



Additional Financing Appraisal Environmental and
Social Review Summary
Appraisal Stage
(AF ESRS Appraisal Stage)

Date Prepared/Updated: 05/23/2022 | Report No: ESRSAFA414



BASIC INFORMATION

A. Basic Project Data

Country	Region	Borrower(s)	Implementing Agency(ies)
Mongolia	EAST ASIA AND PACIFIC	Ministry of Finance	Municipality of Ulaanbaatar
Project ID	Project Name		
P179043	Ulaanbaatar Sustainable Urban Transport Project Additional Financing		
Parent Project ID (if any)	Parent Project Name		
P174007	Ulaanbaatar Sustainable Urban Transport Project		
Practice Area (Lead)	Financing Instrument	Estimated Appraisal Date	Estimated Board Date
Transport	Investment Project Financing	5/24/2022	6/14/2022

Proposed Development Objective

The Project Development Objectives are to develop a comprehensive framework for sustainable urban mobility in Ulaanbaatar, and to reduce congestion, improve road safety, and address climate resilience on selected transport corridors.

Financing (in USD Million)	Amount
Current Financing	100.00
Proposed Additional Financing	0.00
Total Proposed Financing	0.00

B. Is the project being prepared in a Situation of Urgent Need of Assistance or Capacity Constraints, as per Bank IPF Policy, para. 12?

No

C. Summary Description of Proposed Project [including overview of Country, Sectoral & Institutional Contexts and Relationship to CPF]



Relationship between the Parent Project and the AF. The AF will add US\$2.7 million of financing from the KWPF Trust Fund, allocated as a recipient-executed trust fund (RETF). The PDO of the AF will be the same as the PDO of the Parent Project. No extension will be made to the project closing date.

The AF will finance activities that are already scheduled under the parent project, for the design and implementation of Intelligent Transport System (ITS) and parking activities, and the freed-up funds will be used to finance any eligible activity under the same Component 1. Integrated Corridors, of the parent project. Therefore, only the costs of such project component will be scaled up by the same amount of the AF, bringing it from US\$81 million to US\$83.7 million. AF activities. All four Parent Project components and their content would remain the same. The proposed AF would scale up the available funds under the parent project Component 1. With the framework approach project design, the Project Implementing Entity is expected to complete the selection of all road works (Subcomponent 1.1. Corridor-specific infrastructure investments) based on their possible changing priorities, subject to the use of the same criteria used during the project preparation and to the World Bank review of their methodology. The additional funds may also further finance Subcomponents 1.2 Intelligent Transport Systems (ITS) and 1.3 Smart Parking Management System (SPMS), which are already eligible under the AF. . The direct beneficiaries of the AF will be Municipality of Ulaanbaatar, especially the Traffic Control Center, and their technical staff who will benefit from improved capacity to manage the new IT City. The indirect beneficiaries are the city’s residents, especially the road users who will benefit from improved and more efficient traffic management system.

The remaining three components remains unchanged. Those are: Component 2. Sustainable Public Transport System (US\$10 million); Component 3. Effective Institutions for Transport Planning and Management (US\$9 million); and Component 4. Zero-allocation Contingent Emergency Response Component.

D. Environmental and Social Overview

D.1. Detailed project location(s) and salient physical characteristics relevant to the E&S assessment [geographic, environmental, social]

Ulaanbaatar, the capital of Mongolia, accounts for more than 40 percent of the country’s three million inhabitants, with the total administrative area now 30 times larger than the original area it was built on. In recent decades, migrants from the countryside are settling in the unplanned neighborhoods known as ger areas, which have become sprawling, and vulnerable to natural disasters such as flash floods, storms surges and severe winter events like dzuds. These areas are peculiar to UB in so far as they are generally lived in by herder communities who have traditionally moved between UB (where they live in winter) and the grazing areas where they return in Spring and Summer. These areas are generally poorly serviced by urban services and increased efforts are now being made to improve the wellbeing of Ger Area residents; including urban mobility.

The Sustainable Urban Transport for Ulaanbaatar (SUTU) Program (which became effective on 19 February, 2022) is built on over 6 years of Technical Assistance (TA) works provided by the World Bank, supporting the city to address its multi-faceted urban transport problems. Accordingly, the project will be delivered by Municipality of Ulaanbaatar (MUB) throughout the city. The rationale is to meet some immediate needs, build client relationships and capacities during these early activities including strong project management, E&S capacity and other necessary skills in the MUB and PIU while simultaneously undertaking needed TAs.

