



Ulaanbaatar City Bus Fund

Non-Technical Summary (Draft)

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1 Project Summary

1.1 Background information

The purpose of this Non-Technical Summary (“**NTS**”) is to provide an overview of key findings and conclusions of the environmental and social due diligence (“**ESDD**”) of the planned investment in acquisition of new buses for the city of Ulaanbaatar (the “**City**”). The City is planning to take a loan from the European Bank for Reconstruction and Development (“**EBRD**”) to acquire 187 new buses and co-finance the investment with a capital grant (the “**Project**”).

A 2019-2021 Investment Programme was developed by a Feasibility Study and assessed to identify potential environmental and social (“**E&S**”) impacts and benefits, indicate technical and environmental requirements for proposed bus fleet and recommend respective mitigation measures and strengthen environmental and social opportunities the Project may offer.

The NTS is an important tool for informing affected communities on potential E&S risks, impacts and benefits of the Project, and engaging key Project stakeholders. The NTS is a document included in the Project’s disclosure package and prepared in line with the EBRD Environmental and Social Policy and Performance Requirements incorporated in the Policy. The Project disclosure package also comprises the Stakeholder Engagement Plan (“**SEP**”) and Environmental and Social Action Plan (“**ESAP**”).

1.2 Current Transport Situation in Ulaanbaatar

Ulaanbaatar’s road network is comprised by a total of 630 km, consisting of 132 km of primary roads (21%), 140 km of secondary roads (22%), and 358 km of local access roads (57%).

There are currently 138 bus routes contracted by the Transport Department of the Capital City, divided into main routes (standard buses equipped with Smart Bus Technology), feeder routes (variety of buses), express routes (microbuses), suburban routes (standard buses equipped with Smart Bus Technology), and summer house routes (seasonal).

Incomplete and insufficient road infrastructure seems to be major limit of network extension, where standard buses can’t use the roads due to inadequate width and uneven surface, specifically affecting connectivity and inclusion of remote communities in the ger areas.

The Ulaanbaatar’s public transport fleet consists primarily of buses, trolleybuses, and microbuses. The Public Transport Service Registry holds a database of 1,871 buses of various makes:

- 1189 standard buses (800 operate daily);
- 21 minibuses;
- 615 taxis, and
- approx. 45 trolleybuses.

In 2017 about 190.9 million passengers were transported by the City’s public transport in Ulaanbaatar.

1.3 City Transportation Consortium

The City Transportation Consortium (“**CTC**” or the “**Company**”) is a municipal bus company that operates 26 bus routes which carry 24% of total city bus route passengers and has two depots (Depots #1 and #2) in the City. These routes require a total of 228 buses for normal weekday operation.

1.4 Proposed Investment Programme

The investment will procure 100 buses, spare parts, maintenance equipment and will construct a new garage at Depot #2 for these new buses to be operated by the CTC and will provide additional 87 buses for selected municipal bus operator(s) by the City.

All new buses will operate using compressed natural gas (“**CNG**”) fuel and need to be stored under cover. Since CTC’s Depot #2 does not have sufficient covered storage space for its existing fleet it was proposed that a new covered storage facility need to be constructed to garage the new fleet. The construction of the new garage (capable of accommodating 120 buses) will involve the construction of a dispatchers building, daily routine check place for 3 buses, fuelling station, washing station, wastewater treatment facility with a new building, and their engineering supplies.

The tentative procurement and delivery programme assumes that:

- **Buses, spare parts and maintenance equipment** will be procured in late 2019 and delivered in late 2020 and/or early 2021
- **Depot buildings and technology** supply will involve detailed design, construction permit and procurement in 2019, construction in summer 2020.

1.5 Investments Justification and Screening

A comprehensive Feasibility Study was commissioned by the EBRD to formulate the Project proposal, justify the investment and screen the Project against national and international E&S compliance. The screening process looked into:

- Economic efficiency of the investment cost
- Transportation service improvement
- Reduction of operating and maintenance costs (power consumption, labour, maintenance and repair costs)
- Community effects (community health and safety effects, accessibility for people with disabilities, reduction of noise emission and air pollution along routes)
- Environmental effects (reduction of air pollution, greenhouse gas emission, improvement of resource efficiency (water, energy, fuel), opportunities to improve waste management.

ESDD undertaken as part of the Feasibility Study has identified and assessed potential E&S effects summarised below in Chapters 2 and 3.

