP4.01, OP4.04, OP4.11, OP4.10, and OP4.12.	explained. The consultation roadmap consists of an indicative timeline for public consultations during the ESIA preparation process, including opportunities to engage the Panel of Experts. This timeline is intended as a model for other ESIAs being supported under the MINIS Project and customized roadmaps based on the model will be prepared by the consultants who conduct the ESIAs for each of the sub-projects. Timeframes may change due to delays in MINIS Project implementation, but the detailed sequence of activities is clearly explained in the roadmap.
18.	In fall 2014 the WB sent to RwB an "Indicative Consultation and Disclosure Process for Shuren Hydropower Plant Project'. The problem is that it is hardly comprehensible and the note does not adequately reflect stakeholder comments.	*Access to Information Policy and Suite of Safeguard Policies, including but not limited to OP4.01, OP4.04, OP4.11, OP4.10, and OP4.12.*	The Bank assisted the PMU to develop an indicative process that explains the particular sequence of disclosure and consultation events expected for the preparation of the Assessment Studies for each of the proposed sub-projects under the MINIS Project. The indicative process provides for three rounds of consultations for each proposed sub-project being assessed and studied under the MINIS Project: 1. at the disclosure of the draft ToR for the ESIA (this round currently underway); 2. during the ESIA specialized studies; and 3. upon disclosure of the Draft ESIA report. Rivers without Boundaries provided feedback that a clear time schedule should be included. Management noted that it was difficult at that stage to provide a detailed time schedule due to uncertainty over when the ESIA consultancy assignment would commence. However, a more detailed timeframe was then developed specifically for the Shuren Studies in the form of a roadmap (explained above). The Bank and PMU will work with the ESIA consultants to develop similar roadmaps for other Assessment Studies for the other proposed sub-projects and to clarify the details by developing a stakeholder engagement plan for each ESIA (preferably in the form of a Gantt chart, which was another suggestion provided by Rivers without Boundaries).The consultation roadmaps for the Assessment Studies for each proposed sub-project will be published on the MINIS Project website once they have been prepared.
	Grievance Redress		
19.	***Grievance redress mechanism not available***	OP 10.00	Management notes that the availability of a grievance redress mechanism is linked to the implementation of physical investments and therefore considers this request to be premature.

No.	Claim	OP/BP	Response
	According to the Environmental Social Screening Framework, the Project Management Unit was supposed to develop an appropriate grievance redress mechanism to be incorporated in the Operational Manual and which will be regularly monitored and evaluated by the PMU during the implementation of projects. We requested this several times and never received it.	Investment Project Financing and Suite of Safeguard Policies, primarily OP4.10 and OP4.12	Prior to implementation, concerns are received and addressed as part of the ongoing ESIA public consultations. The ToR for the ESIAs for the proposed sub-projects require the consultant to provide recommendations on the structure and development of an appropriate proposed sub-project-specific grievance redress mechanism (Section B.8 in the Shuren ESIA ToR and Section 4.2 in the Orkhon ESIA ToR). In the event that a proposed sub-project progresses to implementation, a grievance mechanism would then be established in preparation for the proposed sub-project development and "be detailed in sub-project safeguards documents," as required in the ESMF (p. 13). During the next phase of the Shuren and Orkhon Gobi Studies, the Panel of Experts will also provide an independent avenue for the receipt and consideration of concerns. In addition, the Bank has requested that the Government assign contact officers for each proposed sub-project who can record and respond to concerns independently of the PMU. Information about how to contact the Panel of Experts and the Government contact officers, once these have been named, will be posted on the MINIS website.
	Documentation of Engagement with World Bank Staff		
20.	• The following letters outline the engagement Russian and Mongolian groups have had with the MINIS Project staff and World Bank senior management since 2012. • Letter from Wellesley College to World Bank Mongolia Country Staff, 18 September 2012 and Bank response • Letter from Sosnovko to President Kim, 29 September 2012		Management acknowledges the list of the letters received and the Bank responses. In addition to the formal responses, Management met with Rivers without Boundaries in Washington, D.C., and in Ulaanbaatar and had an open discussion about all the issues raised. Management in particular: • Acknowledged the positive role of the public and the NGOs in following the progress of activities that have potential environmental and social impacts; • Supported the need for better engagement and assured that the application of Bank Policies, in this regard, will be maintained; • Confirmed that none of the ESIAs has started yet and thus public consultation was not yet required;

No.	Claim	OP/BP	Response
	• Response to Sosnovko letter from Mongolia Country Director, 25 October 2012 • Letter from Greenpeace Russia to President Kim, 22 November 2012 • Response to Greenpeace Russia from Mongolia Country Director, 27 November 2012 • Letter from Rivers without Boundaries to MINIS Project TTL, 12 May 2014 • Response to Rivers without Boundaries letter from Acting Mongolia Country Manager, 19 June 2014 • Letter from Greenpeace Russia to President Kim, l September 2014 • Response to Greenpeace Russia letter from Mongolia Country Manager, 3 October 2014		• Confirmed that the MINIS Project will not finance the construction of the proposed sub-projects. In addition, Management noted the efforts of the Bank team to convene the first face-to-face meeting between the GoM and Rivers without Boundaries in Ulaanbaatar during the Implementation Support Mission in September 2014.
	Elaboration of Problems with Stakeholder Engagement and Project Oversight		
21.	• Disclosure and stakeholder involvement: late and limited disclosure of pre-feasibility report and ToR put up for discussion.		See Item 10.
	• Stakeholder discussion announcements are released 1-2 days before the event, which does not allow all interested parties to attend.		See Items 10-11.