To allow flexibility and adaptation, the proposed project is designed in a way to help MUB to identify, prioritize, sequence, prepare and implement activities regardless of funding sources. A range of phased physical works will be implemented based on needed TA activities, consisting of three components:



Component 1 includes corridor specific as well as city-wide interventions. Road reconfiguration, rehabilitation and construction activities will be focused on selected priority corridors, while Intelligent Transport Systems (ITS) and Smart Parking Management System will cover the city's entire road network. Under this Component, corridors (including streets, intersections, and adjacent feeder streets) to be improved are prioritized and selected based on a data-based transport infrastructure investment planning process. The Road Development Agency (RDA) of MUB in collaboration with the World Bank has developed the preliminary versions of the multi-criteria methodology and tools during previous World Bank TA activities. Specifically, the roads are prioritized based on criticality, climate risk, road safety risk and existing asset condition, using data collected through the newly established transport infrastructure asset inventory system.

Subcomponent 1.1: Corridor-specific infrastructure investments, that include two types of works:

Type I: rehabilitation and reconfiguration of priority corridors within the existing right-of-way, and works will constitute rehabilitation of roadway; reconfiguration of selected street cross-sections to allocate more space to sidewalks, bus priority lanes and bus stops, and bike lanes; intersection channelization; and installation of additional traffic engineering facilities such as signs and road markings, traffic signals and safety barriers.

Type II: corridor upgrading to improve network connectivity and to provide accessibility to residents in ger areas. This will mainly reconstruction/upgrading of existing roadways involving land acquisition for road widening.

Subcomponent 1.2: Intelligent Transport Systems (ITS) : Upgrade of centralized systems (e.g., Area Traffic Control (ATC) system and equipment) and on-street ITS equipment such as traffic signals, traffic enforcement and monitoring cameras.

Subcomponent 1.3: Smart Parking Management System: development and operationalization of a smart parking management system, including the procurement of hardware and development of software to operationalize the Parking Management Plan to be developed under Subcomponent 3.1(a)..

Component 2 will focus on the public transport improvement on selected corridors (as part of Subcomponent 1.1) to improve the quality and reliability of public transport services. Candidate activities under this component include (i) Bus priority infrastructure improvements as part of corridor rehabilitation/upgrading works; ; (ii) Hardware and software for implementing integrated bus management and e-ticketing systems; (iii) Deployment of on-demand transit services.

Component 3 will introduce strategies, tools, methodologies, and guidance for Ulaanbaatar to reform its infrastructure planning, management, and service provision in a coordinated approach.

Subcomponent 3.1: Strategic studies will be supported on the topics of city-wide sustainable and resilient urban mobility strategy, parking management, transport infrastructure investment planning and management (covering reconstruction, repair and maintenance of road investments), road safety management (road), public transport development.

Subcomponent 3.2: Capacity building and implementation support to facilitate the implementation of project activities and strategies to be developed under the Project.



Additionally, a zero-dollar Component 4: Contingent Emergency Response Component (CERC) is also included in the project design to provide swift response in the event of an eligible crisis or emergency, by enabling Ulaanbaatar to request the World Bank to reallocate project funds to support emergency response and reconstruction where needed. In such situations, all E&S instruments required for added activities need to be prepared, disclosed and approved following the Bank policy.

Although the project is restricted to the UB urban areas, there are areas with potentially sensitive environmental and social considerations such as along drainage lines and Tuul River corridor as well as social aspects, particularly relating to engagement, inclusion, safety, land and livelihoods (especially for Type II infrastructure works). Engagement and inclusion will be especially important in the Ger areas. From an environmental perspectives, the baseline survey conducted during ESMF preparation also found a wastewater pond in the vicinity (8km away) of a candidate corridor for upgrading (Type 2 corridor works), currently a habitat attracting migratory and breeding birds (including 22 globally and regionally threatened species as under IUCN criteria). During screening and preparation of respective subprojects during project implementation, further site-specific surveys will be conducted to check and confirm if there is any environmentally and socially sensitive receptors within the scope of project areas and whether effective mitigation measures are available to address potential negative E&S impacts anticipating from the implementation of selected subprojects.

