



MINISTRY OF LABOUR AND
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MONGOLIA EMERGENCY RELIEF AND EMPLOYMENT SUPPORT PROJECT (MERESP) P174116

APPENDIX D OF PROJECT OPERATIONAL MANUAL

ENVIRONMENTAL AND SOCIAL MANAGEMENT FRAMEWORK

Ulaanbaatar

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LIST OF ACRONYMS

CoC	Code of Conduct
ECOP	Environmental Code of Practices
EHS	Environmental, Health and Safety
EIA	Environmental Impact Assessment
E&S	Environmental and Social
ESF	Environmental and Social Framework
EPFM	Employment Promotion Fund Manual
ESCP	Environmental and Social Commitment Plan
ESMF	Environmental and Social Management Framework
ESS	Environmental and Social Standard
ESRS	Environmental and Social Review Summary
ESMS	Environmental and Social Management System
FI	Financial Intermediary
GOM	Government of Mongolia
GBV	Gender-based Violence
GRM	Grievance Redress Mechanism
GOLWS	General Office for Labor and Social Welfare Services
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
LMP	Labor Management Plan
LSWO	Labor and Social Welfare Office
LEIA	Law on Environmental Impact Assessment
LEP	Law on Environmental Protection
M&E	Monitoring and Evaluation
MERESP	Mongolia Emergency Relief and Employment Support Project
MLSP	Ministry of Labor and Social Protection
MOF	Ministry of Finance
NSO	National Statistical Office
OHS	Occupational Health and Safety
PFI	Participatory Financial Institution
PDO	Project Development Objective
PIU	Project Implementation Unit
PMT	Proxy Means Test
RILSP	Research institute for Labor and Social Protection
SI	Social Insurance
SIA	Specialized Inspection Agency
SEC	State Emergency Committee
SEP	Stakeholder Engagement Plan
SIGO	Social Insurance General Office
TOR	Terms of Reference
TVET	Technical and Vocational Education and Training
WHO	World Health Organization

1. Introduction

The Mongolia Emergency Relief and Employment Support Project (MERESP)¹ is financed by the International Development Association (IDA) and implemented by the Ministry of Labor and Social Protection (MLSP). The project was approved on June 19, 2020 and became effective on November 9, 2020. The MERESP builds upon and complements the initiatives under the Mongolia Employment Support Project, which is being implemented by the MLSP.

The Project Operational Manual (POM) for MERESP was prepared by the MLSP. This Environmental Social Management Framework (ESMF) as being the Appendix D of the MERESP-POM, aims to provide the framework for implementing the Environmental Social Commitment Plan (ESCP) for MERESP to which the MLSP is committed for full implementation and monitoring. In this view, the ESMF i) describes the environmental and social risks and impacts of project activities; ii) sets out the guidelines and procedures for labor, social and stakeholder management; iii) provides actions for mitigation and monitoring of identified risks and impacts of sub-projects and contracted activities; iv) guides project management during the times of preventing and managing the COVID-19 virus spread in the communities within the period of project implementation; and v) providing the capacity building activities needed for implementing the ESCP.

The intended users of ESMF are the concerned staff of the project implementing agency – MLSP, the Project Implementation Unit (PIU), the agencies and offices that report to the MLSP, including the General Office for Labor and Welfare Services (GOLWS), local Labor and Welfare Service Offices (LWSOs) and key stakeholders that are engaged in project implementation, such as, Participatory Financial Institutions (PFIs), training providers, contractors for small scale of renovation work, and microenterprises. The MLSP will be responsible for an overall coordination and communicating with the World Bank on all safeguard aspects. It will be supported by the PIU, which will carry out the day-to-day implementation of the ESMF.

The ESMF is comprised of a number of documents and includes the following annexes:

Annex 1: Labour Management Plan (LMP);

Annex 2: World Bank Guidance Note on Asbestos Management (for small scale interior renovation);

Annex 3: Exemplary Environmental Code of Practices (ECOP) (for small-scale interior renovation);

Annex 4: Checklist for Monitoring Renovation Contractor (for small-scale interior renovation);

Annex 5: List of Prohibited Activities (for microloan);

Annex 6: Environmental, Health and Safety (EHS) Guidelines (for microloan); and

Annex 7: Stakeholder Engagement Plan (SEP) and Grievance Mechanisms.

Annex 8: Template for reporting on environmental and social management of micro enterprises

The MLSP and its Project Implementation Unit (PIU) have some experience with Bank's safeguard policies, but not with the World Bank's Environmental and Social Framework (ESF), including Environmental and Social Standards (ESSs), which was adopted in 2018. The limited capacity with the ESF will undermine the potential success of the project, therefore, a project-specific capacity development plan has been prepared as part of this ESMF (as per the ESCP).

This ESMF is considered a living document and can be modified if the situation on the ground or scope of project activities change. Close consultation with the World Bank and clearance of modifications to the ESMF will be necessary.

1.1. Project Development Objective

¹ The MERESP builds upon and complements the initiatives under the Mongolia Employment Support Project, which is being implemented by the MLSP.

The Mongolia Emergency Relief Employment Support Project (MERESP) will be implemented by the MLSP with support from the World Bank. The **project development objective** (PDO) is to provide jobseekers and micro-entrepreneurs in Mongolia with improved access to labor market opportunities and to provide temporary relief to eligible workers in response to the COVID-19 crisis.

1.2. Project Components

The MERESP consists of the following four components.

- Component 1: Supporting client-centric public employment services
- Component 2: Strengthening select active labor market programs
- Component 3: Facilitating labor market analysis and monitoring and project management
- Component 4: Providing temporary relief to eligible workers in response to COVID-19

The specific activities under each component is briefly described below.

Component 1: Supporting client-centric public employment services

Component 1 aims at addressing job-search constraints related to incomplete information and poor labor market transparency by supporting client-centric public employment services. The specific activities under this component include:

- (a) Development and streamlining of work organization of LSWOs;
- (b) Coordinated piloting and deployment of the Labor Market Information System (LMIS²);
- (c) Physical upgrading of the selected employment service facilities of the GOLWS;
- (b) Capacity strengthening of public employment service (PES) staff through technical assistance and training;
- (d) Complementary systemic measures to improve performance and coverage of PES in partnership with private employment services (through functional review, improved links between private and public employment services, and communication/ outreach campaign to advertise upgraded services)

Component 2: Strengthening select active labor market programs

Component 2 aims at strengthening the design, relevance and demand-orientation of select active labor market programs. The specific activities under this component include:

- (a) (Subcomponent 2.1) Comprehensive support for micro-entrepreneurs through combination of financial and non-financial services: This subcomponent will finance a microloan for existing and starting entrepreneurs and pre-loan and post-loan non-financial support (business skills development training and mentoring, etc) to microloan applicants and beneficiaries. The microloan support will be supplemented by interest rate relief during Covid-19 crises.
- (b) (Subcomponent 2.2) Pilot a skills innovation program: This program will be designed to impart market demanded skills, including socio-emotional skills for job seekers.

Component 3: Facilitating labor market analysis and monitoring and project management

Component 3 will enhance the scope, quality and availability of labor market information and reporting and analysis to help institutional and non-institutional actors make more informed decisions and provides support for strengthening monitoring and evaluation and project management. The specific activities under this component include:

- (a) Completion of the Unemployment Survey;
- (b) Extended Barometer Survey to study skills demand and related dissemination activities;

² Developed under the MESP

- (c) Rigorous impact evaluation of the skills innovation program and related dissemination activities;
- (d) Project management and monitoring activities.

Component 4: Providing temporary relief to eligible workers in response to COVID-19

Component 4 will provide temporary support to the Social Insurance (SI) contribution relief for eligible employers and their employees who are enrolled in the mandatory social insurance scheme. The project will cover social insurance contribution on behalf of eligible employers and their workers for the period of one month.

1.3. Geographical Coverage and Intended Beneficiaries

Mongolia is a landlocked country in Northern Asia. It has a surface area of 1.6 million square kilometers and about three million inhabitants, 1.3 million of whom live in Ulaanbaatar, the country's capital. With a population density of around 1.9 inhabitants per square kilometer, Mongolia is the world's least densely populated country.

Administratively, Mongolia is divided into Ulaanbaatar and 21 *aimags* (provinces). Ulaanbaatar is further divided into districts, and each district is further divided into *khoroos* (city wards). *Aimags* are further divided into *soums* (counties), and each *soum* is further divided into *baghs* (villages). The project activities under Components 1, 2, 3 will be implemented in the entire territory of Mongolia (9 districts of Ulaanbaatar and 21 aimags). However, the micro entrepreneurship activities under subcomponent 2.1 will primarily focus on urban residents (with no direct implementation in the countryside due to the different nature of labor market challenges); although residents in *soum* centres³ will be able to submit their proposals to a Working Group established at the aimag level for undertaking preliminary screening and selection of micro-business proposals. As for Component 4, the coverage of entire territory of Mongolia will not be possible due to funding limitations; only those aimags and districts with the highest incidence of poverty will be covered by the relief of social insurance contribution subject to the exhaustion of the funds earmarked for this component.

The project has two categories of beneficiaries. The first category of beneficiaries are job seekers and micro-entrepreneurs from vulnerable groups who receive improved access to labor market opportunities through the project. As per the definition provided by the Mongolia's Employment Promotion Law, the project defines 'job seekers' as all those who are either unemployed or employed but seeking a new job; and (ii) 'enterprises of micro-entrepreneurs' as those having an invested capital and annual sales of up to MNT 50 million. The project also defines the 'vulnerable groups' as: (a) 'citizens having difficulty finding employment'; (b) young people of ages 18 to 34; and (c) poor households as for instance measured by the PMT methodology. The 'citizens having difficulty finding employment' as defined by the Employment Promotion Law are: persons seeking job longer than 6 months, unemployed members of poor households, persons with disabilities, persons discharged from prison and orphanage (upon reaching the age of 18 years). The 'improved access to labor market opportunities' as a result of project activities, reflects overcoming of specific constraints that impede labor market integration, such as a lack of information, labor demand or skills, and limited labor market transparency that limit beneficiaries' access to labor market opportunities such as job vacancies or self-employment opportunities.

The second category of beneficiaries is eligible employers and their workers from selected districts and aimags who will receive temporary relief from their social insurance (SI) contributions. Based on the 'Law on Exemptions for SI Contribution and Assistance from Unemployment Insurance Fund' approved by the Parliament of Mongolia (on April 9, 2020), and the subsequent government procedure for implementation of the said law, the project defines 'eligible employers' and 'eligible workers' as those who are: i) participants of the mandatory SI scheme; ii) private entities that retained their employees despite their businesses being adversely affected by COVID-19-induced economic crisis. The exemption will cover the

³ They are regarded as rural residents.

SI contributions imposed on their wages and similar income from April 1, 2020, until October 1, 2020, where the insured shall be deemed to have paid their contributions within this time. People not eligible by law, for the SI exemption are: the insured who work in public institutions, in state or locally owned entities or their affiliated entities, except state owned universities and colleges; and the insured whose SI contributions shall be paid from salary earned for providing goods, works, or services on foreign or international organization's loan and grants.

Table 1 below illustrates the intended beneficiaries of the project.

Table 1: Project target beneficiaries, by core groups, components

#	Group	Description	Component/s
1	Job seekers	<ul style="list-style-type: none"> unemployed employed but seeking a new job or a job with higher income 	Component 1,2,3
2	Micro-entrepreneurs	<ul style="list-style-type: none"> entrepreneurs having an invested capital and annual sales of up to MNT 50 million. 	Component 2
3	Citizens having difficulty finding employment	<ul style="list-style-type: none"> those searching for job for more than 6 months; those in need of additional employment services and assistance; persons with disabilities; Persons released from prison; persons discharged from orphanage due to reaching working age. 	Component 1,2
4	Young people aged 18 to 34	<ul style="list-style-type: none"> College or university graduates TVET, college or university graduates 	Component 1,2
5	Citizen/individual belonging to a poor household	<ul style="list-style-type: none"> Working aged and able members of poor households (based on PMT scores) 	Component 1,2
6	Eligible workers enrolled under the mandatory social insurance contribution scheme	<ul style="list-style-type: none"> Eligible employers whose businesses are adversely affected by the COVID-19 crisis as determined by the SIGO; and their workers 	Component 4

1.4. Environmental and Social Risks and Impacts of the Project

The potential environmental and social risks and impacts of MERESP were assessed during project preparation, including the risks of weak institutional capacity for managing the environmental and social risks and impacts.

(i) *Environmental risks*

The overall environmental risk of the project is **Moderate** as the anticipated impacts from project activities

are mostly localized, limited, temporary and can be avoided or minimized with readily available measures. No long-term, large scale, and/or irreversible negative impacts are expected. The project is NOT a potential significant user of energy, water and raw materials, NOR it will involve historical pollution or a significant source of emissions, including air polluting emissions. The project is NOT expected to have significant adverse impacts on biodiversity or natural habitat areas.

The key activities that bear environmental risks and impacts are:

Short-term and small-scale modelling/renovation of the selected facilities within the GOLWS's office under Component 1. Such facilities include a conference room, meeting room, and employment service hall. Potential impacts include noise, dust, and solid waste generation and Occupational Health and Safety (OHS) issues which can be mitigated by incorporating the Environmental Code of Practices (ECOP) for civil work and occupational safety and health practices. In areas where there is poor waste management infrastructure, waste from small businesses can be an environmental concern. Some urban businesses may encroach on and convert urban greenspaces (for example, parks) and bodies of water for their own use. Safeguarding the well-being of workers and surrounding community may also be a concern.

(ii) Social risks and impacts

The social risk of the project is considered as **Moderate**. The risk of exclusion of the most vulnerable workers and enterprises is low. In fact, the project targets the most disadvantaged and the vulnerable groups. As such, the project is expected to have positive social impacts for intended beneficiaries, including the unemployed, citizens having difficulty finding employment, young people, and those belonging to poverty status etc. Table 1 above has presented the groups of core beneficiaries.

Component 1 will support the extension of employment services to particularly vulnerable groups. Also, the beneficiaries of the subcomponent 2.1 (starting or existing microentrepreneurs) will be selected with criteria that balance vulnerability and the likelihood of benefiting from the program. About 1,400 beneficiaries are expected to be supported through subcomponent 2.1, with loan amounts of MNT 5 million to MNT 10 million per beneficiary. To ensure coverage of vulnerable populations with potentially higher credit risks, access to smaller loans (in a range of MNT 3 million to MNT 5 million) will be granted at the discretion of the Selection Panel based on an applicant's business experience (and/or clear demonstration of a sound business plan), likelihood of success of the enterprise, and vulnerability. There may be some social risk of site-specific community health and safety impacts associated with loans to downstream social enterprises but easily managed with appropriate screening and selection criteria. The subcomponent 2.2 will focus on vulnerable job seekers, including young people. Research activities under Component 3 will focus on policy challenges of addressing unemployment, skills mismatch, effectiveness of labor market services which will have indirect effects on intended beneficiaries.

Component 4 directly supports the relief measure introduced by the Government of Mongolia to provide social insurance contribution exemption for eligible employers and workers participating in the mandatory social insurance scheme. This component provides a relief transfer to the Social Insurance Fund on behalf of about 150,000 eligible workers and their employers for a duration of one month. Project beneficiaries for this component will be those from aimags and districts which are to be selected based on the most recent estimate of poverty rate (as provided by the National Statistical Office).

The project will seek to ensure both men and women benefit equally from the project activities. The project will ensure equal opportunity for women and men in accessing direct employment or consultancy assignments under the project. The project will ensure that women benefit as equally as men from all project interventions; and the achievement of project's development and intermediate result indicators will be monitored in this respect. The microloan provided under Sub-component 2.1 will specifically ensure that at least 50% of beneficiaries are female entrepreneurs.

The project will have positive impact on inclusion of people with disabilities. First, the small scale interior remodeling/renovation of select facilities of GOLWS office will ensure wheelchair access (based on exemplary experience from MESP); second, it will pay due attention on improving public employment

services for the most vulnerable workers, including the people with disabilities. The project will produce public information and outreach materials in the Kazakh language as well. The Kazakhs, who predominantly reside in Bayan-Ulgii aimag, which is located at the furthest west of the country, are regarded as an ethnic minority group.

No physical relocation of people, involuntary resettlement, is expected. Also, the project activities, especially the renovation of selected facilities of GOLWS Office, will not have any effect on cultural heritage, as it will not involve digging earth, or moving, handling or preserving cultural heritage subjects. The microloan proposals submitted under Sub-component 2.1 will be screened against the impact on cultural heritage, among others (as per Annex 5), and the proposals identified as having negative impacts on cultural heritage will not be financed. The project will not involve any acquisition of land; and microloans to be provided under Sub-component 2.1 will be screened against land acquisition (as per Annex 5) to minimize the possibility of social risks.

A contextual risk affecting E&S performance is the COVID-19 emergency situation itself. The risks of community spread of COVID-19 virus affecting the project implementation is moderate. Mongolia did not have any local transmission of COVID-19 at the time of first drafting this ESMF (September 2020). However, the local transmission of the virus started from early November 2020, and since then a series nationwide or specific area-based lockdowns were imposed by the decision of the State Emergency Commission (SEC) and the Government. As for April 2020, the number of daily new infections averaged between 1100-1300 cases. While a surge in the incidence of infections was observed since March 2021, the Government also has started the vaccination at the same time. The Government’s vaccination plan has first targeted the health and essential service staff and the staff of public administration, including frontline service employees both in the capital city and aimag centres, in addition to older and other vulnerable groups of the population. The vaccination has been rolled out to among the adult population throughout the country from March 2021. The Government expects to complete the vaccination by end of June 2021. As of 30 April 2021, total of 811,480 persons (38.6% of total adult population) enrolled in the 1st dose and 327,251 persons (15.6% of total adult population) received the second dose of inoculation.

The PIU has developed a Stakeholder Engagement Plan (SEP) at the project design stage. It outlines the ways in which the project team will communicate with stakeholders and includes a mechanism by which people can raise concerns, provide feedback, or complain about the project and any activities related to the project. The SEP has been updated as part of the current ESMF manual (Annex 7).

Table 2: List of risks and impacts, by components

Components	Environmental Risks and Impacts	Social Risks and Impacts
<p>Component 1. Supporting client-centric public employment services.</p> <p>(a) Physical modernization of the selected PES facilities of GOLWS</p> <p>(b) Streamlined work organization of LSWOs with improved work organization and improved LMIS</p> <p>(c) Capacity strengthening of PES</p> <p>(d) Complementary systemic measures to improve performance (links between private and public employment services, and communication/outreach campaign to advertise upgraded services)</p>	<p>Risks: Moderate</p> <p>Short-term and small scale renovation of the GOLWS’s existing physical facilities.</p> <p>Impacts: Noise, dust, and solid waste generation and OHS issues.</p> <p>Risks mitigating measures are reflected in the section 3.3 of this manual.</p>	<p>Social risks: Low (Anticipated positive social impacts on the disadvantaged and vulnerable job seekers).</p> <p>Labor risks: Low Labor Management Procedure is provided in Annex 2.</p>
<p>Component 2. Strengthening design, relevance and demand-orientation of select active labor market programs.</p>	<p>Risks: Moderate</p> <p>No significant, irreversible or long-term environmental impacts are anticipated.</p>	<p>Social risks: Low (Anticipated positive social</p>

<p>(a) Comprehensive support for micro-entrepreneurs with access to a reduced rate microloan financing and pre and post loan non-financial support.</p> <p>(b) Pilot a skills innovation program for market demanded skills under a flexible PIU management</p>	<p>The project will not finance microenterprises that pose substantial environmental risks.</p> <p>The typology of microenterprises is expected to be the following: food production, wholesale and retail trade; services (hairdressing, cleaning, repair of shoe, watch and electrical appliances); processing and other manufacturing (sewing, knitting, weaving, leather products, carpentry, ironwork and production of construction materials); agriculture and farming, dairy processing; auto repair, car wash, sale of spare parts.</p> <p>Some downstream risks can be found for micro enterprises. The screening of risks and mitigation measures are provided in section 3.3 of this manual.</p>	<p>impacts on micro-entrepreneurs).</p> <p>Labor risks: Low</p>
<p>Component 3. Enhancing the scope, quality and availability of labor market information and reporting and analysis.</p> <p>(a) Complete policy-relevant labor analysis on unemployment</p> <p>(b) Rigorous impact evaluation of the skills innovation program</p> <p>(c) Policy-relevant labor analysis in the form of a labor and skills demand study</p> <p>(d) Project management and monitoring</p>	<p>No risk</p>	<p>No risk</p>
<p>Component 4. Temporary support to the SI contribution relief for those who are enrolled under the mandatory SI scheme.</p>	<p>No risk</p>	<p>No risk</p>

2. Environmental and Social Management Framework

The purpose of the ESMF is to:

- (i) present the relevance of Environmental and Social Standards of the World Bank to MERESP;
- (ii) provide the gap analysis of national legislations in respect to relevant Environmental and Social Standards of the World Bank and provides the gap-filling activities under the project;
- (iii) provide the environmental and social baselines relevant to the project;

It is designed to be consistent with Mongolian regulations and relevant World Bank standards. If there are differences between the Mongolian regulations and relevant World Bank requirements, the stricter of the two must be followed (e.g. if Mongolian noise standards are stricter than the World Bank's, Mongolian standards would prevail and *vice versa*). In the case of inconsistencies, the MLSP should consult with the World Bank for a resolution.

2.1. World Bank's Environmental and Social Policy and the relevance of its standards to the project

The World Bank has defined ten specific Environmental and Social Standards (ESS) that Borrowers are expected to meet in order to avoid, minimize, reduce or mitigate the adverse environmental and social risks and impacts of the Bank financed projects. The general analysis of the relevance of each ESS, as provided by

the Environmental and Social Review of the project, is presented in Table 3 below.

Table 3. General analysis of the relevance of Environmental and Social Standards of the World Bank

Environmental and Social Standards	Relevance	Indication of needs
<p>ESS1: Assessment and Management of Environmental and Social Risks and Impacts</p>	<p>This standard is Relevant.</p> <p>A rapid assessment on the project’s potential environmental and social risks and impacts was conducted by the World Bank team during the project preparation stage. The assessment has resulted in the Environmental and Social Review Summary (ESRS). The environmental and social risks of the project were rated as moderate. The ESRS required the project to update the ESMF which was prepared for MESP.</p>	<p>Specifically, the ESRS stressed that the ESMF will include the following:</p> <ul style="list-style-type: none"> • Review of Mongolian existing regulatory framework and their enforcement related to E&S management of the project (Section 2.2); • Environmental and social baselines (section 2.3); • Procedures and instruments to address environmental and social impacts of microenterprises (section 2.2); • Good Practice Note “Asbestos-Occupational and Community Health Issues” for small scale renovation activities (Annex 2); • Health and safety protection measures for workers and communities against COVID-19 pandemic (section 3.5 and Annex 1); • Review of existing institutional capacity on E&S management and the proposal for project-specific capacity building plan; • Monitoring and reporting requirements.
<p>ESS2: Labor and Working Conditions</p>	<p>This standard is Relevant.</p> <p>The OHS concern under this project is largely related to renovation work under Component 1 and working conditions in the microenterprises supported under Component 2.</p>	<p>The ESMF will refer to:</p> <ul style="list-style-type: none"> • World Bank’s general and industry-specific EHS guidelines for common types of microbusinesses involved in the project (Annex 6); • Good practice note on asbestos related occupational and community health issues (Annex 2); • World Bank and WHO’s guidance in relation to protection from COVID-19. <p>Procurement documents and contracts prepared for the project will include adequate OHS measures as mandatory requirements.</p> <p>Labor Management Plan (LMP) needs to be developed (Annex 1).</p>
<p>ESS3: Resource Efficiency and Pollution Prevention and Management</p>	<p>This standard is Relevant.</p> <p>The renovation work under Component 1 may involve asbestos-containing materials.</p> <p>Environmental risks and impacts of microenterprises need to be addressed.</p>	<p>Management and disposal of asbestos containing materials shall follow the ECOP in the ESMF (Annex 3) and requirements set out in the World Bank’s good practice note on asbestos related occupational and community health issues (Annex 2).</p> <p>Microenterprises that pose substantial environmental pollution will be excluded during the environmental screening process carried out at the aimag/district level by the local LWSO.</p>

		The Participant Financial Intermediary (PFI) will assess and identify the key ESS3 related issues associated with operation of the microenterprises approved by the PFI using an approved template. Also, the PFI will provide the end-borrowers with the World Bank's general and industry-specific EHS guidelines and the sub-sector guidelines (Annex 6) developed by the MLSP during MESP and require the emd-borrower to follow these guidelines.
ESS4: Community Health and Safety	<p>This standard is considered Relevant.</p> <p>The project will not affect any ecosystem services for the community, neither will this project involve any dams. Given the scale and nature of renovation work under Component 1, the project will not bring significant construction nuisance to nearby community. The renovation work will involve a small number of workers sourced locally. No worker camp, labor influx or significant traffic disturbance/safety issues is anticipated. The risks of infectious disease spread or gender-based violence (GBV) directly related to these activities are considered to be low.</p> <p>Asbestos-containing materials could be a health and safety concern to community. No other toxic materials or wastes are expected in relation to renovation work.</p>	<p>The temporary and localized impacts of noise, dust and solid waste generation will be mitigated by incorporating good civil work practices (Annex 3).</p> <p>To protect both workers and communities, the management and disposal of asbestos-containing materials will strictly follow requirements set out in the World Bank's Good Practice Note on asbestos related occupational and community health issues (Annex 2).</p>
ESS5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement	This standard is not relevant and any activity that may involve physical relocation of people, involuntary resettlement, or acquisition of private lands will be excluded for microloan financed activities.	Exclusion criteria will be included in the list of prohibited activities for selection of microbusiness proposals (Annex 5) to ensure that no land acquisition or involuntary resettlement is financed under the project.
ESS6: Biodiversity Conservation and Sustainable Management of Living Natural Resources	<p>This standard is currently considered Not Relevant</p> <p>There are no new constructions under the project, and the project will neither introduce alien species nor purchase/use natural products.</p>	Exclusion criteria will be included in the list of prohibited activities for selection of microbusiness proposals (Annex 5) to avoid any negative impacts on critical habitats and natural habitats.
ESS7: Indigenous peoples/Sub-Saharan African Historically Underserved Traditional Local Communities	<p>This standard is considered Relevant.</p> <p>Mongolia is a largely homogenous and sparsely populated country with some 85 percent of the population of Mongol background using the Mongolian as primary language. A substantial Kazakh-speaking Muslim minority resides in the western part of Mongolia.</p>	Measure to ensure that Kazakh communities effectively benefit from project activities will be designed into the SEP of ESMF (Annex 7); and this measure will include production of key project documentation and information in the Kazakh language and dissemination and feedback opportunities made available using local channels.

	Kazakh speaking populations would be likely project beneficiaries for microloans and worker social security contribution relief support.	
ESS8: Cultural Heritage	<p>This standard is currently considered Not Relevant.</p> <p>The project is not expected to support any construction or rehabilitation activities that would involve the movement of earth (thereby potentially having an impact on tangible cultural heritage), or other activities that could have an impact on intangible cultural heritage.</p>	<p>Exclusion criteria will be included in the list of prohibited activities for selection of microbusiness proposals (Annex 5) to avoid from adverse impacts on cultural heritage will be excluded. Also, chance finds procedure will be provided (Annex 3).</p>
ESS9: Financial Intermediaries	<p>This standard is considered Relevant.</p> <p>Participating Financial Intermediary (PFI)/or intermediaries to administer the microloans to end-borrowers (microenterprises) under Sub-component 2.1, will be selected through open bidding among all eligible financial institutions.</p>	<p>A thorough due diligence review will be conducted by the Bank Team on the selected financial institution's existing E&S performance and capacity. Based on the review results, the project will require the financial institution to establish an ESMS or improve existing ESMS proportionate to the E&S risks associated with proposed activities, to ensure no significant adverse impacts will arise from subprojects supported by the PFI.</p> <p>The PFI's ESMS will include the elements required by ESS9, and have adequate staffing to satisfactorily implement the ESMS. The main elements of the ESMS are listed in section 3.4. The ESMS will be established prior to financing any microenterprises.</p>
ESS10: Stakeholder Engagement and Information Disclosure	<p>This standard is considered Relevant.</p> <p>MERESP is the extension and up-scaling of an ongoing project (MESP) where there has been prior and continued stakeholder engagement in parent project which is still ongoing that needs to be updated given the new project's scaling for COVID-19.</p> <p>A preliminary Stakeholder Engagement Plan (SEP) has been prepared to enable meaningful ongoing engagement and consultation throughout the project lifecycle, giving particular consideration to vulnerable groups and the current context of COVID-19 in Mongolia.</p> <p>The draft SEP contains a Grievance Redress Mechanism (GRM) adapting the existing mechanism for phase I project.</p>	<p>The project level GRM will be operationalized and the M&E specialist within the PIU will act as focal point.</p> <p>The SEP will be updated periodically as necessary by the MLSP and PIU and be disclosed (Annex 7). The updated SEP will consider incorporating use of conventional and new approaches to overcome the impacts of restrictions on large public gatherings should COVID19 outbreak occur.</p> <p>The project website will have feedback/ grievance tab where project affected people may submit any grievance, concerns or feedback in regard project activities. The PIU will prepare public awareness materials on project GRM.</p>

2.2. National Legal Framework and gap analysis between National and Bank's requirements

The major Mongolian regulations on environmental and social safeguards as related to project activities include, among others:

- (1) Law on Environmental Protection (1995, amended several times);
- (2) Law on Environmental Impact Assessment (LEIA, updated in May 2012) and relevant regulations and standards;
- (3) Law on Air (revised in 2012, amended several times)
- (4) Law on Water (2012)
- (5) Law on Water resources (2007, amended since then)
- (6) Law on Waste (2013)
- (7) Labor Law (1999, updated several times);
- (8) Law on Occupational Safety and Hygiene (2008, amended several times);
- (9) Law on Construction (revised in 2016)
- (10) Law on Receiving and Resolving Citizen's Grievance by Public Officials and Organizations (1995, amended)
- (11) Law on transparency of information and right to get information (2011)
- (12) Law on public audition (2015) and etc.

There are some gaps identified between national and Bank's environmental and social requirements. The Table 4 below describes the main environmental and social requirements under national regulations and the World Bank's standards, analysis the gaps and presents the strategies of the project to address the gaps.