2 What are Environmental and Social Benefits of the Project?

The ESDD study assessed what opportunities the Project may offer during construction and at the operation phases. The following E&S effects has been identified:

Table 1: Project Environmental and Social Benefits

Benefit	Description
Construction phase	
Employment generation at contractor companies for the period of construction	Few jobs for unskilled workers for the Project construction phase only
Procurement opportunities for businesses based in Mongolia during the Project construction phase	Few regional and/or national suppliers
Operation phase	
Decrease of community H&S risks associated with reduction of pollution emissions in the service area	In result of replacement of buses air emissions along the routes may significantly decreased compared to the baseline (91 ton per year)
Reduction of a climate change risk	Reduction of greenhouse gas emissions by 2,688 ton per year
Reduction of air emissions in the Depot 2 area	Operation of new CNG-powered buses and construction of the new bus maintenance building with operational ventilation system may slightly decrease air emissions during pre-shift warm up compared to the baseline
Reduction of soil and ground water impacts	Overall reduction of impacts through better collection of waste and decrease of wastewater losses through construction of a new local sewerage system and wastewater treatment plant
Reduction of water consumption	Installation of wastewater recycling system for bus wash
Improved working environment through commissioning of modern bus boxes (including rest rooms, change rooms, toilets etc.) and buses for CTC drivers	At least for 400 bus drivers and maintenance staff of Depot 2 working in improved and more safe working environment.
Improved quality and reliability of public transport services in Ulaanbaatar	At least for 1,462,973 residents of Ulaanbaatar
Inclusion effect of the improved public transport service	At least for 34,246 people with disabilities and 92,000 elderly persons
Procurement opportunities for businesses based in Mongolia during the Project operation phases	Few regional and/or national suppliers
Promotion of equal opportunities	Female drivers of the municipal bus operators
Capacity building	At least for ESMS staff in the Project Company and selected bus operators
Training opportunities	At least for 400 drivers and maintenance staff

3 What are Project Impacts, Risks and What Mitigation is Proposed?

3.1 Environmental and Social Impacts and Risks of the Project

The E&S assessment has identified the following E&S impacts and risks of the Project associated with the construction period and the Project operation phase. These are summarised below in Table 2.

Table 2: Potential E&S Risks and Impacts of the Project

Risks	Impacts
Construction Phase	
<ul style="list-style-type: none"> • Risk of poor EHS and labour management in organisations of contractors and suppliers involved in the Project • Risk of increased GHG emissions during construction • Community H&S risks during construction • OHS risks during construction • Risk of chance finds 	<ul style="list-style-type: none"> • Soil and groundwater impacts during construction • Air pollution impact during construction • Noise emissions impact during construction
Operation Phase	
<ul style="list-style-type: none"> • Risk of poor supply chain management • Risk of non-compliance with the EBRD and EC requirements applicable to the Project • Risk of poor pollution prevention and control • Risk of increased environment pollution associated with existing operations • Community H&S risks during operation • OHS risks during operation • Risk of poor Project information disclosure and planning 	<ul style="list-style-type: none"> • Environmental impact associated with the existing operations

3.2 Proposed Mitigation Measures

The Project Environmental and Social Action Plan has been developed to address gaps identified during the Project screening process. Implementation of the ESAP actions will support the Project in achieving national and international compliance during construction and operation and promote good international practice in managing risk and mitigating potential impacts. The ESAP is available at the Project web-site.

Improvement of Environmental and Social Management

One of the key drivers to effective environmental, health and safety (“EHS”) management is the introduction of an effective management system (or key components) within the relevant municipal departments and bus operators, as recommended for the Project. A training programme will also be developed and implemented for selected staff who will be responsible for the management system.

Managing Risks and Impacts during Construction

In the contractor(s) selection process priority will be given to those contractors who have implemented environmental and/or occupational health and safety (“**OHS**”) management systems (either certified or planned for certification).

A Construction Environmental and Social Management and Monitoring Plan (“**CESMMP**”) will also be developed and implemented by the selected contractor(s). The primary objective of the CESMMP is to safeguard the environment, site staff and the local communities from any Project activity that may cause harm or nuisance. The CESMMP will be developed in compliance with applicable national legislation, EBRD requirements, ILO and EU standards with regard to EHS and labour management (including prohibition of child and forced labour, working conditions and workers’ accommodation arrangements, working hours, pay and access to workers’ grievance mechanism).

Each selected contractor will appoint: (a) One Environmental Officer and (b) one OHS Officer who will report to the Project on EHS and labour performance. The Project will establish monthly EHS reporting template for the contractor(s) and the requirement on EHS reporting will be included in the contractor(s)’ contract(s).