The proposed AF will provide additional funding for activities that have already been included in the design of the parent project USUTP. The proposed AF will be used to finance eligible expenses under the Grant and related to the ITS design (Subcomponent 1.2) and the Smart Parking Management System (SPMS) (Subcomponent 1.3), as well as any related support to Institutions for Transport Planning and Management (Subcomponents 3.1. and 3.2).

D. 2. Borrower's Institutional Capacity

The project is one of the first World Bank IPF operations for the Municipality of Ulaanbaatar (MUB). Its overall capacity is low, and its capacity and systems for the management of E&S risks is similarly constrained. Additionally, because the project includes analytical studies which will inform future physical works, the limited capacity with the management of studies including procurement, preparation of Terms of References and the QA/QC systems to ensure adequate outcomes also presents a risk to be further assessed and managed during project preparation.

The project will be implemented by the respective implementing agencies of the MUB, i.e. the Road Development Department (RDD), Public Transport Agency (PTA), Transport Police and Traffic Command Center under the supervision and coordination of the Ulaanbaatar Governor's Office in close cooperation with the relevant government bodies at national and municipal levels. The number of the implementation agencies and hence the potential fragmentation and overlap of the roles and responsibilities in the implementation arrangements represent challenges for effective E&S management of project activities if without coordination..

Based on recent engagement with the UB urban heating project and assessments completed during project design, overall E&S capacity is considered to be low. Capacity constraints have been assessed during project design which confirm that the client will benefit from capacity building activities proposed under subcomponent 3.2. The project ESMF also includes a tailored E&S capacity building plan with specific measures/requirements to build and maintain needed capacity and coordination mechanism, including appointment of at least one dedicated E&S staff in the Project Management Office (PMO) of MUB for coordinating E&S-related issues, retaining of independent E&S specialists and provision of E&S training to support the Borrower on the assessment and management for preparing and implementing the project activities; in addition, significant technical capacity strengthening on operation in key



areas such as community engagement, livelihood impact assessment and mitigation, driver/pedestrian behavior, community safety considerations, specific environmental management aspects such as construction nuisance and other aspects.

It is noted that qualified and experienced E&S specialist have been recruited in the PIU and attended a full-day project workshop in April 2022 wherein project risks and opportunities were discussed in detail. These specialists will play a key role in early project phases to support effective E&S risk management. Implementation arrangements remain unchanged for the proposed AF.

II. SUMMARY OF ENVIRONMENTAL AND SOCIAL (ES) RISKS AND IMPACTS

A. Environmental and Social Risk Classification (ESRC)

Substantial

Environmental Risk Rating

Substantial

The program is anticipated to bring overall environmental benefits with improved drainage and climate adaption on critical corridors, reduced GHG emission from urban transport and improved safety of urban transport system in the city. The environmental risk of the Project is deemed Substantial. This is based largely on the undetermined subproject activities, particularly in relation to Type II corridor upgrading works and limited capacity of the Borrower. The considered risks include: a) largely site-specific and limited impacts associated with the rehabilitation and improvements of existing roadways and other associated small-scaled construction activities. There will be no new Right of Way (ROW) constructed. Some minor land acquisition may be required for type II investments. For both Type I and II activities, there are only the lists of candidate corridors for investment by appraisal, but final investment decision will be made during implementation. b) Potential environmental risks and impacts are mainly limited to construction phase, including increased erosion from earth works near rivers, felling of trees along the ROW, increased traffic, generation and disposal of waste/spoil, occupational and community health and safety, air pollution and noise from machinery. Sourcing of construction materials will also have risks and impacts from extraction, transport and hauling and site restoration after extraction. These impacts can be managed through implementation of engineering measures and good construction site management. Site-specific risks and impacts of project activities will be screened, assessed and managed in site-specific ESIA/ESMPs to be prepared during implementation when the locations of these activities are known and detailed designs are prepared. c) Based on recent engagement of the World Bank with the Municipality of Ulaanbaatar and the ESMF findings, overall E&S capacity of the borrower is considered to be low. A capacity development plan has been included in the project ESMF which outlines necessary measures to be taken to strengthen the Borrower’s E&S management capacity to support project preparation and implementation, including appointment of at least one dedicated E&S staff in the Project Management Office (PMO) of MUB, retaining of independent E&S specialists and provision of necessary E&S training. Although restricted to the UB urban areas, there could be areas with potentially sensitive environmental and social considerations, for example, bird habitat nearby, crossing of candidate corridor with Tuul River, etc. According to the ESMF, all the subproject activities will be screened to rule out any activity possible to involve significant environmental/ecological impacts, including conversion and damage of critical natural habitats. Subproject-specific assessment reports and management plans will be developed to identify the site-specific risks and mitigation measures, including risks related to protected areas (habitats and wildlife if any), hydrology, and social context. Budget allocation will be made available through the PMO for supporting these coordinating works, screening, managing and monitoring of project-resulting E&S impacts.