Table 4. Main environmental and social requirements under national regulations, gaps, and gap-filling measures

Topic	World Bank ESF requirements	Gaps identified	Gap-filling measures
Environmental and social assessment and management	<p>ESS1: Assessment and Management of Environmental and Social Risks and Impacts requires the Borrower:</p> <ul style="list-style-type: none"> - Conduct E&S assessment (proportionate to the risks and impacts) of projects proposed for Bank financing, including stakeholder engagement; - Develop an ESCP and implement all measures and actions set out in the legal agreement and in the ESCP - Manage the E&S risks and impacts of the project throughout the project life cycle; - Conduct monitoring and reporting on the E&S performance of the project. 	<p>Mongolian Law on Environmental Impact Assessment covers human health & environment only and requires the assessment for large scale projects and/or industries with perceived high and substantial impacts.</p> <p>National legislation does not necessarily require stakeholder consultation during implementation of policies and programs, but consultation at monitoring and evaluation stage.</p> <p>The national legislation provides adequate framework and mechanism for receiving and resolving complaints, grievances and suggestions from citizens.</p>	<p>The project is committed to implementing the ESCP which provides measures to realize the relevant ESSs of the World Bank.</p> <p>The project will ensure that environmental and social screening and assessment will be conducted for microloan proposals to be financed by the project funds.</p> <p>The project has developed and updated the Stakeholder Engagement Plan (SEP).</p> <p>The project will have Grievance Redress Mechanism (GRM) which is based on the government GRM.</p> <p>The project will report regularly on the implementation of the ESCP.</p>
Labor conditions & OHS	<p>ESS2: Labor and Working Conditions requires the Borrower:</p> <ul style="list-style-type: none"> - Develop and implement written labor management procedures (LMP) applicable to the project; - The LMP shall provide the terms and conditions of employment, including OSH of project workers, protection of vulnerable workers, grievance mechanism, protection of project workers (direct, contracted, primary supply and community workers). - The OSH measures will include requirement of the ESS2 and will take into account the general EHSGs and as appropriate, industry-specific EHSGs. 	<p>The National legislation are largely consistent with the ESS2 requirements. Mongolian Labor Law (1999) and Law on Occupational Safety and Hygiene (2008) largely reflect the ILO core labor standards (those on child labor, forced labor, non-discrimination and the right to organization and collective bargaining). While the Labor Law applies to employers and employees bound by labor contract, the OSH Law applies additionally, to the self-employed and civil contract parties. The OSH Law provides the responsibilities and liabilities of employers for ensuring safe and healthy workplace. The OSH Law also provides (Clause 28.3) that the Orderer, Main contractor and Sub-contractor are all responsible for establishing mutual roles and obligations to implement the OSH Law through contracts; and in the case of failure of establishing such contractual obligations, the Orderer will be in charge of all liabilities. The Labor law provides the liabilities of employers for providing compensation to a worker or his/her immediate family in case of work injury, acute poisoning, occupational disease, or death of a worker. The OSH Law also guarantees the right of the worker to stop the work and leave if there is a reason to believe that situation threatening one's</p>	<p>Labor Management Procedure (LMP) is prepared (Annex 1). The description of key provisions related to workplace OHS is provided in the LMP. The LMP provides contractor management in terms of worker employment terms and conditions and OSH for workers. Protection of workers through contractor management is relevant to sub-contractors that are to renovate PES facilities under Component 1. The labor management requirements will be embedded into bid requirements, contracting, and contract monitoring and final evaluation stages.</p> <p>A Workplace Code of Conduct is prepared (embedded in LMP) to promote a worker's responsibility and positive behavior towards safe and hazard free undertaking of tasks as well as preventing sexual and physical harassment</p>

Topic	World Bank ESF requirements	Gaps identified	Gap-filling measures
		<p>life, health and safety has risen. The specific requirements to mitigate OHS related risks are set out by national standards and regulations.</p>	<p>and violence at the workplace and against community members.</p> <p>Also, the contracts with consultancy and non-consultancy agreements with firms, suppliers of goods as well as with PFI/s will include the responsibility of the firms and PFI/s for upholding and complying with the requirements of the Labor Law in hiring and treating their employees.</p>
<p>Resource efficiency and pollution control</p>	<p>The ESS3: Resource Efficiency and Pollution Prevention and Management requires the following:</p> <ul style="list-style-type: none"> • The Borrower will apply technically and financially feasible resource efficiency (consumption of energy, water and raw materials) and pollution prevention measures proportionate to the risks and impacts associated with the project. • The Borrower will avoid the release of pollutants or, when avoidance is not feasible, minimize and control the concentration and mass flow of their release of pollutants to air, water and land due to routine, non-routine, and accidental circumstances, and with potential for local, regional and transboundary impacts. • The Borrower will avoid the generation of hazardous and nonhazardous waste. Where waste generation cannot be avoided, the Borrower will minimize the generation of 	<p>Mongolian laws on Air and Water define general requirements related to using and protecting these resources, including the general responsibilities of citizens and enterprises. The Law on Waste also provides responsibilities of citizens and enterprises in proper discharge of waste, including prohibited activities. However, the laws do not specify pollution control and prevention measures related to any economic activity.</p> <p>The Law on Environmental Protection (LEP) envisages to protect the land and soil, earth and its minerals, water, air, plants and biological species from adverse environmental impacts. The law requires individuals and entities to prevent environmental damage caused by household and industrial waste, to comply with national law and related acts on environmental protection, including avoiding from and monitoring any polluting action and rectifying such actions, and requires economic entities which deem having potential adverse impacts on environment to plan annual budget and implement actions of mitigating and eliminating the adverse impacts. The law has established the rights and responsibilities of the environmental inspectors, who is charged with enforcing the national environmental protection legislation. The law also provides environmental audit mechanism: i) that it applies to enterprises operating with inputs directly sourced from natural resources; and ii) the audit shall be undertaken by a licensed entity.</p> <p>The Law on Environmental Impact Assessment (LEIA) defines four types of environmental assessments which are to be undertaken subject to the nature and scale of projects. The environmental impact assessment (EIA) is required to be</p>	<p>The requirements of the World Bank standards and the national legislation concerning pollution prevention and management is applicable to the project.</p> <p>This requirement will be addressed by the project in undertaking small scale renovation activities under Component 1 and providing microloan financing to microentrepreneurs under Component 2.</p> <p>The project will focus on monitoring management of waste, pollutants to air and water streams; and specific care will be dedicated to handling and disposing asbestos containing materials, if such materials are found during small scale renovation works. The World Bank Group Good Practice Note “Asbestos – Occupational and Community Health Issues” will be used as a reference for proper handling, removal and discharge of asbestos containing materials by a contractor. The contractor will be expected to follow the World Bank’s exemplary environmental code of practices.</p> <p>The requirement of the LEIA for financial institutions not to fund any production and services that will likely to cause serious harms</p>

Topic	World Bank ESF requirements	Gaps identified	Gap-filling measures
	waste. Where the waste cannot be reused, recycled or recovered, the Borrower will treat, destroy, or dispose of it in an environmentally sound and safe manner.	undertaken by specialized authorities or licensed entities and for projects to be undertaken in specified industries and areas such as, mining, heavy industry, food and light industry (for large enterprises), infrastructure and civil engineering, urban development, chemicals and radioactive waste management, service (hotels and sanatoriums with capacity of more than 50 beds); and projects to be undertaken in state protected and border areas and projects involving re-introduction of biological species. The LEIA provides that financial institutions shall not fund any production and services that will likely to cause serious harms on human health and environment.	on human health and environment, will be applicable to the project. The project will ensure that disbursement of microloan to end-borrowers under Component 2 will require the local LWSO and the selected PFI/s to undertake environmental and social screening of projects applied for microloan finance, and ensure appropriate environmental mitigation measures are agreed upon (as described in section 3.4). Further, micro-entrepreneurs will be requested to follow the general and sector-specific Environmental, Health and Safety (EHS) Guidelines (Annex 6).
Community health and safety	ESS4: The Borrower will evaluate and identify the risks and impacts of the project on the health and safety of the affected communities and will propose mitigation measures.	There is no national law specific to community health and safety. However, the Law on Construction provides (Article 11) that construction equipment and activities shall not harm citizen's health and safety, which indirectly refer to community health and safety.	The ESMF has provided guidance to minimize the spread of COVID-19 in the workplace or communities. Also, the Worker Code of Conduct (in Annex 1) which is expected to be signed and followed by workers of the contractor that is to carry out small scale renovation works, aims at preventing harassment against community members, including sexual harassment.
Involuntary resettlement	ESS5: Land acquisition, restrictions on land use and involuntary resettlement	This standard is considered Not relevant to the project. The project does not include any activities in relation to land acquisition and land rights, and involuntary settlement. And any activity that may involve physical relocation of people, involuntary resettlement, or acquisition of private lands will be excluded for microloan financed activities.	Exclusion criteria will be included in the list of prohibited activities for selection of microbusiness proposals (Annex 5) to ensure that no land acquisition or involuntary resettlement is financed under the project.
Biodiversity and sustainable resource management	ESS6: Biodiversity conservation and sustainable management of living natural resources	This standard is considered Not Relevant to the project. There are no new constructions under the project, and the project will neither introduce alien species nor purchase/use natural products.	Exclusion criteria will be included in the list of prohibited activities for selection of microbusiness proposals (Annex 5) to avoid any negative impacts on critical habitats and natural habitats.
Indigenous People	ESS7: Indigenous peoples/Sub-Saharan African historically	The Constitution of Mongolia states that “no person shall be discriminated against on the basis of ethnic origin, language, race,	The project will ensure inclusion of Khazakh people in project activities through providing

Topic	World Bank ESF requirements	Gaps identified	Gap-filling measures
	underserved traditional local communities	<p>age, sex, social origin and status, property, occupation and position, religion, opinion and education". However, there is no other specific legislation on ethnic minorities.</p> <p>According to National Human Rights Commission of Mongolia, two groups are regarded as ethnic minorities in Mongolia: the Kazakhs and the Dukha-reindeer herders. Khalkh Mongolian is the official language of government business. The Khazakh children in Bayan-Ulgii aimags (where the most of them live) started to learn predominantly in the Kazakh language since Mongolia's transition to democracy. However, due to the fact that Mongolian children studying in the same aimag have limited access to quality Mongolian language learning and the challenges faced by Khazakh youth for taking up further study and employment, improving the by-lingual learning continues to be a challenge. The reindeer herders speak their own ethnic language and Mongolian.</p>	<p>information and communication materials, including those on GRM in their language.</p> <p>Due to the nature of economic activity, the Dukhas (who live in Tsagaannuur soum of Khuvsgul aimag only and mostly on high up mountains) will not be considered as a potential target group of the project.</p>
Cultural heritage	<p>ESS8: Cultural heritage</p> <p>The Borrower will determine the potential risks and impacts of the proposed activities of the project on cultural heritage and it will avoid impacts on cultural heritage. When avoidance of impacts is not possible, the Borrower will identify and implement measures to address impacts in accordance with mitigation hierarchy.</p>	<p>Relevant laws include the Law on Protected Area and the Law on Cultural Heritage. The Law on Protected Area specifies permitted and prohibited activities in different zones in national protected areas of different status, and the roles and responsibilities of different levels of government in granting permissions for land use. The Law on Cultural Heritage has initiated a process of registration of tangible culture and specifies roles and responsibilities for the protection of tangible culture.</p>	<p>This standard is currently considered Not Relevant.</p> <p>The project is not expected to support any construction or rehabilitation activities that would involve the movement of earth (thereby potentially having an impact on tangible cultural heritage), or other activities that could have an impact on intangible cultural heritage.</p> <p>Exclusion criteria will be included in the list of prohibited activities for selection of microbusiness proposals (Annex 5) to avoid from adverse impacts on cultural heritage will be excluded. Also, chance finds procedure will be provided (Annex 3).</p>
Financial intermediaries	<p>ESS9: Financial intermediaries requires the Financial Intermediaries (FIs) that receive financial support from the Bank, to put in place and maintain an ESMS to identify, assess, manage, and monitor the environmental and</p>	<p>The Law on Bank (revised in 2010) and Law on Monetary Savings, Payments and Lending Activities by Banks and Licensed Legal Entities (1995 with amendments) do not provide the responsibilities of banks and financial institutions to put in place and maintain an ESMS to identify, assess, manage, and monitor the environmental and social risks and impacts of lending projects.</p>	<p>The project will require the PFIs to put in place an ESMS and undertake assessment and identification of environmental and social risks of microloan subprojects under Component 2. The required procedures for selection of PFI/s and the processes applied by selected PFI/s will be provided in the EPPM (section 3.4).</p>

Topic	World Bank ESF requirements	Gaps identified	Gap-filling measures
	social risks and impacts of FI sub-projects. The ESMS will be commensurate with the nature and magnitude of environmental and social risks and impacts of FI subprojects, the types of financing, and the overall risk aggregated at the portfolio level. .	The LEIA provides that financial institutions shall not fund any production and services that will likely to cause serious harms on human health and environment.	As the portfolio level environmental risk for microloan sub-projects is moderate, the project will require micro-enterprises to follow national legislations. Further, micro-entrepreneurs will be required to follow the general Environmental, Health and Safety (EHS) Guidelines (Annex 6) and sector-specific EHS guidelines.
Engagement with project affected stakeholders	ESS10: Stakeholder engagement and information disclosure requires the Borrower to engage stakeholders throughout the project life cycle. The nature, scope and frequency of stakeholder engagement will be proportionate to the nature and scale of the project and its potential risks and impacts. The Borrower is required to engage in meaningful consultation with all stakeholders and provide stakeholders with timely, relevant, understandable and accessible information.	<p>The Law on Legislation (2015) requires public and stakeholder consultations prior to submitting the draft laws to the Cabinet discussion. The Law on Information Transparency and the Right to Information (2011) provides the types of information to be publicly available by government organizations on an ongoing basis and the need for stakeholder consultations on draft administrative regulations. However, the requirements for stakeholder consultations is limited largely to law and regulation making process, and there is a gap in stakeholder engagement for implementation of policies and programs.</p> <p>The Law on Public Audition (2015) provides that drafter of laws, government organisations and officials and local governance organisations carry out auditions on the following issues before adopting decisions: draft laws and regulations, matters touching the interest of the public, assessing the implementation of laws and regulations, taxation law and monitoring budget revenue and expenditure issues.</p> <p>Law on Receiving and Resolving Citizen's Grievance by Public Officials and Organizations (1995, amended) establishes the rights of citizens in lodging complaints and expressing concerns and suggestions to public officials and entities, and provides the grievance redress mechanism and processes for government entities at all levels.</p>	<p>The project ESMF provides the requirements to ensure key stakeholders consultation during implementation and evaluation of project activities.</p> <p>The Stakeholder Engagement Plan is prepared (and has been updated). The ESMF also specifies procedures for public notification and disclosure of project resources (section 3.7).</p> <p>Status of project activities and monitoring results will be reported and disclosed to all stakeholders.</p> <p>The project will use the government grievance mechanism of grievance redress, with a specific role assigned to the PIU (section 4).</p>

2.3. Environmental and Social Baseline relevant to the project

Population: Mongolia’s total resident population is about 3.2 million, of whom 2.2. million (68%) live in urban area, including 1.3 million living in Ulaanbaatar, the country’s capital. The rural to urban migration has been increasing over the last couple if decades often triggered by environmental and economic shocks.

Topography and climate. Mongolia is a landlocked country in Northern Asia embracing a surface area of 1.6 million square kilometers. Mongolia is the world’s least densely populated country with a population density of around 1.9 inhabitants per square kilometer. The topography of Mongolia consists mainly of a plateau with an elevation ranging from 914 to 1524 m. Mongolia is characterized with a continental climate, of which annual precipitation ranges between 50 mm and 450 mm and potential evaporation is above 500 mm across most of the country. These topography and climate characteristics exacerbate ambient air quality problem, which is especially significant in Ulaanbaatar and aimag centers of Mongolia.

Environmental challenges. Outdoor air pollution in Ulaanbaatar and other urban centers poses one of the key environmental problems. Air quality is affected by a number of pollutant sources: coal-fueled power plants, household heating during cold seasons, transport key sources; unpaved roads, etc. Other major environmental problems faced by the country include desertification (with higher sensitivity in southern and western regions), water pollution in urban areas, poor capacity for waste treatment and recycling, including community awareness on recycling etc.

Economic activity, employment and gender equality in labor market. The Mongolian labor force is 1.3 mln people of whom 53.5% are males and 46.5% females. The Labor Force Participation Rate (LFPR) has been declining: currently it stands 60.5% as compared to 61.4% in 2009. The decline in female LFPR, especially among urban women explains much of the overall decline in total LFPR: from 56.5% in 2009 to 53.4% in 2019. The lower LFPR for females can be attributed among others, child birth and care responsibilities combined with limited access to child care facilities.

Table 5 provides some labor market indicators in Mongolia. Mongolia is challenged with persistent high level of unemployment. The unemployment rate is 10.0% (2019) with the higher rates in urban areas. The youth aged 15-24 years suffer from higher rates of unemployment (25.3%) compared to other age groups; and the unemployment among young females is slightly higher compared to male counterpart. The general dearth of job vacancies, in particular for youth and other vulnerable groups with little work experience, has been a long-running feature of Mongolia’s labor market. Even before the COVID-19 crisis, 40 percent of unemployed youth were unemployed for more than two years; and 30 percent of youth waited, on average, more than two years to start their first job.

Table 5: Some key labor market indicator by gender, location

	National			Urban			Rural		
	Total	M	F	Total	M	F	Total	M	F
Labor force participation %	60.5	68.3	53.4	56.8	65.3	49.4	71.0	76.3	65.6
Employment %	54.4	60.8	48.7	49.8	56.3	44.3	67.4	72.5	62.1
Unemployment %	10.0	11.0	8.9	12.2	13.8	10.4	5.1	5.0	5.3

Source: Labor Force Survey of 2019, NSO

As of 2019 the share of informal workers in non-agricultural sectors is 22.8% witnessing a gradual decline over the past decade (24.9% in 2009). 25.6% of male workers and 19.8% of female workers in non-agricultural sectors work are employed in the informal sector.

COVID-19 has added acute pressures to Mongolia’s chronic labor demand challenges. The dramatic drop in commodity prices, slump in aggregate global demand, and the restrictions on mobility and economic activities put in place to contain the epidemic have strained many employers and, consequently, workers.

Even before the COVID-19 crisis, rates of informality, unemployment, and/or inactivity were particularly elevated for a number of specific groups, including women, seasonal workers, rural-to-urban migrants, and youth.

Poverty. The headcount poverty rate is 28.4% (2018) with further 15% lives close to poverty. The persistent high level of poverty has been the continuous challenge for the government's development agenda. Between 2016 and 2018, poverty reduction was uneven, declining in rural but not in urban areas. Although the incidence of poverty is still higher in rural areas (30.8 percent) than in urban areas (27.2 percent), with two-thirds of the population living in urban areas, more than six out of ten poor people now live in urban areas. The lack of progress in poverty reduction in urban areas was mainly driven by stagnant wage growth in the poorest population group, while strong growth in farm income supported by rising livestock prices, together with the expansion of poverty-targeted social protection programs, contributed to robust poverty reduction in rural areas. Among the working-age population (aged 15+), the unemployed and economically inactive people are the poorest.⁴

Ethnic and minority groups. Mongolia does not have an official indigenous people's policy. The majority of Mongolian population is Khalkh Mongols, identified as indigenous people. Mongolia has nearly 30 ethnic groups and the majority of the ethnic groups in Mongolia speak Mongolian (dominant Khalkh dialect) comprising a unity of community of Mongol people. The mongolized ethnic minorities include Tuvans and Tsaatans (reindeer herders). The largest representative of Turkic ethnicity residing in Mongolia is the Kazakhs. The Kazakhs are not indigenous to the Bayan-Ulgii aimag while other Mongolian speaking ethnic groups living in Bayan-Ulgii aimag are indigenous and disadvantaged groups, because they are not fluent in Kazakh language. In 1940, some tribes of Kazakh sought refuge in Mongolia and Mongolian Government allowed them permanent residence in Bayan-Ulgii aimag. Currently, Bayan-Olgii aimag has population of 93,000 people, and 93.0% of them are Kazakhs and 7% are Tuvans and other Mongolian speaking ethnic groups. The Khazakh children in Bayan-Ulgii aimags started to learn predominantly in the Kazakh language since Mongolia's transition to democracy. However, due to the fact that Mongolian children studying in the same aimag have limited access to quality Mongolian language learning and the challenges faced by Khazakh youth for taking up further study and employment, improving the by-lingual learning continues to be a challenge. Another aimag - Khovd is a home to the greatest number of Mongolian speaking ethnic groups.

Covid-19 pandemic. The impacts of COVID-19 on Mongolia's economy, employment and livelihood has been substantial. The economic impact of the pandemic has been severe and widespread: in 2020, the economy contracted to -5.3%, and the COVID-19 shock was most severe for small and young forms, and for enterprises in manufacturing, tourism, trade, transportation, construction and education sectors. However, generous economic support provided by the government has prevented a wave of business closures⁵. Therefore, the impact of the pandemic on workers of the formal sector has not been severe as can be seen the number of number of recipients of unemployment benefit in third and fourth quarters of 2020 were actually lower than numbers in the same quarters of 2019.⁶ However, the situation of young workers and more recent entrants into the formal sector could have been masked by the low number of persons accessing unemployment benefit as they would likely be the last hired and first fired. The economic supports to enterprises in formal sector included: full and partial relief of social security contributions for private employers and their workers between April 2020 through June 2021, deferring the payment of corporate tax and social security contribution arrears of enterprises, relief of electricity and utility payment of enterprise between Dec 2020 through June 2021. Also, in March 2021, the Government started a subsidized loan program (costed at MNT 2.0 trln) for micro, small and medium enterprises, as well as support programs for cashmere and agriculture sectors.

⁴ <https://www.worldbank.org/en/country/mongolia/publication/mongolia-poverty-update>

⁵ *Mongolia Economic Update*, February 2021, World Bank

⁶ Labor Market Bulletins for Q3 and Q4 of 2020 by Research Institute for Labor and Social Protection, 2021 (can be accessed at mesp.mn)

However, the same cannot be said for the most vulnerable workers. Households with members employed in the low skilled informal sectors, with limited economic buffers or job protection, and those living just above the national poverty line, were at greater risks of falling into poverty.⁷ The government's generous direct transfers to households help partially mitigate the negative income shock. The government support for households included: monthly cash transfer of MNT100,000 (about US\$33) to each child of the country aged below 18 years from April 2021 through June 2021; social welfare pension and care benefit for targeted groups elevated from MNT 188,00 per month to MNT 288,000 from May 2020 through June 2021; elevated level of food support transfers for the poor households between May 2020 till January 2021; and universal cash transfer of MNT 300,000 (about US\$ 105) per child and per person in the country in April 2021; full or partial relief of social insurance contribution for the self-employed who participate in the voluntary social insurance scheme between April 2020 through June 2021; relief of household electricity and utility costs between December 2020 through June 2021.

3. Key Obligations in Relation to Managing the Environmental and Social Risks and Impacts

3.1. Implementation of the Environmental and Social Commitment Plan

The MLSP and its PIU will implement the Environmental and Social Commitment Plan (ESCP) which was developed at the project appraisal stage (it was disclosed on the World Bank's website on June 2, 2020 and May 27, 2020 on MLSP website). The ESCP sets out measures and actions required for the project to implement the relevant ESSs during the lifetime of the project. The ESCP has been developed in conformity with the World Bank's ESSs and it has stipulated required actions under the ESSs specifically relevant to the project. The ESCP forms part of the legal agreement, and MLSP and its implementation agencies are legally bound to implement the measures and actions identified in the ESCP diligently, in accordance with the timeframes specified in the ESCP, and to review the status of implementation of the ESCP as part of its monitoring and reporting.

The MLSP will ensure effective implementation of the ESCP by:

- Carrying out the measures and actions specified in the ESCP with due diligence and efficiency;
- Making available sufficient funds to cover the costs for implementing the ESCP;
- Ensuring that policies, procedures and qualified staff are maintained to implement the ESCP; and
- Monitoring and reporting on the implementation of the ESCP.

The following sections present the ways of and the manner in which the ESMF and the ESCP will be implemented, monitored and reported.

3.2. Labor and Working Conditions

The Labor Management Procedure (LMP) has been developed for MERESP (Annex 1). The LMP will be applied to workers engaged in project activities; and it has been developed in view of the nature and level of risks associated with project activities.

The LMP i) provides the types of project workers, ii) describes the nature and level of associated risks to project workers, iii) presents the good labor management practices that are in line with the national labor legislation, including occupational health and safety measures; iv) provides considerations for preventing and controlling COVID-19 risks, and iv) provides the project-specific grievance redress mechanisms to be used by project workers, and v) provides a sample Workplace Code of Conduct (CoC). The LMP is a living document and reviewed and updated throughout implementation of the project.

⁷ *Mongolia Economic Update*, February 2021, World Bank

The MLSP and the PIU will ensure that the relevant procurement documents and contracts include these requirements as applicable, and their implementation are monitored.

3.3. Mitigating the Environmental and Social Risks of Small-scale Civil Works under Component 1

Activities. Under Component 1, the MERESP will finance physical upgrades of selected facilities of the GOLWS. Physical upgrades will include small-scale interior remodeling/renovation of the GOLWS's training rooms, employment service hall and the server room.

Potential risks and impacts. The GOLWS office is located in urban area already intensely disturbed by human activities, without involving critical natural habitats or legally protected cultural heritages. Therefore, the renovation activities are not expected to have negative impact on biodiversity or cultural heritage. No worker camp, labor influx, or significant traffic disturbance is anticipated. The potential environmental impacts during short remodeling periods will include noise, dust and solid waste generation that are associated with minor civil work activities. These impacts are expected to be small, localized, and temporary and can be mitigated by incorporating good civil work practices, including proper on-site practices, including proper material storage, temporary closure of facilities and disposal of solid waste and pollution control. Potential OHS issues are largely those associated with civil work activities. The renovation of existing facilities of the GOLWS under the project might engage asbestos-containing materials if the renovation will include removal of heat maintaining walls or partitions (refer to annex 2 for health concerns linked to asbestos-containing materials) .

Mitigation strategy. The MLSP and PIU will undertake the following measures to minimize any adverse environmental impact of the remodeling/renovation works:

- 1) The PIU will ensure that the TORs and contracts of individual consultants hired for designing the remodeling lay-out and interior furnishings, will include the obligations of consultants to: i) consult with and refer to the *World Bank Group Good Practice Note "Asbestos – Occupational and Community Health Issues"* (Annex 2) that the use of asbestos-containing materials should be avoided for the remodeling or renovation; ii) inspect the concerned facilities and determine if the anticipated works will pose asbestos hazards; iii) notify the PIU in writing if such hazards exist, including the particular details; and iv) specify the exact places and portions of work that will engage asbestos hazards in the renovation/remodeling lay-out.
- 2) The PIU will ensure that all bidding documents and contracts for civil works will include the obligation of contractors to: i) comply with applicable national regulations and requirements on occupational safety and health for all workers, including safe and proper handling and disposal of asbestos; ii) consult with and apply the *World Bank Group Good Practice Note "Asbestos – Occupational and Community Health Issues"*⁸ (Annex 2) for removing, handling and disposing asbestos containing materials during renovation work, if such hazards were identified; and iii) undertake good civil work practices as per the *Exemplary Environmental Code of Practices* (Annex 3)⁹; and iv) consult and apply relevant section/s of the LMP that concern with contracted workers.
- 3) The TORs and contracts of all individual consultants hired for monitoring and/or supervising the

⁸ The Note outlines the health risks related to exposure to asbestos, lists resources on international good practices to minimize these risks, and describes some of the available alternatives to asbestos-containing products. This Note complements the guidance in the World Bank Group's EHS Guidelines by providing background and context. More general practices regarding asbestos that are normally considered acceptable by the World Bank Group in projects supported through its lending or other instruments are addressed in the EHS Guidelines.

⁹ The Project will use the Exemplary Environmental Code of Practices (ECOP) for construction works by adjusting it to the project context of implementing small scale renovation works.

performance of contractors undertaking renovation works will include the obligations of consultants to: i) refer to and consult with the *World Bank Group Good Practice Note "Asbestos – Occupational and Community Health Issues"* (Annex 2); ii) monitor and assess the asbestos risk management (if asbestos hazards were determined for the given renovation work); iii) and inform the PIU in a timely manner, about poor practices of the contractors and breach of contractual obligations. The PIU staff and/or Consultants hired under this activity will monitor renovation as per the EHS checklist provided by *Environmental, health, safety and social checklist for renovation work under Component 1* (Annex 4).

- 4) The methodology for the removal of asbestos containing materials will be prepared by contractor. The methodology will focus on workers and community safety and follow Bank's guidelines as well as Mongolian regulation – Safety Instruction on Asbestos Handling (approved by the National Committee on Occupational Safety and Health on Feb 03, 2020). The methodology will focus on:
- i) Risk assessment – determining the content of asbestos and risks of exposure incurred by workers, to assess them and to take the necessary precautions.
 - ii) Notification to the occupational health and safety authority (the Specialized Inspection Agency, SIA) responsible for the work site of any demolition, refurbishment and maintenance work prior to commencement.
 - iii) Work plan with working instructions- lay down the technical and personal protective measures to be taken in a work plan. Working instructions for workers should be concise and clearly formulated.
 - iv) Training of project stakeholders and training of contractor and workers: initial and ongoing training should be planned and documented.
 - v) Transport, storage and disposal of asbestos.
- The methodology will be reviewed and approved by OHS department of the SIA.

- 5) A *Workplace Code of Conduct* (CoC) will be signed by each worker of the contractors selected to carry out small scale renovation works. The Workplace CoC provides expected responsible practices and conducts, including the responsibility of workers to refrain from potential risks of sexual harassment and violence against children and women in communities and at the workplace. The MLSP will ensure that the requirement for contractors to inform their workers on the purpose and content of the CoC, to make it signed by each worker and monitor its application, shall be included into the bidding documents and the contracts. The sample CoC is provided in Enclosure 1 of the LMP.

3.4. Addressing the Environmental Risks and Enhancing Social Impacts of Micro-enterprises Supported under Component 2

Activities. Under sub-component 2.1, the project will provide financial support (mainly in the form of micro - loans) and a range of non - financial services to micro - entrepreneurs. The size of the microloan is between US\$ 1,750- US\$3,500 and the loan term will be up to 24 months. The microloans will be provided to existing and new micro-entrepreneurs who are particularly vulnerable to the economic impacts of the COVID-19 crisis and face increasingly uncertain and grim prospects in the broader labor market. Second, it addresses the chronic labor market constraint related to a lack of labor demand and specifically to the development of a growing and productive microenterprise sector. The microloans are expected to finance purchase of needed equipment, inventories and raw materials. The typology of microenterprises is expected to be similar to the typology of beneficiaries under MESP¹⁰: 39% belonged to food production, wholesale and retail trade; 22% belonged to services (hairdressing, cleaning, repair of shoe, watch and electrical appliances); 19% belonged to processing and other manufacturing (sewing, knitting, weaving, leather products, carpentry, ironwork and production of construction materials); 11% belonged to agriculture and farming, diary processing; 9% belonged to auto repair, car wash, sale of spare parts.

¹⁰ Micro enterprises benefitted in 21 aimags under MESP during 2019-2020.