No.	Claim	OP/BP	Response
	RwB was the only party concerned with the project; the rest were loud supporters making remarks such as "if at all you call yourselves Mongolian".		
	• Local community members are not informed, not present at consultations, and do not have access to documents as evidenced by statements made by a local governor and association of bee-farms. The Mongolian Association of Bee-farmers was not invited, they had heard about the discussion and came to state that impact assessment does not include cover all sites and endangered species of honey-bearing plans essential for their business. Selenge soum will be affected by both Eg and Shuren HPP, yet the local government has no information on what impacts to expect.		Local government was in attendance at both the stakeholder engagement workshop on January 13, 2014 and at the initial consultations on draft ToR for the ESIA for the proposed Shuren subproject on January 16, 2014, including four governors of Soums in Selenge and Bulgan Provinces. They have not yet received any additional information on what impacts to expect because the ESIAs and associated local area consultations have not yet been undertaken. Bee Farmers Association representatives were present at the above-mentioned initial public consultations held in January 2015 in Ulaanbaatar and had ample opportunity on this occasion to have their concerns heard and recorded. The Bank will continue to work with the PMU to encourage it to consider the views of all key stakeholders. During the preparation of the feasibilities studies further consultations are planned with potentially affected people and local stakeholders.
	• Differences in the Mongolian and English language content of documents indicate that texts cater to different audiences with differing messages. Example: the requirement to disclose pre-feasibility study documents to interested bidders available in the English text does not appear in the Mongolian. Or "cost-effective resettlement and miti-		The Bank communications specialist in the Mongolia Country Office will assist the PMU to review and improve translations and correct any inaccuracies.

No.	Claim	OP/BP	Response
	gation measure" is translated into Mongolian as "low-cost" measures.		
	• The Mongolian ToR for the Orkhon project directs the ESIA consultant to carry out field evaluation in the project area, which on the map includes only areas to benefit from project. It also directs the evaluation from the position of "project is possible".		See Item 7.
	• Russian government and other stakeholders of the riparian have not received from WB or GoM due notification regarding approval of pre feasibility studies and start of next planning phase for dams in Selenge river basin 3., More than that, when the World Bank project did not seek opinion of independent experts such as World Heritage Center or any other authoritative third-party regarding potential impacts on these internationally protected sites.		See Item 9.
	• Stakeholders from potentially affected Russian communities were not included in public consultations, no consultations related to pre-feasibility study, FS and ESIA have been organized in Russia, project documents and		The ESIA process requires the consultant to undertake a stakeholder mapping exercise in order to develop consultation plans for potentially affected communities. Potentially affected downstream communities will require consultation regardless of national boundaries. Stakeholders from potentially affected Russian communities will be considered in this stakeholder mapping process and consulted accordingly.

No.	Claim	OP/BP	Response
	drafts for discussion are not available in Russian.		This has not yet occurred because consultants have not yet been selected.
	• Such important stakeholder as the World Heritage Committee representing Convention has been not been notified by the GoM and the draft ESIA and FS ToR for dam projects are being finalized without consideration to the WHC recommendation to carry out a reactive monitoring mission issued in June 2014.		See Item 9.
	• Quality of documents and stakeholder engagement process do not meet the minimum WB standards.		All ESIA ToR and the proposed stakeholder engagement process have been screened by the World Bank Regional Safeguards Secretariat for standards compliance.
22.	An independent monitoring body should monitor compliance with WB policies, specifically: • Compliance of assessment ToR for ESIA; • Stakeholder engagement processes, starting with the process of identifying all stakeholders, especially those to be harmed by project impact; • The process of mapping critical natural resources and cultural sites essential to local communities and businesses; • Ensure that resettlement and mitigation plans are in compliance, in order to not to repeat the Oyu Tolgoi		As noted in Item 10 above, the Bank has recommended that a Panel of Experts be recruited to oversee and make recommendations to the GoM. The Panel of Experts will cover technical, environmental and social areas of expertise, and will include experts with significant international experience in hydropower and dam development. The activities mentioned will be undertaken by the ESIA consultants and/or the Panel of Experts, which are in process of selection.

No.	Claim	OP/BP	Response
	complaints; • Ensure that Cumulative Impact Assessment for all dams planned in Selenge river basin is undertaken with proper involvement in public consultations of all relevant stakeholders from all areas of potential impacts. • The public consultations, oversight process should fully include experts appointed by the World Heritage and Ramsar Conventions, as independent bodies accepted by both riparian signatories and have extensive international experience in similar projects worldwide. • Remind the Mongolian government that is has a duty to comply with the WB policies in activities that are financed by the WBG; and • Call upon the Mongolian government to first carry out a thorough assessment of the impacts of Taishir and Durgun HHP on local communities to inform the ESIA process for these three HHP projects. Engage affected local community members in the stakeholder discussions as well as in the development of the ESIA social impact assessment methodology.		

No.	Claim	OP/BP	Response
	Potential Environmental Impacts		Management notes that the issues listed below refer to potential harm that could derive from the construction and operation of the proposed Shuren and Orkhon Gobi sub-projects, but not from the Assessment Studies that the Bank intends to finance. The potential impacts of the proposed Shuren and the Orkhon Gobi sub-projects require further investigation, which will be undertaken in the next phase of study. The relevant sections of the ToR are noted in the responses below.
23.	• Disruption to the river flow and human/animal movements. For instance, the dams will likely block the migration paths of endangered fish species, causing a decrease in available fish stock;		Section B4.3 - Environmental Impact of the proposed Shuren sub-project on Downstream areas - of the ToR for the ESIA for the proposed Shuren sub-project requires the consultant to "*Assess the blocking of fish migration routes up and down the Selenge River by creating an insuperable obstacle (the dam) for the aquatic species in the river, with emphasis on the Taimen and Siberian Sturgeon. Evaluate feasible mitigation measures like fish ladders, fish locks, fish lifts or compensatory fish breeding in the reservoir.*" Furthermore, the Bank will recommend to the Recipient not to proceed with the proposed sub-projects, in line with OP 4.04, if the environmental and social assessment concludes that the proposed sub-project results in significant conversion or degradation of critical natural habitats.
24.	• Damage to Selenge ecosystems and native species, for instance through the introduction of exotic species; which could lead to further direct destruction of already-endangered fish species;		Section B3.3 - Biodiversity in the Selenge River Valley - of the ToR for the ESIA for the proposed Shuren sub-project states "*The ESIA team will inventory and study biodiversity in the Selenge river valley. Flora will include but not be limited to trees, bushes, grasses, mosses, ferns, and lichen. Fauna will include (but not be limited to) birds, insects, reptiles, fishes, mammals, mollusks, planktons and benthos. Identify invasive species (flora and fauna), their spread and impact on the ecosystem. Special attention must be paid to aquatic species, especially to migratory species. The ESIA team will determine whether or not the dam would provide a viable habitat for fish which now survive in the river as it is and whether or not there is potential for development of a fishing industry in the impoundment area. The feasibility study should establish as accurately as reasonably possible the species and number of the fish and other life occupying the stretch of the river that will be inundated. Identify which ones have migratory habits and whether or not they would be seriously disadvantaged by the presence of a dam.*" Furthermore, the Bank will recommend to the Recipient not to proceed with the proposed sub-project, in line with OP 4.04, if the environmental and social assessment concludes that the proposed

