



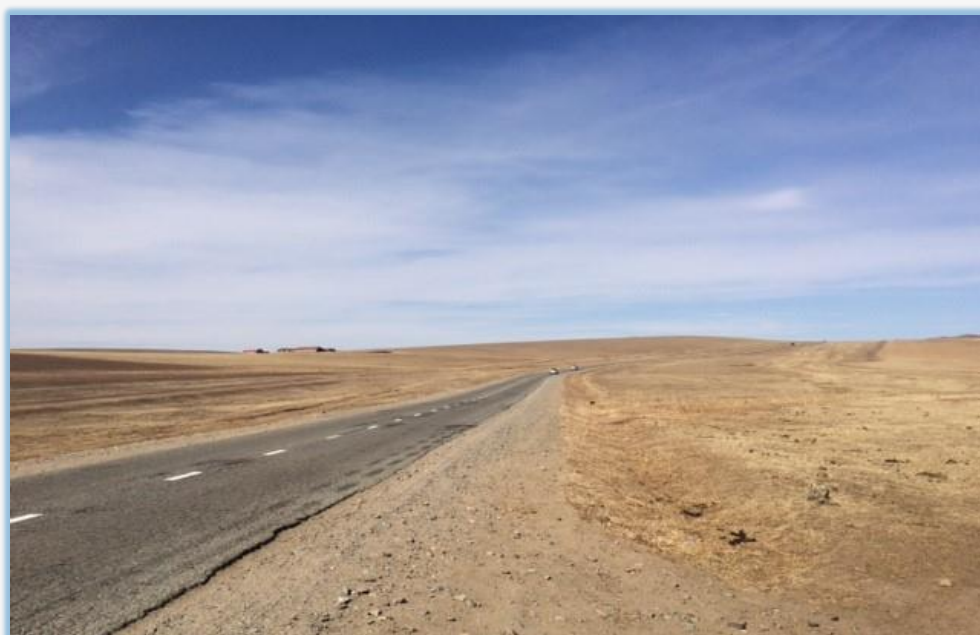
SNC • LAVALIN



IPPF SIW - Mongolia: Ulaanbaatar to Darkhan Road Environmental and Social Assessment (ESA)

Supplementary Document: Land Acquisition and Resettlement Framework (LARF)

July 2019



Notice

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This document has 102 pages including the cover.

Document history

Revision	Purpose description	Originated	Checked	Reviewed	Authorised	Date
Rev 1.0	Draft	TS	NM, CG	KP	KP	08/07/19
Rev 2.0	Final	TS	NM, CG	KP	GJ	10/07/19
Rev 3.0	Final for issue	TS	NM, CG	RC (EBRD)	KP	11/07/19

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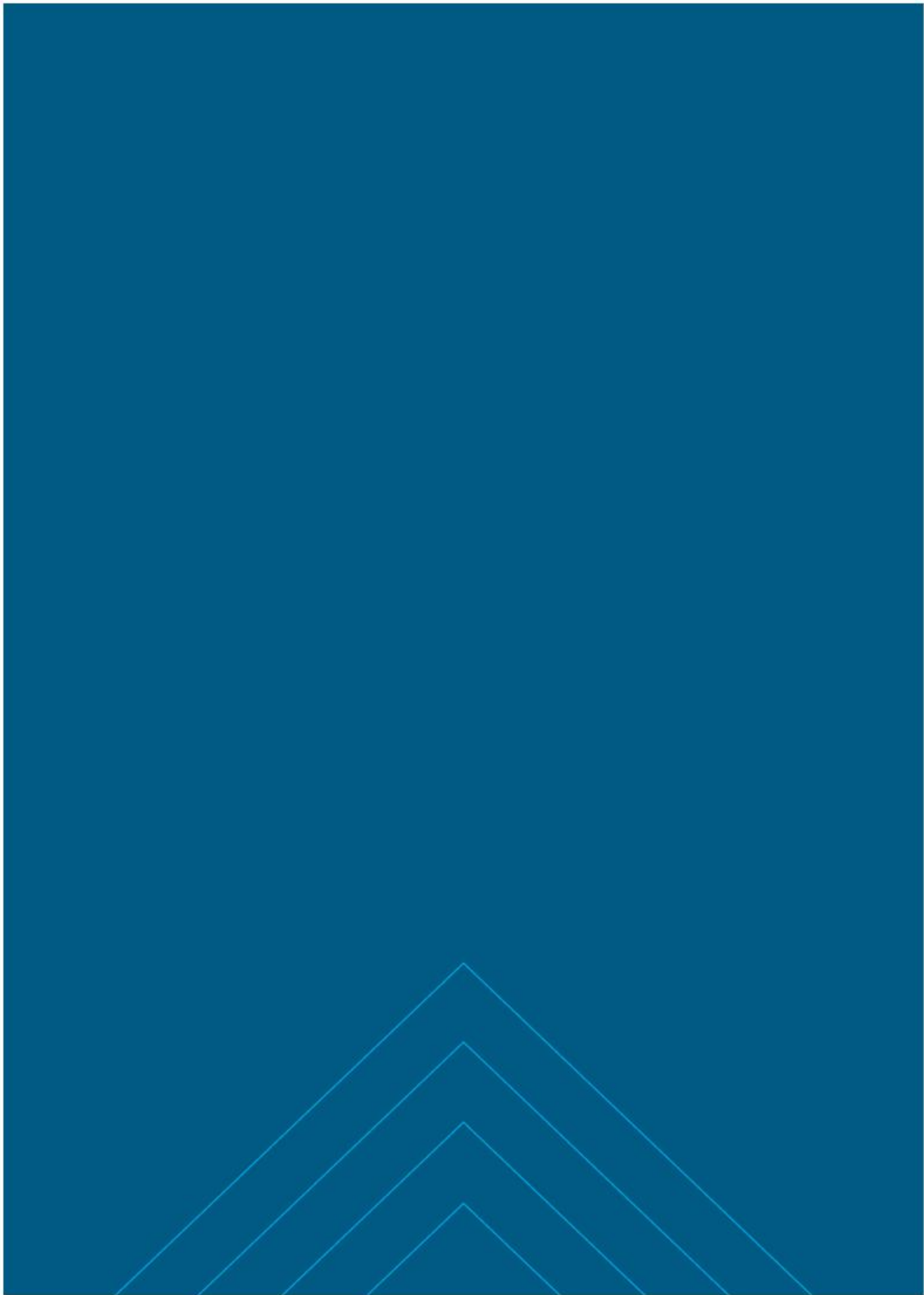
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Abbreviations and Acronyms

ADB	Asian Development Bank
AH-3	Asian Highway 3
AOI	Area of Influence
cm	Centimetre
CRK	Citizens Representative Khural
DEIA	Detailed Environmental Impact Assessment
EBRD	European Bank for Reconstruction and Development
EIA	Environmental Impact Assessment
ESA	Environmental and Social Assessment
ESAP	Environmental and Social Action Plan
ESIA	Environmental and Social Impact Assessment
ESMMP	Environmental and Social Management and Monitoring Plan
ESHS	Environment, Social, Health and Safety System
ESMS	Environmental and Social Management System
ESP	Environmental and Social Policy
EU	European Union
GEIA	General Environmental Impact Assessment
GIP	Good international practice
ha	Hectares
IEE	Initial Environmental Examination
Km	Kilometres
kg	Kilogram
LARF	Land Acquisition and Resettlement Framework
M	Metre
m ²	Square metre
m ³	Cubic metre
MCPC	Mongolian Construction Project Consultants Group LLC
NTS	Non-Technical Summary
O&M	Operation and Maintenance
PDP	Project Displaced Person
PIU	Project Implementation Unit
PRs	Performance Requirements
ROW	Right of Way
SEA	Sustainability East Asia
SEC	Sustainable Environmental Consulting
SEP	Stakeholder Engagement Plan



1. Introduction

1.1. Background

The European Bank for Reconstruction and Development (EBRD) is considering providing finance to the Government of Mongolia, through the Ministry of Road and Transport Development (MRTD), for the widening of the Ulaanbaatar to Darkhan Road [Asian Highway 3, “AH-3”]. The road currently exists as a 202.42 km, 2-lane, category IV road of improved surface from the capital city, Ulaanbaatar, to the second largest city, Darkhan.

The widening project forms Phase II of road reconstruction works and covers the expansion of the road to a category I, 2-way, 4-lane road (referred to as the “Phase II Project” or “the Project” throughout). Phase I works are being funded by an Asian Development Bank (ADB) loan and comprise the reconstruction of the existing road (2-lane) (referred to as the “Phase I project” or “ADB project”).

Phase I and II of the Project are being developed by the MRTD. A Project Implementation Unit (PIU) has been set up within the MRTD to deliver the Phase I and Phase II works. Construction contractors will be engaged for both Phase I and Phase II works under contract with the MRTD. During operation, the road and its maintenance will be the responsibility of the MRTD.

The EBRD has assigned the Phase II Project as a Category A, which means that a comprehensive Environmental and Social Assessment (ESA) of the Project must be undertaken in accordance with the EBRD’s Environmental and Social Policy (ESP) 2014¹ and Performance Requirements (PRs). The EBRD has commissioned WS Atkins International (Atkins), with their sub-consultants, Sustainability East Asia LLC (SEA), to undertake the ESA.

The ESA comprises a critical review of available data, including the local Detailed Environmental Impact Assessment (DEIA) for the Project, against the Bank’s ESP and PRs, identifying gaps and, where necessary, augmenting existing information to satisfy EBRD requirements. As a result of this exercise, a number of supplementary documents have been prepared, including this Land Acquisition and Resettlement Framework (LARF).

This LARF, together with the other supplementary documents listed below, will be disclosed in line with EBRD ESP requirements:

- Environmental and Social Impact Assessment (ESIA);
- Non-Technical Summary (NTS);
- Stakeholder Engagement Plan (SEP);
- Environmental and Social Mitigation and Management Plan (ESMMP); and
- Environmental and Social Action Plan (ESAP).

1.2. Purpose and Scope of the LARF

This LARF has been prepared as part of the ESA with the aim of outlining the general principles, procedures and entitlements framework with regard to the potential impacts of land acquisition required for the Project, in compliance with the EBRD’s PR5: *Land Acquisition, Involuntary Resettlement and Economic Displacement*. It also covers the displacement impacts likely to arise as a result of the Project.

The LARF serves as a basis for the development of detailed Land Acquisition and Resettlement Plans (LARPs) for the Project. The LARPs will provide more precise details on Project Displaced Persons (PDPs), the eligibility criteria and the entitlement and compensation procedures to be applied for the Project in line with this LARF and in compliance with EBRD PR5.

A *Resettlement Framework* was developed by the ADB for the Phase I works². This LARF covers the Phase II works, which comprise the footprint of the proposed new road, including any construction camps and laydown areas etc. required either temporarily or permanently. As such, two land phases have been identified that are covered in this LARF, as follows:

¹ The EBRD has launched 2019 Environmental and Social Policy, however as these will come into effect on 1 January 2020 the 2014 policy is referred to in relation to this Project.

² ADB/MRTD (May 2017), Resettlement Framework, Regional Maintenance Development Project.

- (i) Pre-construction phase: Current land requirements for the footprint of the road – the MRTD and the PIU are currently implementing this for both Phase I and Phase II works; and
- (ii) Construction phase: Any temporary or permanent land that may be required by the Construction contractors during construction.