The screening of micro-business proposals, selection and approval of microloan proposals will follow the procedures provided by the *Employment Promotion Fund Manual (EPFM)*¹¹ which takes into consideration the specific strategies outlines in this section. The EPFM will be adopted by the MLSP subject to No Objection from the World Bank.

Potential risks and impacts. No significant, irreversible or major environmental impacts are anticipated. The project will not finance microenterprises that pose substantial environmental and social risks. Activities financed under this component will be low or moderate risk in terms of environmental and social impacts. The on-lending of microloan to the end-borrower microentrepreneurs will be carried out by selected Participatory Financial Institution/s (PFIs). There are some downstream environmental and social issues to be considered for microenterprises financed by the project proceeds.

Mitigation strategy. First, the micro-business proposals will be screened for their environmental and social risks. The project will not finance micro-enterprises that pose substantial environmental and social risks. The screening will use a list of activities prohibited for project financing. Only those with moderate and low risks will be funded. The template to be used by a microloan applicant for this purpose will be provided by the EPFM. Second, the PFI will require the microloan applicant to certify that the applicant will apply the World Bank's general Environmental, Social and Health Guidelines (EHS) and sector-specific EHS guidelines. The template to be used by a microloan applicant for this purpose, will be provided by the EPFM. Third, the PFI will assess the potential downstream environmental impacts of micro-enterprises which belong to sectors identified having "moderate impacts" on the environment, using a template approved by the EPFM. This activity will be undertaken only as regards to approved sub-projects. Fourth, the PFI will ensure to specify the responsibility of the end-borrower to avoid and manage environmental and social impacts into the microloan agreement entered between with a microentrepreneur. Further, the PFI will also ensure that the micro-entrepreneur is furnished with the World Bank's general and the MLSP's industry-specific EHS guidelines.

The project will ensure that the PFIs to be selected for administering the microloans have adequate capacity for the environmental and social management. The sub-sections below present the strategies and steps of safeguarding and monitoring the environmental and social risks and impacts of microenterprises to be undertaken by the MLSP, its PIU and the PFI.

Requirements for PFIs as regards to ESMF:

The Project will require the PFIs to be responsible for introducing and/or applying the Environmental and Social Management System (ESMS) in the micro loan lending process. This requirement of the PFI will include the following:

- (i) In the bidding documents the project will require the PFIs to have the ESMS proportionate to the environmental and health risks associated with proposed microfinance activities and ensuring adequate institutional arrangement for ESMS implementation, including a designated senior management representative to have overall accountability for environmental and social performance of micro- financed subprojects;

The ESMS of selected PFIs shall include: (i) environmental and social policy; (ii) clearly defined procedures for identification, assessment, and management of the environmental and social risks and impacts of subprojects; (iii) organizational capacity and competency; (iv) monitoring and review of environmental and social risks of subprojects and the portfolio; and (v) external communications mechanism.

- (ii) Requiring the microloan applicant, at the time of receiving the business proposal of the microentrepreneur, to certify that the applicant will apply the World Bank's general Environmental,

¹¹ The EPFM is the regulation to be approved by the Ministry of Labor and Social Protection concerning the implementation of the micro-entrepreneurs support program under MERESP

Social and Health Guidelines (EHS) and sector-specific EHS guidelines;

- (iii) Assessing the potential downstream environmental risks and impacts of the PFI-approved micro-business proposals which belong to sectors identified having “moderate impacts” on the environment¹², by using a template to be provided by the *Employment Promotion Fund Manual* (EPFM);
- (iv) Requiring a beneficiary through a micro-loan agreement entered with the micro-entrepreneur, to carry out and operate the activities financed by the microloan with due diligence and taking into consideration the general and sector-specific Environmental, Health and Safety Guidelines¹³;
- (v) Reporting on the status of screening and assessment of micro-entrepreneurs’ impacts to the GOLWS (The GOLWS reports to the MLSP/PIU).

The ESMF requirements, conditions, contracts and applicable environmental and social risks screening templates that apply to the PFIs and all related processes as provided below under various sub-sections, will be fully reflected in the *Employment Promotion Fund Manual* (EPFM) which will be adopted upon acceptance by the World Bank. Specifically, the PIU will ensure that the following requirements, conditions and processes will be included into the bidding documents and applied at different stages of micro-entrepreneurship support program cycle under Component 2.1.

Pre-loan training:

- (i) Aimag and district level Labor and social welfare offices (LSWOs) will carry out, through a responsible officer, the registration of micro-entrepreneurs interested in the pre-loan training and submitting microloan proposals thereafter.
- (ii) The LSWOs will: i) enhance the quality of pre-loan training to equip the training participants with adequate understanding on the project requirements on ESMF and specific screening and monitoring instruments and processes among others, ii) make publicly available the concerned information and tools. Furthermore, the pre-loan training will increase the understanding of participants on the World Bank’s anti-corruption guidelines and the project Grievance Redress Mechanism (GRM).

Beneficiary and business proposal screening and assessment of risks and impacts:

The proposed micro-loan projects will be screened for their environmental and social risks, and this process will be carried out as described below:

- (i) The responsible officer of the LWSO and the Working Group established at each LWSO with the aim of pre-screening and shortlisting microloan proposals, will carry out their duties in the following manner: (a) screening of each proposal against the list of prohibited activities that are not to be financed by the microloan funds (using the list provided in Annex 5); (b) evaluating the technical adequacy of each proposal by using scoring system; and (c) ensuring that the applicant belongs to

¹² Given that the microentrepreneurs seeking microloan¹² from the project are engaged in very small scale enterprises, including home based enterprises, the monitoring requirements to the selected PFI will be proportionate to the anticipated risks and impacts, and will be focused on activities that belong to sectors with “moderate impacts” only. The above requirements have been defined taken into consideration the nature and level of environmental and social risks associated with projects to be financed by the microloan; and they are viewed as concurring with the requirements of the ESCP.

¹³ These guidelines are referenced in later sections.

the status of “unemployed” or “self-employed” by cross checking with the relevant MIS (databases) of the MLSP such as social insurance, employment and social welfare data bases¹⁴.

These requirements and related processes will be documented in the EPFM. The name list of shortlisted applicants will be sent to the local branch of the PFI at least once a month or at a shorter interval if necessary.

- (ii) The PFI, upon receipt of the list of short-listed applicants from the local LWSO, will examine first the credit worthiness of each proposal for making decision on loan approval. The PFI will require the microloan applicant, at the time of receiving the business proposal of the microentrepreneur, to certify that the applicant will apply the World Bank’s general Environmental, Social and Health Guidelines (EHS) (see Table 6.1 of Annex 6) and sector-specific EHS guidelines (see Table 6.2 of Annex 6).
- (iii) For the approved applications that belong to sectors identified as “with moderate impacts”, the PFIs will identify the downstream environmental impacts of the microloan-financed business activity using a template to be provided by the EPFM. The list of sectors identified with ‘moderate impacts’ will be provided in the relevant template.

Monitoring the responsibilities of micro-entrepreneurs in mitigating downstream environmental risks

- (i) The PFI will provide each approved microloan beneficiary with the World Bank’s general EHS guidelines (provided in Annex 6) and sector-specific environmental, health and safety (EHS) guidelines¹⁵.
- (ii) To ensure the responsibilities of the micro-entrepreneur in adhering to the good environmental and social practices, the PFIs will include into the agreement with the end-borrower the following:
 - a) responsibility of the micro-entrepreneur for carrying out the micro loan financed activities by preventing adverse impacts on environment, worker and public health and safety, including the responsibility for adhering to environmental, health and safety (EHS) guidelines provided by the PFI;
 - b) the right of the PFI to monitor the performance of the applicant in carrying out his/her responsibility with due diligence and the right to report to relevant authorities about the cases of substantial infringements.
- (iii) The aimag/district LWSOs will monitor the environmental and social impacts of microenterprises when undertaking monitoring visits to microenterprises supported by the project. If cases of substantial infringements are found, the representative of the PFI will report to authorities for addressing the impacts in line with the national legislation.
- (iv) The PFIs will maintain an appropriate record for reporting to the GOLWS.¹⁶ The instruments for

¹⁴ To strengthen the social impacts of the project, beneficiary pre-selection system based on the status of unemployment and self-employment will be used by LWSOs. Attention will be given to expand the opportunities for working age persons to submit proposals.

¹⁵ The MLSP developed under MESP, the predecessor project, sector-specific guidance for 20 sectors. These sector specific guidelines shall be updated if necessary, by the MLSP.

¹⁶ Many urban micro-enterprises in the commerce, service and small-scale manufacturing sectors are located close to other such enterprises, often in semi-public or overlapping spaces. During random spot checks, the PFIs should verify that the borrower’s activities are in compliance with applicable general and sector-specific EHS guidelines. Project beneficiaries should not be held responsible for environmental impacts resulting from other, unrelated micro-businesses located close-by.

reporting on ESMF will be attached to the Agreement with the PFI and the templates for monitoring visits and reporting to the GOLWS are provided in Annex 8.

- (v) The aimag/district LWSOs will include the results of monitoring of environmental and social impacts of microenterprises when reporting on the implementation of the micro-entrepreneurship support program.

In view of the strengthened requirements towards PFIs for ESMF and above described processes, the instruments, templates and EHS guidelines developed under MESP)¹⁷ will be reviewed and enhanced as necessary, to ensure the effective implementation of the ESCP.

3.5. Health and Safety Protection Measures for Workers and Communities against COVID-19

Local transmission of the virus started from early November 2020, and a number of nationwide or specific area based lockdowns have been imposed by the decision of the State Emergency Commission (SEC). During complete lockdowns, the government staff and public administration staff did not provide services, except staff of essential health services. Also, in between lockdowns, the government staff have been operating with limited occupancy (between 10% - 30% depending on the scale of lockdown) with highly restricted or well monitored access for visitors to public administration function buildings. The terms of conditions of these public service workers under such circumstances remain subject to employment contracts of the public service and under rules imposed by the SEC or the Cabinet Secretariat. The project PIU and implementing agencies of the MLPS which are engaged in the project implementation are expected to follow the SEC and the Government decisions.

The project will closely follow the instructions and guidelines of the SEC and the Government in preventing and controlling the spread of pandemic during the implementation of project activities and will ensure adjusting training and information dissemination and consultation activities to be delivered through virtual tools and social media channels. The project will ensure to take timely and responsive measures for preventing and curtailing community transmission of COVID-19. The project will ensure that activities requiring physical presence on the field such as renovation of PES facilities will follow the SEC decisions concerning stoppage or continuation of business activities and ensure that adequate preventive measures are enforced by contractor/should business continuation is allowed.

Subject to decisions of the SEC, should the direct workers/employees of public organizations are allowed to continue providing public services, including engagement in project activities, the MLSP, the PIU and respective government agencies and local organizations will ensure that the COVID-19 prevention and control measures put in place are re-enforced and fully implemented for workers and customers alike. They will also undertake immediate and effective measures to comply with the guidelines instituted by the SEC and/or the Ministry of Health. The project will also refer to the following guidelines of the WHO.

The project will refer to the WHO's guidance on COVID-19¹⁸ to prevent or minimize the spread of the pandemic in workplace and communities. The Project will also refer to the SEC and the Ministry of Health (MOH) guidelines on Covid-19 prevention and control, as necessary. The response plan will consider alternative means of stakeholder communication techniques as reflected in the draft Stakeholder Engagement Plan (SEP).

¹⁷ These include 20 sub-sector guidance developed by the MLSP.

¹⁸ These technical guidance are to be found at <https://www.who.int/emergencies/diseases/novel-coronavirus-2019/technical-guidance>

3.6. Anti-corruption

The Project will take all necessary measures to i) disseminate the principal of no tolerance on corruption to all stakeholders and the third parties engaged in implementation of project activities to project stakeholders, contractors, and project beneficiaries ; ii) ensure that the *World Bank's Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants* (revised on 1 July, 2016) will be attached to procurement contracts with consultants, consulting and non-consulting firms and contractors; and iii) ensure that the project-level GRM responds efficiently and in line with the applicable national legislation, to the corruption related complaints.

3.7. Stakeholder Engagement and Information Disclosure

The Project will ensure timely and effective consultation with stakeholders throughout project cycle as per the Stakeholder Consultation Plan (SEP) which was agreed with the World Bank and disclosed publicly on MLSP's website on May 27, 2020. The SEP is attached in Annex 7. When necessary, the SEP will be updated and publicly disclosed by the MLSP.

The key aspects of enhancing stakeholder engagements are related to: (i) timely and effective outreach to the most vulnerable groups of intended beneficiaries, (ii) targeted engagement with stakeholders and intended/current project beneficiaries and vulnerable groups, as applicable, to understand their concerns and needs in fine-tuning the design and delivery of project activities; (iii) introducing and maintaining efficient and responsive grievance redress mechanism, and (iv) public disclose of information. The targeted stakeholder engagement and consultation will be particularly needed in designing and implementing effective outreach to vulnerable groups, including addressing of the needs of Kazakh minority members in Bayan-Ulgii aimag.

The outreach efforts will ensure that poor and vulnerable groups (such as long-term unemployed, social welfare recipients, households with low PMT scores and women) are aware of the employment promotion programs. Communication and information dissemination strategies will be developed to inform intended beneficiary about the employment promotion programs that the project will implement. Also, the relevant information dissemination documents including this ESMF will be easily accessible to the public on a website operated by the PIU. This strategy will require the local labor and social welfare offices in all 9 districts and 21 provincial centers to inform the intended beneficiaries in their jurisdictions about the project in general and employment promotion programs in particular (e.g. how they may participate).

The project will disclose information regularly as per the SEP on the website of MLSP. The MLSP has disclosed the ESCP and SEP at the project appraisal stage. Please see the link <https://mlsp.gov.mn/content/detail/736>

The draft ESMF, including the draft LMP have been disclosed to and consulted with the PIU and the MLSP. There have been three rounds of consultation: the first consultation was on the initial draft of the ESMF and LMP (in first half Oct 2020); the second consultation was undertaken on the revised draft of the documents (early Nov 2020); and the third consultation was held in late April 2021 prior to submission of documents to the World Bank.

The project will further disclose the following documents for stakeholders and the general public:

- 1) ESMF and GRM once finalized (and every time it is updated)
- 2) Updated SEP;
- 3) Labor Management Procedures (and every time it is updated);
- 4) EPPM;
- 5) Project reports as prepared for public information;
- 6) ESMS of selected PFIs.

4. Grievance Redress Mechanism (GRM)

Grievance redress mechanism (GRM) is a key tool through which beneficiaries, local communities and other stakeholders exercise their voice. The main objective of GRM is to assist to resolve complaints and grievances in a timely, effective and efficient manner that satisfies all parties involved. Specifically, it provides transparent and credible process for fair, effective and lasting outcomes.

4.1. National Grievance Redress Mechanism

The Law on the Resolution of Petitions and Complaints from the Citizens to State Bodies and Office-holders (1995) regulates the national grievance redress mechanism. A citizen of Mongolia is entitled to submit a petition or complaint individually or collectively to a state body and/or office-holder and obtain a response for the submitted petition or complaint.¹⁹ In case a citizen is not in agreement with the response provided to his or her petition or complaint, he or she is entitled to submit a complaint to a higher level of office-holder. On the other hand, the state bodies and office holders are obliged to review the measures taken by the affiliated or lower level of entities on grievances redressed and regularly publicize the information on grievances redressed through media outlets. A petition or complaint may be lodged in written or verbal formats or through online system. Every state body is required to have a website under the law. The project will rely on this existing national grievance redress mechanism and the *project specific GRM* to address the complaints that may arise in relation to the project implementation.

4.2. MERESP Specific GRM

Any stakeholders including targeted beneficiaries, contractors, project staff, authorities and other involved parties may file or lodge a grievance if they have any complaints or concerns arising in connection with the project. For example, if they consider that their right to information interfered; that the project's environmental and social performance is unsatisfactory; that fraud and corruption have taken place; or that any of project's principles and procedures have been violated.

A grievance can be expressed at any time during the project lifetime. The grievance system will maintain confidentiality of the complainant or classified information at all times. A grievance may be disclosed publicly, but by keeping confidential the identity of the complainant. A grievance may be disclosed publicly with the identity of the complainant revealed, but only if the complainant's individual written consent was provided after the project approached the complainant for that matter.

Grievance channels

The MERESP specific GRM will be composed of four channels as presented in Table 2 below. Each channel is expected to receive a grievance as the complainant will freely exercise the right to choose to which authority or body to lodge his/her complaint. These grievance channels used and operational under MESP project will continue to be used for MERESP project activities.

¹⁹ Legal timeline for petition and complaint resolution is 30 calendar days, which can be extended for another 30 days by a state body to which a petition or complaint is lodged to. The Cabinet Secretariat is responsible for management and organization of grievance redressing activities at state administrative and local administrative bodies while the ministers and governors of capital city and provinces may provide final responses to the petition or complaints on matters concerning their respective functions under the law.

Table 5. GRM channels of the Project

Labor and welfare services office (LSWO) at aimag/district level:	General office for Labor and Welfare Services (GOLWS):	Project Implementation unit (PIU)	Ministry of Labor and Social Protection (MLSP)
<p>Contact: Responsible officer</p> <p>Email: The links to the websites of all LWSOs, where all contact details are provided, can be found at GOLWS's webpage at:</p> <p>http://hudulmur-halamj.gov.mn/</p>	<p>Contact: Grievance officer</p> <p>Email: info@hudulmur-halamj.gov.mn</p> <p>Webpage: http://hudulmur-halamj.gov.mn/</p> <p>Tel: +976 77315091</p> <p>Address: Labor Palace, Chinggis Avenue, Khan-Uul District, Khoroo 2, Ulaanbaatar</p>	<p>Contact: M&E Officer</p> <p>The project will receive grievance from the project webpage (already established): the website has a GRM/feedback tab.</p> <p>Grievance also can be received via:</p> <p>Tel: +976-75057570</p> <p>Email: info@mesp.mn</p> <p>Address: #501, SAN Business Center, Prime Minister Amar Street, Baga toiruu 14200, Sukhbaatar district, Khoroo -8, Ulaanbaatar, Mongolia</p>	<p>Contact: Responsible officer</p> <p>Email: info@mlsp.gov.mn</p> <p>Webpage: www.mlsp.gov.mn</p> <p>Tel: +976-51-261553 or +976-51-267635</p> <p>Address: Chingeltei district, khoroo 4, UN Street, Ulaanabaatar, Mongolia</p>

The PIU will receive grievances through the project website, e-mail, phone, and other verbal or writing means of submission. The PIU has established project website for MESP and this website will be used for MERESP as well (www.mesp.mn). The webpage has a specific tab designed to register feedback/grievance from project beneficiaries. To facilitate the receipt, recording and reporting of complaints at the aimag/district level, where it is assumed that the bulk of complaints should/or could be lodged, the PIU website's GRM tab will be adjusted in way that complaints lodged at the specific geographic location is immediately directed to the given aimag/district LWSO's GRM focal point's inbox too.

Grievances can be expressed at any time during the project lifetime. There will not be any charge for filling a grievance. A grievance can be lodged in writing, verbally and through electronic means, as per the applicable national legislation. Grievances lodged in writing will include grievances submitted via the online means. As per the applicable national legislation, a grievance lodged in writing shall be identifiable with the full name, residential/postal address. Complaints lodged via government hotlines (which then forwarded by the system to the MLSP, or GOLWS, SIGO or their field offices) and via telephones of the above four channels will be considered as verbal complaints.

The project will not specify what types of grievances shall be lodged to which channels. The general principle as stipulated in the national legislation will generally apply, that is, a grievance shall be lodged to: i) an authority or a figure which is superior to the organization or an officer whom the grievance is concerned with; or) in case of no availability of superior authority, to an administrative authority which adopted the concerned regulation under which the grievance falls in; or iii) to an authority specifically provided by the law. Nevertheless, a complainant will exercise the right to choose the channel and means of lodging a grievance of any subject can be lodged to any of the GRM channels. A complainant will exercise the right awarded by the law to lodge grievance to higher authority or court in case if he/she does not agree with the decision of the authority which resolved the grievance.

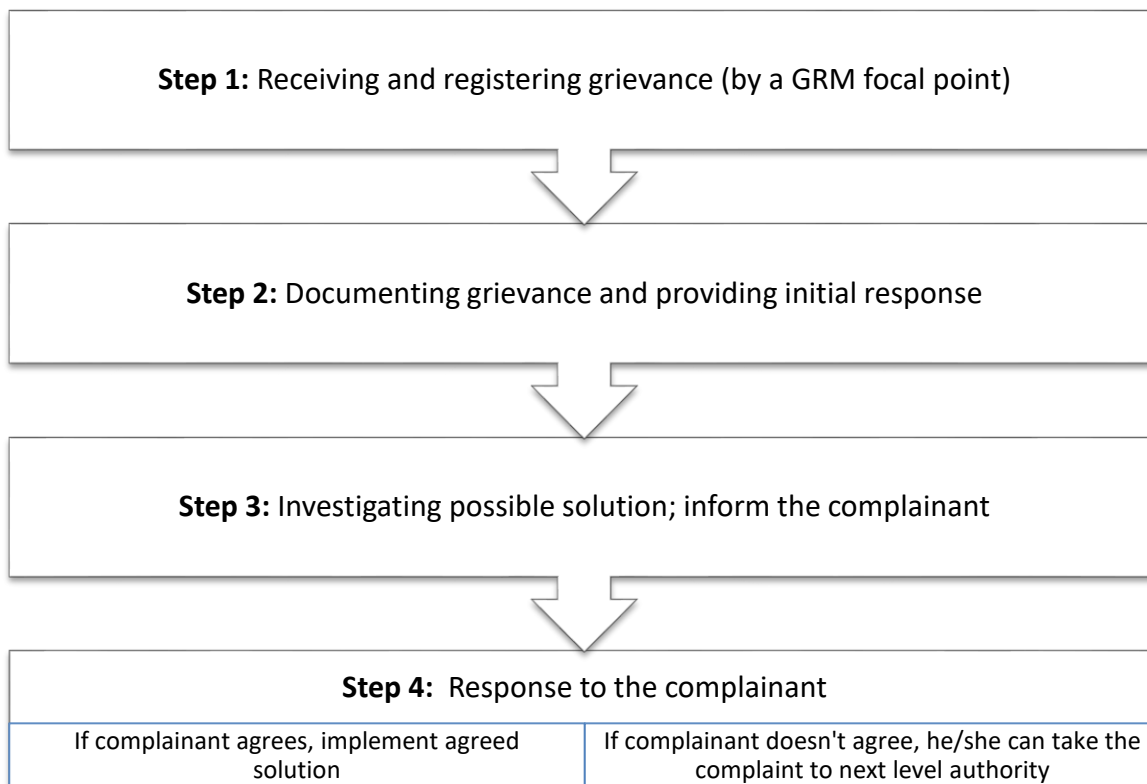
The key principle for the effective GRM under the project is that: i) the grievance redress mechanism of the government GRM mechanism will be utilized to the extent possible; ii) the parties will agree on, for the grievances submitted through the project website, which types/subjects of grievances that to be

investigated and redressed through their own GRM channels.

GRM processes

Once a complaint has been received, either in writing or verbally (through phone for instance), it should be recorded in the complaints logbook which is maintained by each GRM focal point of each grievance channel, including the GRM focal point of the PIU.

MERESP GRM will be implemented with the following steps:



The M&E officer of the PIU and the grievance officer of each entity will be responsible for managing the recording grievances, providing initial response to complainants, coordinating the grievance resolve processes, and communicating the final response to complainants, and reporting on the operation of the GRM.

Role of the PIU in the GRM.

Since the PIU is not a legal status, and nor its staff are government officials, the PIU is not mandated/powerful to resolve a grievance on its own. However, the PIU will carry out the following roles within the project GRM:

- a) Supporting and carrying out a GRM-specific information campaign;
- b) Maintaining a grievance channel, receiving and keeping a logbook of received grievances,
- c) Assessing and escalating the grievance to a concerned authority (MLSP, or GOLWS, or aimag/district's LWSO, etc) and informing the complainant about the organization which will resolve the grievance;

- d) Establishing and keeping contacts with GRM focal points of all concerned organisations, collecting, consolidating and analysing grievance related data, and reporting on the status of GRM operation and performance.

4.3. Grievance Data and Reporting

As per the recurrent practice of government institutions, the MLSP and GOLWS maintain a logbook and database of complaints and requests received. It will be required that data on MERESP specific complaints will be communicated to the MLSP PIU on a quarterly bases. The PIU will collect and consolidate the project related grievance data on quarterly basis. For effectively managing the GRM data collection and reporting, the PIU shall establish working contact and regular communication practices with GRM officers/GRM focal points of the MLSP, GOLWS, SIGO, and LSWOs of 21 aimags and 9 districts, and develop a template for the quarterly reporting and it will be reported to the WB on a quarterly basis as well.

The PIU will prepare and submit a report on the operation of GRM to the World Bank on quarterly basis and semi-annual report will be sent as part of the project implementation status report, and report to the MLSP as part of the annual project implementation report.

4.4. Information Campaign on GRM

The PIU will support the effective function of the GRM with specific information campaigns:

- Stakeholders will be informed on the GRM system and related processes; and such information will be delivered at capacity building training sessions and project related events.
- Project beneficiaries will be informed on the GRM system and related processes through GOLWS and LWSOs of 21 aimags and 9 districts and the PIU. Pamphlets and/or posters and video clip/s that describe project activities and grievance procedures will be developed and made available to intended beneficiaries e.g. They will be posted and disseminated through project website, public information boards in LSWOs, at information and training sessions or communicated via media channels. More details on information disclosure strategy could be found in section 3.3 of SEP.

5. Institutional Arrangement to Implement the ESMF

The MLSP will implement the project through its relevant agencies that report to it, namely, General Office of Labor and Welfare Services (GOLWS) with its local offices, the Research Institute of Labor and Social Protection (RILSP); and Social Insurance General Office (SIGO) and with the support of the PIU. Specifically, the MLSP's agencies and offices will be involved in project implementation as below:

- a) GOLWS will be responsible for implementing Component 1 and Component 2;
- b) Local Labor and Welfare Services Offices will be involved in implementing Component 1 and Component 2 on the ground;
- c) RILSP will be involved in implementing Subcomponent 3.1 in collaboration with the PIU; and
- d) The Social Insurance General Office (SIGO) will be responsible for implementing Component 4.

The PIU will provide support to the implementation of all components of the project, in particular Component 1 and 3 and Sub-component 2.1. The PIU will undertake the capacity building, research and monitoring and evaluation activities under all components.

The private sector including employers, private labor exchanges, and participating financial institutions will

be close partners for the project implementation. Certain services will be contracted to various vendors, including training providers and participating financial institutions.

The MLSP, through the PSC, Project Director and PIU, will be responsible for the implementation of the project, including the implementation, coordination and reporting on the ESMF and the ESCP. The PIU led by the Project Coordinator will be responsible for carrying out the oversight of implementation, coordination and reporting on the ESMF and the ESCP. The M&E Specialist of the PIU will be responsible for monitoring the implementation and reporting on the ESMF and ESCP implementation, and will act the focal point for the project-level GRM; and he/she will report to the PIU. The PIU staff who are responsible for effective delivery of project components applicable to their duties, will also take a charge of ensuring that the ESMF is effectively implemented and reported.

The composition of the PIU of the loan-funded project is approved by a dedicated decree of the Minister for Finance. In this regard, the composition of the PIU of the MESP was approved in 2018 by the MOF Ministerial decree. Since the MESP-PIU will continue as MERESP-PIU, the staff composition will stay the same. Currently, the PIU staff composition does not include a position of the Environmental and Social Officer. Therefore, the MERESP-PIU will hire national consultant/s to receive support in advancing the project's E&S management capacity building at the initial period of project implementation.

6. Supervision, Monitoring and Reporting on implementation of the ESMF

Supervision and monitoring of the ESMF will include internal and external monitoring activities.

Internal monitoring by the MLSP and its PIU include: i) semi-annual monitoring and review of implementation progress on the ESMF (including project progress, institutional arrangements, screening results of subprojects/activities, key environmental and social issues and mitigation measures for eligible subprojects, capacity building activities, operation of GRM, and any corrective action plan), ii) keeping records of grievances and carrying out follow-up checks to ensure that appropriate actions have been undertaken and that the outcomes are satisfactory. The implementation of the select areas of the ESMF will be monitored by both the PIU (including the monitoring of the screening and selection of micro-enterprises), and the General Office for Labor and Welfare Services (GOLWS).

External monitoring by the World Bank will include: i) independent review as part of regular project implementation support and supervision missions and or in a form of a designated review missions to support the PIU in overseeing and monitoring the implementation of the ESMF; and ii) general project reviews at mid-term and at the completion of the project.

The mid-term review will identify any necessary measures to improve the implementation of and compliance to the ESMF.

The MLSP/PIU will report on the implementation of the environmental and social performance of the project, including the implementation of the ESMF and on the status of the GRM (*i) whether the GRM is accessible and ii) evidence that the GRM is receiving and resolving complaints*) to the World Bank on a semi-annual basis as part of the project implementation status report.

The MLSP will promptly notify the World Bank Task Team Leaders via email or any appropriate means, of any incident or accident related to or having an impact on the Project which has, or likely to have, a significant adverse effect on the environment, the affected communities, the public or workers, in accordance with the ESMF.

7. Capacity Development

Given the limited experience of the MLSP and its PIU with the Bank's Environmental and Social Framework

(ESF) and the ESSs thereof, project specific capacity development activities will be carried out as the following:

- Environmental and social consultant will be hired to support preparing, updating and implementing relevant training for project implementing agencies on environmental and social instruments.
- Environmental and social auditor will be hired to support auditing of the ESCP implementation in coordination with the mid-term review of the project.
- The staff of the PIU and the MLSP (including the staff of the GOLWS and LSWOs) will be appropriately trained in order to effectively support and supervise the implementation of the ESCP and . The staff of the GOLWS and LWSOs will be trained also specifically in implementing the ESMF for Component 2.1. The training plan which is developed in view of the ESCP, is presented in Table 6 below.
- The World Bank will provide technical guidance and support to the MLSP and PIU to ensure that environmental and social management follows the ESMF requirements.