Public Disclosure



Additionally, the project ESMF prepared by the client also establishes parameters for the following environmental risks: a) technical assistance activities that are anticipated to have potential downstream E&S implications, including, for example, development of strategies and investment plans directly linked to future investments with E&S impacts during implementation and feasibility study/technical design supporting specific projects; b) the need to identify, draw boundaries around and manage associated facilities. Given that AF activities are already scheduled under the parent project Component 1, the environmental risk rating does not change and existing instruments address environmental impacts of these activities.

Social Risk Rating

Substantial

Based on the social aspects integrated into the Environmental Risk section above, the social risks are also considered to be Substantial. In addition to these aspects, there are specific risks associated with land acquisition, business impacts, livelihoods and inclusion/exclusion which contribute to the social risks. Although no land acquisition will be required (or permitted) for Type I physical investments, land acquisition and impacts on livelihoods can be expected to be relevant to Type II physical investments which are larger in scale. Risks related to personal data and privacy associated with the Intelligent Transport Systems support have been addressed to the extent possible. Notwithstanding that Type I project activities will not need land acquisition, parts of the road corridor in UB accommodate informal businesses which operate on a permanent or seasonal basis; these and potentially other activities have the potential to be affected by the project and also to be complicated to manage. Type II activities are likely to have more significant risks including land acquisition and potential impacts (and benefits) on vulnerable groups. The Substantial risk rating is proposed due to the risks associated with Type II activities which will be assessed via the studies proposed during early implementation under Component 1. The project will also (mainly for Type II projects) include road improvements in the Ger Areas. These areas are peculiar to UB in so far as they are generally inhabited by herder communities who have traditionally moved between UB (where they live in winter) and the grazing areas where they return in Spring and Summer. These areas are generally poorly serviced by urban services and increased efforts are now being made to improve the wellbeing of Ger Area residents; including urban mobility. Works in these areas will be informed by consultation outcomes as well as analytical and assessment works to be undertaken in early implementation under Component 1. The social risks associated with the project are also elevated by the use of the Framework approach and the associated project uncertainties as well as the potentially complicated analytical work which are anticipated to identify, design, assess and justify future - higher impact - investments. This is exacerbated by the limited capacity of MUB. Notwithstanding this, the social assessment prepared during project design and included in the ESMF will reduce some of these uncertainties as well as inform ToRs for future analytical work so that critical social risks and opportunities can be managed/optimized. The proposed AF will not alter the proposed investments and will, instead facilitate increased investment in activities already covered by the parent (existing) project. Accordingly, the existing instruments capture the potential impacts and provide mitigation mechanisms for the proposed activities.

Public Disclosure

B. Environment and Social Standards (ESSs) that Apply to the Activities Being Considered

B.1. General Assessment

ESS1 Assessment and Management of Environmental and Social Risks and Impacts

Overview of the relevance of the Standard for the Project:



ESS 1 is relevant. With the project implementation, anticipated impacts to the economy and societal well-being from improved roads and connectivity and road safety are expected to be significantly positive. Also, outputs from the USUT Program (strategies, tools, etc. out of TA activities) will help Ulaanbaatar achieve sustainable, climate resilient, safe, and inclusive urban mobility for all users. Some TA studies proposed under the project will also provide supports to the sustainable operation of improved corridors.

The Environmental and Social (ES) risks fall into three categories: a) those related to analytical work (studies, designs and assessments etc.) under Component 3; b) physical construction/installation works associated with Component 1 & 2. and 3) opportunities to purchase cleaner buses under Component 2 to enhance the project's environmental benefits through appropriate procurement process.