The contractor(s) EHS and labour performance will be monitored by the Project OHS and Labour Officers.

Soil and groundwater impacts, air pollution and noise emission impacts during construction will be mitigated through measures included in the CESMMP (e.g., prohibition of idle running of vehicles and waste burning, prevention of dust emission, prohibition of noisy works during at night time, prevention of leaks of oil products and contaminated storm water, etc.).

Risk of chance finds on site is low and national chance finds procedure will apply should any finds be identified.

The construction site will be fenced and guarded to avoid any unauthorised access and prevent community H&S risk.

Managing Risks and Impacts during Operation

All selected bus operators will lease new buses via the Public Service Contract. The PSC will have specific E&S provisions, including:

- A requirement to assess and annually report on greenhouse gas emissions
- A requirement to control the primary supply chain
- A requirement to improve waste collection and wastewater management
- A requirement to complete polychlorinated biphenyls (“**PCB**”) audit of old transformers
- A requirement to carry out soil and underground investigation of depot sites
- A requirement to improve personal protective equipment (“**PPE**”) supply and use.

In order to improve safety of the public transport service, the bus operators who will lease new buses will introduce special training to address safe driving and disability awareness among drivers.

4 Management, Monitoring and Reporting

4.1 Project Management Plans and Procedures

The following E&S policies, procedures and plans of the selected municipal bus operators will be further developed and/or enhanced in respect of the Project:

- Environmental and Safety Policy
- Project Human Resource Policy
- Corporate Equal Opportunities Policy
- Environmental and Safety Management Plan
- Construction Environmental and Social Management and Monitoring Plan (to be developed by the Contractor(s))
- Workers' Grievance Procedure
- Fuel Procurement Procedure and Supply Chain Monitoring Procedure
- Soil Remediation Plan (if required)
- Community Grievance Mechanism
- Stakeholder Engagement Plan.

The City and selected bus operator(s) will be responsible for delivery of the ESAP actions and monitoring activities at different phases of the Project as determined in the ESAP.

4.2 Management and Monitoring during Construction

During the construction phase the Company will monitor the contractors' EHS performance, HR management and compliance with the labour law of Mongolia. For this purpose, the Company will appoint EHS and HR specialists who will be responsible for supervision and monitoring of contractors' performance as well as planning and implementation of the monthly inspection programme.

Prior to construction the Company will review and approve the contractor(s)' CESMMP(s) in order to bringing them to compliance with the applicable Project requirements. The contractor(s) will be required to prepare brief monthly EHS and labour-related reports. These reports will summarise: (i) progress in implementing the Project and CESMMP; (ii) findings of the monitoring programmes with emphasis on any non-compliance (iii) outstanding non-compliance; (iv) summary of any external complaints and actions taken / to be taken and (v) summary of any workers' grievances and actions taken / to be taken.

The Company will closely review all contractors' reports for compliance and undertake, on a regular basis, EHS and labour performance monitoring missions as per the CESMMP. These monitoring missions as well as contractors' monthly reports will inform consolidated Quarterly Reports to be issued by the Company to the EBRD (Quarterly Report template will be agreed with the EBRD).

4.2.1 EBRD Monitoring

The EBRD in addition to its external consultant will undertake quarterly monitoring to verify Project progress against the ESAP and CESMMP as well as assess compliance with the EBRD Performance Requirements.

4.2.2 Annual Reporting to the EBRD

An annual E&S Report to the EBRD will be produced for the duration of the Loan Agreement summarising Project EHS performance, ESAP progress, CLO activities including grievances and updates to the SEP.

5 How Project Information will be Disclosed?

Information on the Project is available on the Project website. Any Project updates will be published on this web-resource.

In compliance with the EBRD's requirements the Project has prepared a disclosure package to inform communities and other stakeholders of the proposed Project. This includes:

- Non-Technical Summary (this document)
- Environmental and Social Action Plan – a programme of mitigation and performance improvement measures and actions to ensure compliance with the EBRD's Environmental and Social Policy and to reduce the respective impacts
- Stakeholder Engagement Plan – proposes a disclosure programme and aimed to inform meaningful on-going consultation with key Project stakeholders and affected communities.

The disclosure package is available to the public via the Project website or upon request to the Community Liaison Officer (“**CLO**”) via contact details as described below.

Should you have any questions / comments on the Project, please also contact the Project CLO:

Name:	
Address:	
Tel./fax:	
E-mail:	