Activities		Indicative budget	Timelines
1.	Hiring a national consultant on ESMF to prepare and facilitate training activities	USD 8,000	To be completed by 30 Oct, 2021
2	Development of and dissemination of short videos, poster and/or necessary public information materials on MERESP ESMF and GRM	USD 5000	To be completed by 30 Sep, 2021
3.	Training for MLSP, PIU and GOLWS staff on: <ul style="list-style-type: none"> • WB's ESF and ESSs • MERESP-ESCP • MERESP- ESMF • MERESP-LMP • ESMF procedures for microloans • ESMF procedures for renovation works, including asbestos management and OHS for contractors, workers, supervision consultants, and relevant government officials • MERESP-SEP • MERESP-GRM • WHO guidelines on COVID-19 infection prevention and control, including risk communication and community engagement 	USD 2,000	To be completed by 30 Nov, 2021
4	Training for staff of LWSOs and representatives of selected PFIs on: <ul style="list-style-type: none"> • WB's ESF and ESSs, • MERESP-ESCP • MERESP- ESMF • MERESP-LMP • ESMF procedures for microloans • MERESP-SEP • MERESP-GRM WHO guidelines on COVID-19 infection prevention and control, including risk communication and community engagement	USD 10,000	To be completed by 30 Dec, 2021

5	Information session on ESM for contractors of renovation works, including asbestos management and OHS	By PIU operational costs	To be completed within 5 days since contract signing
6.	Hiring a national consultant to carry out an ESMF implementation audit	USD 5,000	To be completed by Dec, 2022
	Total	USD 30,000	

**ENVIRONMENTAL AND SOCIAL MANAGEMENT
FRAMEWORK
(ESMF)**

Annex 1

**LABOR MANAGEMENT
PROCEDURES
(LMP)**

June 2021

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LABOR MANAGEMENT PROCEDURES

These Labor Management Procedures (LMP) provide an overview of the applicable Mongolian legislative and WB Environmental and Social Standard 2 (ESS2) provisions and how the risks and issues related to labor in the MERESP (#P174116) will be managed during the implementation of the project.

There have been several rounds of consultation with stakeholders (MLSP, PIU) on the LMP. The first consultation was on the initial draft (14 October 2020); the second consultation was undertaken on the revised draft of the LMP (10 November 2020); and the third consultation was undertaken in late April 2021 prior to submission of documents to the World Bank.

1 Overview of labor use on the Project

The Mongolia Emergency Relief Employment Support Project (MERESP) will be implemented by the Ministry of Labor and Social Protection (MLSP) with support from the World Bank. The project development objective (PDO) is to provide jobseekers and micro-entrepreneurs in Mongolia with improved access to labor market opportunities and to provide temporary relief to eligible workers in response to the COVID-19 crisis. This will be achieved by supporting client-centric public employment services, strengthening a select active labor market program, facilitating labor market monitoring and analysis and providing temporary social insurance contribution relief for eligible workers.

The MERESP consists of four components. Component 1 will address job-search constraints related to incomplete information and poor labor market transparency by supporting client-centric public employment services. Component 2 will strengthen the design, relevance and demand-orientation of select active labor market programs. Component 3 will enhance the scope, quality and availability of labor market information and reporting and analysis to help institutional and non-institutional actors make more informed decisions and provides support for strengthening monitoring and evaluation and project management. Component 4 will provide temporary support to the Social Insurance (SI) contribution relief for those who are enrolled under the mandatory social insurance scheme.

1.1 Number and characteristics of project workers

The project activities involve two types of project workers, these include:

- (i) **Direct workers**¹- people employed or engaged directly by the MLSP, such as:
 - a. Project Implementation Unit (PIU) staff who are employed by the MLSP and who are directly engaged in project implementation,
 - b. Public administration and public service staff employed directly by the MLSP and the agencies that report to the MLSP, such as,
 - i. *General Office of Labor and Welfare Services (GOLWS)*,
 - ii. *Municipal Employment Department, Ulaanbaatar (MED)*

¹ People employed or engaged directly by the Borrower (including the project proponent and the project implementation agencies) to work specifically in relation to the project

- iii. *Aimag/district level Labor and Welfare Service Offices (LWSO),*
- iv. *Research Institute for Labor and Social Protection (RILSP),*
- v. *Social Insurance General Office (SIGO),*
- vi. *Aimag/district level Social Insurance Office,*
- vii. *Vocational education and training centers (potentially),*
- c. Public service staff employed directly by the National Statistical Office (NSO)
- d. Individual consultants hired by the MLSP (national and international)
- (ii) **Contracted workers**² – workers contracted through third parties, such as,
 - a. A firm contracted to develop renovation/interior remodeling plans for small scale civil work;
 - b. Firm/s contracted to perform small scale civil works;
 - c. Participating Financial Institutions contracted for on-lending the project microloan funds to micro-entrepreneurs;
 - d. Consulting and non-consulting firms contracted for capacity building and producing project specific products;
 - e. Private vocational training providers (might potentially be contracted for delivering innovate skills development program)

There **will not be any primary supply workers** as the project will not engage primary suppliers³ on an ongoing basis. The workers of suppliers of office and training equipment and IT products for PES offices (it is not continuous, on-going based activity), including renovated PES offices, are considered as workers of a third party. The suppliers of microbusiness activities supported by the project with a microloan, will primarily be small scale and mostly informal sector players which may or may not be providing supplies on an ongoing basis.

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 small scale and short-term renovation work.

The exact number of *direct workers and contracted workers* engaged in the project over the whole cycle of the project is not yet known, but, a reasonable estimation provides that it would be in the range of 700-720.

The Table 1 below, briefly captures the type, description and estimated number of project workers. The description of project workers is provided by each component of the project as well.

² People employed or engaged through third parties to perform work related to core functions of the project, regardless of location. “Core functions” of a project constitute those production and/or service processes essential for a specific project activity without which the project can not continue.

³ They are those suppliers who, on an ongoing basis, provide directly to the project goods and materials essential for the core functions of the project.

Table 1. Description, estimated number and time requirements of project workers

Description	Estimated number and location	Timing of labor requirements	Engagement by project component			
			Component 1	Component 2	Component 3	Component 4
Direct workers						
PIU staff	8 full time staff located in Ulaanbaatar	Will be engaged throughout the project cycle	Will be engaged in all components of the project.			
Public service staff employed directly by the MLSP and the agencies that report to it	it is estimated at about 290 persons. They will operate in their offices located in Ulaanbaatar and 21 aimag centers, respectively.	Will be engaged at times required as per the project Workplan. (except the SIGO staff both at HQ and fields, where there engagement will be required only in Q/4 of 2020)	Staff of: <ul style="list-style-type: none"> • MLSP (10) • GOLWS (10) • LWSOs of 21 Aimags & 9 districts (150) • MED (5) • TVET centers (potentially) (30) • TVET Evaluation and Methodology Centre and its regional centers (potentially) (10) 	Staff of: <ul style="list-style-type: none"> • NSO HQ and 21 aimags and 9 districts (35) • RILSP (5) 	Staff of SIGO at HQ and in Ulaanbaatar and 21 aimags (35)	
Individual consultants	Estimated number: 20 Local consultants will operate in Ulaanbaatar (may have short field trips) and international consultants will operate both in their home location and in Mongolia (subject to COVID19 travel restrictions are lifted)	Will be engaged at times as per the project Workplan.	Consultants hired to support client-centric public employment services, LMIS re-development, increased role of private employment services and etc.	Consultants hired to support effective implementation of active labor market programs.	Consultants hired to support labor market studies, project evaluation, etc.	
Contracted workers						
Workers employed by interior remodeling/renovation companies	Estimated number: 30	In Q3 - Q4 2021	Workers to be engaged in small scale renovation of the GOLWS's existing facilities			
Employees of Participating Financial Institutions (at least 2 institutions)	Estimated number: 70 (working in PFIs HQ and local branches)	Q/2 2021 - Q/4 2023		Employees to be engaged in on-lending of microloan funds to		

				micro-entrepreneurs.		
Employees of non-financial service providers (which could be private entities, NGOs)	Estimated number: 100 (Located in Ulaanbaatar and 21 aimags)	Q/2 2021- Q/4 2022		Will be engaged in providing post-loan non-financial services to micro-entrepreneurs		
Workers of private vocational training providers (potentially)	Estimated number: 50 (Located in Ulaanbaatar and 21 aimags)	Q/3 2021 -Q/1 2023				
Workers engaged by consulting and non-consulting firms and suppliers of goods (could be private firms or NGOs)	Estimated number: 130-150 (Located in Ulaanbaatar)	Between Q/4 2020-Q3 2023 Will be engaged at times as per the project Workplan.	Employees of: <ul style="list-style-type: none"> • A firm/s contracted for developing renovation and interior remodeling plans for GOLWS facilities • A firm contracted for LMIS re-development • Suppliers contracted for delivering specified goods and equipments for PES offices 		Employees of: <ul style="list-style-type: none"> • Data collection firms • Printing companies for printing project materials • Firms contracted for media and advocacy products and activities 	

2. Brief overview of labor and OHS legislations

2.1. Overview of labor legislation

Mongolian Labor Law (1999), Law on Trade Unions (1991), Law on Promotion of Gender Equality (2011), Law on Occupational Safety and Hygiene (amended in 2015) and related regulations adopted by the Government and tripartite bodies provide the legal framework for protecting the legitimate rights and interests of workers of Mongolia.

The overview of the rights and working conditions prescribed by the Labor Law are provided below. It is to be noted that the MLSP is working on the revision of the Labor law. Should the Labor law is revised, this LMP shall be updated in timely manner.

Fundamental rights at work

Minimum age to employment	The minimum age for non-hazardous work is 16 years. The minimum age for hazardous work is 18 years.
Protection from forced labor	No one shall be illegally forced to work.
Protection from discrimination and the right to equal treatment and equal opportunity	<ul style="list-style-type: none"> • Discrimination, limitation, or privilege based on nationality, race, sex, social origin or status, wealth, religion, or point of view is prohibited. • Employer is prohibited asking questions, when hiring a citizen, that are not related to a peculiarity of the work or duty to be performed, or related to private life, personal opinion, marital status, political party membership, religious beliefs, or pregnancy.
Freedom of association and the right to collective bargaining (provided by the Law on Trade Unions)	<ul style="list-style-type: none"> • Citizens have the right to freely join a trade union without prior permission, solely on a voluntary basis, without any discrimination whatsoever to exercise their right to work and defend their legitimate interests concerned. • Trade union has the fundamental right to hold negotiation with management and employer, conclude collective and other agreements, monitor implementation, represent and the interests of their members at labor dispute settlement institutions, and etc among others.

Wage

Wage	<ul style="list-style-type: none"> • Wage should be paid to a worker in person at least two times a month in monetary terms • Wage shall not be deducted illegally and with the amount exceeding the limits prescribed by law; • The employers shall pay wages according to law to the workers during statutory holidays. • Workers are entitled to additional pay for working during public holidays, overtime, weekends and at night.
Minimum wage	The currently applicable minimum wage in Mongolia is MNT 420,000 (\$226) per month. The wage paid by the employers to an unskilled worker shall not be lower than the minimum wage.

Equal pay for work of equal value	Remuneration of the same amount shall be established for male and female employees performing the same work.
Protection of hourly paid worker	The total amount of hourly remuneration paid to the worker per month shall not be lower than the remuneration of an employee hired full-time for the same type of job.

Working time, rest and holidays

Working hours	<ul style="list-style-type: none"> no more than 8 working hours per day and no more than 40 working hours per week; the length of the uninterrupted rest period between two consecutive working days shall not be less than 12 hours.
Rest	Where an employee is not able to rest on Saturday and Sunday due to the specific nature of the work and production, he/she shall be granted two consecutive rest days on other days of the week.
Nationally observed holiday	The employer shall make arrangements for the employees to take vacation according to law during the Naadam Festival (11 th , 12 th , 13 th of July), Children's Day (1 st of June) and other holidays prescribed by laws and regulations;
Annual leave	<ul style="list-style-type: none"> An employee is entitled to paid annual leave The basic duration of annual leave shall be at least 15 work days (20 days for employees aged below 18 years and employer with disability) and the annual leave period shall be increased depending on the employee's worked years.

Non-discrimination and equal treatment

- Workers shall be employed without discrimination based on ethnicity, race, gender, or religious beliefs;
- Collective bargains and agreements shall incorporate provisions on the creation of conditions and opportunities for a man and a woman to combine their professional and family responsibilities, to bear and care for a child, to take care of his/her health, to enjoy labor safety, equal pay and bonus for equal work and to enjoy equal working conditions.
- Gender discrimination in employment and labor relations shall be prohibited. Unless otherwise provided by an international treaty ratified by Mongolia and other relevant laws, it is also prohibited to treat preferentially, to restrict or to dismiss an employee based on his/her sex, pregnancy, child care-taking roles, or family status.
- An employer shall have the following responsibilities to prevent gender discrimination in employment policies and labor relations and to ensure gender equality at a workplace:
 - Refrain from explicitly specifying or implying a preference for any one sex in a job vacancy notice/advertisement, except in conditions under the Law of Mongolia on enforcement of the law on promotion of gender equality (Article 6.5 and Article 7 of this law);
 - Recruiting a person of the under-represented sex in order to ensure gender balance in a given organization or its unit;

- 4.3 Carry out monitoring and evaluation of legal provisions on equal pay for equal work and equal working conditions and take actions to eliminate identified breaches;
- 4.4 Undertake the promotion, professional training and re-training, skills development and pay increases for male and female employees based on the human recourse roster;
- 4.5 Ensure that in a case of a once a time lay-off of more than one third of the workforce as a result of a structural change, the gender ratio of the dismissed group be directly proportional to that in the entire workforce irrespective of the length of service;
5. An employer is prohibited from dismissing a pregnant woman, mother who has a child under three years of age, except for cases of dissolution of the organisation and cases provided for in Subsections 40.1.4 and 40.1.5 of Mongolian Labor law.
6. In order to prevent and keep the workplace free of sexual harassment and to maintain zero tolerance of such harassment, an employer shall take the following measures:
 - 6.1 Incorporate in organization's internal procedures specific norms for prevention of sexual harassment in a workplace and the redress of such complaints;
 - 6.2 Design and conduct a program on training and retraining geared toward creating a working environment free from sexual harassment, and report on its impact in a transparent manner.
7. When hiring a citizen, in the course of the labour relationship, due to the peculiarities and requirements of the work or duty, an employer has limited an employee's rights and freedom, and then he/she shall be obligated to prove the basis for doing so.

Employment contract and contract termination

Labor contract

1. The Labor Law provides that an employer shall establish a labor contract, and the following basic conditions shall be agreed on in the labor contract:
 - a. name or title of the position or employment;
 - b. terms of the contract;
 - c. amount of basic salary or salary of the position;
 - d. working conditions.
2. The employer is obliged to furnish the employee with a copy of the labor contract.
3. Unless a written labor contract is signed, an employer is not permitted to require a person to carry out work and duties.
4. A labor contract for regular job place shall be open-ended.
5. If the terms of an employment contract is expired, and the parties do not propose to terminate it and an employee continues to perform his work, such a labor contract shall be considered as to have been extended for the initial term specified in the labor contract.

6. An employer shall establish a labor contract with an employee in written form and submit one copy of such a labor contract to the employee. It is prohibited to conclude any contract other than a contract of employment in a permanent workplace.
7. If an employment contract has not been established in a written form, an employer shall not require an employee to perform work or duties.

Individual contract

8. For the purpose of hiring the labour of others, an owner or a person authorised by the owner, shall establish an individual contract with such a citizen, when exercising a certain part of his ownership rights; further, an employer, for the purpose of hiring a citizen with a highly-developed and rare talent or high skills, shall establish an individual contract with such a citizen.
9. A schedule of the jobs or positions for a citizen, with whom an individual contract may be established as specified in section 22.1 of this law, shall be approved by the member of the Government in charge of labour issues.
10. An individual contract shall be in written form. The term of an individual contract shall not be more than 5 years.
11. In an individual contract the parties shall accurately specify the term, final result of work to be performed by an employee, obligations of an employee to an employer, regulations for evaluation of a contract, the extent of asset to be placed under an employee's authority, regulations on ownership, utilisation and disposition of such capital, remuneration, perquisites and benefits to be assigned to an employee, an amount or percent from the operating results or profits to be assigned to an employee, and liabilities to be imposed on an employee.
12. If, during the evaluation of an individual contract, it is considered that an employee has performed his work or duties properly, an individual contract may be prolonged.

Termination

A labour contract shall be terminated on the following grounds:

- a. if the parties have mutually agreed to do so;
- b. if a citizen who is employer or an employee has died;
- c. if an employment contract has expired and it has been decided not to extend the contract;
- d. if an authorized organization specified in law has so demanded;
- e. If an employee has been called up in the active army;
- f. if a court decision that imposes a conviction of an employee, preventing him from performing his work duties as a result of his crime, has come into force;
- g. if an employment contract has been terminated by the initiative of an employer or an employee.

Dismissal

- h. When terminating a labour contract with an employee, the employer shall establish a time for the transfer of duties to the new employee and include that time in the decision on dismissal of the employee.
- i. An employee shall be considered dismissed on the last day when he/she transfers his/her duties.
- j. The employer shall be obligated to provide the employee dismissed with the decision on the dismissal, social insurance book and, if it is provided by law, with dismissal allowances on the date of dismissal.
- k. The employer shall be obligated to issue a letter of reference about the occupation, profession, specialisation, position and remuneration at the request of the employee.

Vulnerable workers

Protection of vulnerable workers is provided by the Labor Law. No child below the age of 18 years will be employed by the project. The minimum age for employment in Mongolia is 16 under the Labor Law (1999, see Article 109) for non-hazardous work, however a range of requirements exist, such as medical examinations and prohibition on lifting of heavy loads and night work until the minor reaches the age of 18. Children below 18 years of age is not permitted to work in jobs that are hazardous to health, safety and security of a child. In pursuant of the Labor Law, a list of hazardous jobs prohibited for children under the age of 18 years was adopted by a Ministerial Decree (2008). The Labor Law also includes a variety of protections for persons with disabilities.

Table 2. Types of protection

Types of protection	Description	Legislative clauses
Non-discrimination	If the physical condition of a person with disabilities (PWD) does not impede such a person from performing work or is not contrary to the working conditions, refusal to admit such person to the job due to such reason shall be prohibited.	Article 111.5 of the Labour Law
Employment quota for PWD	All business entities with 25 or more employees are obliged to include at least 4% of PWD in its total staff and fines are imposed unless they perform this obligation.	Article 111.1 and 11.2 of the Labour Law
Labor conditions	Employers are expected to reduce working hours for PWD based on their opinion and depending on the nature of work (not to exceed 36 hours per week), to pay an average remuneration for reduced work hours that considered as worked hours and to extend annual leaves of PWD (20 working days instead of regular vacation of 15 days).	Articles 71.1, 67.1 and 79.3 of the Labour Law
OSH	Employers are obliged to compensate employee for injuries sustained as a result of an industrial accident, professional disease, or acute poisoning without taking into account whether an employee was covered by insurance. OSH improvement for PWD should be regulated by the applicable collective agreement to the extent that they are not specifically regulated in the Labor Law.	Article 97.1 of the Labour Law Article 18.1 of the Labour Law

In addition to the existing protections for PWD in the Labour Law, the Law on the Rights of PWD that was adopted recently (2016) introduced and stipulates new legislative regulations on the rights of PWD to work and some new forms of support for adapting workplaces to the needs of PWD and purchasing necessary devices, equipment and material for PWD in self-employment. Specifically, Articles 5.1 and 17.1 of the Law on the Rights of PWD stipulates the rights of PWD to work; article 6.4 non-discrimination of PWD; article 17.3 the work place requirements for PWD; and articles 18.1 and section 19 introduce state support for employment of PWD and principles of recruitment and selection for employment. Regarding employment support for PWD, the Law on the Rights of PWD refers to specific measures regulated by the Labour Law (1999) and Law on Employment Promotion (2011).

The Project will provide PWD with equal opportunities to involve in employment at the project and comply with all applicable regulations in the legislatives for PWD to exercise their rights to work, non-discrimination, labor conditions & OSH and other regulations for support in employment.

Mongolia has Law on Promotion of Gender Equality (2011) and has recently undertaken efforts to more strongly enforce this law which covers non-discrimination, gender mainstreaming, equal rights and mandating the government for promotion of gender equity.

2.2. Overview of occupational health and safety legislation

The Law on Occupational Safety and Hygiene (amended 2015) determines the state policy and principles on occupational safety and hygiene and provides the requirements as regards to the OHS management and monitoring system.

Requirements for machineries for lifting, delivering and transportation

- a. Machineries for lifting, delivering and transportation should meet technical requirements.
- b. Machineries for lifting, delivering and transportation should be certified and permitted for use by professional organization.
- c. Maintenance, repair service and adjustment to machineries for lifting, delivering and transportation should be made within the time specified in technical documentations or test, adjustment and certification for such machineries should be made within the time approved by competent organization.

Requirements with respect to toxic and dangerous chemical substances, explosive devices, radioactive and biologically active substances

- d. An employer shall take activities to protect lives and health of employees and preventative measures from toxic and dangerous chemical substances, explosives, explosive devices, radioactive, and biologically active substances and their impacts.
- e. An employer shall take records on toxic and dangerous chemical substances, explosives, explosive devices, radioactive, and biologically active substances

which are in use of industrial operation, and shall inform, in accordance with procedures approved by competent organization, the labor monitoring organization and other relevant professional organizations.

- f. A person who deals with toxic and dangerous chemical substances, explosives, explosive devices, radioactive, and biologically active substances shall have knowledge and training on impact of such substances on human health and preventative measures against them.
- g. Other requirements for use and deal of toxic and dangerous chemical substances, explosives, explosive devices, radioactive, and biologically active substances by business entities, organizations, citizens shall be regulated by relevant laws.
- h. An accident, acute poisoning related to use of toxic and dangerous chemical substances, explosives, explosive devices, radioactive, and biologically active substances shall be treated as an industrial accident and be investigated and recorded.

Provision of special garments and protective equipment to employees

- i. An employer shall have responsibility to provide employees by special garments and protective equipment which fit their working conditions and work performance nature at free of charge.
- j. An employer shall bear expenses related to testing, purchasing, storing, cleaning, repairing and disinfecting of special garments and protective equipment.
- k. An employer shall approve and keep the list of names, types, period of use of special garments and protective equipment.
- l. An employer shall obtain conclusion from professional organizations on the quality of its special garments and protective equipment. Special garments and protective equipment manufacture in accordance with international standards and have quality warranties are not subjected to this provision.

Training on occupational safety, hygiene and professional training

- m. Employed citizens, employees shall attend short term training on labor safety and hygiene in compliance with procedures approved by the state central administrative organization in charge of labor issues and acquire knowledge and training.
- n. Training for citizens and employees who are being shifted to another workplace;
- o. Training for citizens and employees who work at workplace which is under toxic and dangerous industrial impact or similar condition to it.
- p. An employer shall conduct training on labor safety and hygiene at least twice a year for all employees and shall take examinations from them.
- q. Employed citizens, employees shall have the following common rights:
 - i. To work at workplace which meet the labor safety and hygiene requirements;

- ii. To have medical insurance for disease caused by industrial accident and occupational nature;
 - iii. To receive information on workplace conditions, risks that can impose danger to health, industrial dangerous and poisonous factors;
 - iv. To suspend work in case of work safety regulations is violated or certain conditions which could cause danger to human life and health is emerged in the course of work performance, and inform such matters to employer;
 - v. To attend discussion on labor safety and hygiene by personally or through one's representative.
- r. Employed citizens, employees shall have the following common responsibilities:
- i. To abide labor safety and hygiene requirements, standard, regulations and technologies;
 - ii. To attend training on labor safety and hygiene, to take examinations if provisions of law requires and to instructed safe operations;
 - iii. To take prompt measures specified in safety regulations and procedures in case of certain conditions which could have negative impact on human life and health is emerged in the course of work performance.
 - iv. To protect one's health, to go under medical check-up;
 - v. To use special garments and protective equipment in accordance with their designated purposes;
 - vi. To acquire technique and methodology and professional skills in order to perform one's duties without risks and accidents, and to acquire skills by which able to prevent accidents, injuries and acute poisoning and deliver first aid in case of danger and accident.
 - vii. Not to bring danger and risk oneself and others;
 - viii. To perform work in compliance with labor safety and hygiene requirements set up by employers in consistence with laws and legislations.

3. Labor risks and mitigation measures

3.1. Direct workers

PIU staff. For MERESP, the MLSP will hire staff for the PIU. The PIU staff will consist of both male and female workers. The PIU will consist of:

- 1) Project coordinator,
- 2) Employment service specialist
- 3) Labor market specialist
- 4) Financial management specialist,
- 5) Procurement specialist,
- 6) Monitoring and evaluation specialist
- 7) Project assistant
- 8) Project driver.

The PIU staff will be employed under a fixed term contract which is subject to annual extension based on satisfactory performance. Their contract terms and conditions will be governed by the regulation approved by the Ministry of Finance of Mongolia⁴. The PIU staff will participate in the social security scheme of Mongolia, and their working conditions are generally aligned with the Labor Law. The labor risks for PIU staff are considered to be low.

Government staff/Civil servants

The project activities in all four components will engage government staff or civil service staff of the following institutions:

- Ministry of Labor and Social Protection (MLSP)
- General Office of Labor and Welfare Services (GOLWS) under the MLSP;
- Labor and Welfare Service Offices of 21 Aimags & 9 districts which are the implementation arms of the GOLWS;
- Social Insurance General Office (under the MLSP) and its field offices of 21 aimags and 9 districts;
- Research Institute of Labor and Social Protection (under the MLSP);
- National Statistical Office and its field offices of 21 aimags and 9 districts;
- Technical & Vocational Education Training Centers - TVET Centers under the MLSP (which can potentially be engaged under Component 2.2 subject to the design of the skills innovation program);

⁴ Regulation No.196 (2015) concerning Utilization of Government's Foreign Loans and Implementation, Coordination, Financing, Monitoring and Evaluation of Projects and Measures financed by Such Loans.

- TVET Evaluation and Methodology Centre and its regional centers under the MLSP (which can potentially be engaged under Component 2.2 subject to the design of the skills innovation program);

The civil service staff are employed subject to the Public Service Law and their employment terms and conditions (including working hours, rest periods, wage, annual holiday and leave, termination of employment) are governed by the Labor Law and relevant applicable regulations of Mongolia. And the terms of conditions of the contracts and their practical application, including termination and dismissal are subject to enforcement by relevant authorities and courts of Mongolia.

The labor risks for this sub-group of project workers are considered to be low. All direct workers will have exercised their right to signing an employment contract of either permanent or fixed term. Civil service staff have the right to claim re-instatement or remedies in case of violation of their rights provided by law. Some labor risks could exist for direct workers, such as, insufficient adherence to daily work hours or full annual leave; workplace harassment etc. However, these risks are not seen as project specific risks, but rather as reflection of the recurrent labor market issues. The project activities will not require government agencies and institutions to additionally hire staff for the purpose of project activities.

Individual consultants (national and international)

The project will engage individual consultants, both national and international. The individual consultants will be hired mostly through a competitive selection process, and the decision will be made solely on the qualifications of candidates against inherent job requirements, without discrimination on any grounds that are prohibited by the Labor Law. The minimum age of consultants will be 18 years. The labor risks for this sub-group of project workers are considered to be low.

The project will enter into a consultancy agreement with each individual consultant, and the template of such contract is provided in the project Procurement Manual. The main terms and conditions of the consultancy agreement include the following:

- Consultants will be paid without undue delay, upon submission of deliverables to the satisfaction of the project, and exercise their right to claim their payments;
- Only personal income tax as per the Taxation Law of Mongolia, will be deducted from the payment;
- (in case of international consultant) return air fare and subsistence allowance as well as visa costs will be reimbursed;
- Consultant will be responsible for purchasing insurance or participating in social security scheme;
- The consultant is entitled to use a project office if needed;
- The consultant have the right to raise concerns related to issues arising out of the consultancy agreement via the project's grievance redress mechanism;
- The consultant is required not to delegate any tasks and deliverables agreed by the contract to a third party;

3.2. Contracted workers

Small scale renovation workers

Approximately 30 workers are anticipated for small scale renovation of selected existing facilities in the GOLWS office building, under Component 1. These workers will be those employed by a contractor/s selected for carrying out the small scale civil works. Contractors will be chosen through a competitive selection. The labor management requirements for a contractor will be reviewed during the bidding process, which will include:

- Bidder's practices as regards to offering contract of employment to its workers;
- Bidder's commitment to provide contract of employment with each worker, including mutually signed statement of employment terms for a seasonal worker;
- Bidder's ability of applying OHS requirements at the workplace, including the provision of personal protective equipment;
- Commitment to inform and orient its workers on the Workplace Code of Conduct (CoC) and to getting the CoC signed site manager and worker deployed to the worksite.
- Commitment to inform its workers on their rights to the GRM.

As the modeling/renovation works will be small scale civil works, the contractors will not be required to have as a must, a construction engineer or full-time OHS engineer, but having such human resources will be an advantage.

A contractor will be required to ensure that a Workplace Code of Conduct is signed and followed by each worker deployed to undertake the renovation work. The Workplace Code of Conduct (CoC) aims at ensuring responsible, respectful and ethical behavior of a worker towards his/her co-workers, employer, and community members. The sample CoC is provided as Enclosure 1 of this LMP.

Employees of PFIs (private entities)

The employees of the PFIs which are selected for on-lending of the project's microloan funds to micro-entrepreneurs, will be regarded as contracted workers. The estimated number of these workers required during the lifetime of the project is 70 persons. The PFIs will not be required to carry out additional hiring of employees for the purpose of implementing the project's on-lending activities. Therefore, the contracted workers are those existing employees of the PFIs. The PFIs are expected to have hired and treated their employees in line with the Labor Law of Mongolia, and the terms of conditions of the employment contracts with their employees and their practical application are subject to enforcement by relevant authorities and courts of Mongolia.

The main types of workers to be engaged are loan application review officers and the managers who make decisions on loan approval. The main tasks to be performed will include reviewing, preparing and presenting documents, notes and pre-screening results, interacting with applicants and beneficiaries, concluding loan contracts, and monitoring loan re-payments etc. The labor risks associated with working conditions of these workers are considered to be low. Nevertheless, the on-lending contract with the PFIs

will include the responsibility of the PFI for upholding and complying with the requirements of the Labor Law in hiring and treating their employees.

Employees of consulting and non-consulting firms and suppliers of goods

The employees of the consulting and non-consulting firms which are selected for delivering goods and services for the project, potentially including private training providers (subject to the design of the innovative skills development program under sub-component 2.2) are also regarded as contract workers. They will be mainly engaged in development of information system, administration of data collection, analysis and production of reports, developing and disseminating public outreach and/or project visibility materials, organizing training activities etc. The labor risks associated with working conditions of these workers are considered to be low. Nevertheless, the consultancy and non-consultancy agreements with firms and suppliers of goods will include the responsibility of the firms for upholding and complying with the requirements of the Labor Law in hiring and treating their employees.

3.3. Age of employment

The risk of engaging minors in project activities is none or negligible. The minimum working age in Mongolia is 16 for non-hazardous jobs under the Labor Law (1999, see Article 109), however a range of requirements exist, such as medical examinations and prohibition on lifting of heavy loads and night work until the minor reaches the age of 18. Given the nature of employment on the project, only persons aged 18 and above will be engaged.