The land acquisition process for pre-construction is the responsibility of the Project Owner, the MRTD. As the land required for the footprint of the Project is within the 50 m Right of Way (ROW) of the existing road, this is already State land and therefore acquisition of the land is not required. However, as the ROW has not been maintained clear of structures or use, clearance of land (for example of structures) in the footprint of the new road is required. Land clearance activities have been commenced by the MRTD/PIU to meet national requirements and are summarised in this LARF; the main gaps to meet EBRD PR5 in the process to date are also identified. It is expected that a detailed LARP will be prepared to address these gaps to meet EBRD PR5. Whilst the land clearance activities will take place pre-construction, the impacts may be felt either temporarily or permanently (i.e. also during operation). No involuntary resettlement as a result of the Project has been identified.

Any land acquisition (i.e. land required outside the existing 50 m ROW) and/or clearance requirements (for land required within the 50 m ROW) related to construction phase activities will be the responsibility of the Construction contractors. Where any involuntary displacement will occur, either temporary or permanent, formal or informal, the contractors will be expected to prepare a detailed LARP, in liaison with the MRTD/PIU. It is anticipated that these impacts will be temporary for the period of construction only, however this would need to be confirmed on a case-by-case basis.

Whilst no resettlement post-construction is envisaged, should this occur in the future as a direct result of this Project during the period of the loan agreement (for example, any clearance of properties or land within the ROW), this LARF will also apply.

1.3. Objectives of the LARF

The objectives of this LARF are to:

- Define the overarching principles, procedures and entitlements framework to address potential impacts of land clearance and/or acquisition;
- Identify potential project impacts in accordance with EBRD PR5;
- Present an eligibility criteria and compensation entitlements matrix according to type of loss;
- Identify the needs of all people, including vulnerable people;
- Provide guidance to bridge any gaps between the national legislation and EBRD requirements;
- Identify the requirements for LARPs;
- Define the grievance mechanism related to land clearance and, where applicable, acquisition;
- Define monitoring and reporting requirements; and
- Identify future actions and responsibilities for the preparation of LARPs.

1.4. Content of the LARF

This LARF is set out as follows:

- Section 2: Project description. Summary of the Phase II Project works.
- Section 3: Legal framework. Summary of the legal texts and EBRD requirements in relation to land acquisition.
- Section 4: Summary of Project land requirements and impacts. Summarises the land requirements for the Project and the potential physical and economic displacement impacts that could occur.
- Section 5: Status of land clearance activities. Provides a summary of the activities undertaken to date related to land clearance and the main gaps in relation to meeting EBRD PR5.
- Section 6: Framework for land acquisition/clearance, compensation and livelihood restoration. Provides the framework eligibility and entitlements matrix.

- Section 7: Grievance Mechanism. Sets out the proposed grievance mechanism for land requirement grievances.
- Section 8: Consultation and disclosure of information. Sets out the main requirements for land acquisition/clearance consultation and disclosure of relevant information.
- Section 9: Monitoring, evaluation and reporting. Sets out proposed measures for monitoring and evaluating the land acquisition/clearance process and reporting on performance.
- Section 10: Future work required. Sets out the actions required to deliver LARPs.

2. Project Description

2.1. Introduction

The Government sponsored a feasibility study (the 'Feasibility Study') for rehabilitation of the existing 2-lane road prepared by Mongolian Construction Project Consultants Group LLC (MCPC) which was issued in 2017. The Feasibility Study argues in favour of rehabilitation and expansion of the existing 2-lane road to a 4-lane road based on a technical, socio-economic and environmental analysis. The project has been split into two phases:

- Phase I - rehabilitation of the existing road; and
- Phase II - capacity expansion via construction of a further 2-lane road.

Phase I is being financed by the ADB and covers reconstruction of the 2-lane road, including smoothing of dangerous sections of roads and an extension of around 3 m of the existing road where necessary to meet road class standards. Phase II works comprises the expansion of the road to a 4-lane highway, which EBRD is considering funding.

A PIU has been set up in the MRTD to deliver the Phase I and II works.

2.2. Project Context

Mongolia is connected to the Asian Highway Network through three routes - the AH-3 (Altanbulag-Ulaanbaatar-Zamiin Uud), AH-4 (Yarant-Khovd-Ulgii-Ulaanbaishint) and AH-32 (Sumber-Undurkhaan-Ulaanbaatar-Tsetserleg-Uliastai-Khovd-Ulgii-Ulaanbaishint), as shown in Figure 2-1. The AH-3, of which the Project is a part, connects Russia, Mongolia and China and is a vital part of the 'Economic Corridor' of the three countries.

The AH-3 route is 1,029.6 km in length within Mongolia, as shown on Figure 2-2, and passes through the major economic region of Mongolia, including industrial, agricultural and livestock farming regions. One of the main aims of upgrading the AH-3 road is to improve its ability to accommodate freight transportation through the vertical axis Altanbulag-Ulaanbaatar-Zamiin Uud.

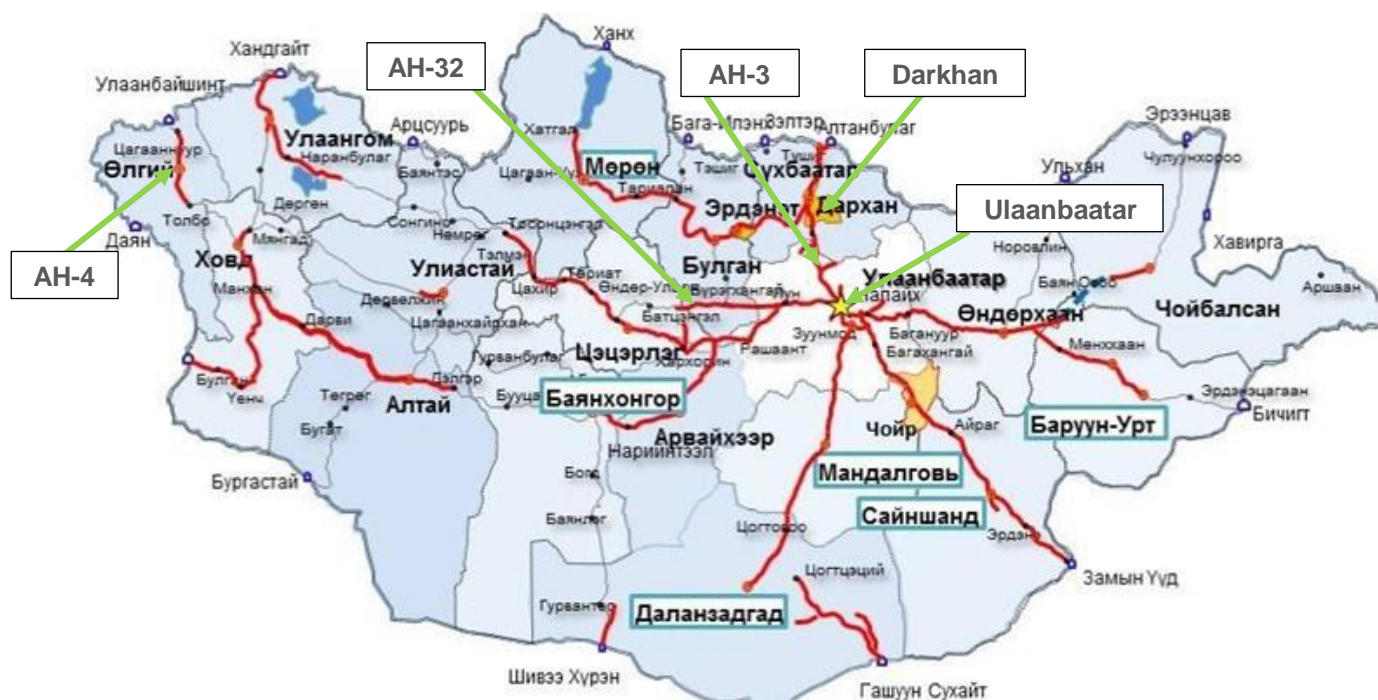


Figure 2-1. Mongolia's road network

Source: MCPC, Engineering Explanatory Report – Part 1, May 2019

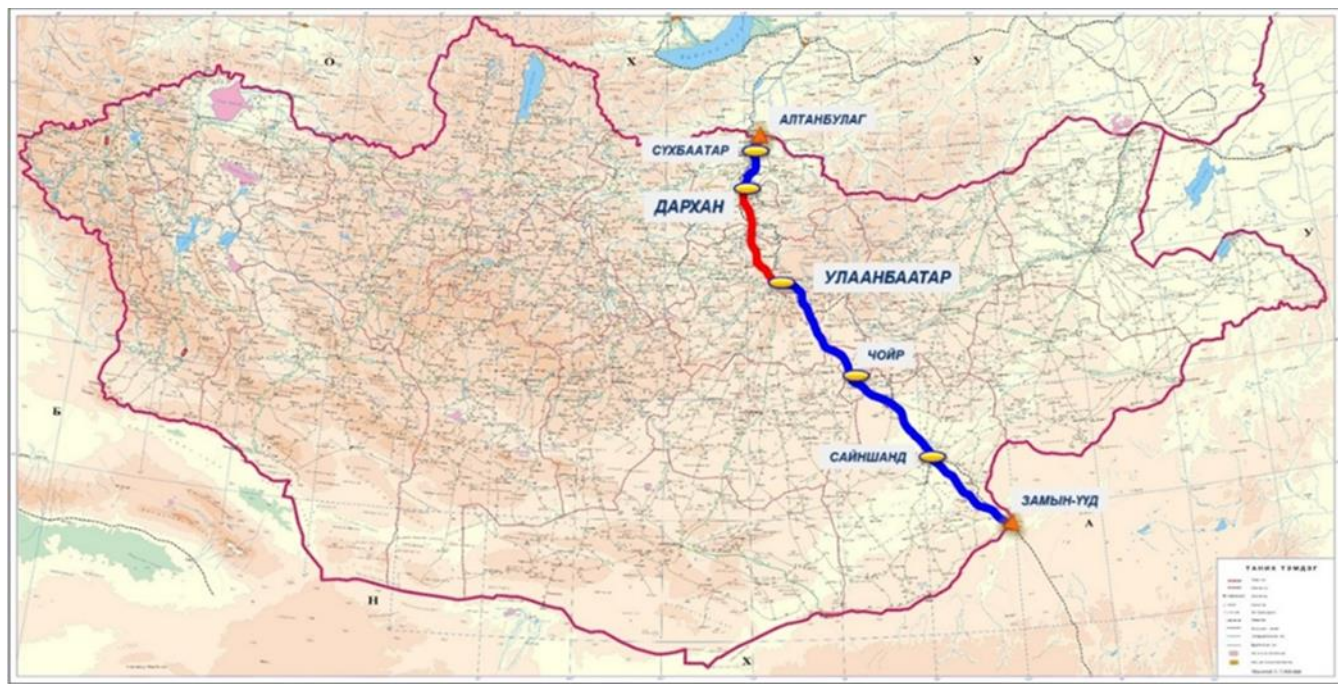


Figure 2-2. AH-3 route of Asian Highway Network in Mongolia (Ulaanbaatar-Darkhan in red)

Source: MCPC, Engineering Explanatory Report – Part 1, May 2019

2.3. The Project

The Project starts from the roundabout junction of Darkhan-Emeelt outside Ulaanbaatar, running through the territory of the 21st and 32nd Khorooos of Songino-Khairkhan district of Ulaanbaatar city and passes through three aimags (provinces)³ and six soums⁴ as follows: the soums of Bayanchandmani and Bornuur in Tuv aimag, the soums of Bayangol and Mangal in Selenge aimag, and Khongor soum, finishing in the south of Darkhan City, both in Darkhan-Uul aimag. The route of the Project is shown in Figure 2-3.