No.	Claim	OP/BP	Response
			sub-project results in significant conversion or degradation of critical natural habitats.
25.	• Low quality of water supply;		Water quality is a fundamental part of the ESIA, and is included in the ToR. The ESIA consultant is required to include dedicated "Water Pollution Control/Water Quality Specialists" as part of the team (Section F 1.1. - Key Professional Qualifications and Competence for the Assignment). The ToR for the ESIA requires the "*Identification and characteristics of major water bodies, water courses, major drainage areas and watersheds that may be potentially affected by the proposed development*" (B 4.2.Reservoir water quality).
26.	• Degradation of critical habitats, including floodplains and the Selenge River Delta Ramsar site;		Section B4.3 – Environmental Impact of the proposed Shuren sub-project on Down-stream areas – of the ToR for the ESIA for the proposed Shuren sub-project requires the consultant to "*Assess the impact of the HPP Shuren on the UNESCO world heritage 'Lake Baikal' and the RAMSAR [sic] site 'Selenge delta' 2RU018, resulting from the interference of the dam with the natural river discharge and the sediment transportation.*" Furthermore, the Bank will recommend to the Recipient not to proceed with the proposed sub-project, in line with OP 4.04, environmental and social assessment concludes that the proposed sub-project results in significant conversion or degradation of critical natural habitats.
27.	• Possible accumulation of heavy metals, potentially endangering human health;		Heavy metals are substances that are considered in water quality assessments; water quality studies are part of the ESIA ToR. The ToR for the ESIA requires the consultant to assess "*Health risks associated with a projected decrease in downstream river water quality and as part of the downstream river implicating downstream villages*." (B 5.6 - Health Impact Assessment).
28.	• Increased greenhouse gas (methane) emissions, contributing further to the severe effects of climate change in Mongolia;		Greenhouse Gas Emissions, both CO2 and CH4, from the reservoirs, are part of the water quality and other studies covered by the ESIA. The current ToR for the ESIA do not explicitly mention GHG, but include reservoir assessment for parameters such as "water temperature,…, oxygen depletion, algae growth," which are essential

No.	Claim	OP/BP	Response
			processes affecting CH_4 and CO_2 emissions. As the ToR are being finalized, Management will ensure that the issue is explicitly included in the ToR.
29.	• Loss of geologic stability and increased risk of damage from landslides due to erosion, earthquakes, and flooding from catastrophic dam failure;		Dam safety, including seismic risk, slope stability, and flood risks, is included in the ToR for the Shuren Feasibility Study in Sections B3.2. – Geological and Geotechnical Investigations, B3.3 – Seismic Studies, B 6.2. – Flood Routing, B7.3 – Stability and Structural Analysis, and B 11 – Dam Safety Measures
30.	• Unpredictable water flows caused by climate change and desiccation of Mongolian landscape will be exacerbated by dam projects. Flow volumes are decreasing in rivers such as the Orkhon, and data suggests that under current conditions the Orkhon River will not survive the planned diversion to the South Gobi region; and		Water balance studies, including hydrological and climatic variability, are part of the ToR. Section B 4.3. – Climate Change Assessment – of the Shuren Feasibility Study states: "*The Consultant shall, based on global and regional studies, and climate change projections, estimate the likely range of climate futures for the period of the economic life span of the Shuren HPP. These climate change scenarios shall be expressed as percentage of change in future temperature, precipitation and runoff compared to historical records. The Consultant shall take this information into account in the conceptual design of the two site alternatives for Shuren HPP and use them as input to sensitivity analysis for cost (due to possible necessary adaptive design) and benefits (due to possible changed inflow) of the project."*
31.	• Degradation of Lake Baikal, a designated UNESCO World Heritage Site, due to alteration of Selenge River ecosystem patterns and processes.		Downstream effects, including cumulative effects, on the Selenga River and the Lake Baikal are included in the ToR. Section B4.3 – Environmental Impact of the HPP on Down-stream areas – of the ToR for the ESIA for the proposed Shuren sub-project requires the consultant to "*Assess the impact of the HPP Shuren on the UNESCO world heritage 'Lake Baikal' and the RAMSAR [sic] site 'Selenge delta' 2RU018, resulting from the interference of the dam with the natural river discharge and the sediment transportation.*" Furthermore, once again, it is important to emphasize that the Bank will recommend to the Recipient not to proceed with the proposed sub-project, in line with OP 4.04, if the environmental and social assessment concludes that the proposed sub-project results in significant conversion or degradation of critical natural habitats.

No.	Claim	OP/BP	Response
	Potential Socio-economic Impacts		Management notes that the issues listed below refer to potential harm that could derive from the construction and operation of the proposed Shuren and Orkhon Gobi sub-projects, but not from the Assessment Studies that the Bank intends to finance. The potential impacts of the proposed Shuren and the Orkhon Gobi sub-projects require further investigation, which will be undertaken in the next phase of study. The relevant sections of the ToR are noted in the responses below.
32.	• Loss of access to traditional water and pasture resources by nomadic communities in Bulgan, Huvsgul, Selenge, Orkhon, Uvurhangai, Dundgobi, in the South Gobi provinces of Mongolia;		The identification of potentially affected people, both nomadic and permanent residents, and the assessment of impacts on their livelihood, are included in the ToR. Section B5 – Social Impact Assessment - of the ToR for the ESIA for the proposed Shuren sub-project states: "*The ESIA should assess direct and cumulative social and economic impacts of the project in its complete area of influence during construction and operation of the hydro. This will include taking stock of current seasonal use of land and resources by pastoral people; effects of the development of roads and ancillary infrastructure; planned developments in mining and related processing; project-related developments inducing an influx of people into the area; new resource availability after reservoir impoundment, etc.*"
33.	• Disruptions to ecosystem services such as Selenge River fish population will increase competition for people who depend upon the fish stock for their livelihoods;		The identification of ecosystem services, and the potential impacts on these, are part of the general scope defined in the ToR relating to social impact: "*The ESIA should assess direct and cumulative social and economic impacts of the project in its complete area of influence during construction and operation of the hydro. This will include taking stock of current seasonal use of land and resources by pastoral people; effects of the development of roads and ancillary infrastructure; planned developments in mining and related processing; project-related developments inducing an influx of people into the area; new resource availability after reservoir impoundment, etc.*" As the ToR are being finalized, Management will ensure that the issue is explicitly mentioned in the ToR.
34.	• Loss of economically valuable land, especially important crop and pasture land, as a result of reservoir flooding and floodplain degradation;		The identification of potentially affected people, both nomadic and permanent residents, and the assessment of impacts on their livelihood, are included in the ToR. Section B5.1 – Resettlement and economic rehabilitation - of the ToR for the ESIA for the proposed Shuren sub-project states "*The ESIA will assess the project's need for permanent and temporary*