If a child under the age of 18 is discovered working on the project, measures will be taken to terminate the employment or engagement of the child in a responsible manner, taking into account the best interest of the child. The PIU (Project Coordinator and the M&E Specialist) will work together with the contractor/s and the child/their family to ensure termination is completed in a safe and responsible manner.

4. Assessment of potential occupational safety and health risks and mitigation measures

4.1. Direct workers

Potential safety and health risks for direct workers are considered to be low. Their main tasks include preparing, adopting and releasing policy, legal, and operational documents and reports, undertaking research, monitoring and evaluation, including field missions, conducting consultations and workshops, maintaining relations and communications with government agencies, stakeholders, the public, and beneficiaries. The project activities will not require government agencies and institutions to additionally hire staff for the purpose of project activities.

Some occupational and health risks could exist for direct workers, such as those associated with long working hours, poor ergonomics of work stations, stress induced by work pressure, and safety risks related with official travels. These risks are not seen as

project specific, or heightened due workers' engagement in project activities. Nevertheless, these risks can be mitigated with better work organization and efficiency, re-enforcing good practices as regards to safe-driving, routine vehicle checking and maintenance as well as tightening requirements for hiring vehicles and drivers, and paying attention to purchasing ergonomically suitable equipment by future procurement contracts (by concerned government agencies).

4.2. Contracted workers

4.2.1. Small scale civil workers under Component 1

Potential safety and health risks for direct workers are considered moderate. No works requiring heavy machinery, pressurized containers, working at height, heavy lifting, removing dirt, installing pipes, will be carried out. Workers will carry out various tasks related to small scale civil works and interior modeling and fitting. Potential safety and health risks of these workers are considered moderate, including but not limited to risks associated with electrical safety; exposure to dust and fumes; (may be) exposure to asbestos fibre during removal, handling and disposal of asbestos containing materials (in case of such risks are identified by the site assessment); risks of injuries resulting from slips, falls or lifting of materials; use of alcohol and fights etc.

Occupational health and safety measures

The MLSP Evaluation Committee will select contractors with the ability to manage the occupational health and safety of their employees for carrying out of small scale civil works. Moreover, the MLSP and its PIU will take the following measures to control risks from exposure to asbestos:

- Requiring the firm contracted by the project for developing the renovation lay out and remodeling plans of GOLWS facilities, to inspect the facilities and determine if the renovation and remodeling works will engage the risks of removing, handling, and disposing asbestos containing materials.
- If asbestos related risks are identified, the firm shall develop detailed plan for safe removal, handling and disposal of asbestos containing materials by referring to and consulting with the World Bank Group Good Practice Note "Asbestos – Occupational and Community Health Issues"⁵. This guidance is attached to the project's ESMF Manual. This plan will include the measures to protect workers.
- The bidding documents and agreements with contractors shall include the responsibility of the contractor to protect the safety and health of workers at the workplace by introducing appropriate measures and allocating resources for training

⁵ The Note outlines the health risks related to exposure to asbestos, lists resources on international good practices to minimize these risks, and describes some of the available alternatives to asbestos-containing products. This Note complements the guidance in the World Bank Group's EHS Guidelines by providing background and context. More general practices regarding asbestos that are normally considered acceptable by the World Bank Group in projects supported through its lending or other instruments are addressed in the EHS Guidelines.

and personal protective equipment, be responsible to undertake the civil works accident-free, ensure that each workers is ensured against occupational accidents.

- In case of identification of asbestos related risks by the consulting firm, the MLSP and PIU will ensure that the bidding documents and contracts shall also include the requirements for and the responsibility of a contractor to implement the specified plan for safe removal, handling and disposal of asbestos containing materials.
- The contractor will be required to be responsible for assigning a site manager who will be responsible for ensuring and monitoring the safety and health during work processes and at the workplace, monitoring the conducts of workers, and be in charge of performance of civil works.
- The contractor will not be allowed to sub-contract any part of the works for which the contract was signed.
- The PIU will employ a supervisor/s who is specialized appropriately, to monitor the performance of contractors as well as their obligation to provide safe and healthy workplace for workers and establish good civil work practices, including safe removal, handling and waste management of asbestos containing materials, if the case be.

4.2.2. Employees of PFIs

The workers of PFIs will mainly engage in tasks related to reviewing, preparing, photocopying, maintaining and archiving documents and contracts, working with office equipment, maintaining and managing relationships with loan applicants and beneficiaries, monitoring beneficiary performance in loan repayment (which may engaged short travels within the same area). The potential occupational safety and health risks for PFIs' employees are considered to be low. Nevertheless, the consultancy and non-consultancy agreements with the PFIs will include the responsibility of the firms for addressing occupational safety and health risks for their employees.

4.2.3. Employees of consulting and non-consulting firms and suppliers of goods

The workers of consulting and non-consulting firms will mainly engage in tasks related to reviewing, preparing, photocopying, and disseminating documents and reports, collecting and analyzing data, interviewing respondents through face-to face interaction and phone follow ups, facilitating meetings and consultations, organizing and facilitating training, activities, maintaining and managing relationships with the public and beneficiaries, developing and testing information system, developing and printing public communication materials. The potential occupational safety and health risks for workers of these contractors are considered to be generally low.

Nevertheless, there are certain types of activities for which occupational safety and health risks could be moderate for workers. For instance, the workers of suppliers of goods and equipment will mainly undertake tasks related to transporting and delivery of goods within the capital city and to provinces. The risks of road accidents affecting the workers delivering goods and equipment is considered to be moderate due to enhanced conditions of roads connecting the capital city and provincial centers, except the roads connecting a few aimags in the north where road construction is underway. To manage

the risks, the MLSP and PIU will ensure selecting reputable suppliers which are better equipped with adequate vehicles and experienced drivers; and the consultancy and non-consultancy agreements with firms will include the responsibility of the firms for addressing occupational safety and health risks for their employees.

5. COVID-19 considerations

The project will not engage health care workers, waste management workers, migrant workers who are especially vulnerable and at risk in the COVID-19 context. No military personnel will be engaged in project activities. The project will not engage deployment of workers from one area to another.

The project Component 4 includes COVID-19 response measures, namely, financing the social security contribution relief for eligible employers and workers who are participating in the mandatory social insurance scheme. The project activity however, will not physically engage workers and beneficiaries directly, and will not require public gathering or face-to face interactions in delivering the relief measures. The project beneficiaries will be identified from the existing data base of the SIGO based on eligibility criteria.

Local transmission of the virus started from early November 2020, and a number of nationwide or specific area based lockdowns have been imposed by the decision of the State Emergency Commission (SEC). During complete lockdowns, the government staff and public administration staff did not provide services, except staff of essential health services. Also, in between lockdowns, the government staff have been operating with limited occupancy (between 10% - 30% depending on the scale of lockdown) with highly restricted or well monitored access for visitors to public administration function buildings. The terms of conditions of these public service workers under such circumstances remain subject to employment contracts of the public service and under rules imposed by the SEC or the Cabinet Secretariat. The project PIU and implementing agencies of the MLPS which are engaged in the project implementation are expected to follow the SEC and the Government decisions.

The project will closely follow the instructions and guidelines of the SEC and the Government in preventing and controlling the spread of pandemic during the implementation of project activities and will ensure adjusting training and information dissemination and consultation activities to be delivered through virtual tools and social media channels. The project will ensure to take timely and responsive measures for preventing and curtailing community transmission of COVID-19. The project will ensure that activities requiring physical presence on the field such as renovation of PES facilities will follow the SEC decisions concerning stoppage or continuation of business activities and ensure that adequate preventive measures are enforced by contractor/should business continuation is allowed.

Subject to decisions of the SEC, should the direct workers/employees of public organizations are allowed to continue providing public services, including engagement in project activities, the MLSP, the PIU and respective government agencies and service providers will ensure that the COVID-19 prevention and control measures put in place are re-enforced and fully implemented for workers and customers alike. They will also

undertake immediate and effective measures to comply with the guidelines instituted by the SEC and/or the Ministry of Health.

The project will refer to the WHO's guidance on COVID-19⁶ to prevent or minimize the spread of the pandemic in workplace and communities. The Project will also refer to the SEC and the Ministry of Health (MOH) guidelines on Covid-19 prevention and control, as necessary. The project will also refer to the following guidelines of the WHO:

- Considerations for public health and social measures in the workplace in the context of COVID-19⁷
- Considerations for Mass Gatherings in the context of COVID-19⁸.

The Project Coordinator will take responsibility for putting COVID-19 prevention and control measures for the staff of the PIU, liaising with the MLSP and the agencies engaged in project implementation on the status of their measures to prevent and control the risks of local transmission, and maintaining contact all effective with contractors. The PIU will communicate with each contractor in writing about the considerations and/or course of action, in line with directions provided by the MLSP specifically, and by the SEC in general.

6. Responsibilities

The MLSP and the PIU will be responsible for:

- engagement and management of project direct workers;
- managing shopping and bidding processes, undertaking contractual arrangements, monitoring and managing contractors;
- establishing a project level/project specific GRM and disseminating the information through various means about the right of each concerned party or a project worker to access the GRM and appeals (GRM shall be accessible to complaints and grievances related to sexual harassment and abuse);
- training on GRM for project stakeholders;
- addressing worker grievances;
- monitoring the compliance of requirements and guidelines for COVID-19 prevention and control should local transmission of the pandemic occur.

The contractors and providers of consulting and non-consulting services will be, as direct employers of workers engaged in activities that are financed by the project, responsible for:

- not hiring workers aged below legally established minimum age, and hiring based on documented evidence of age;

⁶ These technical guidance are to be found at <https://www.who.int/emergencies/diseases/novel-coronavirus-2019/technical-guidance>

⁷ <https://www.who.int/publications/i/item/considerations-for-public-health-and-social-measures-in-the-workplace-in-the-context-of-covid-19>

⁸ <https://www.who.int/publications/i/item/considerations-for-mass-gatherings-in-the-context-of-covid-19-annex-considerations-in-adjusting-public-health-and-social-measures-in-the-context-of-covid-19>

- signing contract of employment, including casual employment, with each worker,
- providing safe and healthy workplaces for their workers;
- informing the workers on project GRM mechanisms;
- providing orientation to employees and laborers on the occupational safety and health practices;
- addressing worker concerns and legitimate demands related to terms and conditions of employment and those as agreed by employment or work contracts;
- (in case of contractors of civil works) providing orientation to employees and laborers on the Workplace Code of Conduct and ensuring that each worker deployed to the renovation site has signed the CoC.

The MLSP and PIU will ensure that above responsibilities of contractors and service providers will be reflected into the agreements with such entities. The MLSP and PIU have the right to demand from contractors and service providers to comply with contractual obligations, including in relation to a grievance lodged by a worker.

The LMP has been disclosed to and consulted with the PIU and the MLSP several times. The first consultation was on the initial draft (14 October 2020); the second consultation was undertaken on the revised draft of the LMP (10 November 2020); and the third consultation was undertaken in late April 2021 prior to submission of documents to the World Bank.

7. Labor Grievance Redress

Worker grievances will be addressed by the project level/specific GRM which is described in the Project’s ESMF Manual (Section 4). All project workers are expected to access the GRM. The grievance mechanism does not impede access to other judicial or administrative remedies that might be available under the national law or through existing arbitration procedures, or substitute for grievance mechanisms provided through collective agreements. The channels for labor grievance are described below:

Labor and welfare services office (LSWO) at aimag/district level:	General office for Labor and Welfare Services (GOLWS):	Project Implementation unit (PIU)	Ministry of Labor and Social Protection (MLSP)
Contact: Responsible officer	Contact: Grievance officer	Contact: M&E Officer	Contact: Responsible officer
Email: The links to the websites of all LWSOs, where all contact details are provided, can be found at GOLWS’s webpage at:	Email: info@hudulmur-halamj.gov.mn	Email: info@mesp.mn	Email: info@mlsp.gov.mn
http://hudulmur-halamj.gov.mn/	Webpage: http://hudulmur-halamj.gov.mn/	Webpage (to be established): the website will have GRM/feedback tab	Webpage: www.mlsp.gov.mn
	Tel: +976 77315091	Tel: +976-75057570	Tel: +976-51-261553 or +976-51-267635
	Address: Labor Palace, Chinggis Avenue, Khan-Uul District, Khoroo 2, Ulaanbaatar	Address: #501, SAN Business Center, Prime Minister Amar Street, Baga toiruu 14200, Sukhbaatar district, Khoroo -8, Ulaanbaatar	Address: Chingeltei district, khoroo 4, UN Street, Ulaanabaatar, Mongolia

The PIU will have a project specific website which will host a specific tab designed to register feedback/grievance from project beneficiaries. To facilitate the receipt, recording and reporting of complaints at the aimag/district level, where it is assumed that the bulk of complaints should/or could be lodged, the PIU website's GRM tab will be designed/adjusted in way that complaints lodged at the specific geographic location is immediately directed to the given aimag/district LWSO's GRM focal point's inbox.

Labor grievances can be expressed at any time during the project lifetime. There will not be any charge for filling a grievance. A grievance can be lodged in writing, verbally and through electronic means, as per the applicable national legislation. Grievances lodged in writing will include grievance submitted via the online means. As per the applicable national legislation, a grievance lodged in writing shall be identifiable with the full name, residential/postal address. Complaints lodged via government hotlines (which then forwarded by the system to the MLSP, or GOLWS, SIGO or their field offices) and via telephones of the above four channels will be considered as verbal complaints. Grievances lodged via government hotlines do not identify the name and address of the complainant, therefore, information about such grievances shall be recorded so.

Table 3. Existing labor grievance redress functions provided by national legislation		
Topic	Regulation	Grievance Redress
Gender Discrimination & SEA/SH	Law of Mongolia on Promotion of Gender Equality (2011),	The Civil Service Council oversee complaint resolution on gender discrimination within the civil service (Article 21) Employer take the measures to prevent sexual harassment in the workplace and to create an environment that does not tolerate sexual harassment, To include the SH related GRM in the internal labor regulations (Article 11) Article 23, Any act of violation of provisions except Article 14 of this law shall form a basis to lodge a complaint with the National Human Rights Commission of Mongolia.
Wrongful dismissal, compensation, contracts, punishment	Mongolian Law on Labor (1999), Article 128	Labour relations disputes covered by the court.
All other labour disputes	Mongolian Law on Labor (1999), Article 126	The Labour Dispute Settlement Commission, covers all other aspects of the Law not addressed in a court under the Mongolian Law on Labour 1999 (Article 126)

Enclosure 1 of LMP:

Workplace Code of Conduct (CoC)

This CoC is expected to be signed by a worker of the contractor which is selected for undertaking small scale renovation of service facilities under MERESP. A contractor is required to ensure: i) each worker deployed to this work signs the CoC, ii) provides the signed copy of the CoC to a worker, and iii) monitors a worker's conduct at the workplace.

This Code of Conduct aims at ensuring responsible, respectful and ethical behavior of a worker towards his/her co-workers and employer, community members.

A worker is expected to apply the following at the workplace:

1. Comply with instructions and directions of the field supervisor, including those related to ensuring worker's and community's safety and health;
2. Comply with occupational safety and health requirements, including:
 - wearing protective helmet and equipment provided by employer;
 - keeping floors and stairs free of risk of slippery;
 - ensuring fire safety and not causing to obstruct any exits;
 - taking good care in handling sharp objects;
 - ensuring good air circulation during work hours;
 - avoid lifting heavy objects without assistance of co-worker/s;
 - avoid potentially risky behavior at work that could lead to workplace accidents and injuries;
 - report any accidents or near accidents to supervisor;
3. Undertake work tasks in responsible in collaborative manner;
4. Conduct oneself with respectful, non-discriminatory manner;
5. Conduct oneself free from harassment behavior at the workplace towards co-workers of any rank, male or female or others with whom work-related encounters take place, including members of the community.
6. Refrain from sexual harassment of co-workers, women and children in the community;
7. Avoid consuming alcohol during work hours;
8. Avoid quarrels or fights at the workplace;
9. If commute to work in own vehicle, exercise maximum care to avoid accident to pedestrians during travel and when at parking area;
10. Dispose waste properly as per guidance by the supervisor and to designated waste collection area;
11. Do not cause any action that will pollute air and water.

Signed by: _____

Worker's full name: _____

Date:

Annex 2

World Bank Group Good Practice Note “Asbestos – Occupational and Community Health Issues”

1. INTRODUCTION

This note aims to increase the awareness of the health risks related to POTENTIAL asbestos exposure in small scale civil work under Component 1 of the MERESP and to provide a list of resources on international good practices available to minimize these risks, and present an overview of some of the available product alternatives on the market.

International and national standards and regulations to prevent and control the asbestos related risks and protection of workers against, health hazards due to occupational exposure to asbestos described in Section 3. Section 4 provides a possible alternatives to asbestos-containing materials and World bank group approach to asbestos health risk highlighted in Section 5.

Good Practice Note originated by Operations Policy and Country Services of World Bank in May 2009 is to minimize the health risks associated with asbestos-containing materials (ACMs) by avoiding their use in new construction and renovation, and, if installed ACMs are encountered, by using internationally recognized standards and best practices to mitigate their impact. In case of involvement of ACMs in renovation work under Component 1, the management and disposal of asbestos containing materials shall follow the requirements set out in this note.

This Good Practice Note will be attached to the Renovation work contract and contractor or the microenterprises are required to comply with it. Environmental, health, safety and social checklist (MERESP POM ESMF Annex 5) will be used to check if the requirements are met during the renovation work. Misconduct of the requirements leads to the termination of the contract (Component 1). M&E officer and Supervising engineer of civil work will be responsible for monitoring the application of this note in the practice.

2. ASBESTOS AND HEALTH RISKS

What is Asbestos, and Why are We Concerned with its Use?

Asbestos is a group of naturally occurring fibrous silicate minerals. It was once used widely in the production of many industrial and household products because of its useful properties, including fire retardation, electrical and thermal insulation, chemical and thermal stability, and high tensile strength. Today, however, asbestos is recognized as a cause of various diseases and cancers and is considered a health hazard if inhaled.¹ The ILO estimates that over the last several decades 100,000 deaths globally have been due to asbestos exposure,² and the WHO states that 90,000 people die a year globally because of occupational asbestos exposure.³

¹ http://www.who.int/occupational_health/publications/draft.WHO.policy.paper.on.asbestos.related.diseases.pdf. See also Stayner L, et al., “Exposure-Response Analysis of Risk of Respiratory Disease Associated with Occupational Exposure to Chrysotile Asbestos.” *Occupational Environmental Medicine*. 54: 646-652 (1997).

² http://www.ilo.org/wow/Articles/lang--en/WCMS_081341

³ http://www.who.int/occupational_health/publications/asbestosrelateddiseases.pdf

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Over 90% of asbestos⁴ fiber produced today is chrysotile, which is used in asbestos-cement (A-C) construction materials: A-C flat and corrugated sheet, A-C pipe, and A-C water storage tanks. Other products still being manufactured with asbestos content include vehicle brake and clutch pads, roofing, and gaskets. Though today asbestos is hardly used in construction materials other than asbestos-cement products, it is still found in older buildings in the form of friable surfacing materials, thermal system insulation, non-friable flooring materials, and other applications. The maintenance and removal of these materials warrant special attention. Because the health risks associated with exposure to asbestos are now widely recognized, global health and worker organizations, research institutes, and some governments have enacted bans on the commercial use of asbestos (see Box 1), and they urge the enforcement of national standards to protect the health of workers, their families, and communities exposed to asbestos through an International Convention.⁵

BOX 1. BANS ON THE USE OF ASBESTOS AND ASBESTOS PRODUCTS

A global ban on commercial use of asbestos has been urged by the Building and Wood Workers Federation (IFBWW), the International Metalworker's Federation, the International Trade Union Confederation, the government of France, and the distinguished scientific group Collegium Ramazzini. All member states of the European Union and over 40 countries worldwide (see Appendix 1) have banned all forms of asbestos, including chrysotile.⁶ In June 2006, the General Conference of the ILO adopted a resolution to "promote the elimination of all forms of asbestos and asbestos-containing materials."

- Landrigan PJ, Soffritti M. "Collegium Ramazzini Call for an International Ban on Asbestos." *Am. J. Ind. Med.* 47: 471-474 (2005).
- The International Ban Asbestos Secretariat keeps track of national asbestos bans. http://ibassecretariat.org/lka_alpha_asb_ban_280704.php
- General Conference of the International Labor Organization, "Resolution Concerning Asbestos," *Provisional Record*, International Labor Conference, Ninety-fifth Session, Geneva, 2006, Item 299, pp. 20/47-48.
- World Health Organization:
http://www.who.int/occupational_health/publications/asbestosrelateddiseases.pdf

Health Concerns Linked to Asbestos-Containing Products

Health hazards from breathing asbestos dust include asbestosis, a lung scarring disease, and various forms of cancer (including lung cancer and mesothelioma of the pleura and peritoneum).⁷ These diseases usually arise decades after the onset of asbestos exposure. Mesothelioma, a signal tumor for asbestos exposure, occurs among workers' family members from dust on the workers' clothes and among neighbors of asbestos air pollution point sources.⁸ Some experimental animal studies show that high inhalation exposures to all forms of asbestos for only hours can cause cancer.⁹ Very high levels of airborne asbestos have been recorded where power tools are used to cut A-C products and grind brake shoes. For chrysotile asbestos, the most common

⁴ Asbestos defined in Castleman, B. *Asbestos: Medical and Legal Aspects* 5th Ed. New York: Aspen, 2005, 894 pp.

⁵ ILO Asbestos Convention No. 162, (see <http://www.ilo.org/ilolex>
http://www.itcilo.it/actrav/osh_es/m%F3dulos/legis/c162.htm)

⁶ http://www.who.int/occupational_health/publications/asbestosrelateddiseases.pdf. Directive 2003/18/EC of the European Council and Parliament amending Council Directive 83/477/EEC, and Directive 99/77/EEC

⁷ http://www.euro.who.int/document/aiaq/6_2_asbestos.pdf

⁸ "Asbestos." *World Health Organization IARC Monographs on the Evaluation of Carcinogenic Risks to Humans/ Overall Evaluations of Carcinogenicity: An Updating of IARC Monographs 1 to 42, Suppl. 7*. Lyon: International Agency for Research on Cancer, 1987, pp. 106-116.

⁹ Wagner JC, Berry G, Skidmore JW, Timbrell V. "The Effects of the Inhalation of Asbestos in Rats." *Br. J. Cancer* 29: 252-269 (1974).

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variety, there is no threshold (non-zero) of exposure that has been shown to be free from carcinogenic risks. Construction materials are of particular concern, because of the large number of workers in construction trades, the difficulty of instituting control measures, and the continuing threat posed by in-place materials that eventually require alterations, repair, and disposal.¹⁰ Renovations and repairs in buildings containing A-C materials can also endanger building occupants. In addition to the problems from products made with commercial asbestos, asbestos also occurs as a contaminant in some deposits of stone, talc, vermiculite, iron ore, and other minerals. This can create health hazards for workers and residents at the site of excavation and in some cases in the manufacture and use of consumer products the materials are used to make. While asbestos is a known carcinogen when inhaled, it is not known to be carcinogenic when ingested, as through drinking water,¹¹ although pipe standards have been issued for asbestos-cement pipes conducting “aggressive” water.¹²

From the industrial hygiene viewpoint, asbestos creates a chain of exposure from the time it is mined until it returns to the earth at landfill or unauthorized disposal site. At each link in the chain, occupational and community exposures coexist. Workers in the mines are exposed to the fibers while extracting the ore; their families breathe fibers brought home on work clothes; workers in the mills and factories process the fiber and manufacture products with it; and their families are also secondarily exposed. Communities around the mines, mills, and factories are contaminated with their wastes; children play on tailings piles and in contaminated schoolyards; transportation of fiber and products contaminates roads and rights-of-way.¹³ Tradesmen who install, repair and remove ACM are exposed in the course of their work, as are bystanders in the absence of proper controls. Disposal of asbestos wastes from any step in this sequence not only exposes the workers handling the wastes but also local residents when fibers become airborne because of insufficient covering and erosion control. Finally, in the absence of measures to remove ACM from the waste stream and dispose of them properly, the cycle is often repeated when discarded material is scavenged and reused.¹⁴

Increasing Use of Asbestos Fiber

There is evidence that, after a decline in the 1990s, the use of asbestos fiber is increasing globally. A recent study¹⁵ shows that a 59% increase in metric tons was consumed in 12 countries from 2000 to 2004.

¹⁰ International Program on Chemical Safety, “Conclusions and Recommendations for Protection of Human Health,” *Chrysotile Asbestos*, Environmental Health Criteria 203. Geneva: World Health Organization, 1998, p. 144.

¹¹ http://whqlibdoc.who.int/hq/2000/a68673_guidelines_3.pdf

¹² http://whqlibdoc.who.int/hq/2000/a68673_tech_aspects_4.pdf

¹³ Jones, Robert “Living in the Shadow of the Asbestos Hills (The Need for Risk Based Cleanup Strategies for Environmental Asbestos Contamination in South Africa).” Environmental Exposure, Crisis Preparedness and Risk Communication, Global Asbestos Congress, Tokyo, Japan, November 19 - 21, 2004. http://park3.wakwak.com/~gac2004/en/index_abstract_e.html. See also Oberta, AF “Case Study: An Asbestos Cement Plant in Israel -- Contamination, Clean-up and Dismantling.” Hellenic Asbestos Conference, Athens, Greece, October 29 - 31, 2002. http://www.ibas.btinternet.co.uk/Frames/f_lka_hellen_asb_conf_rep.htm

¹⁴ Boer, A.M., L.A. Daal, J.L.A. de Groot, J.G. Cuperus “The Combination of the Mechanical Separator and the Extraction Cleaner Can Process the Complete Asbestos-containing Waste-stream and Make it Suitable for Reuse.” European Conference on Asbestos Risks and Management, Rome, Italy, December 4 -6, 2006. <http://venus.unive.it/fall/menu/Boer.pdf>

¹⁵ R. Virta, US Geological Survey, 2007.

3. INTERNATIONAL CONVENTION AND STANDARDS FOR WORKING WITH ASBESTOS

International Convention

The International Labor Organization (ILO) established an Asbestos Convention (C162) in 1986 to promote national laws and regulations for the “prevention and control of, and protection of workers against, health hazards due to occupational exposure to asbestos.”¹⁶ The convention outlines aspects of best practice: Scope and Definitions, General Principles, Protective and Preventive Measures, Surveillance of the Working Environment, and Workers’ Health. As of March 4, 2008, 31 countries had ratified the Convention;¹⁷ 17 of them have banned asbestos.

Some of the ILO asbestos convention requirements:

- work clothing to be provided by employers;
- double changing rooms and wash facilities to prevent dust from going home on street clothes;
- training of workers about the health hazards to themselves and their families;
- periodic medical examinations of workers,
- periodic air monitoring of the work environment, with records retained for 30 years;
- development of a work plan prior to demolition work, to protect workers and provide for proper waste disposal; and
- protection from “retaliatory and disciplinary measures” of workers who remove themselves from work that they are justified in believing presents a serious danger to health.

Standard considerations for working with and procuring ACM are common to most projects. An overview of some basic ones is provided in Appendix 5.

International Standards and National Regulations

Standards and regulations for work involving ACM have been published by nongovernmental organizations and government agencies. Appendix 3 provides a listing of some resources, including international organizations (e.g., WHO, ISO, ASTM) and national governments (e.g., UK, US, Canada, South Africa). The resources range from manuals to individual standards and cover a variety of work guidelines, including surveys, identification, inspection, maintenance, renovation, repair, removal, and disposal. Some of the key issues discussed in these standards and regulations are as follows:

- **The scale of occupational hazards.** The health risk is not simply a function of the properties of the ACM, but also reflects the type of work being done and the controls used. Although A-C products, for example, may seem to intrinsically present less of a risk than fire-proofing, air monitoring has shown that cutting dry A-C sheet with a power saw can release far greater amounts of airborne fibers than scraping wet, saturated fireproofing off a beam. The relationship between the nature of A-C products, the work being done and the controls used to control the release of fibers and debris is important (as discussed in ASTM E2394 and HSG189/2¹⁸).
- **Controlling exposure to airborne fibers.** Because asbestos fibers are primarily an inhalation hazard, the basic purpose of the regulations and standards is to control the concentration of asbestos fibers in the air inhaled by workers or others. Concentration limits have been set by regulations in numerous countries for workers whose duties involve contact with ACM; however, they do not purport to totally

¹⁶ www.ilo.org/ilolex

¹⁷ <http://www.ilo.org/ilolex/english/convdisp1.htm>

¹⁸ See Appendix 3.

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eliminate the risk of asbestos disease, but only to reduce it. Exposure limits for individuals other than workers, including occupants of buildings and facilities and the community, are lower than those for workers in deference to the very young and old as well as the physically compromised.

- **Measuring exposure to airborne fibers.** Compliance with exposure limits is demonstrated by air sampling in workers' breathing zone or in the space occupied by the affected individuals, with analysis of the sample by optical or electron microscopy, as explained in Appendix 3. Abatement protocols determine whether a building can be reoccupied after asbestos abatement.
- **Proper disposal.** Proper disposal of ACM is important not only to protect the community and environment but also to prevent scavenging and reuse of removed material. ACM should be transported in leak-tight containers to a secure landfill operated in a manner that precludes air and water contamination that could result from ruptured containers. Similar requirements apply to remediation of sites such as mines, mills, and factories where asbestos fiber was processed and products manufactured. (See EPA NESHAP regulations, Appendix 3.)
- **Transboundary movement of waste.** Waste asbestos (dust and fibers) is considered a hazardous waste under the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal. The Basel Convention imposes use of a prior informed consent procedure for movement of such wastes across international borders. Shipments made without consent are illegal. Parties have to ensure that hazardous waste is disposed of in an environmentally sound manner (ESM). Strong controls have to be applied from the moment of generation, to its storage, transport, treatment, reuse, recycling, recovery and final disposal¹⁹
- **Identifying asbestos products.** A-C products include flat panels, corrugated panels used for roofing, water storage tanks, and pressure, water, and sewer pipes. In some countries asbestos may still be used in making wallboard, heat-resistant gloves and clothes for industrial use, and brake and clutch friction elements and gaskets used in vehicles.²⁰ Thermal insulation containing asbestos and sprayed asbestos for insulation and acoustic damping were widely used through the 1970s and should be looked for in any project involving boilers and insulated pipes. Insulation dating from before 1980 should be presumed to contain asbestos unless analyzed and found not to. The microscopic methodology for analyzing bulk samples for the presence of asbestos is widely available in industrialized countries and is not expensive; it is less available in developing countries. In a developing country samples may have to be mailed out for testing; alternatively, training may be available for a laboratory in the country.
- **Training.** It is impossible to overemphasize the importance of training for working with ACM in any capacity—whether it involves inspections, maintenance, removal, or laboratory analysis. The duration of the training as well as the course content depends on the type of work the individual will be doing. Quality control and proficiency testing for laboratories and individual analysts are also important.