The Project has been divided into five sections or “lots” as described in Table 2-1.

Table 2-1. Project sections

Section / Lot	Description	Length (m)	Project Chainage-From m	Project Chainage-To m	KM Post From	KM Post To
I	Starting at roundabout junction of Darkhan-Emeelt to north of Khar Modot Pass (52 nd pass)	37,281.77	0	37,281.77	18.9	56.18
II	North of Khar Modot Pass to south of Tais Pass	45,500.17	37,281.77	82,781.94	56.18	101.68
III	Vicinity of Urikhan diner to road junction of Sumber soum, Tuv Province or Bor Tolgoi	45,753.06	82,781.94	128,535.00	101.68	147.44
IV	Bor Tolgoi or road junction of Sumber soum, Tuv Province to Tsaidam Valley	45,050.56	128,535.00	173,585.56	147.44	192.49
V	Tsaidam Valley to roundabout junction in Darkhan	28,840.00	173,585.56	202,425.56	192.49	221.33

Source: MCPC (21 May 2019), Engineering Explanatory Report – Part 1.

³ An aimag (or province) is the first-level administrative subdivision

⁴ A soum is the second level administrative subdivision below the aimag

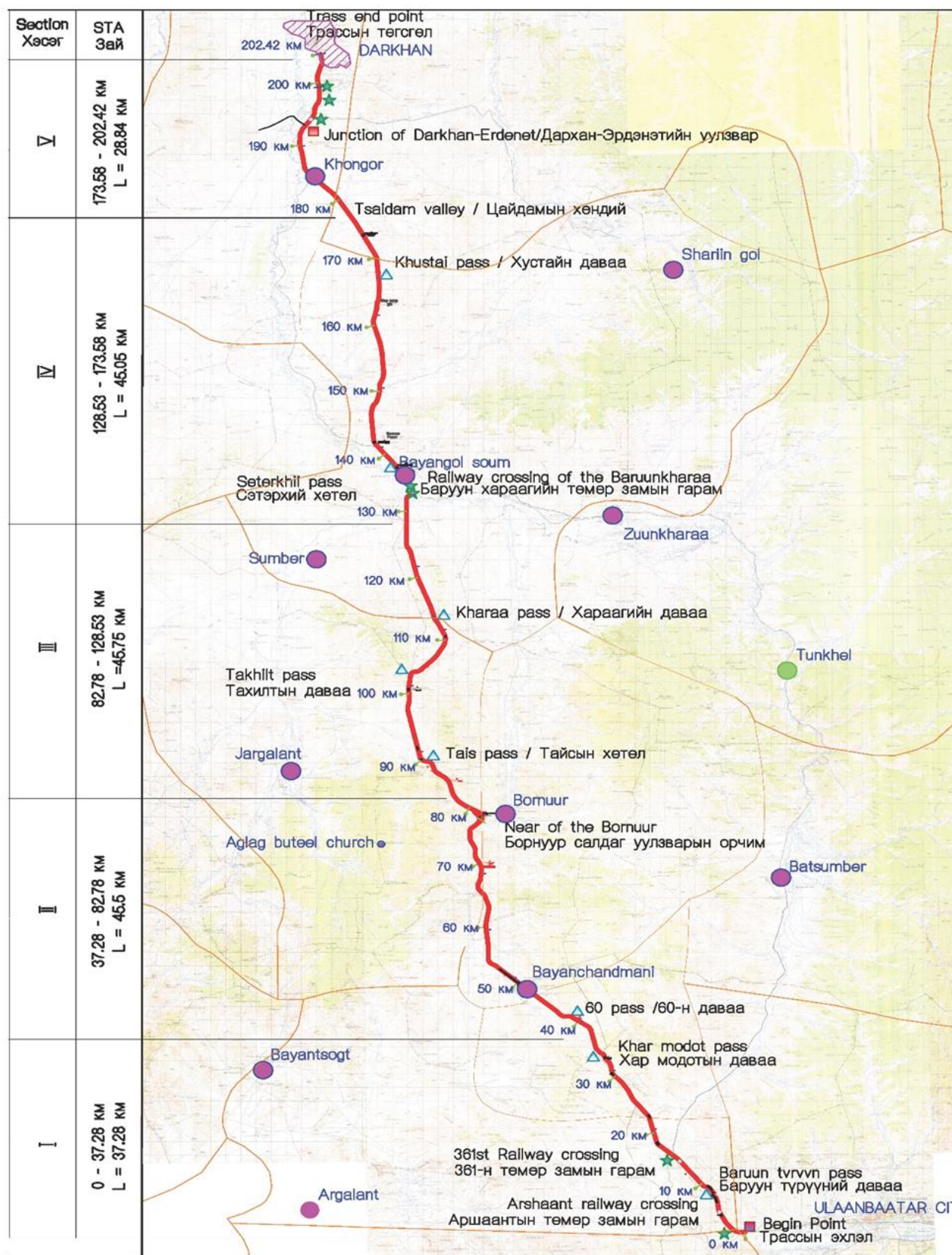


Figure 2-3. Project location

Source: MCPC, Engineering Explanatory Report – Part 1, May 2019

2.4. Project Need

Daily traffic volumes measured in 2017 were 4,250 vehicles per day and are projected to reach 6,127 vehicles per day in the year of operation (2020) and 74,114 vehicles per day by 2040. The condition and safety of the existing 2-lane road will be improved by the Phase I works, however, Phase I alone will not be able to cope with these future increases in traffic.

Non-implementation of the Project (Phase II) would result in:

- Lack of capacity of the existing 2-lane road of increases in traffic;
- Failure to meet current standards for traffic capacity;
- Failure to meet health and safety requirements;
- Increase in the number of accidents; and
- Failure to provide better service for drivers and passengers.

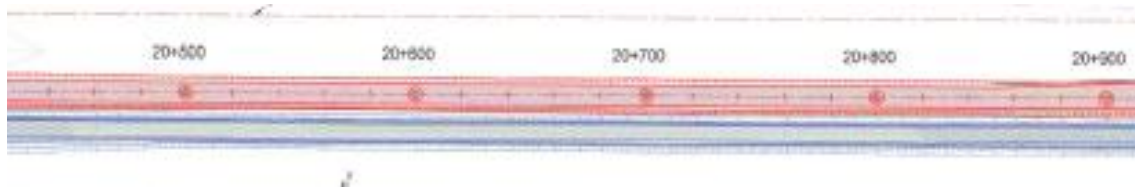
2.5. Proposed Works

The Project will comprise construction of a new road, including roundabouts, U-turns and stopping areas, road furniture (barriers, lights, etc.), construction of crossings over eight railways; construction and rehabilitation of bridges and culverts; and rehabilitation of toll booths.

The road will be widened both on-line and off-line, with approximately 68 km to be widened adjacent to the existing road and the remaining 134 km to be offline from the existing road by approximately 16-18 m from the centreline. Across the length of the route, the road changes from online, offline to the east and offline to the west, as shown in Figure 2-4. The road is designed based on the category I standards in accordance with Government of Mongolia regulations: CNR 22-004-2016 Highway Design Standard.

Traffic control measures will be put in place complying with the applicable Mongolian standards and international practice.

Online



Offline

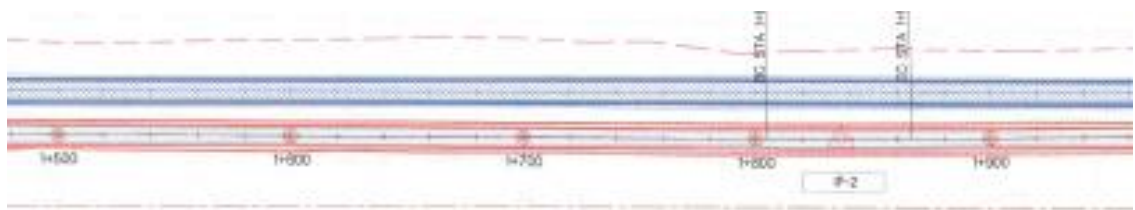


Figure 2-4. Example road alignment (red is EBRD road)

Source: MCPC, Design drawing - May 2019

A number of structures will be required as follows:

- Section I - 37.28 km, from roundabout junction for Darkhan and Western aimags to north of Khar Modot (52nd pass) Pass - 2 bridges, 50 culverts; 14 of which are for animal and typical sedan crossings.
- Section II - 45.49 km from north of Khar Modot Pass to south of Tais Pass - runoff capacity of bridges and culverts has been estimated in detail and existing dimensions of most have been modified (expanded). Works comprise 5 bridges, 66 culverts, of which 26 are for animal and typical sedan crossings. This section of project road traverses through centre of Bayanchandmani Soum of Tuv aimag and minor rivers of Darigant, Shariin Gol, Saikhan, Shivert and Shavart.

- Section III - 45.75 km from the vicinity of Urikhan diner to road junction of Sumber Soum, Tuv aimag or Bor Tolgoi - 64 box and pipe culverts are designed for this section, 8 of them for animal and typical sedan crossing. The section goes through complicated parts of Tais, Takhilt and Kharaa Passes.
- Section IV – 45.06 km from Bor Tolgoi or road junction of Sumber Soum, Tuv aimag to Tsaidam Valley. Works comprise 44 box and pipe culverts and 2 bridges. Animal and human crossings are proposed at 13 points. This section traverses the centre of Bayangol Soum, Selenge aimag, and crosses the Kharaa and Bayan Rivers.
- Section V - 28.84 km from Tsaidam Valley to roundabout junction in Darkhan. Works comprise a total of 34 drainage culverts. Animal and human crossings are proposed at 16 points.

2.5.1. Construction Phase

No specific details are available of the workforce or equipment required during the construction phase, as this will be determined by the construction contractors. However, typical site installation and preparatory work for road projects includes:

- Development of the lay down areas, work sites and construction camps;
- Mobilisation and installation of the crushing and concrete plant;
- Mobilisation of supplies and materials necessary for construction (vehicles, trucks, construction equipment);
- Temporary signage and the setting up of deviations where necessary;
- General cleaning, clearing and cutting of trees where necessary; and
- Installation of drainage.

Earthworks will include cutting and/or embankments, however, at this stage it is yet to be determined if all earthworks will be undertaken under the Phase I works to avoid two stages of earthworks.

The temporary road required during construction works on the existing road will be the responsibility of the ADB project. It is currently considered that no additional temporary roads (or use of the ADB temporary roads) will be required by the EBRD Project. Haul roads may be required by EBRD contractors however it is likely that contractors will use the EBRD road alignment as their haul roads. This will be confirmed once contractors are commissioned.

The types of equipment that will be required includes:

- | | |
|--|----------------------|
| • Bulldozers | • Loaders |
| • Graders | • Concrete mixer |
| • Dump trucks | • Generators |
| • Mechanical shovels on wheels or on track | • Mobile crane |
| • Finisher | • Mixer trucks |
| • Sweeper | • Pumps |
| • Pneumatic compactors | • Vibrating plate |
| • Cylinder compactors | • Compressors |
| • Water tanks | • Circular saw |
| • Fuel tanks | • Painting equipment |
| • Planers / milling machines | |

During construction raw materials will be required for the road pavement, including sand, concrete, bitumen and aggregate and water, most of which will be sourced from Mongolia. There are 17 borrow pits along the road and the DEIA⁵ identifies that 11 of these sites will be used by the contractors.