No.	Claim	OP/BP	Response
			land acquisition for all of its linked components needed for construction and sustained operation, regardless of the source of financing. Such linked components include access roads, lay-down areas, work camps, transmission lines, pipelines, etc. The ESIA will assess the extent and nature of land and assets to be lost, identify any restrictions or preclusions of access to land and resources and will stipulate specific needs for the physical resettlement and/or economic rehabilitation of project-affected people to be addressed by means of a Resettlement Action Plan (RAP)."
35.	• Potential resettlement of about 30-100 families at each planned reservoir site and more from planned pipeline path;		The identification of potentially affected people, both nomadic and permanent residents, and the assessment of impacts on their livelihood, are included in the ToR. Section B5.1 – Resettlement and economic rehabilitation - of the ToR for the ESIA for the proposed Shuren sub-project states "*The ESIA will assess the project's need for permanent and temporary land acquisition for all of its linked components needed for construction and sustained operation, regardless of the source of financing. Such linked components include access roads, lay-down areas, work camps, transmission lines, pipelines, etc. The ESIA will assess the extent and nature of land and assets to be lost, identify any restrictions or preclusions of access to land and resources and will stipulate specific needs for the physical resettlement and/or economic rehabilitation of project-affected people to be addressed by means of a Resettlement Action Plan (RAP).*"
36.	• Loss of ecotourism opportunities and loss of access to traditional resources by local businesses dependent on river and lake resources which also pose high risks of their insolvency for existing ecotourism enterprises;		"*The ESIA should assess direct and cumulative social and economic impacts of the project in its complete area of influence during construction and operation of the hydro. This will include taking stock of current seasonal use of land and resources by pastoral people; effects of the development of roads and ancillary infrastructure; planned developments in mining and related processing; project-related developments inducing an influx of people into the area; new resource availability after reservoir impoundment, etc."* As the ToR are being finalized, Management will ensure that the issue is explicitly mentioned in the ToR.
37.	• Loss of culturally significant archaeological sites in the Selenge River Basin. The Orkhon and Selenge rivers itself are also con-		The identification of archaeological sites, and the assessment of impacts on them, are part of the ToR. Section B 4.4. – Archaeological, Historical and Cultural Findings – of the ToR for the ESIA for the proposed Shuren sub-project re-

No.	Claim	OP/BP	Response
	sidered sacred by traditional Mongolian and Buryat shamans; Lake Baikal is a major sacred object for all peoples populating the region.		quires the consultant to "*In case of discovering historical and cultural sites, inform the local Institute of Archaeology, Academy of Science and the PIU. Develop a plan for protecting these sites and if necessary accept and support state protection. A cultural heritage management plan shall be developed following the World Bank regulations towards preventing loss*."
38.	• Loss of crops due to the conversion of lands;		Section B5.1 – Resettlement and economic rehabilitation – of the ToR for the ESIA for the proposed Shuren sub-project states "*The ESIA will assess the project's need for permanent and temporary land acquisition for all of its linked components needed for construction and sustained operation, regardless of the source of financing. Such linked components include access roads, lay-down areas, work camps, transmission lines, pipelines, etc. The ESIA will assess the extent and nature of land and assets to be lost, identify any restrictions or preclusions of access to land and resources and will stipulate specific needs for the physical resettlement and/or economic rehabilitation of project-affected people to be addressed by means of a Resettlement Action Plan (RAP)*."
39.	• Loss of ecological service of critical habitat;		As noted in Item 33, the identification of ecosystem services, and the potential impacts on them are included in the ToR.
40.	• Loss of honey-bearing plants and damage to bee farms; and		See Item 33.
41.	• Loss of vast areas of floodplain forests to Shuren Hydropower Project.		Assessment of impacts on forests, both from a biodiversity and ecosystem service point of view, are included in the ToR. Section B 4.1. – Environmental Impact of the Reservoir – of the ToR for the ESIA for the proposed Shuren sub-project requires the consultant to "*Assess the most feasible site by investigating……the optimum size of the reservoir…..as a consequence of the impounding of the Selenge River and raising the water level in the reservoir, that will drown cropland, forests settlements, etc*."

Annex 2. MINIS Sub-project Studies (executed and planned)

MINIS Sub-project	Screening Studies	Pre-feasibility Study	Feasibility Study ESIA/CIA
Component 1: Support for Infrastructure Investments (US$19.69 million)			
i) Flow regulation of the Orkhon River and construction of a water reservoir complex and river diversion scheme	• Identification & Data Gathering Completed 2012 • Preparatory Study Completed 2013-2014.	• PFS Scheduled 2015-1016 as part of FS • FS Scheduled 2015-2016 • ESIA (including CIA) Scheduled 2015-2016	
ii) Shuren Hydropower plant on the Selenge River	• Identification & Data Gathering Completed 2012	• PFS Completed 2013-2014	• FS Scheduled 2015-2016 • ESIA (including CIA) Scheduled 2015-2016
iii) Integrated Steel Complex with Infrastructure in the central region of Darkhan - Selenge	• Initial Studies (Sampling & Testing) Completed 2013-2014		• FS Scheduled 2015-2016 • ESIA Scheduled 2015-2016
iv) Extension of Coal Mine "Baganuur" LLC	• Initial Studies (Sampling & Testing) Completed 2013-2014		• FS In-Progress 2015 • CIA Scheduled 2015
v) Rural and Industrial Water Supply Scheme in the South Gobi region	• Groundwater Assessments Scheduled 2015-2016		• FS Scheduled 2015-2016 • ESIA Scheduled 2015-2016
vi) Synthetic Natural Gas Plant (SNG)	• Initial Screening completed in 2014.		• FS Scheduled 2015-2016 • ESIA Scheduled 2015-2016
Other studies financed under Component 1			
Additional Study for "Tavan Tolgoi" Coal Mine Region	N/A	N/A	CIA Scheduled 2015
Development of Optimal Extraction Model	• Preparatory Studies In- Progress 2014-2015	N/A	N/A
Mining Wastewater Recycling	• Preparatory Studies In-Progress 2014-2015	N/A	N/A