4. ALTERNATIVES TO ASBESTOS-CONTAINING MATERIALS

Growing Marketplace

¹⁹ See Basel Convention Secretariat <http://www.basel.int/>

²⁰ In 2004, Russia, China, India, Kazakhstan, Thailand, and Ukraine together accounted for about three-quarters of world asbestos consumption. Other major consumers of asbestos are Iran, Brazil, Vietnam, and Indonesia.

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Safer substitutes for asbestos products of all kinds are increasingly available (see Appendix 4). These include fiber-cement products using combinations of local vegetable fibers and synthetic fibers, as well as other products that serve the same purposes.²¹ The WHO is actively involved in evaluating alternatives.²²

Cost and Performance Issues

Fiber-cement roof panels using polyvinyl alcohol (PVA) or polypropylene combined with cellulose now cost 10-15% more to manufacture than A-C sheets. Polypropylene-cellulose-cement roofing, a new product, is made at a cost of about 12 percent more than A-C roofing and has superior impact resistance. The non-asbestos fiber-cement panels are lighter, less brittle, and have improved nailability over A-C. The increase in the overall cost of building construction that such products represent is to some degree offset by the obviation of special hygiene measures in installation/maintenance/renovation, the lack of a continuing hazard to building workers and occupants, and reduced costs of waste removal and disposal. Micro concrete tiles are cheaper than A-C to produce, and can be made in a basic workshop near the building site with locally available small contractors and materials, lowering transport costs. Compared with A-C pipes, iron pipes can be transported and installed with less difficulty and breakage, take greater compression loading and last longer.

5. WORLD BANK GROUP APPROACH TO ASBESTOS HEALTH RISK

The WBG EHS Guidelines are technical reference documents with general and industry-specific examples of Good International Industry Practice (GIIP).²³ When one or more members of the WBG are involved in a project, the EHS Guidelines are applied as required by their respective policies and standards. The WBG's EHS Guidelines²⁴ specify that the use of ACM should be avoided in new buildings and construction or as a new material in remodeling or renovation activities. Existing facilities with ACM should develop an asbestos management plan that clearly identifies the locations where the ACM is present, its condition (e.g., whether it is in friable form or has the potential to release fibers), procedures for monitoring its condition, procedures to access the locations where ACM is present to avoid damage, and training of staff who can potentially come into contact with the material to avoid damage and prevent exposure. The plan should be made available to all persons involved in operations and maintenance activities. Repair or removal and disposal of existing ACM in buildings should be performed only by specially trained personnel²⁵ following host country requirements or, if the country does not have its own requirements,

²¹ 7. The U.K. Health and Safety Executive commissioned a report that concluded that the main replacement fibrous materials for asbestos in fiber-cement products and brakes are less hazardous than chrysotile asbestos. See Harrison PTC, *et al.* "Comparative Hazards of Chrysotile Asbestos and Its Substitutes: A European Perspective." *Envir. Health Persp.* 107: 607-611 (1999). <http://www.ehponline.org/members/1999/107p607-611harrison/harrison-full.html>

²² <http://www.who.int/ipcs/assessment/asbestos/en/>

²³ Defined as the exercise of professional skill, diligence, prudence, and foresight that would be reasonably expected from skilled and experienced professionals engaged in the same type of undertaking under the same or similar circumstances globally. The circumstances that skilled and experienced professionals may find when evaluating the range of pollution prevention and control techniques available to a project may include, but are not limited to, varying levels of environmental degradation and environmental assimilative capacity as well as varying levels of financial and technical feasibility

²⁴ [http://www.ifc.org/ifcext/enviro.nsf/AttachmentsByTitle/gui_EHSGuidelines2007_GeneralEHS/\\$FILE/Final+-+General+EHS+Guidelines.pdf](http://www.ifc.org/ifcext/enviro.nsf/AttachmentsByTitle/gui_EHSGuidelines2007_GeneralEHS/$FILE/Final+-+General+EHS+Guidelines.pdf) (pp. 71, 91, 94)

²⁵ Training of specialized personnel and the maintenance and removal methods applied should be equivalent to those required under applicable regulations in the United States and Europe (examples of North American training standards are available at: <http://www.osha.gov/SLTC/asbestos/training.html>)

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internationally recognized procedures.²⁶ Decommissioning sites may also pose a risk of exposure to asbestos that should be prevented by using specially trained personnel to identify and carefully remove asbestos insulation and structural building elements before dismantling or demolition.²⁷

APPENDIX 1. COUNTRIES THAT HAVE BANNED THE USE OF ASBESTOS

1. Argentina
2. Australia
3. Austria
4. Belgium
5. Bulgaria
6. Chile
7. Cyprus
8. Czech Republic
9. Denmark
10. Egypt
11. Estonia
12. Finland
13. France
14. Gabon
15. Germany
16. Greece
17. Honduras
18. Hungary
19. Iceland
20. Ireland
21. Italy
22. Japan
23. Jordan
24. Kuwait
25. Latvia
26. Lithuania
27. Luxembourg
28. Malta
29. Netherlands
30. Norway
31. Poland
32. Portugal
33. Republic of Korea
34. Romania

²⁶ Examples include the ASTM International E1368 - Standard Practice for Visual Inspection of Asbestos Abatement Projects; E2356 - Standard Practice for Comprehensive Building Asbestos Surveys; and E2394 - Standard Practice for Maintenance, Renovation and Repair of Installed Asbestos Cement Products.

²⁷ [http://www.ifc.org/ifcext/enviro.nsf/AttachmentsByTitle/gui_EHSGuidelines2007_GeneralEHS/\\$FILE/Final+-+General+EHS+Guidelines.pdf](http://www.ifc.org/ifcext/enviro.nsf/AttachmentsByTitle/gui_EHSGuidelines2007_GeneralEHS/$FILE/Final+-+General+EHS+Guidelines.pdf) (pp. 71, 91, 94)

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- 35. Saudi Arabia
- 36. Seychelles
- 37. Slovakia
- 38. Slovenia
- 39. South Africa
- 40. Spain
- 41. Sweden
- 42. Switzerland
- 43. United Kingdom
- 44. Uruguay

APPENDIX 2. WORLD BANK GROUP ASBESTOS REFERENCES

<i>Policy guidance</i>	<i>References</i>
<p>ACM should be avoided in new buildings or as new material in remodeling or renovation</p> <ul style="list-style-type: none"> • Existing buildings: ACM Survey and management plan needed • Disposal of ACM shall be carried out by specially trained individuals only following host country requirements, or in their absence, internationally recognized procedures 	<p><i>Guidance: General Environment Health and Safety Guidelines April 2007, p 34 and 71.</i></p>
<p>Some examples of project requirements:</p> <ul style="list-style-type: none"> • risk assessment to determine extent of problem; surveys to abate asbestos exposure; management plan; removal by trained personnel; prohibition of ACM; procedures for handling, removal, transport, and disposal of asbestos. 	<ul style="list-style-type: none"> • Ukraine -Equal Access to Quality Education (Project ID P077738) • KH- Health Sector Support (Project ID: P070542) • ID- Health Workforce and Services (Project. ID: P073772) • Changchun, China -TBK Shili Auto Parts Co., (IFC, 2005)

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APPENDIX 3. LIST OF RESOURCES FOR ASBESTOS STANDARDS AND REGULATIONS

NOTE: this listing is not meant to be all-inclusive, but is a sample of available information.

<p>INTERNATIONAL STANDARDS</p> <p>WHO Policy and Guidelines (www.who.org)</p> <ul style="list-style-type: none"> • www.searo.who.int/LinkFiles/Publications_and_Documents_prevention_guidelines.pdf(p. 70) • www.searo.who.int/en/Section23/Section1108/Section1835/Section1864_8658.htm
<p>International Organization for Standardization (ISO) (www.iso.org)</p> <ul style="list-style-type: none"> • ISO 10312 (1995): Ambient air -- Determination of asbestos fibres -- Direct transfer transmission electron microscopy method. [Method similar to ASTM D6281] • ISO 13794 (1999): Ambient air – Determination of asbestos fibres – Indirect-transfer transmission electron microscopy method. • ISO/FDIS 16000-7: Indoor air – Part 7: Sampling strategy for determination of airborne asbestos fibre concentrations. • ISO 8672: Air quality -- Determination of the number concentration of airborne inorganic fibres by phase contrast optical microscopy -- Membrane filter method (1993) [Method similar to AIA RTM1]
<p>Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal</p> <ul style="list-style-type: none"> • Basel Convention Secretariat (www.basel.int)
<p>International Labour Organization (www.ilo.org)</p> <ul style="list-style-type: none"> • Chemical Safety Card, ICSC 0014: www.ilo.org/public/english/protection/safework/cis/products/icsc/dtasht/_icsc00/icsc0014.htm
<p>European Union (europa.eu.int/smartapi/cgi/sga_doc?smartapi!celexapi!prod!CELEXnumdoc&lg=EN&numdoc=32003L0018&model=guichett)</p> <ul style="list-style-type: none"> • Directive 2003/18/EC amending Council Directive 83/477/EEC on the Protection of Workers from the Risks Related to Exposure to Asbestos at Work. (March 2003). Provides regulations including: worker protection, training and medical surveillance; inspections for asbestos-containing materials; notification of asbestos work; air sampling; exposure limits of 0,1 fibres per cm³ (8-hr TWA) measured by Phase Contrast Microscopy.
<p>NATIONAL STANDARDS</p> <p>ASTM International (www.astm.org)</p> <ul style="list-style-type: none"> • Manual on Asbestos Control: Surveys, Removal and Management – Second Edition (March 2005). Author: Andrew F. Oberta, MPH, CIH. Discusses in detail how E2356, E2394 and E1368 are used to support an asbestos management program. • E2356 Standard Practice for Comprehensive Building Asbestos Surveys. July, 2004. Covers baseline surveys for management of ACM and includes assessment protocols to make and prioritize removal vs. maintenance decisions. ASTM E2356 provides information for long-term management of ACM in a Baseline Survey and for preparation of the plans and specifications for a removal project. It contains detailed procedures and equipment (mostly ordinary hardware items) needed to take bulk samples of common types of suspect ACM. Once materials have been identified as asbestos-containing, an assessment is made as to which can be left in place.

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Quantitative assessment of the Current Condition and Potential for Disturbance of all friable and non-friable materials allows removal priorities to be tabulated and graphically displayed.

Budgetary estimates for removal can be established on the basis of the quantitative assessments.

- E2394 Standard Practice for Maintenance, Renovation and Repair of Installed Asbestos Cement Products (October 2004). Describes materials, hazardous operations, necessary precautions and infrastructure requirements with detailed procedures in appendices. Not intended for installation of asbestos-cement products in new construction or renovation.
- E1368 Standard Practice for Visual Inspection of Asbestos Abatement Projects (May 2005). Provides an approach to managing a removal project to enhance prospects of passing final inspections and clearance air sampling. Describes preparation, removal and inspection procedures and criteria.
- E2308 Standard Guide on Limited Asbestos Screens of Buildings (2005). Provides the minimum amount of information needed to facilitate a real estate transaction.
- D6281 Standard Test Method for Airborne Asbestos Concentration in Ambient and Indoor Atmospheres as Determined by Transmission Electron Microscopy Direct Transfer (TEM). A method for distinguishing asbestos from non-asbestos fibers on an air sample filter and identifying and quantifying smaller and thinner fibers than Phase Contrast Microscopy
- D7201: Practice for Sampling and Counting Airborne Fibers, Including Asbestos Fibers, in the Workplace, by Phase Contrast Microscopy (with an Option of Transmission Electron Microscopy)
- Combines methodology of NIOSH 7400 and 7402

Australia

(www.ascc.gov.au/ascc/AboutUs/Publications/NationalStandards/ListofNationalCodesofPractice.htm)

- Safe Removal of Asbestos 2nd edition [NOHSC: 2002 (2005)]
- Code of Practice for the Management and Control of Asbestos in the Workplace [NOHSC: 2018 (2005)]

U. K. Health and Safety Executive (<http://www.hse.gov.uk/asbestos/index.htm>)

- Asbestos Regulations (<http://www.opsi.gov.uk/si/si2006/20062739.htm>)
- Asbestos Essentials (<http://www.hse.gov.uk/asbestos/essentials/index.htm>). Includes sections on manager Tasks and methods and equipment.
- Publications include:
- Working with Asbestos in Buildings INDG289 08/01 C600. An overview (16 pages) of asbestos hazards and precautions
- MDHS100 Surveying, sampling and assessment of asbestos containing materials (2001). Contains many illustrations and examples of asbestos-containing products as well as sampling and analytical methods. MDHS100 is comparable in thoroughness to ASTM in its discussion of bulk sampling techniques and equipment, organizing a survey and assessment of ACM using a numerical algorithm based on the product type, extent of damage, surface treatment and type of asbestos fiber. The document contains numerous photographs of typical ACM found in buildings.
- HSG189/2 Working with asbestos cement (1999). Describes asbestos-cement products and methods of repairing and removing them, including fiber concentrations for controlled and uncontrolled operations.
- The Control of Asbestos at Work Regulations (2002). Requirements for the protection of people being exposed to asbestos, including the requirement for those with responsibility for the maintenance and/or repair of non-domestic premises, to identify and manage any risk from asbestos within their premises

National Institute of Building Sciences (<http://www.nibs.org/pubsasb.html>)

- Guidance Manual: Asbestos O&M Work Practices, Second Edition (1996). Contains procedures for small-scale work on friable and non-friable ACM including asbestos-cement products.

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- Asbestos Abatement and Management in Buildings: Model Guide Specification. Third Edition (1996). Contains information on project design and surveillance as well as applicable US regulations, plus removal contractor requirements for abatement work in specification format.

Austrian Standards Institute (http://www.on-norm.at/index_e.html)

ONORM M 9406, Handling of products containing weakly bound asbestos, 01 08 2001. Contains a protocol and algorithm for assessing the condition and potential fiber release from friable asbestos-containing materials.

International Chrysotile Association (www.chrysotile.com). [*Please note this organization represents asbestos industries and businesses*]

- Recommended Technical Method No. 1 (RTM1), Reference Method for the determination of Airborne Asbestos Fibre Concentrations at workplaces by light microscopy (Membrane Filter Method). Method using Phase Contrast Microscopy for counting fibers on an air sampling filter that does not distinguish asbestos from other fibers
- Recommended Technical Method No. 2 (RTM2) Method for the determination of Airborne Asbestos Fibres and Other Inorganic Fibres by Scanning Electron Microscopy. Method that identifies smaller fibers than Phase Contrast Microscopy and can distinguish types of asbestos fibers.

U.S. National Institute for Occupational Safety and Health (www.cdc.gov/niosh/topics/asbestos)

- Occupational Safety and Health Guidelines for Asbestos (www.cdc.gov/niosh/pdfs/0041.pdf)
- Recommendations for Preventing Occupational Exposure (www.cdc.gov/niosh/topics/asbestos/#prevention)
- Method 7400, Asbestos and other fibers by PCM (1994). Phase Contrast Microscopy method similar to AIA RTM1 that counts all fibers greater than 5µm long with a 3:1 aspect ratio
- Method 7402 Asbestos by TEM (1994). Method using Transmission Electron Microscopy that identifies and counts asbestos fibers greater than 5µm long and greater than 0.25µm in diameter with a 3:1 aspect ratio

U.S. Environmental Protection Agency (www.epa.gov/asbestos)

- Resources include managing asbestos-containing materials in buildings, schools, and the automotive industry. Includes procedures for inspection, analysis of bulk samples, assessment of friable ACM, response actions (removal, encapsulation, enclosure), Operations and Maintenance, and clearance air sampling.
- National Emission Standards for Hazardous Air Pollutants: Subpart M - Asbestos. 40 CFR Part 61. (1990). Regulations include: definitions of friable and non-friable asbestos-containing materials; notification requirements for renovation and demolition of buildings and facilities containing ACM; work practices to prevent visible emissions; disposal of ACM and waste material in approved landfills; and operation and closure of landfills.
- 20T-2003 Managing Asbestos in Place: A Building Owner's Guide to Operations and Maintenance Programs for Asbestos-Containing Materials "Green book" (1990)
- Guidance document covering: organizing an Operations and Maintenance (O&M) program including training O&M workers; recognizing types of O&M; work practices and precautions for O&M work.
- EPA-600/R-93/116 Method for the Determination of Asbestos in Bulk Building Materials (1993) Polarized Light Microscopy, Gravimetry, X-ray diffraction and Transmission Electron Microscopy methods of identifying and quantifying asbestos fibers in bulk building materials. The identification of materials as containing asbestos is done by analysis of bulk samples, usually with Polarized Light Microscopy. The analytical procedures described and the equipment to perform the analyses is similar to that found in academic or commercial geology laboratories, but

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specialized training to identify and quantify asbestos fibers in bulk building materials is needed as well as quality control and proficiency testing programs.

- Polarized Light Microscopy, Gravimetry, X-ray diffraction and Transmission Electron Microscopy methods of identifying and quantifying asbestos fibers in bulk building materials

U. S. Occupational Safety and Health Administration (Department of Labor)

(www.osha.gov/SLTC/asbestos) / (www.osha.gov/SLTC/asbestos/standards.html)

- Occupational Exposure to Asbestos (Construction Industry Standard) 29CFR1926.1101. (1994). Regulations for: Permissible Exposure Limits of 0.1 f/cc over a full shift (8 hr time-weighted average) and short-term exposure limit of 1.0 f/ml for 30 minutes; employee exposure monitoring for compliance with the PELs; work practices for friable and non-friable ACM; respiratory protection; worker decontamination and hygiene facilities; notification of employees and other employers of employees; medical surveillance; record-keeping and training.
- OSHA Method ID 160 Asbestos in Air (1994). Phase Contrast Microscopy method similar to NIOSH 7400

Ontario Ministry of Labour (Canada)

(www.e-laws.gov.on.ca/DBLaws/Source/Regs/English/2005/R05278_e.htm)

- Ontario regulation 278/05 Designated Substance — asbestos on construction projects and in buildings and repair operations (2005). Regulations covering: respiratory protection and work procedures; inspections for asbestos; management of friable and non-friable asbestos; advance written notice; asbestos bulk sampling and analysis; glove bag requirements and procedures; negative air enclosures; and clearance air testing requirements (0.01 f/cc by Phase Contrast Microscopy).

WorkSafe British Columbia (Canada)

(www2.worksafebc.com/publications/OHSRegulation/Part6.asp)

- Part 6 Substance Specific Requirements: Asbestos. Regulations covering: identification of asbestos-containing materials; substitution with non-asbestos materials; worker training; exposure monitoring; containment and ventilation of work areas; work practices; decontamination; respirators and protective clothing.

Republic of South Africa, Department of Labour (www.acts.co.za/ohs/index.htm - type 'asbestos' in search box)

- Occupational Health and Safety Act, 1993; Asbestos Regulations, 2001. Regulations covering: notification; assessment and control of exposure; Occupational Exposure Limit of 0.2 f/cc - 4 hr TWA measured by Phase Contrast Microscopy; training; air monitoring; medical surveillance; non-employee exposure; respirators, personal protective equipment and facilities; asbestos building materials including asbestos cement sheeting and related products; disposal.

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APPENDIX 4. SOME ALTERNATIVES TO ASBESTOS-CONTAINING PRODUCTS

<i>Asbestos product</i>	<i>Substitute products</i>
Asbestos-cement corrugated roofing	Fiber-cement roofing using synthetic fibers (polyvinyl alcohol, polypropylene) and vegetable/cellulose fibers (softwood kraft pulp, bamboo, sisal, coir, rattan shavings and tobacco stalks, etc.); with optional silica fume, fly ash, or rice husk ash. Microconcrete (Parry) tiles; galvanized metal sheets; clay tiles; vegetable fibers in asphalt; slate; coated metal tiles (Harveytile); aluminum roof tiles (Dekra Tile); extruded uPVC roofing sheets; recycled polypropylene and high-density polyethylene and crushed stone (Worldroof); plastic coated aluminum; plastic coated galvanized steel.
Asbestos-cement flat sheet (ceilings, facades, partitions)	Fiber-cement using vegetable/cellulose fibers (see above), wastepaper, optionally synthetic fibers; gypsum ceiling boards (BHP Gypsum); polystyrene ceilings, cornices, and partitions; façade applications in polystyrene structural walls (coated with plaster); aluminum cladding (Alucabond); brick; galvanized frame with plaster-board or calcium silicate board facing; softwood frame with plasterboard or calcium silicate board facing.
Asbestos-cement pipe	<i>High pressure:</i> Cast iron and ductile iron pipe; high-density polyethylene pipe; polyvinyl chloride pipe; steel-reinforced concrete pipe (large sizes); glass-reinforced polyester pipe. <i>Low pressure:</i> Cellulose-cement pipe; cellulose/PVA fiber-cement pipe; clay pipe; glass-reinforced polyester pipe; steel-reinforced concrete pipe (large diameter drainage).
Asbestos-cement water storage tanks	Cellulose-cement; polyethylene; fiberglass; steel; galvanized iron; PVA-cellulose fiber-cement
Asbestos-cement rainwater gutters; open drains (mining industry)	Galvanized iron; aluminum; hand-molded cellulose-cement;

APPENDIX 5. CONSIDERATIONS FOR WORKING WITH ASBESTOS MATERIALS IN EXISTING STRUCTURES

A. Evaluation of alternatives

1. Determine if the project could include the installation, replacement, maintenance or demolition of:
 - Roofing, siding, ducts or wallboard
 - Thermal insulation on pipes, boilers, and ducts
 - Plaster or fireproofing
 - Resilient flooring materials
 - Other potentially asbestos-containing materials
1. If the use of asbestos-containing materials (ACM) has been anticipated for new construction or renovation, provide information about alternative non-asbestos materials and their availability. For new construction, determine the expected difference for the entire project—on initial and operating costs, employment, quality, expected service life, and other factors—using alternatives to ACM (including consideration of the need for imported raw materials).
2. In many cases, it can be presumed that ACM are part of the existing infrastructure that must be disturbed. If there is a need to analyze samples of existing material to see if it contains asbestos, provide information on how and where can that be arranged.
3. Once the presence of ACM in the existing infrastructure has been presumed or confirmed and their disturbance is shown to be unavoidable, incorporate the following requirements in tenders for construction work in compliance with applicable laws and regulations.

B. Understanding the regulatory framework

1. Review the host country laws and regulations and the international obligations it may have entered into (e.g., ILO, Basel conventions) for controlling worker and environmental exposure to asbestos in construction work and waste disposal where ACM are present. Determine how the qualifications of contractors and workers who maintain and remove ACM are established, measured, and enforced.
2. Determine whether licensing and permitting of the work by authorities is required.
3. Review how removed ACM are to be disposed of to minimize the potential for pollution, scavenging, and reuse.
4. Incorporate the following requirements in tenders involving removal, repair, and disposal of ACM.

C. Considerations and possible operational requirements related to works involving asbestos

1. Contractor qualification

- Require that contractors demonstrate having experience and capability to observe international good practice standards with asbestos, including training of workers and supervisors, possession of (or means of access to) adequate equipment and supplies for the scope of envisioned works, and a record of compliance with regulations on previous work.

2. Related to the technical requirements for the works

- Require that the removal, repair, and disposal of ACM shall be carried out in a way that minimizes worker and community asbestos exposure, and require the selected contractor to develop and submit a plan, subject to the engineer's acceptance, before doing so.
- Describe the work in detail in plans and specifications prepared for the specific site and project, including but not limited to the following:
 - Containment of interior areas where removal will occur in a negative pressure enclosure;
 - Protection of walls, floors, and other surfaces with plastic sheeting;

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- Construction of decontamination facilities for workers and equipment;
- Removing the ACM using wet methods, and promptly placing the material in impermeable containers;
- Final clean-up with special vacuums and dismantling of the enclosure and decontamination facilities;
- Disposal of the removed ACM and contaminated materials in an approved landfill;²⁸
- Inspection and air monitoring as the work progresses, as well as final air sampling for clearance, by an entity independent of the contractor removing the ACM.
- Other requirements for specific types of ACM, configurations and characteristics of buildings or facilities, and other factors affecting the work shall be enumerated in the plans and specifications. Applicable regulations and consensus standards shall be specifically enumerated.

3. Related to the contract clauses²⁹

- Require that the selected contractor provide adequate protection to its personnel handling asbestos, including respirators and disposable clothing.
- Require that the selected contractor notifies the relevant authorities of the removal and disposal according to applicable regulations as indicated in the technical requirements and cooperates fully with representatives of the relevant agency during all inspections and inquiries.

4. Related to training and capacity building

- Determine whether specialist industrial hygiene expertise should be hired to assure that local contractors learn about and apply proper protective measures in work with ACM in existing structures.

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²⁸ Alternative guidance for circumstances where approved landfills are not available for disposal of hazardous substances, such as asbestos, guidance is provided in the EHS General Guideline, reference above as well as in the Guideline on Waste Management Facilities.

[http://www.ifc.org/ifcext/sustainability.nsf/AttachmentsByTitle/gui_EHSGuidelines2007_WasteManagement/\\$FILE/Final+-+Waste+Management+Facilities.pdf](http://www.ifc.org/ifcext/sustainability.nsf/AttachmentsByTitle/gui_EHSGuidelines2007_WasteManagement/$FILE/Final+-+Waste+Management+Facilities.pdf)

²⁹ Standard contract clauses for asbestos work exist but are too extensive for this short note. To view an example, the U.S. National Institute of Building Sciences "Asbestos Abatement and Management in Buildings: Model Guide Specification" has a complete set – in copyright form – and the clauses and instructions for using them fill a two-inch binder.

Annex 3

Exemplary Environmental Code of Practices (ECOP)

This exemplary environmental code of practices is expected to be followed by a contractor in carrying out small scale renovation works under MEPEP.

Items	Mitigation measures
<i>Prohibitions</i>	<p>The following activities are prohibited on or near construction sites:</p> <ul style="list-style-type: none"> • Cutting of trees for any reason outside the approved construction area; • Illegal dumping of demolition material and debris; • Use of unapproved toxic materials, including lead-based paints, asbestos, etc.; • Disturbance to anything with architectural or historical value; • Burning of waste;
<i>Working hours</i>	<p>Core working hours should be from 0800 to 1800 on weekdays and 0800 to 1300 on weekend. Noisy operations shall not take place outside these hours without prior approval from the PIU and relevant authorities. Individual construction site requirements which differ from the above should be considered on a site-by-site basis.</p>
<i>Good house-keeping</i>	<p>The Contractor should follow a ‘good housekeeping’ policy at all times. This should include, but not necessarily be limited to the following:</p> <ul style="list-style-type: none"> • Ensure considerate behavior of the Contractor’s staff; • Prohibit open fires; • Ensure that appropriate provisions for dust control and road cleanliness are implemented; • Remove rubbish at frequent intervals, leaving the construction sites clean and tidy; • Remove food waste; • Frequently inspect, repair and re-paint as necessary all construction site hoardings • Remove all flying posts/boards as soon as reasonably practicable and within 24 hours of notice; • Maintain toilet facilities and other welfare facilities for staff;
<i>Public information and site access</i>	<p>Any un-authorized entry to or exit from the construction sites should be restricted as much as possible. Upon request, the Contractor should provide public information on the construction program (start and finish dates), plus a telephone number for public contacts and/or requests.</p>
<i>Construction Site layout and facilities</i>	<p>Any huts, office accommodations, toilets and welfare facilities should be accommodated within the boundaries of the construction sites</p>

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<p>Nuisance, Dust and Noise Control</p>	<p>To limit nuisance, dust and noise on construction sites, the Contractor should:</p> <ul style="list-style-type: none"> • Plan activities in consultation with the PIU or delegated agencies and authorities, building owners, and/or local communities so that activities with a great potential to generate noise are planned during the periods of the day that should result in least disturbance • Use noise control devices, such as temporary noise barriers and deflectors for impact and blasting activities, and exhaust muffling devices for combustion engines. • Avoid or minimize heavy project transportation through community areas • To the extent possible, maintain noise levels associated with all machinery and equipment at or below 90 db. • Apply proper measures to minimize disruptions from vibration or noise coming from construction activities. • Implement particularly strict measures to prevent undesirable noise levels in sensitive areas (including in residential neighborhoods, near hospitals, etc.). In such areas, minimize the production of dust and particulate materials at all times, to avoid impacts on vulnerable people (children, elders). • Selectively remove potential hazardous air pollutants, such as asbestos, from existing infrastructure prior to demolition. • Place dust screens around construction areas, provide fencing along the boundary so that emissions do not affect immediate neighbors, pay particular attention to areas close to housing, commercial areas, and recreational areas. • Spray water periodically as needed on construction areas, especially at site located near residential area
<p>Management of Construction Waste</p>	<p><i>Waste management planning.</i> Possible construction wastes should be characterized according to composition, source, types of wastes produced, generation rates, or according to local regulatory requirements. Processes should be designed and operated as much as possible to prevent or minimize the quantities of wastes generated and hazards associated with the wastes generated. For example:</p> <ul style="list-style-type: none"> • Substitute raw materials or inputs with less hazardous or toxic materials; • Institute good housekeeping and operating practices • Institute procurement measures that recognize opportunities to return usable materials such as containers; • Minimize hazardous waste generation by implementing stringent waste segregation to prevent the commingling of non-hazardous and hazardous waste. <p><i>Recycling planning.</i> The total amount of waste may be significantly reduced through the implementation of recycling plans. This may for example include the evaluation of waste production processes and the identification of potentially recyclable materials</p> <p><i>Clean-up procedures.</i> The Contractor shall establish and enforce daily site clean-up procedures, including maintenance of adequate storage and treatment/disposal facilities for construction wastes to avoid potential impacts to human health and the environment. Management approaches should be consistent with the characteristics of the waste and local regulations, and may include one or more of the following principles:</p>

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	<ul style="list-style-type: none">• On-site or off-site biological, chemical, or physical waste material should either be treated to render it nonhazardous prior to final disposal or treated or disposed at permitted facilities specially designed to receive the waste.• Debris generated due to the demolition of existing structures shall be suitably re-used, to the extent feasible. The disposal of remaining debris shall be carried out only at sites identified and approved by local authorities.• Under no circumstances shall the contractor dispose of any material in environmentally sensitive areas.• All garbage, metals, used oils, and excess material generated during construction should be disposed in authorized areas incorporating recycling systems and the separation of materials.• In the event any debris or silt from the sites is deposited on adjacent land, the Contractor shall immediately remove such debris and restore the affected area to its original state to the satisfaction of the PIU or delegated agencies and authorities.
<i>Small Quantities of Hazardous Materials</i>	<ul style="list-style-type: none">• Construction and decommissioning activities may pose the potential for release of small quantities of hazardous materials. The contractor should screen and assess the presence and contents of hazardous materials and petroleum-based products in building systems (e.g. PCB containing electrical equipment, asbestos-containing building materials, lamps or lamp ballasts, used batteries, empty paint cans) and process equipment and remove them prior to initiation of decommissioning activities, and manage their treatment and disposal according to Sections 1.5 and 1.6 on Hazardous Materials and Hazardous Waste Management, respectively in the World Bank Group's General EHS guidelines (www.ifc.org/ehsguidelines). In particular, hazardous wastes should always be segregated from nonhazardous wastes. If generation of hazardous waste cannot be prevented through the implementation of the above general waste management practices, its management should focus on the prevention of harm to health, safety, and the environment, according to the following additional principles:• Understand potential impacts and risks associated with the management of the hazardous waste during its complete life cycle• Ensure that Contractors responsible for the handling, treating, and disposing of hazardous waste are reputable and legitimate enterprises, licensed by the relevant regulatory agencies and following good international industry practice for the waste being handled• Ensure compliance with applicable local and international regulations. International requirements may include host-country commitments under the Basel Convention on the Control of Transboundary Movements of Hazardous Waste and their disposal (http://www.basel.int/) and the Rotterdam Convention on the prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade (http://www.pic.int/)• If asbestos-containing materials are identified, the WBG Good Practice Note on Asbestos: Occupational and Community Health Issues dated May 2009 (Appendix 1) should be followed.