⁵ SEC (May 2019), Detailed Environmental Impact Assessment.

2.5.2. Operation Phase

2.5.2.1. Road design life

The road has been designed for a 20 year lifespan.

2.5.2.2. Toll booths

There will be two MRTD toll booths on the road, at the exit from Ulaanbaatar city (an existing operational toll) and at the Darkhan-Erdenet intersection. Tolls are not applicable under Mongolian Law for local travel.

2.5.2.3. Road speeds

The design speed is 100 km/hour for almost 70% of the road, with 80 km/hour adopted for difficult sections of Baruunturuu, Khar modot and Takhilt passes. The current speed limit is 80 km/hour - though it is noted that this limit is not currently observed. Speed limits will be reduced to 60 km/hour in urban areas. Two speed cameras and five video surveillance cameras linked to traffic monitoring centres are currently proposed.

2.5.2.4. Operation and maintenance

No details are currently available on operational and maintenance activities however, these typically include routine maintenance and unplanned maintenance such as clearing the road and repairing potholes.

3. Legal Framework

3.1. Introduction

During its transition to democracy in the early 1990s, Mongolia established a new legal framework into which property law was incorporated. The 1992 Constitution provides for the rights of fair acquisition, possession, and inheritance of movable and immovable property. The Government of Mongolia retains the right of eminent domain, prohibits ownership of land by foreign citizens, and expressly forbids ownership of pastureland. The national legal framework relating to land acquisition and resettlement is articulated in the following legislation (i) Constitution of Mongolia, (ii) Land Law, (iii) Civil Code, (iv) Land Allocation Law, (v) Law on Special Protected Areas, and the (v) Auto Road Law of Mongolian Law. These are described in turn below.

3.2. The Constitution of Mongolia (January 13, 1992)

The Constitution of Mongolia provides the basic principles of human and proprietary rights, and the release of land for public needs. The Constitution specifies that the State may give for private ownership plots of land, except pasturage and land under public utilisation and special use, only to citizens of Mongolia. The provision does not apply to the ownership of the subsoil thereof.

The State recognizes all forms of both public and private property and shall protect the rights of the owner by law. Landowner's rights are limited exclusively to due process of law. Further, the State has the right to hold responsible the land owners in connection with the manner in which the land is used, to exchange or take it over with compensation on the grounds of special public need or confiscate the land if it is used in a manner adverse to the health of the population, the interests of environmental protection and national security.

The Constitution also enshrines the right to fair acquisition, possession, and inheritance of movable and immovable property. Illegal confiscation and requisitioning of citizens' private property is prohibited. If the State and its body's appropriate private property on the basis of exclusive public need, they shall do so with due compensation and payment.

3.3. Land Law of Mongolia (2002)

The Land Law of 1994 was the first legislation to regulate possession, use, and protection of land. It was updated in 2002. The Law regulates ownership and utilization of state-owned land to citizens, entities and organizations, and other related relationships. It provides for three different types of land rights (essentially, the three main types of land tenure) in Mongolia, including land ownership, land possession, and land utilization. These types are further specified in Article 3:

- **"To own land"** means to be in legitimate control of the land, with the right to dispose of it. Only a citizen of Mongolia can own land. Aside from citizen-owned land, all land is the property of the Government or community people. This establishes private property of land for Mongolian citizens without time limits. Land allocation and the size of plots are bound to specific uses, including family needs and commercial use, and land or allocation must be included in land management plans of the respective administrative units. Family land is allocated once and for free; the size varies with the type administrative unit as well, being 0.07 ha in the capital city and aimag urban areas and 0.35 ha in aimag rural areas. Land for other uses may be allocated by sale or auction. Ownership rights must be registered in accordance with the Law on Registration of Property Ownership Rights and other related Rights. The Land Allocation of Mongolia regulates the issues of land-ownership.
- **"To possess land"** means to be in legitimate control of the land in accordance with purpose of its use and terms and conditions specified in respective contracts (persons with this right can now apply for the right of ownership). In this case the State retains ownership of the land. Possession may be limited in time (15 to 60 years) but renewed for another 40 years. Households, government organizations and companies and organizations may possess land and size limits apply for specific contractually determined uses. Contracts for possession must be registered in the national registry; and
 - "To use land"** means to undertake a legitimate and concrete activity to make use of the land's characteristics in accordance with contracts made with owners and possessors of land. Land use rights are given to Mongolian citizens or foreign countries, foreign legal entities, foreign citizens and stateless persons, diplomatic missions and consulates, as well as resident offices of international organizations for 5 years and are renewable for 5 years at a time. Governors of soums and districts decide on giving land for use to foreign citizens and stateless persons permanently residing in Mongolia (for more than

183 days) through land auctions for household needs only. Citizens may be given land for use not exceeding 0.05 ha for a residential lot, and not exceeding 0.1 ha for cultivating vegetables, fruits, and berries. Land-utilizing rights in Mongolia are similar to “leasehold” in international practice. The license to possess land can be transferred to others, but the license for land utilization does not allow for transferral to others.

Unless otherwise provided by the law, the following category of land shall be used for common purpose under relevant government agency control and regulation:

- Pasture lands, water points in pasturelands, wells and salt licks;
- Public tenure lands in cities, villages and other settlements;
- Land under roads and networks;
- Lands with forest resources; and
- Lands with water resources

Pastureland therefore continues to be the property of the state. However, in this respect customary “law” is developed over time through accepted patterns of behaviour within societies that become accepted as law within such communities. Customary law is applicable for the allocation of grazing rights between herder families and communities in Mongolia. Grazing rights may be acquired under customary law through:

- the use of land for generations;
- the construction of animal shelters;
- the possession of a well close to grazing land; and
- the possession of croplands close to grazing land.

Resolution 143 (1995) gave local aimag and soum-level governments primary responsibility for implementation of the Land Law. Citizens' Representatives Khurals and Governors of aimags, the capital city, soums and districts have powers to:

- enforce land legislation and ratify general land management plans;
- take land from citizens for the special needs of aimags, the capital city and soums on submission of such proposals by corresponding level governors;
- determine the size and boundaries of land to be taken from Citizens and approve the use of such land; and
- make decisions on granting compensation in respect of land taken.

Governors of aimags, the capital city, soums and districts have the following powers with respect to land issues:

- to enforce land use laws;
- to prepare land use management plans;
- to submit to Citizens' Representatives Khurals proposals regarding taking land for special needs, upon prior agreement with the possessor of the land and the governor of the corresponding level;
- to evict people from land if they cause significant land degradation; and
- to override land use decisions made by lower level governors.

Soum and district governors have the power to grant rights to citizens to use and possess land in accordance with annual land management plans approved by Citizens' Representatives Khural. Citizens Representative Khurals and governors of *baghs* and *khoroos* have powers to regulate and protect common tenure land. Governors of *baghs* and *khoroos* have the powers to enforce land use and land protection legislation including the implementation of decisions of higher level authorities.

The Cabinet and governors of aimags, the capital city, soums and districts may use state-owned land already in possession or use for common purpose (public use) and special needs with or without payment, upon such prior agreement with the land possessor or user; and the Cabinet, due to inevitable social needs, may make a decision to use or possess land for common purpose (public use) or special needs with or without payment

through administrative order until such needs disappear. Article 18 of the Land Law indicates that Government shall pay compensation in the event of taking land for the state special needs with or without replacement.

Article 43 of the Land Law mentions the granting of Compensation for Withdrawal of Land in Possession With or Without Replacement Prior to Expiration of the Contract. Unless otherwise stated in the law or a contract, the land shall be released and transferred into the jurisdiction of soum and district governors within 90 days of entering into the contract. The decision of withdrawal of land in possession with or without replacement and with compensation shall consider prior arrangements with the land possessor and shall reflect the value of immovable constructions, other properties and the costs to vacate the land estimated at current prices. Compensation shall be transferred from the state budget to the governor of the respective level for the conclusion of the above agreement. A local governor shall compensate the citizen, business entity and organization within 60 days from the date of the agreement. Unless otherwise specified by the contract, the landowner shall vacate the land within 30 days of the full payment of compensation.

3.4. Civil Code (2002)

The Civil Code provides a legal framework for land acquisition and resettlement, the key provisions of which are noted here. Negotiation is the main basis for the transaction between the State and affected persons, who engage contractually as equal and autonomous legal entities and participate legally in the civil transaction (Article 1). Citizens and organizations, as well as aimags, the capital city, soums and districts can enter into civil legal relations with regard to objects of material and non-material wealth and their acquisition and possession (Articles 6, 7 and 8).

Chapter 10 of the Civil Code defines property and assets, including land and other immovable property. Chapter 11 details provisions for their possession by legal acquisition and Chapter 12 for property ownership by individuals and other legal persons. The Civil Code in Article 101 provides general terms for the possession, use and disposal of property (further elaborated in Articles 109 to 112), but refers to the subsequently enacted Land Law and Land Allocation Law regarding land ownership and possession.

Several special provisions pertaining to common property ownership (Article 108), common property of family members (Articles 126 and 128) and easements (servitude) (Article 151) may be relevant to specific cases in the Project.

Central to a negotiated agreement on transfer of land are the stipulations on contract in Chapter 15.

3.5. Land Allocation Law of Mongolia (2003); amendments (2005/08)

In the Land Allocation Law, the right of a landowner to dispose of owned land through sale according to relevant procedures (i.e. notarized contract) is guaranteed in Article 27. Possessors, according to Articles 35 and 38 of the Land Law, are also entitled to transfer their possession licenses via a notarized contract but need to seek the approval of the governor of the soum or district.

In replacing or taking back citizen' owned land for the special needs of the state, the owner and state administrative organization/agency in charge of land relation matters shall enter into the preliminary agreement on the following issues: the land value; the value of immovable property on the land; investment made by the owner of the land, size of damages to be caused by the exchange or taking back of the land for fee, based on special needs of the state; size of the land to be taken back for the special needs of the state; location, size, status, and quality of the land to be allocated for exchange of the land taken back for the special needs of the state; conditions and term of vacating the land; rights and duties of the parties in connection with vacating the land; the amount of compensation, procedures, and term for its payment.

Activities directed at replacing or taking back the land owned by citizens for compensation based on state special needs shall be carried out after implementation of specified measures. In the case of replacing the land owned: land not worse than the previously owned land by its status and quality, based on request of the citizen, shall be allocated for ownership. In the case of the taking back of land: its value shall be paid. The value of immovable property attached to the land previously owned by the citizen shall be paid. Investment made by the owner to the land shall be paid. Further, damages caused due to replacement or taking back of the land shall be paid to full extent according to Civil Code and legislation.

The landowner shall be notified in writing not less than one year prior to making the decision on replacing or taking back land owned by a citizen, based on the special needs of the state. If a year has passed, and if the measures have been carried out (as described in above paragraph), the land shall be replaced or taken back based on the special needs of the state. Compensations for immovable property built or costs of other measures taken to significantly increase the land price after receiving the note shall not be paid.

Compared to the Law on Land, the Land Allocation Law specifies the procedures for land acquisition and the subjects that need to be agreed with the affected persons in more depth. This includes the value of the land and immovable properties, replacement land, loss to incur, compensation and its provision and timing etc. However, the law does not address rehabilitation and social safeguard issues, the principles for land and property appraisal, the completeness and clarity of the processes and procedures related to land acquisition and resettlement are still weak. As is the case for the Law on Land, possible exercising of the eminent domain power of the state, if necessary, for public purposes is not legislated.