Mongolia

Component 2: Capacity Building and Knowledge Transfer (US$1.45 million)			
Study tours and training sessions	N/A	N/A	N/A
Component 3: Strengthening Groundwater Management (US$3.23 million)			
Development of Water Basin Counsels and Associations	N/A	N/A	N/A
Component 4: Project Management (US$0.63 million)			
Training and administrative	N/A	N/A	N/A

Annex 3: MINIS Project - Public Consultation

a) MINIS Project public consultation history
b) MINIS Project indicative consultation and disclosure process
c) Proposed Shuren sub-project consultation roadmap
d) Public consultation participation records:

- Baganuur & Tavan Tolgoi Cumulative Impact Assessment (CIA) ToR consultation
- MINIS Project stakeholder engagement training workshop
- Proposed Shuren sub-project ESIA ToR consultation
- Proposed Orkhon Gobi sub-project ESIA ToR consultation

a) MINIS public consultation history

MINIS Public Consultation History				
Event	**Date Held**	**Location**	**Participation**	**Representing**
Baganuur & Tavan Tolgoi CIA ToR consultation	**21 Nov 2014** (Disclosed 20 Nov 2014, Deadline for comments extended to 5 Dec 2014)	Ulaanbaatar	18 attended	NGOs (including OT Watch, Geoecological Institute and Ariunsuvarga), government representatives, Tavan Tolgoi and Baganuur project teams, MINIS PMU
MINIS Project Stakeholder Engagement Training Workshop	**13 Jan 2015** (Disclosed 11 Dec 2014)	Ulaanbaatar	95 attended	NGOs (including OT Watch, RwB, Rivers & Lakes Association, Environmental Civil Society of Mongolia) Research institutes including Siberian Branch of the Russian Academy of Sciences, RBA, Local government representatives from Selenge and Bulgan Provinces Government ministries of environment, energy, mining, health, finance, industry, Hydropower teams, mining teams, consulting firms, national television media
Proposed Shuren sub-project ESIA ToR consultation	**16 Jan 2015** (Disclosed 11 Dec 2014, Deadline for comments 6 Feb 2015)	Ulaanbaatar	74 attended	NGOs (including RwB, Environmental Lawyers Association of Mongolia) Research institutes including Siberian Branch of the Russian Academy of Sciences, Local government reps from Selenge and Bulgan Provinces Government ministries, Hydropower teams, mining teams, consulting firms, national television media
Proposed Orkhon Gobi sub-project ESIA ToR consultation	**29 Jan 2015** (Disclosed 11 Dec 2014, Deadline for comments 16 Feb 2015)	Ulaanbaatar	49 attended	NGOs, Hydropower teams, consulting firms, government reps, MINIS

b) MINIS Project indicative consultation and disclosure process

The following 'indicative process' provides a guide for the sequence of disclosure and consultation to be carried out for the Assessment Studies for the proposed sub-projects. The indicative process provides for three rounds of consultations for the Assessment Studies for each proposed sub-project: 1. at the disclosure of the draft ToR for the ESIA (currently underway); 2. during the ESIA specialized studies; and 3. upon disclosure of the Draft ESIA report. At each stage of these consultations feedback received by stakeholders may require a change in the number and type of consultations (hence the process is only 'indicative'). For example, 1a) and 1b) have already been completed, and while local government, local NGOs and others were present in numbers 1b) was held in UB rather that in a PAP locality. To improve on this next steps are to ensure that the ESIA consultants map stakeholders, develop detailed stakeholder engagement plans and socialize these plans through preparatory meetings with project-affected stakeholders. In the meantime the Bank has requested that the PMU hire a suitably experienced communications specialist to assist with the stakeholder engagement process.

MINIS PROJECT OVERVIEW

The objectives of this technical assistance project are to develop institutional policy and operational responses to the development of the mining industry that maximize benefits, minimize impacts, improve environmental and social performance, and attract good quality investors. The Recipient and implementing agencies are required to follow World Bank Safeguard Policies for Assessment Studies associated with the proposed sub-projects.

Phase	Project Step	Step Detail	Engagement	Responsibility
INCEPTION OF MINING INFRASTRUCTURE INVESTMENT SUPPORT PROJECT	Prefeasibility & Restructuring	Technical assistance to identify and prepare feasibility studies for proposed sub-projects: • Proposed Integrated Steel Plant Complex in Darkhan-Selenge Region • Proposed Shuren Hydropower station at Selenge river • Proposed Orkhon Gobi flow regulation reservoir and water pipeline • Proposed Rural and Industrial Water Supply Scheme in the South Gobi region • Proposed Extension of Baganuur LLC Coal Mine	**PROJECT LAUNCH WORKSHOP (UB)**	**PMU** WB Task Team supporting