The analytical work under Component 3 aims to help the MUB carry out reforms in the transport infrastructure planning and management, operation, and service provision and will include i) Transport Infrastructure Investment Plan (TIIP), including Transport Asset Management Plan (TAMP) and tools for investment prioritization taking into consideration of climate resilience and road safety; ii) Road Traffic Crash Data Platform; iii) Speed Management Plan to identify traffic calming measures; iv) sustainable and resilient urban mobility strategy for Ulaanbaatar (UB); v) policy and institutional framework for private sector participation; vi) Smart integrated Public Transport system towards Mobility-as-a-Service (MaaS). The TA work is far-reaching in terms of scope, sectors and geography and will need to include (and will have impacts upon) a wide range of related considerations, including E&S ones. Among others, the TA work will also support further feasibility, design and assessment work for future physical investments, including some investments to be supported under the project (for example, Type 1&2 corridor works in Component 1). The TA work will have the ability to guide and influence transport network investments over a longer term, beyond project closing. The project is also designed to create a framework for long term ES benefits, achieving sustainable, climate resilient, safe, and inclusive urban mobility for all users. To ensure this opportunity is realized, the ESMF has included the requirements for preparing Terms of References (ToRs) for the analytical work to define the key ES areas of risk and opportunity to consider in that work to promote strategic thinking and systematic and comprehensive analysis of alternatives, for example, for future development of sustainable and resilient urban mobility strategy for UB.

Both Component 1 & 2 will involve civil works, but mainly under Component 1 in relation to corridor-specific infrastructure investments being divided into two types: 1) Repair and Reconfiguration, and 2) reconstruction. For implementation, the physical works in the first 18 months will be limited to Type 1 works with limited E&S impacts, along with which analytical studies under Component 3 will be undertaken to inform the later selection and implementation of longer-term larger investments which are expected to have greater E&S impacts and opportunities. The project is structured so that lower impact activities can commence early in the project while essential preparatory works are undertaken for larger subsequent physical investments.

The negative E&S risks and impacts associated with physical investments under the Project will be largely manageable, reversible and occur during construction, including: (i) cutting of trees along the ROW; (ii) noise, vibration, wastewater, air pollution, traffic/utility disturbance, as well as occupational and community health & safety impacts within/around the construction sites (also those for associated facilities) and along the transport routes of construction supplies, materials and equipment; (iii) siltation and sedimentation of waterways close to the construction sites; (iv) acquisition of land that may be involved in implementing Type 2 corridor works and some civil



works under Component 2 (e.g., PT transfer stations/terminals); (v) potential impacts on informal businesses and shops which may be set up informally within the road corridors; (vi) a range of broader social issues such as exclusion of vulnerable people in the project prioritization and decision making process and potential increased risk of GBV due to labor influx. It is noted however that due to the nature of project, the needed labor-force will be limited and all activities are located in the UB city areas, thus risks deriving from labor influx are expected to be moderate.

Since specific project activities will only be determined during project implementation, an ESMF has been developed for the Program to address the overall project activities (both physical and analytical, also identified Associated Facilities) against requirements of the ESF and the ESSs, integrating all needed E&S tools and instruments, namely: a) E&S screening criteria to rule out high-risk activities; b) E&S management approaches for eligible activities (both physical and analytical); c) a Resettlement Policy Framework (RPF) to provides guidance in the instance that physical and economic displacement occurs; d) Labor Management Procedures (LMP) to address labor-related risks and issues under the program; e) a Stakeholder Engagement Plan (SEP) to enable early, continuous and inclusive stakeholder engagement during project implementation; f) a generic ESMP to provide guidance on general E&S mitigation strategies, along with a sample of safeguard Code of Conduct for contractors; g) Guidelines for Traffice Management Plan. For chosen sites/corridors, subsequent ESIA/ESMPs will be prepared, disclosed, reviewed by the Bank and incorporated into bidding documentation for respective activities following the ESMF requirements. The ESMF also provides the Terms of References for subproject-specific ESMPs to be developed during implementation.

At the PCN stage, the GBV risk has been screened. According to the screening, the GBV risk of the project is “moderate”. A GBV action plan will be developed accordingly. The project will ensure early, continuous and inclusive stakeholder engagement.

During preparation, the executive summary of the ESMF has been disclosed by MUB on its official webpage in Mongolian on March 29th, 2021; and free printed copies of the ESMF, together with the SEP and RPF, are being made accessible in Mongolian for the public at the Municipality of Ulaanbaatar Office. Despite the COVID-19 impacts, key stakeholders were identified and consulted through a virtual meeting on March 25th, 2021, with the participation of 24 participants from MUB, IEs, other decision-making authorities, and civil societies whose feedback and concerns in relation to the Program have been adequately addressed in the ESMF. The ESMF and ESCP has been disclosed on the World Bank’s external website upon clearance in April 2021.