3.6. Law on Special Protected Areas (1995)

This law regulates the use and procurement of special protected areas, and the preservation and conservation of its original conditions in order to preserve, among other things, rare and endangered animals. The law establishes four types of protected area designations: Strictly Protected Areas; National Conservation Parks; Nature Reserves; and Monuments. The road project does not pass through any Special Protected Areas at the national level, however any sites for temporary construction purposes will need to ensure no encroachment into such areas.

3.7. Auto Road Law (2017)

Relevant articles in the Auto Road Law for this Project are as follows:

Article 17.2 which states that international and national (special purpose roads), and its roadway clearing limits (Article 16.2. 100 m or 50m to each side from the centreline for international, national, and the special purpose roads) are under the possession of the state central organization in charge of auto road issues, or its delegate.

Article 29.2 states that users of the auto road are prohibited to run non-road related and business activities within the 100m without a permit by authorized agency.

3.8. Summary of National Legal Framework

Mongolia does not have a dedicated and comprehensive Land Acquisition Law. Legal provisions regulating land acquisition and resettlement must be derived mainly from the Land Law and Land Allocation Law, as well as from provisions in other laws, for example, in this instance, the Law on Auto Roads.

Mongolian law recognises private ownership under either a freehold (ownership) or leasehold (possession) regime. In practice these tenure regimes are restricted to residential land. Pastureland remains as State land. Private usage rights over pastureland could in theory be recognized as customary law, however this is rarely the case in practice. While all private land rights are expected to be registered, few actually are outside main urban areas. Non-titled occupants using land are typically considered illegal.

Expropriation for public needs exists in Mongolian law and can only be triggered by the State or public bodies. Where it is used, in general, some level of negotiation usually takes place. In the event of expropriation, public bodies generally follow Cabinet Resolution 103 of 13 April 2003, which determines land valuation tariffs. Compensation for structures follows detailed assessment and application of unit rates based on market prices of construction and services, minus depreciation, as assessed by the local Property Relations Agency.

In relation to this Project, Article 3 of the Law on Auto Roads defines as national scale roads those which connect the capital city to aimag cities, aimag cities to aimag cities and aimag cities to border points and defines local scale roads as those which connect soums, districts, cities and urban settlements in the territory of the capital city and aimags. These roads are subject to a 50 m ROW which is effectively State land. Consequently, the road that is to be constructed under the Project falls under the definition of land located outside cities, villages and other urban settlements as well as those which connect aimag cities to aimag cities and border points, which are objects of national scale and thus law on eminent domain can be invoked. Furthermore, as State roads in Mongolia have a reserved width (ROW) of 50 m either side of the centreline which is owned by the State, the Project falls within this road reserve and, therefore, is already State land designated for road use. Generally, no development or usage is allowed within the ROW however this is often not enforced. As such, from a national legal perspective, the land within the 50 m ROW of the existing road is already within the ownership of the MRTD and therefore land acquisition is not required, only land clearance. However, as identified below, this status does not affect the requirements to implement EBRD PR5 which sets out a provision for compensation to informal land users. Furthermore, any future land requirements for the construction phase, even if only temporary, may require either land clearance in the 50 m ROW or land acquisition where land is outside the 50 m ROW.

3.9. EBRD Performance Requirements

EBRD PR5 sets out the EBRD's requirements in relation to involuntary resettlement, which refers both to physical displacement (relocation or loss of shelter) and economic displacement (loss of assets or resources, and/or loss of access to assets or resources that leads to loss of income sources or means of livelihood) as a result of project-related land acquisition and/or restrictions on land use; both temporary and permanent. PR5 also summarises out the required contents of a detailed Plan i.e. LARP.

Displaced persons may be classified as persons: (i) who have formal legal rights to the land (including customary and traditional rights recognised under national laws); (ii) who do not have formal legal rights to land at the time of census, but who have a claim to land that is recognised or recognisable under national laws; or (iii) who have no recognisable legal right or claim to the land they occupy.

PR5 encourages Clients to acquire land rights through negotiated settlements even if they have the legal means to gain access to the land without the consent of the seller. Such negotiated settlements help avoid expropriation and can usually be achieved by providing fair and appropriate compensation and other incentives or benefits to affected persons. However, where negotiated settlements are not possible and involuntary resettlement of the definition provided under PR5 is triggered, the following, of relevance to this Project, are required:

- Feasible alternative project designs to avoid or at least minimise physical and/or economic displacement, while balancing environmental, social, and economic costs and benefits, will be considered.
- From the earliest stages and through all resettlement activities the client will involve affected persons. The Project should provide the affected communities the opportunity to participate in negotiations based on the established procedures.
- Any individuals or groups that may be disadvantaged or vulnerable must be taken into account.
- Where involuntary resettlement is unavoidable, a census and a socio-economic baseline assessment within a defined affected area will be undertaken.
- In the absence of specific national government procedures, a cut-off date for eligibility will be established, which is often the date of completion of the above census and socio-economic survey.
- In the case of economic (but not physical) displacement the Project should develop procedures to offer to the affected persons and communities' compensation and other assistance that meet the objectives of the PR.
- A Livelihood Restoration Framework or Plan will establish the entitlements of affected persons or communities and will ensure that these are provided in a transparent, consistent, and equitable manner. The procedures for determining and awarding compensation should be documented in a Plan.
- All displaced persons and communities will be offered compensation for loss of assets at full replacement cost and other assistance. Where livelihoods of displaced persons are land-based, or where land is collectively owned, where feasible, land-based compensation will be offered.
- The Project should summarise the information contained in the resettlement of livelihoods framework or plan for public disclosure to ensure that affected people understand the compensation procedures and know what to expect at the various stages of the Project (for example, when an offer will be made to them, how long they will have to respond, grievance procedures, legal procedures to be followed if negotiations fail).
- The Project should set up a Project-level grievance procedure to deal with concerns about compensation and relocation.
- Monitoring of the resettlement and livelihood restoration process will be carried out in accordance with PR 1 and should involve the participation of key stakeholders such as affected communities.

3.10. Comparison of Mongolia and EBRD Requirements

In summary, the following key gaps have been identified between EBRD PR5 and Mongolian legislation.

Table 3-1. Summary of gaps between Mongolian law and EBRD requirements

Land acquisition Issues	Provision of Mongolian Law	EBRD Requirements	Gaps and Actions Required
Expropriation	<p>Expropriation is only possible for the benefit of the State.</p> <p>Invoking eminent domain is only legally recognized when taking back land for special needs of the State including roads, lines and networks and other objects of national scale (Land Allocation Law, Articles 32 and 37; Land Law, Articles 42 and 43). This law applies to the Project.</p> <p>Current practice by government in local scale projects entails a demand letter with threat of sanctions and offer of payment of compensation.</p>	Expropriation can be used as one means to acquire land as long as appropriate safeguards are in place and guarantee compliance with all requirements of PR5.	<p>Gap.</p> <p>Displaced person to be at least as well off as without the project. Identification of livelihood restoration measures.</p>
Negotiated land acquisition	The Civil Code of Mongolia provides the legal basis for contractual agreements on the transfer of land from displaced persons to the government (Chapter 15, Articles 1, 6, 7, 8, 109 and 112, among others).	International requirements encourage negotiated settlements whereby there is a willing seller and willing buyer and the settlement fair and appropriate compensation and other incentives or benefits to displaced persons or communities.	<p>Gap.</p> <p>Any negotiated settlements should provide fair and appropriate compensation and other incentives or benefits to displaced persons or communities.</p>
Eligibility	<p>Only registered owners, possessors or users are recognised.</p> <p>Licensed owners, possessors and users of land can transfer their titles to other legal persons recognized under the Land Law (Articles 35 and 38) and the Land Allocation Law (Article 27).</p> <p>Non-titled occupants of land as illegal possessors are not eligible to transfer the land occupied or receive compensation (Land Law, Article 27.4).</p> <p>The Civil Code recognizes the right of a long-term non-owner occupant of ownerless immovable property (incl. land) to own it after 15 years, if registered in the State register (104.2).</p> <p>Pasture land is deemed State land and usage rights over pasture land are typically not registered.</p>	<p>Lack of formal legal title or recognisable legal right to land by any displaced person is not a bar to entitlement. Titled persons who have claims to land that are recognisable under national laws, and non-titled displaced persons are eligible to receive entitlements.</p> <p>Compensation for lost land will be provided to affected bona fide occupants regardless of title.</p> <p>Compensation to bona fide owners and users of affected structures regardless of title over the plot of land where such structures and regardless of structure ownership are located will also be provided.</p> <p>People who illegally occupy the Project sites after the cut-off date are not eligible for compensation and may be evicted at their own cost.</p>	<p>Gap.</p> <p>Persons will be eligible regardless of ownership or legal status.</p> <p>Occupants and users of land, regardless of title, will be eligible.</p> <p>Occupants and users of structures will be eligible regardless of ownership or title over the plot where the structures are.</p>
Compensation for land	Contractually agreed payment for land transferred to the government.	Compensation at replacement cost based on valuation at average market value, plus transaction	<p>Gap.</p> <p>Project will compensate land at</p>

Land acquisition Issues	Provision of Mongolian Law	EBRD Requirements	Gaps and Actions Required
	Local practice applies the government land valuation tariff (Cabinet Resolution 103, 2003), though negotiation with displaced persons also occurs. Compensation tariff is at state rates for land. Replacement land can be provided if displaced person's entire land or large part thereof is acquired.	costs and the cost of restoration to an equivalent potential as that of the affected asset. Preferred compensation is in-kind. Compensation to be provided before displacement or imposition of access restrictions. Measures incorporated to provide displaced people with legal assistance to enable them to complete administrative requirements prior to land acquisition and, if needed, to seek redress from the courts.	replacement cost based on the definition in PR5 and as defined in this LARF. Preferred compensation will be in-kind. Compensation will be provided before displacement or imposition of access restrictions.
Compensation for structures	Contractually agreed payment for transfer of structures located on land acquired. The value of structures is determined at market rates, with depreciation deducted from gross value of the structure.	Offer displaced persons choices among feasible resettlement options. Provide relocation assistance suited to the needs of each group of displaced persons, with particular attention paid to the needs of the poor and the vulnerable. Provide replacement property (for example, agricultural or commercial sites) of equal or greater value, or cash compensation at full replacement cost where appropriate. Alternative housing and/or cash compensation will be made available prior to relocation. Choice of replacement property of equal or higher value, or cash compensation at full replacement value where appropriate.	Gap. Project will compensate structures at replacement cost based on the definition in PR5 and as defined in this LARF. Support measures will be provided, if required Compensation will be provided before displacement.
Compensation for economic displacement, Income and livelihood rehabilitation	Economic displacement is not explicitly covered in Mongolian law. However, <i>ad hoc</i> in kind compensation measures may be provided on a case-by-case basis in practice.	Compensate economically displaced persons for loss of assets or access to assets prior to displacement. Assistance for livelihood restoration due to loss of land, assets, jobs, income and livelihoods. Provide additional targeted assistance (for example, credit facilities, training or job opportunities) and opportunities to restore, and where possible improve, their income earning capacity, production levels and standards of living.	Gap. Project will compensate for temporary and permanent economic displacement. Compensation should ensure that livelihoods of displaced persons are no worse than, and where possible, improved to pre-Project conditions.