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<p>Wastewater discharges</p>	<p>The Contractor must take all the efforts to prevent wastes (solid and liquid) discharge into all rivers and canals and to protect surface and groundwater from pollution and other adverse impacts including changes to water levels, flows and general water quality. Whenever possible, the Contractor must minimize the amounts of wastewater that need to be discharged and find alternative means of disposal. Liquid spills of lubricant, fuel and oil within the site should be attended at the earliest in order to minimize land and groundwater contamination. The Contractor must ensure that any seepage and wastewater arising from the works must be collected and discharged via a settlement tank. Water drainage must be designed to avoid stagnant conditions that could create bad smell and unsanitary condition in the construction area and surrounding environment.</p>
<p>Construction safety</p>	<p><i>Emergency Procedures:</i> The Contractor must ensure that emergency procedures are developed to facilitate effective actions in case of medical/fire emergency as well as environmental pollution (major spillage of gasoline, used oil, and/or toxic chemicals, etc.). The emergency procedure must contain emergency phone numbers and the method of notifying the statutory authorities. Contact numbers for the key staff of the contractor must also be included.</p> <p><i>Fire Prevention and Control:</i> All construction sites and associated accommodation or welfare facilities must have appropriate plans and management controls to prevent fires in place. The site fire plans must be prepared and must have due regard to government regulations. During operation and maintenance of equipment and vehicles, the Contractor must ensure that its workers are well aware of the procedures and have enough knowledge to comply with them. The specification of non-combustible materials, products and packaging should be pursued wherever reasonably practicable. The Contractor must also comply with government requirements as may be appropriate at specific sites.</p> <p><i>Operation of equipment:</i> The Contractor must take all reasonable precautions to ensure that equipment is operated in a manner so as not to cause safety risk and/or nuisance to surrounding residents and occupiers. Operations of cranes and other large equipment must be closely supervised. Permission may be required.</p> <p><i>Accident prevention.</i> The Contractor's responsibilities include the protection of every person and nearby property from construction accidents. The Contractor shall be responsible for complying with all government safety requirements and any other measures necessary to avoid accidents, including the following:</p> <ul style="list-style-type: none"> • Properly install notice signs/board at construction sites • If school children are in the vicinity, include traffic safety personnel to direct traffic during school hours; • Conduct safety training for construction workers prior to beginning work; • Provide necessary personal protective equipment and clothing (goggles, gloves, respirators, dust masks, hard hats, steel-toed and -shanked boots, etc.) for construction workers and enforce their use; • Ensure that the removal of asbestos-containing materials or other toxic substances be performed and disposed of by specially trained workers; • During emergencies of any kind, suspend all work.

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<p>Workforce and Workers sanitation</p>	<p>The Contractor should whenever possible locally recruit the majority of the work- force and shall provide appropriate training as necessary.</p> <p>The Contractor shall not allow the use of fuel wood for cooking or heating at the construction site or surrounding area.</p> <p>The Contractor shall ensure that site offices, depots, and workshops are located in appropriate areas. Clean and well-maintained toilets should be made available.</p> <p>The Contractor shall adequately provide workers with necessary tools.</p>
<p>Community Relations</p>	<p>To enhance adequate community relations the Contractor shall:</p> <p>Inform the local authorities and community about construction and work sched- ules, interruption of services, traffic detour routes and provisional bus routes, as appropriate.;</p> <p>Limit No construction activities at night.</p>
<p>Physical Cultural Property Chance finds Procedures</p>	<ul style="list-style-type: none"> • In the unlikely event that physical cultural property chance-finds occur, responsible lo- cal authorities would be in charge of protecting and preserving any archeological sites, historical sites, remains and objects before deciding on subsequent appropriate proce- dures. The significance and importance of the findings should be assessed according to the various criteria relevant to cultural heritage; those include the aesthetic, historic, scientific or research, social and economic values. Decisions on how to handle the find- ing shall be taken by the responsible authorities. This could include changes in the lay- out (such as when finding an irremovable remain of cultural or archeological im- portance) conservation, preservation, restoration and salvage. If the Contractor discov- ers archeological sites, historical sites, remains and objects the Contractor shall: • Stop the construction activities in the area of the chance find; • Delineate the discovered site or area; • Secure the site to prevent any damage or loss of removable objects. In cases of re- movable antiquities or sensitive remains, a night guard shall be arranged until the responsible local authorities take over; • Notify the supervisory Engineer who in turn should notify the responsible local au- thorities immediately (within 24 hours or less); • Resume construction work after permission is given from the responsible local au- thorities concerning safeguard of the heritage.
<p>Clearance the construction site after completion</p>	<p>On completion of the works the Contractor should clear away and remove all materials and rubbish and temporary works of every kind. Construction sites should be left clean and in a condition to the satisfaction of the PIU or delegated agencies and authorities.</p>

Annex 4

Environmental, health, safety and social checklist for renovation work

This inspection checklist will be used by PIU M&E officer and supervising engineer to check the performance of the contractor in relation to the Exemplary Environmental Code of Practices (ECOP) and Good Practice Note on Asbestos-Occupational and Community health Issues (Annex 3) of the project ESMF and the other related laws, regulations and documents. The purpose of the checklist is to provide proper guidelines and recommendations to prevent potential environmental, health, safety and social risks associated with civil work.

Ste	Item	Response	YES	NO	Note
1	Asbestos-Occupational and community health	Do you certify that the contractor complies with World Bank Group good practice note on “Asbestos-Occupational and community health” when dealing with asbestos containing materials (if found) ?			If no, please describe your recommendation/guidance to the contractor?
2	Prohibited activities	Do you certify that the contractor does not conduct any prohibited activities on or near renovation sites?			If no, please describe your recommendation/guidance to the contractor?
3	Working hours	Do you certify that the contractor complies with working hours indicated in Labor Law?			If no, please describe your recommendation/guidance to the contractor?
4	Good on-site practices	Do you certify that the contractor complies with good on-site practices at all times at construction renovation site?			If no, please describe your recommendation/guidance to the contractor?
5	Public information and site access	Do you certify that the contractor provided public information on the renovation sites? (start and finish date, telephone number)			If no, please describe your recommendation/guidance to the contractor?
6	Nuisance, Dust and noise control	Do you certify that the contractor limits nuisance, dust and noise control on renovation sites?			If no, please describe your recommendation/guidance to the contractor?
7	Management of construction waste	Do you certify that the contractor follows waste management planning, recycling planning and clean up procedures?			If no, please describe your recommendation/guidance to the contractor?
8	Small quantities hazardous materials	Do you certify that the contractor screened and assessed the presence and contents of hazardous materials and petroleum-based products in building systems?			If no, please describe your recommendation/guidance to the contractor?
9	Construction	Do you certify that the contractor complies			If no, please describe your

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	safety	relevant construction safety policies? (emergency procedures, fire prevention and control, operation of equipment, accident prevention)			recommendation/guidance to the contractor?
10	Workforce and workers sanitation	Do you certify that the contractor adequately provided workers with necessary tools? i) Helmet ii) Gloves iii) In case of dealing with asbestos containing materials a. Protective clothing b. Protective mask c. HEPA filtered vacuum iv) Has access to restroom facilities v) Has access to clean drinking water	YES	NO	If no, please describe your recommendation/guidance to the contractor?
11	Community relations	Do you certify that the contractor enhanced adequate community relations? (informing local authorities and community)	YES	NO	If no, please describe your recommendation/guidance to the contractor?
12	Physical cultural property chance-find	Do you certify that (if cultural property was found by chance) the contractor followed physical cultural property chance-find procedures?	YES	NO	If no, please describe your recommendation/guidance to the contractor?
13	Clearance the construction site after	Do you certify that the contractor cleared away or removed all materials and rubbish and temporary works of every kind after completion?	YES	NO	If no, please describe your recommendation/guidance to the contractor?
14	Forced labor	Do you certify that the contractor does not involve any aspect of forced labor?	YES	NO	If no, please describe your recommendation/guidance to the contractor?
15	Child labor	Do you certify that the contractor does not involve any aspect of child labor?	YES	NO	If no, please describe your recommendation/guidance to the contractor?
16	Community health and safety	Do you certify that the contractor abide by applicable Mongolian national standards and Bank's ESF to ensure community health and safety?	YES	NO	If no, please describe your recommendation/guidance to the contractor?
17	Workplace Code of Conduct	Do you certify that the contractor ensured each worker has signed the Workplace Code of Conduct?	YES	NO	If no, please describe your recommendation/guidance to the contractor?

Environmental, health, safety and social checklist completed by the: _____

Place of renovation: _____

Name of the contractor: _____

Date: _____

Annex 5

List of prohibited activities not eligible for micro- loan financing under MERESP

This list will be used by Employment Officer of Aimag/District's Labor and Welfare Service Office (LWSO) for the purpose of screening out microloan proposals. The business proposals involving activities referred in the list are 'ineligible' for financing under the MERESP.

Prohibited activities	
Any activity that may involve adverse impacts on critical habitats, natural habitats or biodiversity	Any activity that involves radioactive products or parts of nuclear reactors
Any activity situated within municipality-designated green areas	Any activity that have high probability of causing serious adverse effects to human health
Any activity implemented in disputed land	Any activity that involves manufacturing of equipment or appliances containing Chloro- fluorocarbons (CFCs), halons or other substances regulated under the Montreal Protocol
Any activity that would result in the displacement of people or require resettlement	Any activity that involves the manufacturing of electrical equipment containing polychlorinated biphenyls (PCBs) in excess of 0.005 percent by weight
Any activity that may involve adverse impacts on cultural heritage	Any activity that involves the manufacturing, procurement distribution or sale of banned pesticides and herbicides
Any activity that may affect lands or rights of indigenous people or other vulnerable/disadvantaged community	Any activity where minors are engaged in jobs and occupations prohibited to them, according to the list enacted by the ministry of Labor and Social Protection in 2008
Any activity that may have significant adverse social impacts and may give rise to significant social conflict	Any activity that involves trade in wildlife or wild- life products prohibited under the Convention on International Trade in Endangered Species of Wild Fauna
Any activity that is illegal under Mongolian law	Any activity that involves the release of genetically altered organisms into the natural environment
Any activity that may cause significant adverse environmental impacts	Any activity that involves hazardous waste storage, treatment or disposal

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<p>Any activity that involves land acquisition/use restriction or demolition of residential or private commercial buildings</p>	<p>Any activity that belong to the following sectors:</p> <ul style="list-style-type: none">• Logging• Mining and quarrying• Manufacture of tobacco products• Manufacture of military hardware• Manufacture of coke, chemicals, plastics or pharmaceutical products
<p>Any activity that has significant labor management risks, cause significant labor working condition, safety and health risks, or involve forced or child labor</p>	<p>Any activity that brings significant community health and safety risk (including traffic safety, labor influx, communicable disease spread, exposure to hazardous materials)</p>

Annex 6

Table 6.1: General Environmental, Health and Safety (EHS) Guidelines

These General EHS Guidelines are to be followed by all micro-entrepreneurs who received microloan from the MERESP financed microloan.

Impacts or risks	Considering factors
Location: the slow decay of the urban landscape, contribute to congestion, high noise levels, impede the circulation of traffic especially for pedestrians, encroach on green space or other spaces with aesthetic and functional appeal, can cause accidents and pose other health and safety risks	In choosing a site ensure that: <ol style="list-style-type: none"> 1) Water and sanitation services are adequate to absorb the micro- enterprise. 2) The micro-enterprise is not located close to tanneries, electroplating operations or other highly polluting micro-enterprises. 3) The enterprise is not contributing to displacement of people 4) The enterprise is not significantly contributing to congestion, obstruction of sidewalks or other pathways, or road traffic. 5) The enterprise is separated from sensitive land-uses such as housing and agriculture 6) Unless already used for housing or agriculture, the land is unsuited or poorly-suited for housing or agriculture 7) The land is of little aesthetic or cultural importance, or is not valued as green space. 8) Consulting the local population regarding any disagreements there may be regarding the siting, or activities, of the new micro-enterprise. 9) Taking steps to ensure that the most efficient and non-polluting sources of energy are used.
Habitat and wildlife	<ol style="list-style-type: none"> 1) Minimal physical alteration of the landscape 2) The natural drainage of the project area should remain unaltered and intact 3) No destruction of wildlife or its habitat if the vicinity is known or suspected to contain rare or endangered plant or animal species. 4) Design adjustments for saving maximum trees 5) Plan for tree planting
Natural resource use	<ol style="list-style-type: none"> 1) Minimize inputs 2) Aim to use alternative energy sources 3) Foster re-use and recycling 4) Protect groundwater
Waste management/contamination from spills	<ol style="list-style-type: none"> 1) Identify possible waste 2) Minimize wastes 3) Alternative uses 4) Prepare waste recycling plans 5) Environmental sound storage and treatment 6) Safe disposal, as per national regulations and Environmental, Health and Safety (EHS) Guidelines of the World Bank 7) An accident clearance contingency plan should be prepared 8) Controls should be made against all types of toxic emissions.

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	<ol style="list-style-type: none"> 9) Untreated, raw & contaminated water should not be allowed to be disposed in perennial, non-perennial water channels or close to any water source & reservoirs. 10) Ensure minimal operational waste impact of the facilities on the environment. 11) Designate locations for handling and storage of effluents and waste materials. 12) Keep work area clean, remove all rubbish from the work space and situate receptacles for waste and debris in convenient locations. 13) Never throw away, or bury, wastes in or around abandoned wells. 14) Set aside special areas for storage of raw materials, finished products, tools and accessories. 15) Use pans and screens to prevent deposits of oil, liquid wastes or water on the surrounding floors.
Occupational Health and Safety	<ol style="list-style-type: none"> 1) Assess any occupational health and safety risks to workers as a result of dust, fumes, noise, odors, or pollutants and propose mitigation measures, in compliance with relevant national occupational health and safety standards and the WB's EHS guidelines 2) Sufficient drainage & waste disposal facilities should be provided at work places with protocols for handling toxic and hazardous waste. 3) Rearrange work space to reduce risks and facilitate order and cleanliness and improve efficiency. 4) Ensure proper ventilation of indoor operations. 5) Ban smoking and drinking alcoholic beverages. 6) Reduce length of work periods to eliminate accidents caused by fatigue and health risks and annoyances caused by excessive noise and vibration of machinery; provide for rest breaks. 7) Install proper lighting 8) Wash thoroughly after handling injurious or poisonous substances and wash before eating, drinking, smoking or using the toilet. 9) Never use gasoline for cleaning purposes. 10) Many injuries are caused by differences in the physical makeup of workers. Account for people of different heights, strengths, and ability to handle mental stress 11) Ensure the use of proper protective equipment when toxic substances are involved. 12) To prepare for possible poisoning, keep clean water nearby and tell co-workers what sort of pesticide you are using and where the label is. 13) If pesticides are inhaled, get workers to fresh air immediately. 14) Avoid using newspapers and other flammable material for packing.
Community Health and Safety	<p>(1) In compliance with relevant national standards and the WB's EHS General Guidelines – Community Health and Safety</p>
Working conditions	<ol style="list-style-type: none"> 1) Adhere to national labor standards with regard to labor and working conditions 2) Adhere to national labor standards with regard to labor representation 3) Foster good relations with local communities 4) Do not employ minors with an age below Mongolia's legal employment age 5) Do not engage minors in jobs and occupations prohibited to them, according to the list enacted 2008

Table 6.2: Sector-specific EHS guidelines

These specific EHS Guidelines are to be followed by micro-entrepreneurs who received microloan from the MERESP financed microloan and whose enterprise activities belong to the sectors provided in the guidelines

Sector	Potential EHS impacts	Recommended mitigation options
Repair of motor vehicles	<ol style="list-style-type: none"> 1) Pollutants entering water- ways or storm water drains. This can be caused by spills of liquids such as oil, coolant, solvent and other cleaning fluids. 2) Soil and groundwater pollution caused by waste oil and other liquids leaking from Underground Storage Tanks (UST). 3) Air pollution (including odours) from the release of refrigerants, solvents, LPG and exhaust emissions. 4) Greenhouse gas emissions caused by energy use in the workshop and modification to client vehicles. 5) Air pollution caused by tampering with vehicle emission or anti-pollution controls and exhaust systems. 6) Noise impacting on staff and neighbors. 7) Health and safety risks of workers 	<p><u>Water Quality</u></p> <ol style="list-style-type: none"> 1) Regularly check and clean storm water drains near your workshop to ensure they are free of debris. 2) Mop the workshop floor rather than hosing. 3) Avoid hosing driveways or yards. 4) Keep a spill kit close to where spills are likely and ensure all staff know how to use it. 5) Keep your premises and equipment clean and well maintained. <p><u>Hazardous substance and liquid waste</u></p> <ol style="list-style-type: none"> 1) Store oils, chemicals, paints and solvents in areas that will not allow spills to escape to the environment: in a bunded area of the workshop on bunded pallets or trays in a covered area in a chemical storage unit. 2) Regularly check that containers are not leaking . 3) Treat liquids collected in bunded areas or the wash bay in an oil water separator. 4) Never dispose of chemicals into storm water drain.s 5) Keep lids on your bins or store them in a covered area to prevent the wind blowing waste away. 6) Use a liquid waste contractor to dispose of spent chemicals and other liquid waste. Don't put liquid wastes, such as oily rags or filters, into your waste bins. 7) Avoid storing waste bins on footpaths or property belonging to others. 8) If possible, separate different kinds of waste for easy collection and recycling. <p><u>Air quality</u></p> <ol style="list-style-type: none"> 1) Ensure staff keep engine run-time to a minimum. 2) Keep lids on containers of solvent-based chemicals to reduce evaporation. 3) Extract and recycle refrigerants from air- conditioning systems and dispose of item legally. 4) They cannot be released to the atmosphere. 5) Use a damp cloth, mist spray or vacuum device to clean brakes not compressed air. <p>Never modify or tamper with vehicle emission systems.</p> <p><u>Noise</u></p> <ol style="list-style-type: none"> 8) Conduct all work inside the workshop to limit noise emissions. 9) Maintain equipment, such as air compressors, to prevent noise. 10) Do not modify vehicles in a manner that might increase noise. 11) Locate noisy equipment away from doors and openings.

ENVIRONMENTAL AND SOCIAL MANAGEMENT FRAMEWORK (ESMF)

<p>Manufacture of food products or beverages; food and beverage service activities</p>	<p><i>Risk from processing food</i></p> <ul style="list-style-type: none"> Perishable ingredients (especially meat, poultry and fish) are not kept fresh and cool Basic hygienic practices are not enforced (washing hands, clean tools, clean water) 	<ol style="list-style-type: none"> 1) Keep the working area clean. 2) Wash hands and tools at all times. 3) Use clean water only. 4) Have first aid kit available.
	<p><i>Risk from using machines</i></p> <ul style="list-style-type: none"> Accidents Leakages, disposals, liquid waste or wastewater drains to stream/river/ pond/soil 	<ol style="list-style-type: none"> 1) Position machines on a safe spot and cover dangerous moving parts. 2) Take up maintenance routine, follow strict maintenance and lubrication practices for the moving parts of equipment. 3) Keep machines in good shape and clean. 4) Experience operators only. 5) Provide and use safeguards goggles, gloves, masks. 6) Re-use scrap/disposals. 7) Stop leakages and draining liquid waste. 8) Establish contingency plans for accidents. 9) Have firefighting equipment and first aid kit available.
	<ul style="list-style-type: none"> Emission of smoke from burning of fuel 	<ul style="list-style-type: none"> A minimum of 10-15 feet height of chimney should be installed.
	<ul style="list-style-type: none"> Waste water from processing will generate organic load 	<ul style="list-style-type: none"> The waste should be separated for composting or to be converted as animal/poultry feed and fish meal.
	<ul style="list-style-type: none"> Limited solid waste generation 	<ul style="list-style-type: none"> Proper waste collection and disposal.
	<ul style="list-style-type: none"> Workers are likely to suffer from health hazards due to long hours of exposure to high ambient temperature specially during summer 	<ul style="list-style-type: none"> Provisions for temperature control through adequate ventilation.
	<ul style="list-style-type: none"> Employees/workers having contagious or infectious diseases will contaminate the food stuff 	<ul style="list-style-type: none"> Regular health check-up of the employees/workers should be ensured.

Annex 7

Stakeholder Engagement Plan (SEP)

Updated: June 2021

1. County context

Mongolia, along with many countries, is facing negative growth and employment consequences in light of COVID-19. An outbreak of the coronavirus disease (COVID-19) has been spreading rapidly across the world since December 2019, following the diagnosis of the initial cases in Wuhan, Hubei Province, China.

Mongolia was one of the first countries to face the economic impacts of COVID-19 due to its close linkage with the Chinese economy, particularly in trade, tourism and foreign investments. Necessary stringent measures taken by the Government of Mongolia (GoM) since late January 2020 have brought the local economy to a standstill. The global nature of the crisis has led to a reduction in capital flows; commodity prices have fallen; and global demand for Mongolian exports and tourism have fallen and will continue to do so as the crisis deepens. The National Statistics Office of Mongolia reports that state revenue fell by 8 percent in the first quarter of 2020, with revenues from mineral resources falling by 33.8 percent. Bank of Mongolia estimates the economy to shrink in the first half of 2020, and growth to be limited to 1.8 percent in the second half. As the global crisis deepens, the economic prospects for Mongolia will further worsen.

The worsening economic outlook due to COVID-19 has already translated to worsening employment prospects. As the COVID-19 started to hit, mining and transportation sectors, which accounted for 12 percent of employment in 2018, have already seen a decline in output. Industrial production, which accounted for 23 percent of employment in 2018, has already contracted in the first quarter. Current and future containment measures are going to put further pressure on local firms depressing output in the service sector, which accounted for 53 percent of employment in 2018. The worsening economic outlook will continue to translate into increased layoffs, fewer jobs, and lower wages for the Mongolian workforce.

Impacts in the economy, while widespread, are likely to hit some groups particularly hard. While impacts are felt across the board, continuing operations is likely to be particularly challenging for micro-entrepreneurs that have few effective instruments at their disposal to manage shocks. For similar reasons, the self-employed and wage workers in temporary contracts or in the informal sector, are also likely to be disproportionately affected. Even when the health crisis ebbs and measures that restrict work and mobility ease, affected workers and entrepreneurs may face a longer route to recovery than others. The urgency to help these workers and entrepreneurs is paramount. Only effective and timely support can prevent the long and painful recovery from the crisis.

The Mongolian Government has introduced a series of fiscal and monetary policy measures to offset the negative impacts of the COVID-19 crisis and turbulence in the global economy. Recognizing the need to immediately support its workforce, GoM has announced a relief package of USD 1.8 billion (13 percent of GDP) that was approved by parliament on April 9, 2020. The economic relief package provides exemptions on social insurance contributions and personal income tax (excluding budget institutions and SOEs), corporate income tax (only for SMEs), social transfers (to children and workers at risk of getting laid off), and soft loans to cashmere companies and SMEs to support herders. However, the GoM still has a financing gap of

around USD 450 – USD 500 million for the relief package and have requested the World Bank to provide immediate support.

The Social Insurance (SI) system of Mongolia can be a powerful policy tool to provide relief and strengthen recovery from the COVID-19 crisis. The coverage of social insurance scheme is quite high in Mongolia with 81.3 percent of the labor force making a contribution in 2018¹. Social insurance contributions, excluding health insurance, are 13.5 percent and 22 percent of reported incomes under the voluntary and mandatory SI scheme respectively. Insured individuals receive benefits contingencies of retirement, disability, sickness and unemployment. Contributions and benefits are managed through the Social Insurance Fund (SIF) by the Social Insurance General Office (SIGO) under MLSP. Social insurance contributions, excluding health insurance, are 13.5 percent and 22 percent of reported incomes under the voluntary and mandatory SI schemes, respectively. During times of crisis like the present one, maintaining contributions will present an undue financial burden for employees and employers. For employers, SI contributions are 13 percent of their pre-tax wage-bill. Maintaining contributions during the current period of social distancing and economic downturn could translate to firms laying off workers or, worse, shutting down. Even temporary shutdowns are costly as the recovery often requires having to find and train workers to bring them up to the normal levels of production. Providing contribution relief would assist both firms and workers in weathering the crisis so that they can recover quickly once the economic restrictions are lifted.

Recognizing this, temporary SI contribution exemption features prominently in the GoM relief package, but the GoM faces financial challenges. The Parliament of Mongolia approved the “Law on Exemptions for SI contribution and Assistance from Unemployment Insurance Fund” on April 9, 2020 which provides a contribution relief from April 1, 2020 to September 30, 2020, for all workers enrolled under the voluntary contribution scheme and eligible firms and workers enrolled in the mandatory scheme. Under the mandatory scheme, the relief applies to firms that were adversely affected by the crisis and workers working in those firms. This measure excludes those workers in the public sectors or publicly funded entities. It is expected that the relief applies to about 120,000 workers enrolled in the voluntary scheme and about 540,000 workers enrolled in mandatory schemes. The total cost of this measure is estimated to be about USD 228 million (1.6 percent of GDP), and the government is facing financing gaps to fully implement the relief measures.

Project description

Project Development Objective is to provide jobseekers and micro-entrepreneurs in Mongolia with improved access to labor market opportunities and to provide temporary relief to eligible workers in response to the COVID-19 crisis.

The MERESP comprises the following components:

Component 1: Supporting client-centric public employment services:

This component will address job-search constraints related to incomplete information and poor labor market transparency by supporting client-centric public employment services. Information frictions become particularly salient at times of crises when many job seekers may be looking for a limited number of jobs or when employers cannot invest as much in screening candidates. The unifying and guiding principle for the component will be to empower job counselors to focus on

¹ Social insurance in Mongolia consist of pension insurance, benefits insurance, health insurance, insurance against employment injury and occupational diseases, and unemployment insurance. Insured individuals receive benefits contingencies of retirement, disability, sickness and unemployment. The relief exemptions do not apply to health insurance contributions.

clients - job seekers and employers - and their core functions of finding the best possible jobs or employment opportunities for jobseekers and finding qualified pool of workers for employers.

The ongoing Mongolia Employment Support Project (MESP) has undertaken significant steps towards development of a client-centric public employment services. MESP has already conducted, or is planning to conduct, many complementary systemic measures such as (a) a functional review of public employment service modality and service standards, work processes, and performance measurement; (b) systemic capacity strengthening through the participation of key sector officials in relevant international forums and a study tour of best practices; and (c) development of LMIS to increase the efficiency of PES system so as to allow job counselors to concentrate on hard-to-place job seekers. In addition, Korean ODA is expected to develop and implement an ICT-based job-matching platform to foster online and mobile use of job-matching functions. MESP has already completed the physical modernization of 8 local labor and social welfare offices out of 14 to cater to more effective and efficient services.

The component will complement the above initiatives by operating on two levels. First, it will continue supporting the comprehensive upgrading of the selected labor and social welfare offices. It will include the following activities: (a) development and implementation of the streamlined work organization based on the recommendations from the functional reviews; (b) a coordinated piloting and deployment of the LMIS (developed under MESP) and of ICT-based job matching tool (developed under the Korean ODA) for the better synergy; (c) physical upgrading of the General Office for Labor and Social Welfare Services (GOLSW) office to house improved LMIS and facilitate streamlined work organizations and training facilities; and (d) capacity strengthening of public employment services through technical assistance and staff training. Second, complementary systemic measures will improve the efficiency and coverage of the public employment services in partnership with private employment services through (a) a functional review of private employment services' service standards, work processes, and performance measurement; (b) improved linkages between public and private employment services through an expansion of shared job vacancy listings and other activities; and (c) a communication/outreach campaign to advertise upgraded services.

To achieve these objectives, the component will finance consultants to support the functional review of private employment services; the deployment and implementation of streamlined work organization and service standards; the physical modernization of the GOLWS in the form of provision of furniture, promotional material and ICT equipment, and small-scale interior remodeling; a communication/outreach campaign; and training and capacity-building measures. All activities are based on international best practice that has demonstrated that integrated investments in human resources, physical sites, and technology in partnership with private providers is central to supporting client-centric public employment services, particularly in developing economies with incomplete information and poor labor market transparency.

Component 2. Strengthening select active labor market programs:

The aim of this component is to strengthen the design, relevance, and demand orientation of select active labor market programs. Based on international best practice examples and learnings from the implementation of the MESP, it will finance interventions to address the widespread lack of technical and socio-behavioral skills and of labor demand, made worse by COVID-19 crisis. It will have two subcomponents.

Subcomponent 2.1 Support for micro-entrepreneurs

Subcomponent 2.1 will support new opportunities for starting and growing a sustainable microenterprise through the provision of comprehensive financial and nonfinancial support.² It addresses two important constraints in the Mongolian labor market. First, it provides support to existing micro-entrepreneurs who are particularly vulnerable to the economic impacts of COVID-19 crisis (compared to SME and large businesses) as well as to new micro-entrepreneurs who face increasingly uncertain and grim prospect in the broader labor market. Second, it addresses the chronic labor market constraint related to a lack of labor demand and specifically to the development of a growing and productive microenterprise sector. This will also be a key differentiator compared to the type of support available in Mongolia. The subcomponent will finance (a) a range of nonfinancial support services, including business skills and development training, specialist training modules, mentoring, peer-to-peer and alumni networks, and market linkages to be delivered on a flexible basis to meet beneficiary needs; and (b) financial support in the form of microloans for new and existing microenterprises supplemented by interest rate relief during the COVID-19 related crisis time.³ This subcomponent will leverage the auxiliary technical assistance activities such as capacity building for MLSP staff and training providers and support for outreach, screening, selection, and curriculum development conducted under the MESP. As in the case of MESP, the microloans will be administered by participating financial institutions (PFIs) in accordance with the World Bank's policies on financial intermediary financing.