For the potential CERC component to be initiated by MUB in the event of eligible crisis or emergency, the project ESMF can be used since it is proposed to cover similar scope of activities as other components. All E&S instruments required for additional activities need to be prepared, disclosed and approved following the World Bank policy requirements.

The proposed AF will not alter the proposed investments and will, instead facilitate increased investment in activities already covered by the parent (existing) project. Therefore, the existing ESMF captures the potential impacts of (and provide management mechanisms for) the proposed activities.

ESS10 Stakeholder Engagement and Information Disclosure



This project is ambitious and seeks to provide a long-term strategy while also addressing some immediate physical investment requirements.

Community and stakeholder engagement addressing aspects directly relevant to the project within a broader engagement strategy developed by MUB (outside the scope of this project) have been assessed during project design. Meaningful stakeholder engagement is vital to ensure inclusive participation of those who may be adversely impacted, promote stakeholder buy-in, manage public expectations and navigate political-economy situations. Such engagement will need to address key stakeholders across the project areas of influence to understand various perspectives of impacts and benefits, and how adverse impacts will be experienced and how they may be mitigated and similarly, how benefits can be enhanced.

Because UB was in COVID lockdown during most of the project preparation period, overall engagement initiatives will need to evolve during implementation, be adaptable to changes and emerging risks and involve project affected parties including business owners, workers, communities, non-Government organizations (NGOs), media, the wider public and business associations, etc. Early stakeholder engagement was undertaken online with key stakeholders and the issues raised and the manner in which they are addressed by the project are documented in the project ESMF.

A Stakeholder Engagement Plan (SEP) has been prepared and included in the ESMF which guides engagement and consultation activities in line with ESS10 relating specifically to activities to be supported by this project. The SEP includes consultations on potential cumulative impact of other projects or investments in the project area to ensure the project activities can be understood within the broader urban context.

The SEP has specific provision to help promote effective engagement under the prevailing COVID restrictions which may apply from time to time.

Particular attention has been paid to vulnerable groups (Ger residents, transient residents and businesses, elderly, disabled and ethnic minority groups) and those who can easily be excluded from engagement processes (identified during the social assessment and stakeholder identification process) to ensure they play a meaningful role in the project. Detailed grievance mechanisms to address concerns during project phases have also been designed as part of SEP.

The proposed AF will not alter the proposed investments and will, instead facilitate increased investment in activities already covered by the parent (existing) project. Therefore, the existing SEP captures the relevant stakeholders and how they will be engaged. Similarly, the Grievance Redress Mechanism which has been established with the support of the project E&S specialists will continue to be relevant and functional for the activities funded by the additional financing.

B.2. Specific Risks and Impacts

A brief description of the potential environmental and social risks and impacts relevant to the Project.

ESS2 Labor and Working Conditions



To ensure the health and safety of workers during the construction and maintenance of project roads, the contractors will be required to prepare and implement Occupational Health & Safety Plan (OHSP) following the World Bank Group Environment, Health and Safety (EHS) Guidelines and the project Environmental and Social Management Framework (ESMF). The OHSP will also include procedures on incident investigation and reporting, recording and reporting of non-compliance, emergency preparedness and response procedures, and continuous worker training/awareness. The OHSPs prepared by contractors will be cleared, approved and monitored by the PMU's Environmental and Social (E&S) specialist in coordination with the PIUs and WB E&S Specialists.

Given the urban nature of all activities (and therefore the relatively small labor force, high level of observation and public nature of the worksites and likely accommodation arrangements of workers in an urban context), other risks such as those related to discrimination, contractual arrangements and child labor are considered to be lower than in other contexts. Notwithstanding this, the Labor Management Procedure (LMP) including a separate grievance redress mechanism (GRM) prepared prior to appraisal has established minimum requirements to manage these risks during project delivery.

The project activities involve three types of employment, these include: (i) direct workers- the borrower staff, such as Project Management Office (PMO) staff who will be directly engaged, (ii) contracted workers through third parties, such as construction workers engaged by the construction company/s for the corridor, as well as range of technical specialists; and (iii) foreign technical staff involved in technical assistance and construction management. There will not be any community workers engaged for the project, nor are any migrant workers anticipated to be engaged, given the locally available labor force for corridor work.

The proposed AF will not alter the proposed investments and will, instead facilitate increased investment in activities already covered by the parent (existing) project. Therefore, the existing LMP captures the relevant risks to project workers as well as the required mitigation measures.