Land acquisition Issues	Provision of Mongolian Law	EBRD Requirements	Gaps and Actions Required
Community and public resource losses	Affected community and public assets can be transferred through contractual agreement under the Civil Code.	Compensation is due for affected communal resources. Negotiated settlements with relevant community organisations with respect to compensation for affected communal resources will be sought.	Gap. Project will seek negotiated settlements with relevant community organisations with respect to compensation for affected communal resources.
Relocation and transaction cost	Mongolian Law on State Registration of Property Allocation Rights and Other Related Rights requires payment of registration duties and service fees for the registration of immovable property with the State Administrative Authority in Charge of State Registration of Property Rights (article 9). All registration and other fees, as well as cost of relocation, are responsibility of parties to a contract and can be included in a contract.	Relocation and transfer expenses, including fees for registration and other administrative charges, are part of replacement costs for lost assets and compensation.	Gap. Project will incorporate all fees into compensation.
Vulnerable people	No specific provisions with respect to differential impacts of displacements on vulnerable people.	Specific assistance to vulnerable people affected by displacement.	Gap. Project will identify vulnerable people and provide specific assistance as identified in this LARF.
Easements (property servitude)	Legal provision for easements or property servitude, allowing the use of another person's property for specific public or private purposes is permitted under local law; mutual agreement and payment of a fee are required (Civil Code, Article 151, Land Law, Article 48 and Land Allocation Law, Article 33).	No specifically identified. No conflict with PR5.	No gap.
Cut off date	Not covered.	An eligibility cut off date is to be set and communicated to displaced persons. This is typically the date of completion of the census and socio-economic surveys.	Gap. A cut off date will be set and communicated to displaced persons for any future land acquisition activities.
Grievance procedure	The Land Law refers disputes over land to the governors of administrative units and eventually the courts (Article 60). The Civil Code and Land Allocation Law refer various types of disputes to the courts.	An adequate grievance redress mechanism for displaced people is required.	Gap. Project will establish a Grievance management and resolution mechanism that is easily accessible and disclosed to displaced people.

Land acquisition Issues	Provision of Mongolian Law	EBRD Requirements	Gaps and Actions Required
Information disclosure and public consultation	No specific provisions for public consultation and information disclosure, except that land acquisition is typically based on amicable and contractual transactions.	Project displaced persons are to be fully informed and closely consulted on compensation and resettlement options. Resettlement and livelihoods planning documentation is disclosed and consulted upon.	Gap. Project will disclose this LARF as part of the ESA disclosure document. Future LARPs/ should also be available for disclosure.
Monitoring and evaluation	Responsibility of local government and Citizen's Assemblies.	Establish procedures to monitor and evaluate the implementation of resettlement plans.	Gap. Project will establish a monitoring and evaluation process as defined in this LARF.

In summary, there are several significant gaps between the Mongolian legal framework and EBRD PR5:

- Non-titled occupants of land are not eligible for compensation and rehabilitation entitlements;
- Compensation for affected land is based on a government compensation tariff, not market or replacement rates, although there is room for negotiation with individual displaced persons;
- A depreciation coefficient is applied in the valuation of affected structures;
- Income and livelihood restoration is not normally considered in local practices;
- Transaction costs are not included in local compensation payments;
- There are no grievance procedures preceding dispute resolution by governors and the courts;
- Public consultation and information disclosure is not practiced; and
- An eligibility cut off date is not declared.

These gaps as relevant to the Project and the activities undertaken to date will be addressed by the Project, as outlined in subsequent sections of this LARF.

4. Summary of Project Land Requirements and Impacts

4.1. Project and Land Use Context

The primary administrative division in Mongolia is the *aimag*, or province. The second administrative division is the *soum*, or district. On average, each *soum* across Mongolia administers approximately 5,000 people over 4,200 km². The third and lowest level of administration in Mongolia is the *bagh*, or sub-district. This level consists of a *bagh* Governor, a Civic Registration Officer and Section Leaders.

The Project road starts from the roundabout junction of Darkhan-Emeelt, running through the territory of the 21st and 32nd Khoros⁶ of Songino-Khairkhan district of Ulaanbaatar city, and passes through three aimags and six soums as follows (and shown in Figure 2-1 in Section 2):

- soums of Bayanchandmani and Bornuur and Sumber in Tuv aimag;
- soums of Bayangol and Mandal in Selenge aimag; and
- Khongor soum in Darkhan-Uul aimag, finishing in the south of Darkhan City in Darkhan-Uul aimag.

A summary of these settlements and their economic status is provided in Table 4-1.

Table 4-1. Summary of soums along the Project road

Aimag	Soum	Brief summary
Darkhan-Uul aimag	Darkhan soum	Darkhan city or soum is the provincial centre of Darkhan-Uul aimag. In 2017, Darkhan soum had a total of 101,879 residents. It is the second largest city of Mongolia. Darkhan soum is divided into 18 <i>baghs</i> . Darkhan has been an industrial region since its establishment in 1961. It has well-developed infrastructure, processing industry and education system. Darkhan also has culture and science enterprises. The soum is the centre of the Central Region and is rich in mineral resources, construction materials, iron ore, coal and mud deposits. In addition, production of sheep skin, flour, food, spirit and forestry are the main industrial activities. factories such as Erel Cement JSC, Silikat JSC, Darkhan Nekhii JSC and Darkhan Metallurgical Plant, state-owned public company operate in the soum.
	Khongor soum	Khongor soum is located 25 km from Darkhan city. At the end of 2017, Khongor soum had 6,217 residents living in the soum. The soum is divided into three <i>baghs</i> , Buural, Zulzaga and Salhit. Khongor soum is located at the junction of Ulaanbaatar-Darkhan-Altanbulag road and Zamiin-Uud-Altanbulag railway. The soum has 31,200 ha of cultivated area. In 2017, the total number of livestock was 163,955. The soum has considerably big railway departments, such as a railway parts assembly base, a fire brigade and the Salkhit railway station. Soum residents run intensive farming business to produce meat and milk, besides planting crops and vegetables. There is also exploration and mining of building materials (cement, mud, sand, lime stone and iron ore) and gold.
Selenge aimag	Mandal soum	The soum is located 174 km from Ulaanbaatar city. In 2017, there were a total of 7 27,162 people. It has 9 <i>baghs</i> and 2 villages. Out of 632 registered enterprises, 510 or 80.7% are operating regularly. By the end of 2017, there were 488 herder households, 1,339 households with livestock, as well as 8 enterprises with livestock.
	Bayangol soum	Bayangol soum is located 156 km from Ulaanbaatar, 75 km from Darkhan-Uul aimag. It has 3 <i>baghs</i> ; Kharaa, Bayan and Gonir. The territory is suitable for agricultural and animal husbandry activities. In 2017 there were 214 operating enterprises, with the main operational companies being agricultural, 30-40 mining companies (Boroo Gold mining and small mining companies), a vegetable oil processing factory, petrol stations, banks, restaurants and shops. The soum has a railway and road junction.
Tuv aimag	Bornuur soum	The soum is located in the north west of Tuv aimag, 105 km from Ulaanbaatar city. In

⁶ A Khoroo is an administrative sub-division of Ulaanbaatar.

Aimag	Soum	Brief summary
		<p>2017 there were 5,206 people. It has 4 <i>baghs</i>.</p> <p>At the end of 2017, 801 individual entrepreneurs and 111 economic entities were recorded. Soum enterprises produce agricultural products, such as vegetables and milk and supply urban areas, including Ulaanbaatar city.</p> <p>The soum also has many tourist attractions, temples, cultural heritage, sanatoriums and resorts.</p>
	Bayanchandmani soum	<p>The soum is located in the northern part of Tuv aimag, 68 km from Ulaanbaatar. In 2017 the soum population was 4,218. The soum has 3 <i>baghs</i>; Chandmani, Zamt and Erdene.</p> <p>During 2014-2017, the total number of registered businesses in the soum increased considerably. Out of 67 entities, 7 are state-owned, 59 are private enterprises, and 1 is owned by local government. Twenty-five enterprises are in the agriculture, hunting and forestry sector, 2 enterprises are in mining and quarrying, 4 enterprises are processing plants, 2 are in building sector.</p>

With the exception of the above settlements and isolated properties along the road, land use in and around the Project corridor is dominated by agriculture and pasturelands. There are also numerous restaurants along the road, as well as tourist attractions, temples, cultural heritage features and resorts. Typical land uses are shown in Figure 4-1.



Figure 4-1. Typical land uses along the road

Agriculture is a significant sector along the Ulaanbaatar-Darkhan-Altanbulag road. The Darkhan-Selenge area is the biggest crop planting area in Mongolia. 45% of total annual domestic wheat/grain harvest is produced in

this area. Agricultural activities are mainly planting of crops, potatoes and vegetables, in addition to livestock farming. There are intermittent areas of agriculture, such as fields to the south of Bayanchandmani (48°12'31.32"N, 106°18'53.25"E) which has a spring used for vegetable growing, around Sumber Soun which is close to Kharaa River, and large areas of agricultural fields for cereals extending from south of Darkhan to approximately 40 km south to the Shariin Gol road.

Herding of livestock is also predominant. In Tuv aimag, in 2017 there were 15,231 thousand households with livestock and 11.9 thousand herder households in the aimag. Bornuur soun territory in particular is suitable for agricultural and animal husbandry, as majority of the land belongs to a forested steppe zone. In Selenge aimag, agricultural and animal husbandry industry is high. In Bayangol soun there were 797 households with livestock and 405 herder households and 488 herder households in Mandal soun in 2017. In Darkhan, 66,218.96 thousand heads of livestock were recorded in 2017.

In terms of unemployment, in 2017 there were 1,955 registered unemployed people in Darkhan-Uul aimag (56% women, 52% young people aged 16-34), 298 registered unemployed people in Tuv aimag (49.7% women, 52% young people aged 16-34) and 824 registered unemployed people in Selenge aimag. Overall, there is a prevalence of unemployment to be higher for young people.

4.2. Summary of Land Requirements

Permanent and temporary land take will be required for the Project. These requirements have been separated into the two phases of Project activity: prior to construction and during construction and are discussed in turn below.

4.2.1. Prior to Construction

As the Phase II works comprise the widening of the existing road, there is a permanent land requirement within the existing 50 m ROW for the footprint of the project road, i.e. the road and its drainage channels. The road will be approximately 11 m wide and is required for approximately 204 km. This land is required both immediately adjacent to the existing road (online) for approximately 68 km and will be located offline from the existing road for the remaining 134 km, by approximately 16-18 m from the centreline of the existing road.

This will result in approximately 4,634,000 m² of land being required permanently. This land is all required within the 50 m ROW of the existing road.

4.2.2. During Construction

This phase refers to any land acquisition or land requirements related to the construction phase, once the individual Construction contractors are commissioned. All land requirements should be negotiated prior to the commencement of construction, however, for the purposes of distinguishing these as contractor responsibilities, it has been defined as “during construction”.

During this period, temporary land take only is envisaged. This will be required for: excavations, laydown areas, temporary storage of excavated materials and topsoil, waste storage areas, etc. (though it is envisaged that these will be in the road footprint); and workers' construction camps. Access restrictions are also likely to apply during the construction works i.e. managed crossing points only are likely to allow accessibility across the works.

No additional land is envisaged as being required for borrow pits, as these already exist along the road; however, this would need to be reviewed if any expansion of existing sites is proposed.