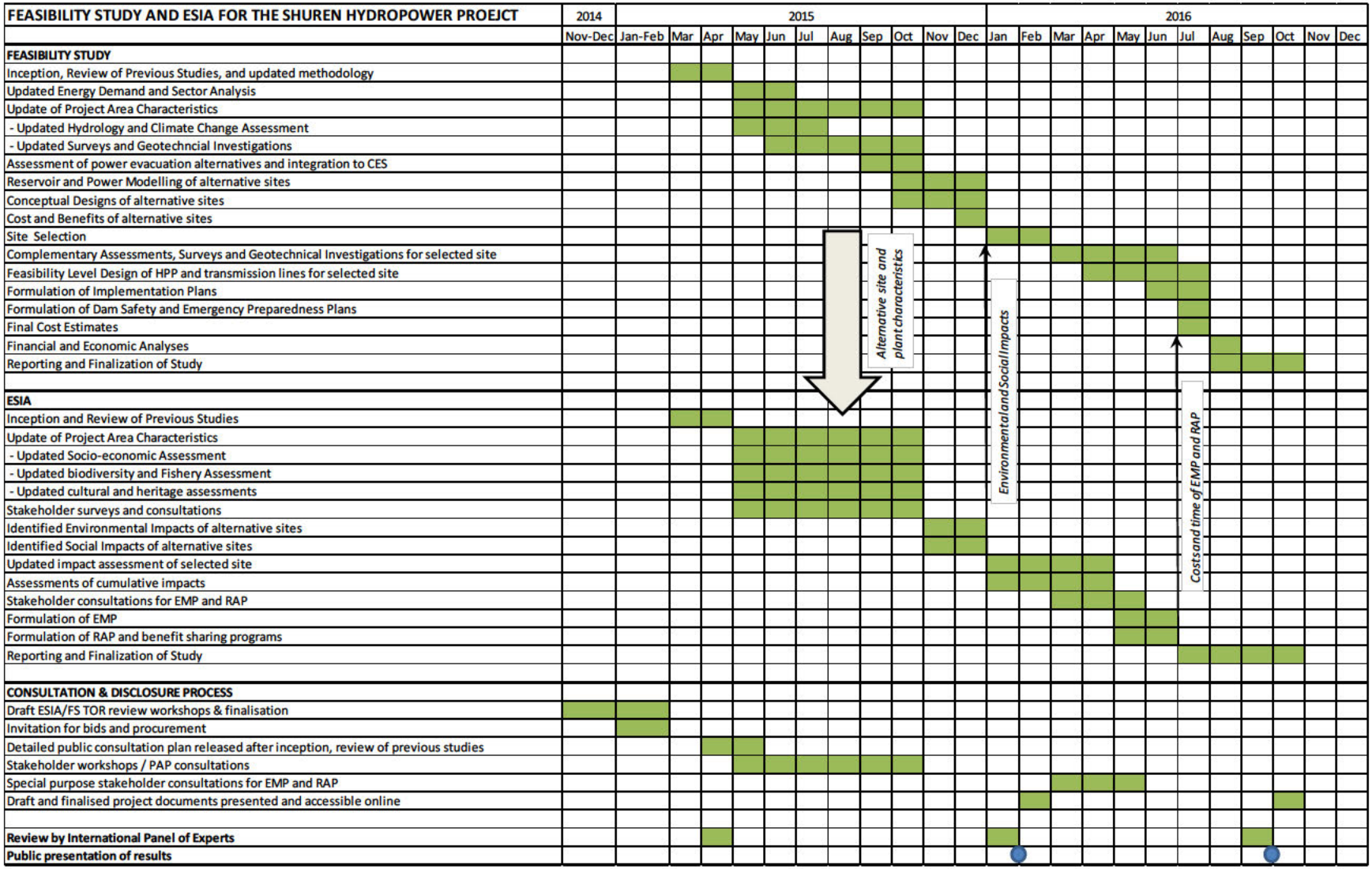
		• **Proposed Coal to Synthetic Natural Gas Development**		

COMPONENT FEASIBILITY In-depth studies and stakeholder engagement to be undertaken for each proposed sub-project Assessment Studies above				
FEASIBILITY STUDIES & ESIA FOR EACH PROPOSED SUB-PROJECT	Draft ToR for ESIA/FS	• Review for adherence to WB Safeguard Policies • Public consultation plan to be developed by Recipient for each proposed sub-project being assessed	**1A) STAKEHOLDER WORKSHOP (UB)** **1B) PUBLIC CONSULTATIONS (PAP LOCALITY)**	**PMU** WB Task Team supporting
	Finalized ToR for ESIA/FS	• Publication accessible: http://www.minis.mn/	Visit MINIS Project website	PMU
	Preliminary Scoping / Options Assessment / Site Selection	• Review of initial site options study • ESIA fieldwork surveys • Cumulative impact assessment study • ESMP	**2A) STAKEHOLDER WORKSHOP (UB)** **2B) PUBLIC CONSULTATIONS (PAP LOCALITY)**	**Study Consultants** PMU
	Draft ESIA / Feasibility Report	• Feasibility Report / ESIA / ESMP/ Public Consultation Program Report submitted to client	**3A) STAKEHOLDER WORKSHOP (UB)** **3B) PUBLIC CONSULTATIONS (PAP LOCALITY)**	**Study Consultants** PMU
	Finalized Project Documents	• Publication accessible: http://www.minis.mn/	Visit project website	PMU
FINANCIAL CLOSE & NEXT STEPS End of MINIS Project technical assistance inputs.				

<table>
<tr><th colspan="2">PROPOSED ENGAGEMENT
Detailed consultation plans are to be developed and disclosed by the ESIA consultants for each specific proposed sub-project as indicated in the ESIA ToR. The number and type of consultations may vary between sub-projects depending on the level of stakeholder interest and the complexity of the proposed sub-project. Plans are required to assign time-bound actions to responsible parties.</th></tr>
<tr><th>ENGAGEMENT FORUM</th><th>SUGGESTED STAKEHOLDERS</th></tr>
<tr><td>MINIS PROJECT LAUNCH WORKSHOP (ULAANBAATAR)
Detailed explanation of MINIS project components during project inception</td><td rowspan="2">GoM (MEGD) Ministry of Environment and Green Development
GoM (MoE) Ministry of Energy
GoM (MoM) Ministry of Mining
(MINIS PMU) Project Management Unit
(Third Party) Study Consultants
(WB) World Bank Task Team
(CSO) Civil Society Organizations / Non-Government Organizations</td></tr>
<tr><td>STAKEHOLDER WORKSHOP (ULAANBAATAR)
Disclosure & feedback opportunity via seminar in Ulaanbaatar
Documents to be circulated in advance of workshops and period for feedback provided</td></tr>
<tr><td>PUBLIC CONSULTATIONS (PAP LOCALITIES)
Identified in the stakeholder consultation plans for each proposed sub- project being assessed and studied
Culturally appropriate forums and information tools designed to be accessible to project affected persons. Vulnerable stakeholders (women, children and others) should have opportunities to fully participate (not just leaders, groups or organizations that claim to represent their interests)</td><td>(Local Govt) Aimag & Soum Representatives
(PAP) Project Affected Persons & Representatives
(CSO) Civil Society Organizations / NGOs
(MINIS PMU) Project Management Unit
(Third Party) Project Study Consultants
(WB) World Bank Task Team
Others as requested</td></tr>
<tr><th colspan="2">SCHEDULING</th></tr>
<tr><td colspan="2">Indicative timings are included in the ToR and vary for each proposed sub-project being assessed and studied. Interested parties are advised to check the Project website for updates: http://www.minis.mn/</td></tr>
<tr><th colspan="2">GLOSSARY</th></tr>
<tr><td colspan="2">CSO = Civil Society Organizations
ESIA = Environmental and Social Impact Assessment
ESMP = Environmental and Social Management Plan
FS = Feasibility Study</td></tr>
</table>