ESS3 Resource Efficiency and Pollution Prevention and Management

Road upgrades and rehabilitation works will include the use of a range of materials such as aggregates, asphalt and cement and will generate construction waste. If not well managed, there is the risk that the project could become a significant user of water and/or energy. Large quantities of construction and demolition waste could be generated, as asphalt and basecourse will be removed from current roads and bridges, culverts and causeway structures removed. The ESMF has identified that the Ulaanbaatar Municipality operates three landfills: Moringiin Davaa, Narangiin Enger and Tsagaan Davaa all of which are able to accept construction, road repair solid waste. UBDHC will need to enter into a contract with the Municipality and pay associated fees to dispose of the construction waste.

Type 2 investment activities (corridor upgrading) may result in loss of productive soil, soil degradation, and displacement increased erosion. Some soil contamination from earth moving machinery, spilling oil, grease, gas, and painting, wastewater spill other chemicals used for the construction. These investments will also require resource materials more specifically stone, soil, sand or gravel, cement and asphalt. These will be obtained from licensed quarries and plants. Site specific ESMPs will present mitigation measures in line with the GIIP and WB EHS guidelines.



Targeting the improvements of climate resilience in Ulaanbaatar’s transport system, the project was designed based on an in-depth climate and disaster risk screening to identify the major climate risks affecting the project, namely urban flooding, storm surges and severe winter events (dzuds). The project design will consider climate adaptation and resilience throughout its life cycle, including planning, engineering, operations, contingency planning, and overall capacity building, as emphasized by the recent Transport Global Practice (GP) World Bank Guidance Note. The infrastructure investments on critical corridors will be selected by applying prioritization tools taking into consideration of climate risks, and the improvements of public transport, traffic and parking management (including the choice of low-emission vehicle/fleet under Component 2) is expected to reduce GHG emissions from urban transport. During preparation, the climate co-benefits that would be generated by this project has been estimated. Given that the AF activities will not alter proposed investments, the approach developed for the Resource Efficiency and Pollution Prevention and Management in ESMF will be applied to AF activities.

ESS4 Community Health and Safety

ESS4 is relevant. The project will include strategic studies with road safety considerations to design or implement targeted project interventions. Appropriate risk assessment and mitigation measures have been incorporated into the design and ESMF requirements, including: (i) street layout that fosters safer vehicle speeds and pedestrian movement; (ii) traffic calming measures that reduce vehicle speeds or allow safer crossings; (iii) safe pedestrian and cyclist facilities and access to public spaces; and (v) safe access to transport corridors, stations, and stops. This work has been undertaken in close consultation with key stakeholders, reflecting the needs of vulnerable groups, women, children and the disabled.

The project areas are characterized by low levels of crime and insecurity, and security risks associated with the project are similarly considered to be low. Basic security such as fencing, sign-posting, lighting, basic security awareness training, and a security guard may be all that is needed to manage security risks at project locations. In the unlikely event that the context changes, external security experts will be engaged to prepare more comprehensive and detailed risk assessments and management plans.

The construction activities under the project (including repair, upgrading and reconstruction of selected corridors) may pose potential safety concerns for the inhabitants within the vicinity of works given the densely populated nature of UB and the generation of higher volumes of traffic during construction. As attached to the ESMF, the guidance for the traffic management plan has been developed following the ESS4 requirements to identify and implement all legal and best practice in respect of traffic management associated with project construction, which will be used to support the preparation of ESIA/ESMPs for respective specific infrastructure investment during project implementation. Changes in baseline environmental conditions may be experienced by the local communities in terms of increased nuisance levels from emission of dust, contamination of surface water or ground water from soil erosion and runoff, and noise from construction activities. The potential for labor influx is considered moderate, given the generally small scale of the works, their urban setting, and the fact that almost all of the workers will be recruited locally. Based on the Bank’s GBV Risk Tool, the project is assessed as being moderate risk. Based on this a worker code of conduct (CoC) will be signed by each worker, and induction will include gender sensitivity, gender-based violence (GBV) and Sexual Exploitation and Abuse (SEA) elements. Similarly, the GRM will be sensitive to GBV issues.



The proposed AF will not alter the proposed investments and will, instead facilitate increased investment in activities already covered by the parent (existing) project. Therefore, the existing ESMF captures the relevant community health and safety risks, as well as the required mitigation measures.