The temporary road required during construction works on the existing road will be the responsibility of the ADB Phase I project. It is currently considered that no additional temporary roads (or use of the ADB temporary roads) will be required by the Phase II Project. Haul roads may be required by EBRD contractors however it is likely that contractors will use the Project road footprint as their haul roads. This will be confirmed once contractors are commissioned.

4.4. Summary of Land Requirement Impacts

4.4.1. Prior to Construction

The Project footprint is either online or slightly offline to the existing road, as shown in Figure 2.4 in Section 2. Along approximately 68 km the new road will be constructed immediately adjacent to the existing road, minimising the impact on adjacent land uses. The remaining 134 km will be constructed offline, mainly in rural areas (see Figure 4-2), which could result in some loss of existing land uses. The required land take will take place within the existing ROW and therefore, this land is already State land. There will therefore be no impact on private land tenure, as none exists within the 50 m ROW of the existing road, where the new road is proposed.

However, as is often the case, the local government may give permission for certain land uses within this area, for example, for agriculture. The permanent use of this land for the road will result in a small loss of access permanently to this land. In rural areas, the land adjacent to the road is currently used for grazing and agriculture (crops). The extent of this loss is discussed below. Land uses, formal or informal (as is the case for this Project), need to be taken into consideration to meet EBRD PR5.

In rural areas, this roadside corridor is typically used mainly for moving herds back to huts from the hinterland (pasturelands) where cattle graze along the road edge (Figures 4-2 and 4-3) and/or to access water sources that are close to the road. Within the 50 m ROW, this land is not assigned as pastureland, however, in Mongolian Law pastureland is common land anyway (and therefore no private ownership of pastureland is recognised). As Figure 4-3 shows, the pasturelands extend well beyond the road corridor and therefore the impact of land take on land being used for pasture along and near the road corridor is not considered to significantly impact herders.



Figure 4-2. Rural area and hinterland



Figure 4-3. Cattle along the road



Figure 4-4. Cattle grazing along the road



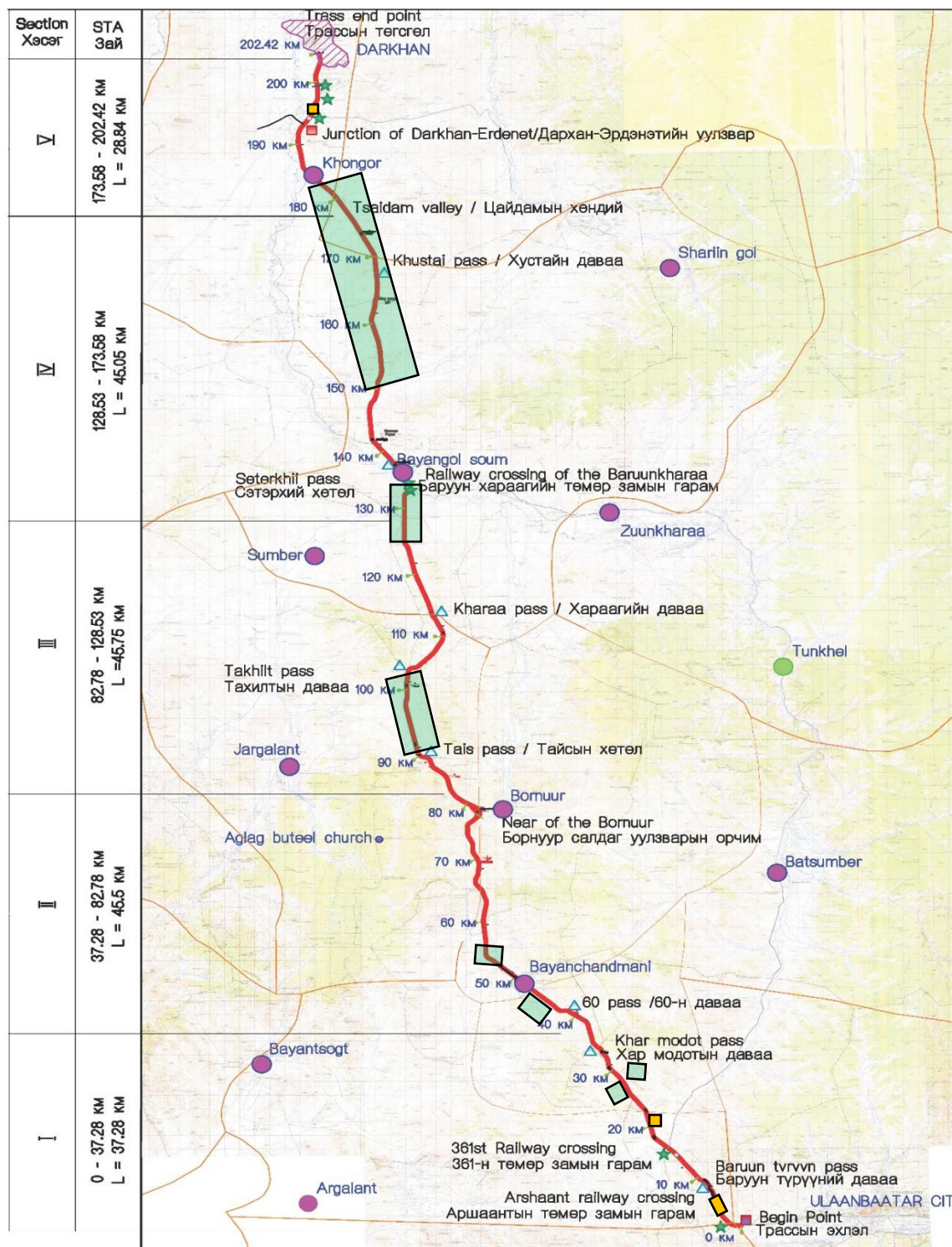
Figure 4-5. Agriculture along the road corridor

Agricultural areas are shown along the road corridor in Figure 4-5 and Figure 4-6. Although the resolution is poor due to available GoogleEarth images, Figure 4-6 shows an approximate distance of 50 m from the edge of the existing road. This would imply that there are no crops within the likely footprint of the new road, either in offline or online scenarios. Figure 4-7 shows the approximate location of agricultural areas along the length of the road, covering around 50 km or 25% of the road length. Appendix A provides aerial shots of these agricultural areas in each road section together with an approximate mark of the 50 m ROW from the existing road centreline. In all cases it appears that no impact on crops will occur as a result of any clearance of land uses for the permanent Project footprint. However, it should be noted that loss of access roads to the crops as a result of the road footprint could result in the need for farmers to encroach on their fields to re-supply this access, albeit it a small area. As no superimposed maps of the route on land uses have been provided to date, this and/or field survey would be needed to verify that no crops are affected along the length of the road. However, on the basis of the available information it is considered unlikely that any significant impacts on agriculture/crops will occur. Therefore a survey of land uses in the Project footprint is proposed as a future action (see section 5.5.2).



Figure 4-6. Example of agricultural crops along the road (road in yellow, the red is an approximate 50 m ROW)

Source: GoogleEarth



Key:

- Small settlements / Residential areas
- Agricultural land

Figure 4-7. Approximate location of agricultural fields along the road

Land in the towns within the 50 m ROW is also State land; though those using the land in this zone for e.g. for business or residential purposes will typically have a contract with the local aimag. In towns, the new road will be online and most of the land immediately adjacent to the existing road is unused land (see Figure 4-8, 4-9 and 4-10). In general, it is anticipated that there will be no impact on land use as a direct result of the Project road footprint in urban areas (though there may be impacts on land access and structures, and consequent impacts on incomes and livelihoods, which are addressed further below).



Figure 4-8. Urban land use adjacent to the existing road



Figure 4-9. Urban land use adjacent to the existing road



Figure 4-10. Bayanchandmani aerial image (GoogleEarth), illustrating the road and nearest properties

As shown in Figure 4-11, clearance of the land for the new Project footprint will also result in the loss of some trees along the road; though these trees are not species of concern or commercial use (species are reported in the Supplementary ESIA Report).



Figure 4-11. Trees along the existing road

The Project footprint will result in physical displacement in the form of structures such as monuments/ billboards, a police station, petrol station shed, non-functioning toll booth and cultural heritage features (ovoos, road traffic accident memorials). A total of 58 assets have been identified by the MRTD/PIU as requiring relocation. This is reported in more detail in Section 5 and typical structures are shown in Figure 4-12 below.

No residential properties have been identified or reported by the MRTD/PIU in the Project footprint and therefore no involuntary resettlement will take place as a result of the Project footprint. As a map of the road footprint overlaid on maps and/or cadastral survey has not been provided for review, it is recommended that this is verified through appropriate overlay maps and/or field survey to confirm no other structures than the 58 identified will be potentially affected. However, given the liaison with the local aimags to date it is considered unlikely that any other structures would be affected. It is considered that there is sufficient distance between the existing road and yurts/isolated properties from the existing road that they will not need to be relocated or resettled as a result of the footprint land requirements (see Figure 4-13 as an example).



Toll booth



Monument/ Advert



Ovoo



Market stalls

Figure 4-12. Typical structures requiring relocation

Of the 58 structures identified, two types of structure have been identified that have potential income/livelihood impacts – roadside stalls (8 in total) and petrol stations (2 in total). Relocation of the roadside stalls will not affect the owners in the long term, as the stalls will be relocated to the edge of the new road. However, during Phase I works there will be an economic impact on these stall owners as the existing road will be closed to traffic. To avoid economic displacement currently, the MRTD/PIU have agreed with the stall owners to postpone their relocation until construction commences. Clarification is required from the MRTD/PIU as to whether the stalls will be relocated to the temporary road and then back again; and where these stall holders will place their stalls during the Phase II works, when the existing road will be open to public traffic again however, access may be restricted due to the Phase II construction works.

The impact on the revenue of petrol stations has not been addressed by the MRTD/PIU, and the petrol station owners are in negotiation with the MRTD/PIU for compensation. At the point of writing this report, it is not clear whether provision will be made for these petrol stations to relocate so they will be in operational after construction and/or what the business (income) impact on these property owners is.

In addition to the potential loss of income and livelihoods as a result of land and structure impacts (addressed above), economic displacement may also occur as a result of a temporary loss of access and permanent changes to access to properties and land as a result of the Phase II Project, for example, curtailing existing accesses to properties (petrol stations and businesses); reduced access across the road in rural areas to pasturelands and water wells/surface water sources; and changes to pedestrian access in towns. During operation, it is envisaged that new access arrangements will be provided to businesses and properties along the road, and that improved pedestrian crossings will be provided in soums. In the rural areas, culverts for passage of people and livestock will be provided.

Therefore it is concluded that restrictions to access could impact on business income and livelihoods predominantly in the construction phase. The potential impact in the construction phase will depend on the access arrangements put in place by the Construction contractors, and therefore is addressed in Section 4.4.2 below. The operation impacts of the Project changes in access have not been assessed by the MRTD/PIU however, it is assumed that new access arrangements will be provided to businesses and properties along the road; this will need to be checked for each restaurant and business along the road and in urban areas in the final design to ensure that access is still possible. During operation, herders will have reduced access compared to baseline conditions due to the presence of fencing in rural areas along the road. However, the Project will provide culverts similar to that shown in Figure 4-14 to permit passage across the road. Whilst this will reduce access, it is noted that near Darkhan access to pastures is already restricted by the presence of the railway and culverts are in place to address this, therefore herders in this area are already used to using culverts (Figure 4-14). Therefore no significant impacts on herders are anticipated, however, it would be prudent to undertake a sample baseline survey of their livelihoods against which future potential impacts can be assessed for example, in the case of any grievances.