GoM = Government of Mongolia
MINIS = Mining Infrastructure Investment Support Project
MoE = Ministry of Energy
MoM =Ministry of Mining
PAP = Project Affected Persons
PMU = Project Management Unit
RAP = Resettlement Action Plan
ToR = Terms Of Reference
WB = World Bank

c) Shuren consultation roadmap



d) Public consultation participation records

i) Baganuur & Tavan Tolgoi CIA ToR consultation (November 21, 2014)

Organization type	Organization	Number of participants
National government	Ministry of Environment and Green Development	6
	Ministry of Industry	1
	Ministry of Mining	1
	Ministry of Health	1
NGOs	Geological Institute	1
	OT Watch	1
	Ariunsuvarga	1
Project implementing entities	MINIS PMU	3
	Erdenes Tavan Tolgoi	2
	Baganuur LLC	1
TOTAL		18

ii) MINIS Project Stakeholder Engagement Training Workshop (January 13, 2015)

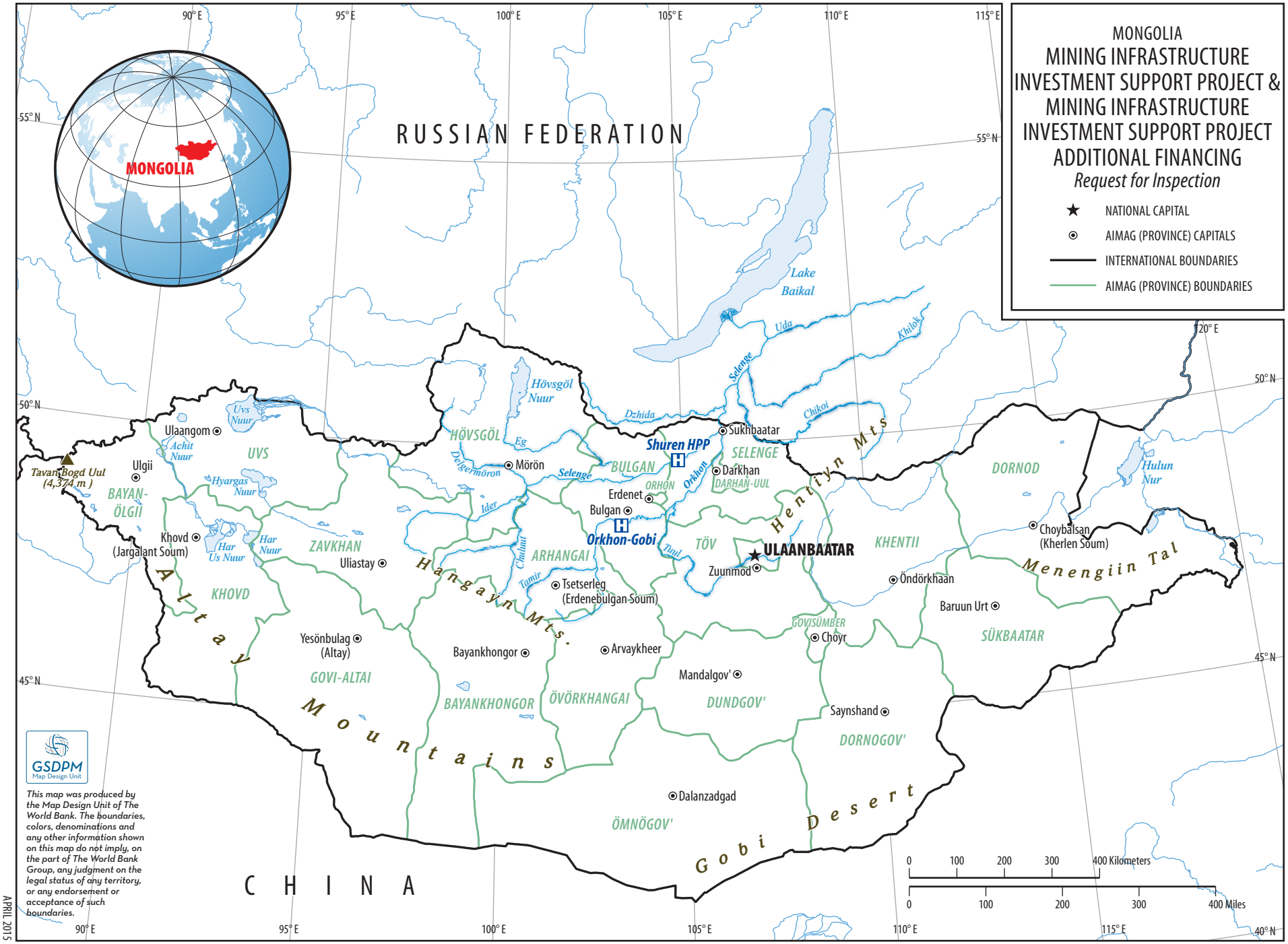
Organization type	Organization	Number of participants
National government	Ministry of Finance	1
	Ministry of Environment and Green Development	8
	Ministry of Energy	2
	Ministry of Industry	1
	Ministry of Mining	1
	Ministry of Health	2
	River Basin Authorities (various)	14
	Groundwater Management Information Unit	1
Local government	Bulgan Province	2
	Selenge Province	1
NGOs	Rivers without Boundaries	1
	Nogoonayan	2
	Mongolian Association of Beekeepers	1
	Lawyers Association for Mongolian Environment	2
	Ariunsuvarga	1
Academic organizations	Russian Academy of Science (Siberian Branch)	1
	Institute of Geoecology	1
	National University of Mongolia	1
	Mongolia University of Science and Technology	4
	Wild Animal Protection Center	1
	2030 Water Resources Group	1
Project implementing entities	MINIS PMU	4
	Shuren HPP PIU	6
	MCS LLC	1
Companies	Prestige LLC	3
	Balchuluu LLC	1
	Runge Minarco	1
	Power Open Pit	1
	Mongol Management	3
	Nature Friendly LLC	2
	Green Trends LLC	1
	Satu LLC	1
	Azin Resource LLC	2
	Mega Watt LLC	1
	Natural Sustainable LLC	1
	Ev Ej LLC	1
	EHSM LLC	1
	Sinohydro Corporation Ltd.	3
	Undur Khaan Trade LLC	3
	Soosung Engineering LLC	1
	Eco Mongol LLC	1
Other organizations	World Bank	4
	Durgun HPP	1
	Egiin Gol HPP	4
TOTAL		95