Subcomponent 2.2: Skills Innovation program

Subcomponent 2.2 will provide the MLSP an opportunity to flexibly pilot an innovative active labor market program designed to impart skills valued by the labor market. Such a program has to be agreed upon with the World Bank and will need to (a) have rigorous evidence (international) demonstrating its impact on key employment outcomes; (b) not be a replica of an existing program; (c) be feasible to implement in the local context; (d) be evaluated using a rigorous impact evaluation design such as a randomized controlled trial; and (e) be a program that MLSP intends to scale-up as one of the key active labor market programs even after the project ends. This subcomponent will be managed directly by the PIU and will serve as a 'proof-of-concept' for the effectiveness of the intervention.

Component 3. Facilitating labor market monitoring and analysis and project management:

Component 3 will enhance the scope, quality, and availability of labor market information for institutional and individual users, to allow them to make informed decisions. In addition, it will provide support for M&E and project management. It will consist of two subcomponents.

Subcomponent 3.1: Labor market monitoring and analysis

More complete and widely available labor market information will address job-search constraints related to incomplete information, by guiding job-search and skills-preparation processes of job seekers and students making career choices and directing policy makers in the evidence-based reform of education and labor programs. Subcomponent 3.1 will continue and complement the activities conducted under MESP to improve the scope, quality, and availability of labor market information. In conjunction with MESP, this subcomponent will conduct the following labor market monitoring and analysis: (a) impact evaluation of an active labor market program conducted under subcomponent 2.2; and (b) complete the study on unemployment initiated by

² According to the Employment Promotion Law, microenterprises can have invested capital and annual sales of up to MNT 50 million (US\$18,000 at current exchange rates). Most beneficiaries are expected to run much smaller microenterprises.

³ Interest rate will be subsidized to borrowers via a temporarily subsidized wholesale rate during the period of crisis. Injecting low-cost liquidity into the financial system has been a common policy response across the world to combat economic fallout of the COVID-19 crisis.

MESP.⁴ The subcomponent will finance consultant support for the impact evaluation and study on unemployment, dissemination activities, and fieldwork required for the impact evaluation.

Subcomponent 3.2: Project management and monitoring and will provide day-to-day implementation and operational support to the MLSP and the Project Implementation Unit (PIU) to be established therein to efficiently implement the project. This will include the support of M&E activities and the financing of the PIU's coordination and management activities.

Component 4. Providing temporary relief to eligible workers in response to COVID-19:

This component will provide temporary relief to eligible workers in response to COVID-19. The liability of paying monthly SI contribution presents an undue financial burden for employers and workers at the times of crisis could indirectly contribute to higher job-loss and business shutdowns. The Parliament of Mongolia has enacted a law that provides a legal framework for social insurance contribution exemption for eligible workers under the mandatory and voluntary SI contribution schemes. The exemption, effectively a contribution subsidy to eligible employers and employees, exerts a fiscal pressure on the Social Insurance Fund (SIF) that has to pay out the recurrent set of benefits on a regular basis. The component therefore transfers funds to the SIF to partially compensate it for the subsidy and support ability to timely pay short-term benefits such as unemployment benefits during the crisis and to contribute to ensuring its financial sustainability in the longer-term. This component provides social insurance contribution relief for eligible employers and their workers under the mandatory SI scheme. The same exemption for workers under the voluntary scheme is being supported under the MESP.

The eligibility criteria for employers are determined by the "Law on Exemptions for SI contribution and Assistance from Unemployment Insurance Fund,"⁵ and the implementation arrangements are established by a respective government procedure.⁶ Workers in the public sector, as well as those working in publicly funded entities, are ineligible. Eligible employers are those who are adversely affected by the COVID-19 crisis as determined by SIGO and its local branches in accordance with the law and related procedures. Since a full coverage of the expected number of beneficiaries for six months is beyond the resource envelope of the project, the project will support as many beneficiaries as possible for a limited duration of one month. Project beneficiaries for this component will be from select aimags and districts based on the most recent estimate of poverty rate, level of contribution, expected number of potential beneficiaries, and budget.

The MERESP is being prepared under the World Bank's Environment and Social Framework (ESF). As per the Environmental and Social Standard ESS 10 Stakeholders Engagement and Information Disclosure, the implementing agencies should provide stakeholders with timely, relevant, understandable and accessible information, and consult with them in a culturally appropriate manner, which is free of manipulation, interference, coercion, discrimination and intimidation.

2. Stakeholder Engagement Plan (SEP)

The overall objective of this SEP is to define a program for stakeholder engagement, including public information disclosure and consultation, throughout the entire project cycle. The SEP

⁴ Under MESP, the GoM chose to study unemployment dynamics in Mongolia, a topic which has increased in importance with the COVID-19 crisis. The study has added a module to the ongoing year-long Labor Force Survey. While MESP has financed a consultant to design the study and the data collection, this project will finance a consultant for data analysis and production of the study report.

⁵ <https://www.legalinfo.mn/law/details/15244?lawid=15244>

⁶ <https://www.legalinfo.mn/law/details/15274>

outlines the ways in which the project team will communicate with stakeholders and includes a mechanism by which people can raise concerns, provide feedback, or make complaints about project and any activities related to the project. The involvement of the local population is essential to the success of the project in order to ensure smooth collaboration between project staff and local communities and to minimize and mitigate environmental and social risks related to the proposed project activities. In the context of infectious diseases, broad, culturally appropriate, and adapted awareness raising activities are particularly important to properly sensitize the communities to the risks related to infectious diseases.

2.1. Stakeholder identification and analysis

Project stakeholders are defined as individuals, groups or other entities who:

- (i) are impacted or likely to be impacted directly or indirectly, positively or adversely, by the Project (also known as ‘affected parties’); and
- (ii) may have an interest in the Project (‘interested parties’). They include individuals or groups whose interests may be affected by the Project and who have the potential to influence the Project outcomes in any way.

Cooperation and negotiation with the stakeholders throughout the Project development often also require the identification of persons within the groups who act as legitimate representatives of their respective stakeholder group, i.e. the individuals who have been entrusted by their fellow group members with advocating the groups’ interests in the process of engagement with the Project. Community representatives may provide helpful insight into the local settings and act as main conduits for dissemination of the Project-related information and as a primary communication/liaison link between the Project and targeted communities and their established networks. Verification of stakeholder representatives (i.e. the process of confirming that they are legitimate and genuine advocates of the community they represent) remains an important task in establishing contact with the community stakeholders. Legitimacy of the community representatives can be verified by talking informally to a random sample of community members and heeding their views on who can be representing their interests in the most effective way. With community gatherings limited or forbidden under COVID-19, it may mean that the stakeholder identification will be on a much more individual basis, requiring different media to reach affected individuals.

2.1.1. Methodology

In order to meet best practice approaches, the project will apply the following principles for stakeholder engagement:

- *Openness and life-cycle approach*: public consultations for the project(s) will be arranged during the whole life-cycle, carried out in an open manner, free of external manipulation, interference, coercion or intimidation;
- *Informed participation and feedback*: information will be provided to and widely distributed among all stakeholders in an appropriate format; opportunities are provided for communicating stakeholders’ feedback, for analyzing and addressing comments and concerns;
- *Inclusiveness and sensitivity*: stakeholder identification is undertaken to support better communications and build effective relationships. The participation process for the projects is inclusive. All stakeholders at all times are encouraged to be involved in the consultation process. Equal access to information is provided to all stakeholders. Sensitivity to stakeholders’ needs is the key principle underlying the selection of engagement methods. Special attention is given to vulnerable groups, in particular women, youth, citizens having difficulty finding employment, college or university graduates, elderly and the cultural sensitivities of diverse ethnic groups.

- *Flexibility*: if social distancing inhibits traditional forms of engagement, the methodology should adapt to other forms of engagement, including various forms of internet communication. (See Section 3.2 below).

For the purposes of effective and tailored engagement, stakeholders of the proposed project(s) can be divided into the following core categories:

- **Affected Parties** – persons, groups and other entities within the Project Area of Influence (PAI) that are directly influenced (actually or potentially) by the project and/or have been identified as most susceptible to change associated with the project, and who need to be closely engaged in identifying impacts and their significance, as well as in decision-making on mitigation and management measures;
- **Other Interested Parties** – individuals/groups/entities that may not experience direct impacts from the Project but who consider or perceive their interests as being affected by the project and/or who could affect the project and the process of its implementation in some way; and
- **Vulnerable Groups** – persons who may be disproportionately impacted or further disadvantaged by the project(s) as compared with any other groups due to their vulnerable status⁷ and that may require special engagement efforts to ensure their equal representation in the consultation and decision-making process associated with the project.

2.1.2. Affected parties

Affected Parties include local communities, community members and other parties that may be subject to direct impacts from the Project. Specifically, the following individuals and groups fall within this category:

1. Project Steering Committee
2. Ministry of Labor and Social Protection
3. General Office for Labor and Welfare Services (GOLWS)
4. Job seekers and micro-entrepreneurs
5. Citizens having difficulty finding employment
6. Young people age 18-34
7. TVET and college or university graduates
8. Poor households (as for instance measured by PMT scores)
9. Women
10. Members of cooperatives and partnership
11. Members of self-organized groups
12. Citizens who are enrolled under the mandatory social insurance scheme
13. Local Labor and Social Welfare Offices
14. Vocational training trainers
15. Members of the Selection Panels
16. Participant Financial Intermediaries (PFI)

2.1.3. Other interested parties

The projects' stakeholders also include parties other than the directly affected communities, including:

1. Immediate family members of successful applicants
2. Other vendors or service providers who potentially sale needed materials

⁷ Vulnerable status may stem from an individual's or group's race, national, ethnic or social origin, color, gender, language, religion, political or other opinion, property, age, culture, literacy, sickness, physical or mental disability, poverty or economic disadvantage, and dependence on unique natural resources.

3. Policy makers including Members of Parliament
4. Research institutes, international and national consultants
5. Other national and international organizations
6. National and local media companies
7. Public at large

2.1.4. Disadvantaged / vulnerable individuals or groups

It is particularly important to understand whether project impacts may disproportionately fall on disadvantaged or vulnerable individuals or groups, who often do not have a voice to express their concerns or understand the impacts of a project and to ensure that awareness raising and stakeholder engagement with disadvantaged or vulnerable individuals or groups on infectious diseases and medical treatments in particular, be adapted to take into account such groups or individuals particular sensitivities, concerns and cultural sensitivities and to ensure a full understanding of project activities and benefits. The vulnerability may stem from person's origin, gender, age, health condition, economic deficiency and financial insecurity, disadvantaged status in the community (e.g. minorities or fringe groups), dependence on other individuals or natural resources, etc. Engagement with the vulnerable groups and individuals often requires the application of specific measures and assistance aimed at the facilitation of their participation in the project-related decision making so that their awareness of and input to the overall process are commensurate to those of the other stakeholders.

Within the Project, the vulnerable or disadvantaged groups may include and are not limited to the following:

1. All these who are either job seekers or micro-entrepreneurs
2. Citizens having difficulty finding employment
3. Young people age 18-34
4. TVET and college or university graduates
5. Members of poor households (poverty measured by PMT scores)
6. Women
7. Members of rural cooperatives and partnerships
8. Ethnic minorities
9. Persons with disabilities (PwD)

Vulnerable groups within the communities affected by the project will be further confirmed and consulted through dedicated means, as appropriate. Description of the methods of engagement that will be undertaken by the project is provided in the following sections.

ESS7

Mongolia is a largely homogenous sparsely populated country with some 85 percent of the population of Mongol background divided into a number of groups with distinct dialects. Other distinct indigenous groups include Tuvian-speaking Tsaatan (also known as Dukha) reindeer herders who subsist in the Sayan Mountains in northern Mongolia. This group and other pastoralist communities who subsist in remote areas are outside of the scope of the project which focusses on support for small enterprise and workers in urban and town settings. A substantial Kazakh-speaking Muslim minority inhabit towns of the western part of Mongolia (Bayan-Olgii). Kazakh-speaking populations would be likely project beneficiaries for microloans and worker social security support. Rest ethnic minority groups use Mongolian as primary language.

The SEP is prepared in a manner consistent with the ESS7 to enable targeted meaningful consultation held and measures are implemented to ensure effective participation of Kazakh ethnic minority community and microenterprises in the project activities. These measures will include production of key project documentation and information in Mongolian and Kazakh

languages and dissemination and feedback opportunities made available using local channels tailored to Covid-19 emergency contexts. The culturally appropriate engagement processes will be also considered.

3. Stakeholder Engagement Program

3.1. a. Summary of stakeholder engagement done during project preparation

The speed and urgency with which this project was developed to meet the growing threat of COVID-19 in the country, combined with decision of the National Emergency Commission dated 28 April, 2020 to extend the country's state of partial heightened preparedness and associated measures till May 31, limited the project's ability to develop a complete SEP before this project was approved by the World Bank. The initial SEP was developed and disclosed prior to project appraisal, as the starting point of an iterative process to develop a more comprehensive stakeholder engagement strategy and plan.

MERESP is the extension and upscaling of an ongoing project where there has been prior and continued stakeholder engagement in parent project which is still ongoing that needs to be updated given the new project's scaling for COVID-19. The preliminary SEP (and ESCP) was consulted with relevant officials of the MLSP, GOLWS and PIU. Phone based consultations were carried out by the PIU with several local labor and welfare offices. Comments and feedback from the MLSP and PIU were incorporated into the preliminary SEP which was disclosed on the MLSP website as of May 21, 2020 for public information and feedback (<https://mlsp.gov.mn/content/detail/736>)

3.1. b. Stakeholder engagement measures during project preparation

Although the state of partial heightened and heightened preparedness and associated measures continued between November 2020 and April 2021 by the decision of the National Emergency Commission, a stakeholder engagement measures, such as coordination, direction, approval of technical documents and proposals are provided, and coordination meetings are organized with maximum number of participants allowed in a meeting.

The SEP has been updated during early stage of project implementation and in view of the development of the project's Environmental and Social Management Framework (ESMF). In particular, the project's Grievance Redress Mechanism (GRM) has been further clarified during the process of developing the ESMF. The project's SEP has been disclosed and consulted with key stakeholders through three rounds of consultation. The most recent consultation among MLSP officials on SEP was carried out in April 2021 and GRM section was revised accordingly. More specifically, role of the PIU in the GRM was clarified.

The local offices will conduct further consultations with the public and project affected stakeholders including PFIs etc. If needed, consultants will be contracted to organize a training for LSWO in districts and provinces. An action plan for further consultations is currently being prepared and relevant budget is earmarked.

3.2. Summary of project stakeholder needs and methods, tools and techniques for stakeholder engagement

A precautionary approach will be taken to the consultation process to prevent infection and/or contagion, given the highly infectious nature of COVID-19. The following are some considerations for selecting channels of communication, in light of the current COVID-19 situation:

- Avoid public gatherings (taking into account national restrictions or advisories), including public hearings, workshops and community meetings;
- If smaller meetings are permitted/advised, conduct consultations in small-group sessions, such as focus group meetings. If not permitted or advised, make all reasonable efforts to conduct meetings through online channels;
- Diversify means of communication and rely more on social media and online channels. Where possible and appropriate, create dedicated online platforms and chatgroups appropriate for the purpose, based on the type and category of stakeholders;
- Employ traditional channels of communications (TV, newspaper, radio, dedicated phone-lines, and mail) when stakeholders do not have access to online channels or do not use them frequently. Traditional channels can also be highly effective in conveying relevant information to stakeholders, and allow them to provide their feedback and suggestions;
- Where direct engagement with project affected people or beneficiaries is necessary, identify channels for direct communication with each affected household via a context specific combination of email messages, mail, online platforms, dedicated phone lines with knowledgeable operators;
- Each of the proposed channels of engagement should clearly specify how feedback and suggestions can be provided by stakeholders.

In line with the above precautionary approach, different engagement methods are proposed and cover different needs of the stakeholders as below:

3.3. Proposed strategy for information disclosure

Project stage	Target stakeholders	List of information to be disclosed	Methods and timing proposed
<i>Implementation</i>	<p>The Government, including: State Emergency Commission, MoF, MLSP, GOLWS, local labor and welfare services office (UB, Aimag level), Selection Committee members;</p> <p>General public, including: All these who are either job seekers or micro-entrepreneurs; Citizens having difficulty finding employment; Young people age 18-34; TVET and college or university graduates; poor status (as for instance</p>	<ul style="list-style-type: none"> • Stakeholder Engagement Plan • GRM and its operational procedure • Regular project update/information 	<p>Project website and FB page.</p> <p>Website of the MLSP and GOLWS. Once in every quarter</p> <p>TV/Radio programs (throughout the project lifespan)</p>

	<p>measured by PMT scores); women; members of rural cooperatives and partnership; herders who reside in provincial towns; Members of self-organized groups; citizens who are enrolled under the mandatory social insurance scheme Rural population including herders and herder households in provincial centers; ethnic minorities; PwD,</p> <p>International Organizations such as UNDP, ILO, ADB, EBRD, GIZ est.</p>		<p>Poster, leaflets and other printed materials Once in every quarter</p>
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3.4. Stakeholder engagement plan

In terms of methodology, it will be important that the different activities are inclusive and culturally sensitive, thereby ensuring that the vulnerable groups outlined above will have the chance to participate in the Project benefits. The priority communication channels will be access to information via the Ministry and World Bank website, national TV and radio broadcasting, aimag level TV stations and FM radio. The local Labor and Social Welfare offices will also inform project affected people directly or via its website or information board. Second, the published materials are to be displayed in main public locations such as soum/khoroo governor's offices, participant financial intermediaries' offices (including their websites). The PIU will ensure to produce information and communication materials in the Mongolian as well as Kazakh languages as appropriate with cooperation of the Bayan-Ulgi aimag LWSO.

Project stage	Topic of consultation / message	Method used	Target stakeholders	Responsibilities
Preparation	<i>Purpose and method of preparing ESRS, ESCP and SEP</i>	Virtual consultation Providing background information	MLSP	MLSP/ PIU
	Draft SEP and identify needed human and financial resources	Virtual consultation Exchange of communication and sharing of documents.	MLPS/ PIU	
	Updated ESMF/SEP and its implementation	Virtual consultation if face-to-face event is prohibited Sharing documents via website and	The Government including: State Emergency Commission, MoF, MLSP, GOLWS, Local Social welfare and labor offices (UB, Aimag level),	

Implementation	<p>Regular project update on status of project implementation</p> <p>Regular update on status of GRM including number & nature of compliance, number of cases and their status of resolve or upscale.</p> <p>ESMF</p>	<p>other social media channel of the MLSP/ PIU</p> <p>Poster/ or leaflet about GRM and it operations and detailed information on how to access</p>	<p>Selection Committee members; General public including: All these who are either job seekers or micro-entrepreneurs; Citizens having difficulty finding employment; Young people age 18-34; TVET and college or university graduates; poor status (as for instance measured by PMT scores); women; members of rural cooperatives and partnership; herders who reside in provincial towns; Members of self-organized groups; citizens who are enrolled under the mandatory social insurance scheme; citizens who are enrolled under Voluntary social insurance scheme est. Rural population including herders and herder households in provincial centers; ethnic minorities; PwD</p> <p>International Organizations such as UNDP, ILO, ADB, EBRD, GIZ est.</p>	MLSP/ PIU
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3.5. Proposed strategy to incorporate the view of vulnerable groups

The project will carry out targeted stakeholder engagement with vulnerable groups to understand concerns/needs in terms of accessing information and services and other challenges they face at home, at work places and in their communities. The details of strategies that will be adopted to effectively engage and communicate to vulnerable group will be considered during project implementation⁸.

⁸ Examples may include (i) women: ensure that community engagement teams are gender-balanced and promote women's leadership within these, design online and in-person surveys and other engagement activities so that women in unpaid care work can participate; consider provisions for childcare, transport, and safety for any in-person community engagement activities; (ii) Pregnant women: develop education materials for pregnant women on basic hygiene practices, infection precautions, and how and where to seek care based on their questions and concerns; (iii) Elderly and people with existing medical conditions: develop information on specific needs and explain why they are at more risk & what measures to take to care for them; tailor messages and make them actionable for particular living conditions (including assisted living facilities), and health status; target family members, health care providers and caregivers; (iii) People with disabilities: provide information in accessible formats, like braille, large print; offer multiple forms of communication, such as text captioning or

3.6. Reporting back to stakeholders

Stakeholders will be kept informed as the project develops, including reporting on project environmental and social performance and implementation of the stakeholder engagement plan and grievance mechanism.

4. Resources and Responsibilities for implementing stakeholder engagement activities

4.1. Resources

The Ministry of Labor and Social Protection through the PIU will be in charge of stakeholder engagement activities. The SEP updating, and implementation will be funded from the Project Management budget under Component III.

4.2. Management functions and responsibilities

The project implementation arrangements are as follows: The MLSP will be responsible for the implementation of the project, including overall coordination, results monitoring, and communicating with the World Bank on all fiduciary and safeguard aspects. It will be supported by the PIU, which will carry out the day-to-day implementation of the project. The PIU staff should be appropriately trained to effectively supervise the implementation of the SEP and ESMF, including through a selective monitoring of the screening and selection of microenterprises by labor and social welfare offices, if appropriate, with support from the GOLWS. The stakeholder engagement activities will be documented through bi-annual progress reports, to be shared with the Association.

5. Grievance Redress Mechanism (GRM)

The main objective of a Grievance Mechanism (GM) is to assist to resolve complaints and grievances in a timely, effective and efficient manner that satisfies all parties involved. Specifically, it provides a transparent and credible process for fair, effective and lasting outcomes. It also builds trust and cooperation as an integral component of broader community consultation that facilitates corrective actions. Specifically, the GM:

- Provides affected people with avenues for making a complaint or resolving any dispute that may arise during the course of the implementation of projects;
- Ensures that appropriate and mutually acceptable redress actions are identified and implemented to the satisfaction of complainants; and
- Avoids the need to resort to judicial proceedings.

5.1. Description of GRM

Grievance channels

The MERESP specific GRM will be composed of four channels as presented in Table 2 below. Each channel is expected to receive a grievance as the complainant will freely exercise the right to choose to which authority or body to lodge his/her complaint.

signed videos, text captioning for hearing impaired, online materials for people who use assistive technology; and (iv) Children: design information and communication materials in a child-friendly manner & provide parents with skills to handle their own anxieties and help manage those in their children.

Table 2. GRM channels of the Project			
<p>Labor and welfare services office (LSWO) at aimag/district level:</p> <p>Contact: Responsible officer</p> <p>Email: The links to the websites of all LWSOs, where all contact details are provided, can be found at GOLWS's webpage at: http://hudulmur-halamj.gov.mn/</p>	<p>General office for Labor and Welfare Services (GOLWS):</p> <p>Contact: Grievance officer</p> <p>Email: info@hudulmur-halamj.gov.mn</p> <p>Webpage: http://hudulmur-halamj.gov.mn/</p> <p>Tel: +976 77315091</p> <p>Address: Labor Palace, Chinggis Avenue, Khan-Uul District, Khoroo 2, Ulaanbaatar</p>	<p>Project Implementation unit (PIU)</p> <p>Contact: M&E Officer</p> <p>The project will receive grievance from the project webpage (www.mesp.mn): the website has GRM/feedback tab.</p> <p>Grievance also can be received via:</p> <p>Tel: +976-75057570</p> <p>Email: info@mesp.mn</p> <p>Address: #501, SAN Business Center, Prime Minister Amar Street, Baga toiruu 14200, Sukhbaatar district, Khoroo -8, Ulaanbaatar, Mongolia</p>	<p>Ministry of Labor and Social Protection (MLSP)</p> <p>Contact: Responsible officer</p> <p>Email: info@mlsp.gov.mn</p> <p>Webpage: www.mlsp.gov.mn</p> <p>Tel: +976-51-261553 or +976-51-267635</p> <p>Address: Chingeltei district, khoroo 4, UN Street, Ulaanabaatar, Mongolia</p>

The PIU will receive grievances through the project website, e-mail, and phone. The PIU will have a project specific website for information sharing with project stakeholders. The webpage will have specific tab designed to register feedback/grievance from project beneficiaries.

A grievance can be lodged in writing, verbally and through electronic means, as per the applicable national legislation. Grievances lodged in writing will include grievances submitted via the online means. As per the applicable national legislation, a grievance lodged in writing shall be identifiable with the full name, residential/postal address. Complaints lodged via government hotlines (which then forwarded by the system to the MLSP, or GOLWS, SIGO or their field offices) and via telephones of the above four channels will be considered as verbal complaints.

The project will not specify what types of grievances shall be lodged to which channels. The general principle as stipulated in the national legislation will generally apply, that is, a grievance shall be lodged to: i) an authority or a figure which is superior to the organization or an officer whom the grievance is concerned with; or) in case of no availability of superior authority, to an administrative authority which adopted the concerned regulation under which the grievance falls in; or iii) to an authority specifically provided by the law.

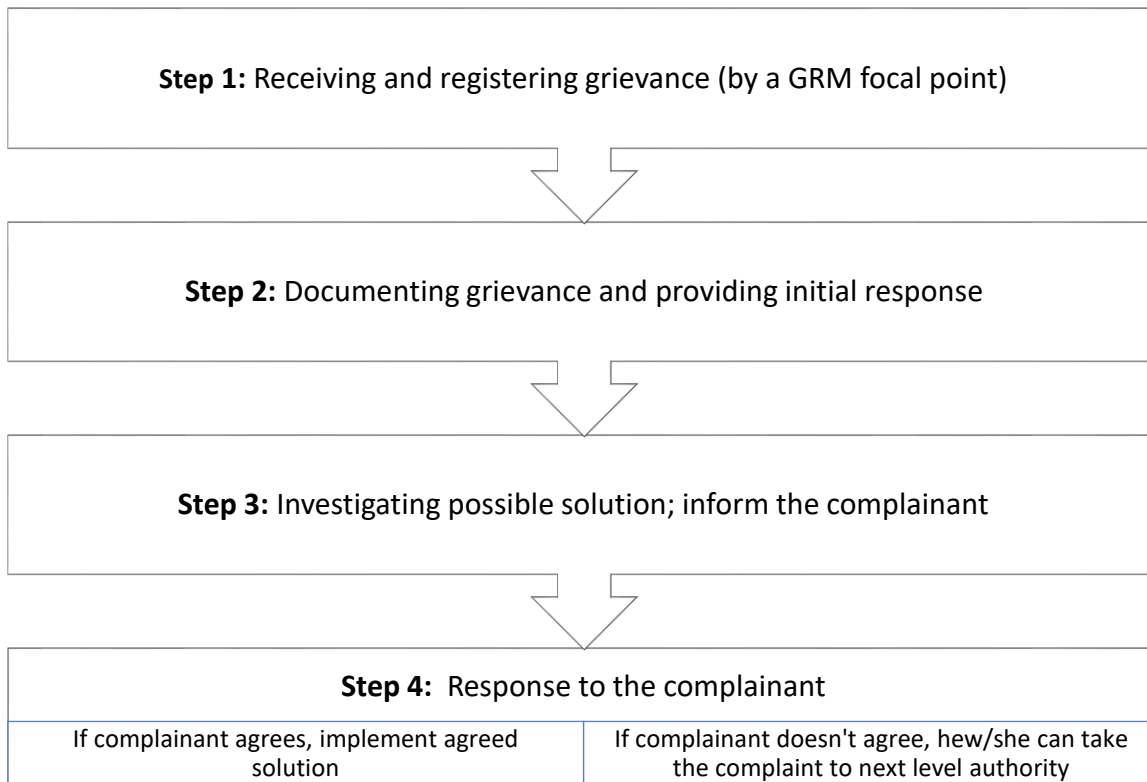
Nevertheless, a complainant will exercise the right to choose the channel and means of lodging a grievance of any subject can be lodged to any of the GRM channels. A complainant will exercise the right awarded by the law to lodge grievance to higher authority or court in case if he/she does not agree with the decision of the authority which resolved the grievance.

The key principle for the effective GRM under the project is that: i) the grievance redress mechanism of the government GRM mechanism will be utilized to the extent possible; ii) the parties will agree on, for the grievances submitted through the project website, which

types/subjects of grievances that to be investigated and redressed through their own GRM channels.

GRM processes

Once a compliant has been received, either in writing or verbally (through phone for instance) , it should be recorded in the complaints logbook which is maintained by each GRM focal point of each grievance channel, including the GRM focal point of the PIU. MERESP GRM will be implemented with the following steps:



M&E officer of the PIU and the grievance officer of each entity will be responsible for managing the recording grievances, providing initial response to complainants, coordinating the grievance resolve processes, and communicating the final response to complainants, and reporting on the operation of the GRM.

Role of the PIU in the GRM.

Since the PIU is not a legal status, and nor its staff are government officials, the PIU is not mandated/powerd to resolve a grievance on its own. However, the PIU will carry out the following roles within the project GRM:

- a) Supporting and carrying out a GRM-specific information campaign;
- b) Maintaining a grievance channel, receiving and keeping a logbook of received grievances,
- c) Assessing and escalating the grievance to a concerned authority (MLSP, or GOLWS, or aimag/district’s LWSO, etc) and informing the complainant about the organization which

will resolve the grievance;

- d) Establishing and keeping contacts with GRM focal points of all concerned organisations, collecting, consolidating and analysing grievance related data, and reporting on the status of GRM operation and performance.

6. Monitoring and Reporting

6.1. Involvement of stakeholders in monitoring activities

The responsibility for implementation of the SEP will be remain within PIU. The Aimag level LWSO will also play an important to role to ensure the local implementation of the SEP and will be asked by MLSP/PIU to prepare a monitoring report bi-annual base on number of cases on use of project level GRM and respective actions.

6.2. Reporting back to stakeholder groups

The SEP will be periodically revised and updated as necessary in the course of project implementation in order to ensure that the information presented herein is consistent and is the most recent, and that the identified methods of engagement remain appropriate and effective in relation to the project context and specific phases of the development. Any major changes to the project related activities and to its schedule will be duly reflected in the SEP. Bi-annual summaries and internal reports on public grievances, enquiries and related incidents, together with the status of implementation of associated corrective/preventative actions will be collated by responsible staff and referred to the senior management of the project. The [monthly] summaries will provide a mechanism for assessing both the number and the nature of complaints and requests for information, along with the Project's ability to address those in a timely and effective manner. Information on public engagement activities undertaken by the Project during the year may be conveyed to the stakeholders in two possible ways:

- Publication of a project activity annual report on the project interaction with the stakeholders.
- Key Performance Indicators (KPIs) will also be monitored by the project on a regular basis, including the following parameters:

#	INDICATOR	RESPONSIBILITY
1	Number of published awareness raising materials about project level GRM for project affected people	MLSP, LWSO, PIU
2	Number of channels and frequency of ads used for subcomponent 2.1	MLSP, LWSO, PIU
3	Number of public grievances received within reporting period at MLSP, PIU as well as LWSO levels.	MLSP, LWSO, PIU
4	Number of training sessions on GRM for LWSO as part of training organized by PIU	PIU