ESS5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement

To assess land and livelihood related risks, a resettlement policy framework (RPF) has been prepared in accordance with ESS5, prior to appraisal, which sets out the criteria for future assessments for each type of proposed investment, and which also sets key inclusions and criteria for future analytical works under Component 3 with potential downstream impacts.

No land acquisition will be required (or permitted) for Type 1 physical investments however land acquisition and impacts on livelihoods can be expected to be relevant to Type 2 physical investments which are larger in scale. Land tenure and use, as well as the likely extent of any future acquisition, will be integrated into the studies being completed under Component 3. Accordingly, a proportional approach is proposed which starts with small physical works with no land impacts, and only proceeding to larger projects as adequate assessments have been undertaken and integrated into the design and delivery systems for the project over time. Notwithstanding that Type 1 projects will not need land acquisition, parts of the road corridor in UB accommodate informal businesses which operate on a permanent or seasonal basis. The presence of livelihood activities in the road corridor, whether formal or informal, have been addressed in the social assessment and mitigation measures have been proposed in the RPF.

The proposed AF will not alter the proposed investments and will, instead facilitate increased investment in activities already covered by the parent (existing) project. Therefore, the existing RPF captures the relevant potential impacts on land and livelihoods as well as the required mitigation measures.

ESS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources

This standard is deemed relevant considering the uncertainties around the selection of infrastructure investments. Although restricted to the UB urban areas, there are areas with potentially sensitive environmental considerations such as along drainage lines and Tuul River. For example, the baseline survey conducted during ESMF preparation found a wastewater pond in the vicinity (8km away) of a candidate corridor for upgrading (Type 2 corridor works), currently a habitat attracting migratory and breeding birds (including 22 globally and regionally threatened species as under IUCN criteria). The screening criteria have been established in the ESMF to avoid any negative impacts on critical/ecologically important habitats and any significant ecological impacts in the project-affected areas when selecting sub-projects for project financing during implementation. During the preparation of respective subprojects, further site-specific survey will be conducted to check and confirm if there is any environmentally and socially sensitive receptors within the scope of project influence and whether effective mitigation measures are available to address potential negative E&S impacts anticipating from the implementation of selected subprojects. Specific assessment and mitigation measures will be included in the sub-project ESIA/ESMP to be developed during project implementation.

Given that the AF activities will not alter proposed investments, the approach developed for the Biodiversity Conservation and Sustainable Management of Living Natural Resources in ESMF will be applied to AF activities.



ESS7 Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities

ESS7 was considered relevant at Concept stage because there are ethnic minority people who live in the Ger Areas. Additional work was undertaken during preparation of the social assessment to determine whether it is appropriate for ESS7 to remain relevant at Appraisal stage. This work found that although ethnic minority people do live in the Ger Areas, they have come to the urban area as separate households, are largely mainstreamed into the urban social structures and economy and they do not undertake their traditional livelihoods (eg. herding). Instead they have urban based employment. The vulnerability of Ger residents is largely defined by attributes other than being ethnic minorities, accordingly, community consultation processes will be central to ensuring that the particular development needs of this and other vulnerable groups are appropriately managed by the project. Accordingly, ESS 7 is not considered relevant.

ESS8 Cultural Heritage

ESS8 is relevant due to civil works associated with project activities. A chance-find-procedure will be established as part of the ESMPs to be developed for specific subprojects during implementation following the ESMF and ESS8 requirements.

ESS9 Financial Intermediaries

ESS9 is considered not relevant as the project does not involve any financial intermediation activities.

C. Legal Operational Policies that Apply

OP 7.50 Projects on International Waterways No

OP 7.60 Projects in Disputed Areas No

B.3. Reliance on Borrower’s policy, legal and institutional framework, relevant to the Project risks and impacts

Is this project being prepared for use of Borrower Framework? No

Areas where “Use of Borrower Framework” is being considered:

Based on the environmental and social assessment findings, the Bank and the Borrower do not consider the use of the borrower environmental and social framework as defined in ESF for the purpose of the project.

IV. CONTACT POINTS

Public Disclosure



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Borrower/Client/Recipient

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Implementing Agency(ies)

Implementing Agency: Municipality of Ulaanbaatar

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VI. APPROVAL

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Practice Manager (ENR/Social) Susan S. Shen Cleared on 20-May-2022 at 05:56:14 GMT-04:00