iii) MINIS Project Stakeholder Engagement Workshop – proposed Shuren sub-project ESIA ToR Consultation (January 16, 2015)

Organization type	Organization	Number of participants
National government	Ministry of Environment and Green Development	1
	Ministry of Energy	1
	Ministry of Industry	1
	Ministry of Health	1
	River Basin Authorities (various)	11
	Groundwater Management Information Unit	1
Local government	Bulgan Province	2
	Selenge Province	2
NGOs	Rivers without Boundaries	1
	Ariunsuvarga	1
	World Environment Protection Fund	1
	Environmental Lawyers Association	2
Academic organizations	Russian Academy of Science (Siberian Branch)	1
	Institute of Geoecology	1
	National University of Mongolia	1
	Mongolia University of Science and Technology	1
	Wild Animal Protection Center	1
	2030 Water Resources Group	1
Project implementing entities	MINIS PMU	3
	Shuren HPP PIU	5
Companies	Prestige LLC	1
	Ev Ej LLC	1
	Monslov LLC	1
	Mongol Management	4
	Energy Empire	1
	Natural Sustainable LLC	4
	Tatvar Friendly LLC	2
	EHSM LLC	2
	Undur Khaan Trade LLC	3
	Eco Mongol LLC	1
Other organizations	World Bank	4
	Bee Keepers Association	3
	CT3	4
	Durgun HPP	1
	Egiin Gol HPP	3
National government	Ministry of Environment and Green Development	1
	Ministry of Energy	1
	Ministry of Industry	1
	Ministry of Health	1
	River Basin Authorities (various)	11
	Groundwater Management Information Unit	1
Local government	Bulgan Province	2
	Selenge Province	2
NGOs	Rivers without Boundaries	1
	Ariunsuvarga	1
	World Environment Protection Fund	1
	Environmental Lawyers Association	2
Academic organizations	Russian Academy of Science (Siberian Branch)	1
	Institute of Geoecology	1
	National University of Mongolia	1
TOTAL		74

iv) MINIS Project Stakeholder Engagement Workshop – proposed Orkhon Gobi sub-project ESIA ToR Consultation (January 29, 2015)

Organization type	Organization	Number of participants
National government	Ministry of Environment and Green Development	4
	River Basin Authorities (various)	9
	Groundwater Management Information Unit	2
Local government	Bulgan Province	4
	Umnugobi Province	3
NGOs	Rivers without Boundaries	1
	OT Watch	1
Academic organizations	National University of Mongolia	1
	Mongolia University of Science and Technology	2
	MCS LLC	1
Project implementing entities	MINIS PMU	2
	Shuren HPP PIU	3
	Orkhon Gobi PIU	1
Companies	Prestige LLC	3
	Energy Resource LLC	1
	Nature Friendly LLC	2
	Sunny Trade LLC	1
	Us-Erden LLC	1
	NL LLC	1
	Mongol Management	1
	Monhydro Metallurgy	1
	SES LLC	1
	Natural Sustainable LLC	1
Other organizations	Durgun HPP	1
Media	Mining Journal	1
National government	Ministry of Environment and Green Development	4
	River Basin Authorities (various)	9
TOTAL		49


MONGOLIA
MINING INFRASTRUCTURE INVESTMENT SUPPORT PROJECT & MINING INFRASTRUCTURE INVESTMENT SUPPORT PROJECT ADDITIONAL FINANCING
Request for Inspection
NATIONAL CAPITAL
AIMAG (PROVINCE) CAPITALS
INTERNATIONAL BOUNDARIES
AIMAG (PROVINCE) BOUNDARIES
RUSSIAN FEDERATION
CHINA
MONGOLIA
Lake Baikal
Uda
Khilok
Selenge
Dzhida
Chikoi
Hövsgöl Nuur
Uvs Nuur
Achit Nuur
Hyargas Nuur
Har Us Nuur
Har Nuur
Tavan Bogd Uul (4,374 m)
Altay Mountains
Hangayn Mts.
Hentiyn Mts
Menengiin Tal
Gobi Desert
HÖVSGÖL
UVS
BAYAN-ÖLGII
ZAVKHAN
KHOVD
GOVI-ALTAI
BULGAN
ARKHANGAI
BAYANKHONGOR
ÖVÖRKHANGAI
ÖMNÖGOV'
SELENGE
TÖV
DARKHAN-UUL
ORKHON
DORNOD
KHENTII
DUNDGOV'
DORNOGOV'
GOVISÜMBER
SÜKBAATAR
Ulaangom
Ulgii
Khovd (Jargalant Soum)
Uliastay
Yesönbulag (Altay)
Bayankhongor
Arvaykheer
Mörön
Sukhbaatar
Darkhan
Erdenet
Bulgan
Shuren HPP
Orkhon-Gobi
Tsetserleg (Erdenebulgan Soum)
ULAANBAATAR
Zuunmod
Choybalsan (Kherlen Soum)
Öndörkhaan
Baruun Urt
Choyr
Mandalgov'
Saynshand
Dalanzadgad
0 100 200 300 400 Kilometers
0 100 200 300 400 Miles
90° E
95° E
100° E
105° E
110° E
115° E
120° E
55° N
50° N
45° N
40° N
GSDPM
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APRIL 2015
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