Figure 4-13. Isolated property along the route



Figure 4-14. Culvert under railway near Darkhan

Therefore, in summary, land clearance for the permanent road footprint will result in:

- Potential loss of limited (small) amount of land under agriculture, to be confirmed through mapping and/or survey verification exercise. Even if isolated cases of loss of agricultural land use are identified, it is highly unlikely that the scale of loss would have a livelihood impact on the crop owner due to the very small area of land that may be required to be cleared.
- Loss of a small area of land used for grazing however, in the context of the available land remaining for grazing, this is not considered significant.
- Physical displacement of structures (structures used in commercial activity, other structures) and cultural heritage features (58 in total). No loss of residential properties has been identified to date and therefore there will be no involuntary resettlement.
- Economic displacement (loss of income and sources of livelihood) as a result of temporary and changed access to land/assets as a result of the clearance of land in the Project footprint:
 - As above, potential small loss of income from crops where the footprint requires land under crops and/or due to access restrictions e.g. movement of agricultural machinery across the road to reach land; however, this is considered to be small scale at most.
 - Loss of income and wages to road side sellers who have restricted access to their stalls and/or the road to sell their goods; MRTD/PIU are undertaking socio-economic surveys which can be used as a basis to assess the potential impacts on their livelihoods and therefore compensation required.
 - Loss of income/livelihood for herders due to restricted access across the road to their pastures and water wells/sources during operation however, this is considered to not considered to be a significant impact (construction impacts are considered in the next section).
- Potential impacts on any vulnerable PDPs identified as affected above.

The specific actions proposed to address the above are set out in Section 5.

4.4.2. During Construction

The footprint required for temporary landtake, in particular the workers' accommodation camp, could result in physical and economic displacement. Accidental damages may also occur during construction that result in displacement.

The location of construction related sites will be determined by each contractor. As such, it is not known whether this landtake will be within the State owned 50 m ROW or whether land may be required outside the 50 m ROW and therefore may have an impact on private land tenure. Even if outside the 50 m ROW, it is likely that the land required would be pastureland (as little land is designated as private land in rural areas), that is also considered State land.

It is envisaged that contractors will determine the location of sites in liaison with the local government and/or land uses; and it should be stipulated that sites should be chosen to avoid any involuntary resettlement and, where possible, economic displacement – for example, by avoiding sites on agricultural land. However, it is acknowledged that this may not all be possible.

Therefore, potential impacts during construction are considered below; each contractor will need to assess the impact of construction works in accordance with this LARF and, where any physical or economic resettlement will occur, regardless of whether it is temporary or permanent, and affects formal or informal land users, a LARP will be required.

Temporary land requirements could result in the temporary loss of land or land uses (grazing land, crops, community use), structures (residential or other, including cultural heritage), and/or loss of access to land; any of which could have an income and/or livelihood impact on affected persons e.g. loss of footfall to local businesses, restriction of operation e.g. petrol stations and stall holders, etc. Restrictions in access in the general area due to Project activities may cause herders to have to migrate over longer distances or change migration patterns, particularly during construction when activities will be intense and widespread. Accidental damage may also occur which could have an income and/or livelihood impact e.g. damage to crops or herder water wells.

It should also be noted that noise during construction can affect herder livestock at some distance from Project activities; in particular young animals who are particularly vulnerable to excessive noise.

Therefore, in summary, the temporary landtake and accidental damages could result in:

- Temporary loss of land or land use e.g. crops, grazing/pastureland. These losses could have income and/or livelihood impacts.
- Physical displacement of, or damage to structures (all types) and cultural resources. These losses could have income and/or livelihood impacts.

It is envisaged with approach PIU review measures in place, the above will not occur. However, the following impacts may arise and will need to be assessed on a case-by-case basis:

- Temporary and changed access which could result in the following economic displacement (loss of income and sources of livelihood):
 - Loss of income and/or wages at local business where access restrictions could affect footfall;
 - Loss of income and/or livelihood of herders due to restricted access across the road to their pastures and/or wells/water sources;
 - Loss of income and wages to road side sellers who have restricted access to their stalls and/or the road to sell their goods;
 - Loss of income and wages at roadside restaurants and other businesses such as petrol stations due to loss of or restricted access to their premises.
- Potential impacts on any vulnerable PDPs identified as affected above or as affected by temporary crossing restrictions during construction.

The details of the number of affected persons will need to be determined by each Construction contractor, in accordance with the approach set out in this LARF. The specific actions proposed to address the above are set out in Section 5.

5. Status of Land Requirement Activities

5.1. Overview of Process to Date

The process of clearance of the land required for the road footprint the Project is being undertaken by the MRTD/PIU, in conjunction with the local authorities (soum government). These land clearance activities have been conducted consistent with the national legal requirements, outlined in Section 3.

The process of land clearance has generally involved a number of tasks over the project preparation period to date, namely:

- Socio-economic assessments in the study area;
- Asset survey within the project footprint;
- Stakeholder engagement activities;
- Agreement of compensation; and
- Utilities.

These are described in turn below and a summary of the land clearance process status is provided in Table 5-1. The MRTD/PIU have undertaken a survey of assets within the proposed road footprint for Phase I and Phase II; this has taken some consideration of economic displacement of stall holders. The MRTD/PIU work has not reviewed the potential impact on agricultural land to confirm that there will be no impact as a result of the project footprint. It also has not considered the potential for future livelihood impacts on herders as a result of Project operation. The work to date has also not recorded whether any affected PDPs are vulnerable.

No temporary land requirements, such as for temporary roads (Phase I), haul roads (potentially Phase I and II) and construction camps (Phase I and II) have been considered as these will be determined by the contractors.

5.2. Socio-Economic Surveys Conducted to Date

A number of socio-economic surveys have been completed to date for the Phase I and II projects, which provide high level socio-economic information for the study area, as follows:

- Feasibility Study for Route Ulaanbaatar-Darkhan:
 - Environmental Baseline Assessment Report – Feasibility Study for Route Ulaanbaatar-Darkhan, Volume IV (Baruun Khuasai LLC and MRTD, 2017) (Mongolian and English version); and
 - Social Study Report - Feasibility Study for Route Ulaanbaatar-Darkhan, Volume III (Mongolian Construction Project Consultants LLC and MRTD, 2017) (Mongolian and English version).

The Social Study report contains the social and demographic background of the soums and settlements along the road. The data used for the report was obtained from official websites, sources and statistical offices in Bayanchandmani soum of Tuv aimag, Bornuur soum of Tuv aimag, Mandal soum of Selenge aimag, Bayangol soum of Selenge aimag, Khongor soum of Darkhan-Uul aimag, and Darkhan soum of Darkhan-Uul aimag.

- List of properties located within the footprint of the EBRD road prepared by SEC LLC (received 04 April 2019); and
- Initial Environmental Examination (IEE); Regional Road Development and Maintenance Project 4816-005 (ADB, 2018).

The above reports were all prepared as part of environmental and social studies and are therefore high level covering the study area; they do not cover specific project affected or project displaced persons.

However, the ADB PIU conducted a socio-economic survey in May 2019 involving the people who sell local vegetable and dairy products at the stalls along the road near Bayangol soum, Selenge aimag, who will be affected by the ABD road works, whereby the existing road will need to be closed to traffic to be able to rehabilitate the road and therefore stall holders will not be able to sell to passing travellers. The PIU Report on the survey is not yet available.

5.3. Identification of Assets and People Affected

The PIU has identified 58 assets including ovoo or stone heaps (12), road traffic accident memorial statues (5), facilities for public use (32), and private property (9) impacted as a result of land clearance within the footprint of the Phase I and II of the project. These assets were identified through survey and discussions with the local soum (see section 5.4 below) and are listed in Table 5-1. Of these, it is understood that 27 are related to the ADB Phase I road rehabilitation works, and the remaining 31 are related to the EBRD Phase II works (road widening) however, a definitive list has not been provided that identifies which structure is affected by which phase of the project.

5.4. Stakeholder Engagement Activities and Official Communications to Date

5.4.1. Targeted stakeholder engagement

Stakeholder engagement activities related to the land clearance process have been conducted at a soum level by the PIU to provide information about the assets affected by Phase I and II of the project and to discuss the associated mitigation measures to be implemented. This comprises:

April 2019:

- Meeting with the Governor and Head of Citizens' Representatives' Khural of Bayanchandmani soum of Tuv aimag on April 16th, 2019. At this meeting, it was agreed that the soum authorities involved would collaborate on the compensation activities prior to the project construction. Furthermore, it was agreed that planned construction work on the soum kindergarten and the road construction would be conducted in a concerted manner.
- Meeting with the Governor and Head of Citizens' Representatives' Khural of Khongor soum of Darkhan-Uul aimag on April 16th, 2019. At this meeting, it was agreed that the soum authorities would collaborate with the PIU on the resettlement activities prior to project construction.
- Meeting with the Secretary of Citizens' Representatives' Khural of Darkhan soum of Darkhan-Uul aimag on April 17th, 2019. At this meeting it was agreed that the soum authorities would organize in collaboration with the PIU the resettlement activities prior to the project construction.
- Meeting with the Head of Citizens' Representatives' Khural of Bayangol soum of Selenge aimag on April 17th, 2019. At this meeting it was agreed that the soum authorities would collaborate with the PIU in conducting the resettlement activities prior to the project construction.

May 2019:

- A public hearing was announced by the Governor of Darkhan-Uul aimag on May 3rd at the Governor's Office regarding provision of information to project displaced people on dismantling and / or relocation of assets.

5.4.2. Official Communications for the land clearance process

Key Government communications including resolutions and official letters supporting the MRTD land clearance process to date are as follows:

1. Resolution #112 dated March 21st, 2019 for assigning duties to the following:
 - a. Minister of Finance - to resolve the funding of the road construction work and associated consulting services;
 - b. Minister of Road and Transport Development - to select the construction contractors and technical quality assurance consultants, and to monitor implementation of the contract requirements;
 - c. Minister of Mining and Heavy Industry - to resolve the regulation on issuing common mineral licenses required for the road construction;
 - d. Minister of Energy, Head of Communication and Information Technology Authority, Mayor of Ulaanbaatar, and the governors of Darkhan-Uul, Tuv and Selenge aimags - to take measures to protect and relocate the communication and power infrastructures that are to be affected by the road construction.

2. Resolution #144 dated April 10th, 2019 for assigning duties to:
 - a. Minister of Finance - to resolve the 6.5 billion tugrik (Mongolian currency) required for funding relocation of communication and other engineering lines and networks and the protective and reinforcement buildings and objects; and
 - b. Minister of Road and Transport Development - to organize the land clearance of the roadway clearing limits promptly and monitor its implementation.
3. Official letter # 03/2042 dated April 24th, 2019 was sent by the Secretariat of the MRTD to the state-owned enterprises of “Bayanchandmani” and “Darkhan” that are responsible for maintenance of the auto roads requesting them to implement land The PCU will discuss the response with the PIU and, as relevant, the Construction contractor CLO. by relocating the assets situated within 100 m road clearing limits of the UB-Darkhan road in collaboration with PIU by April 27th, 2019.
4. Official letter # 01/191 dated May 16th, 2019 was received from the Governor of Bayanchandmani soum, Tuv aimag stating that the soum had started land clearance and resettlement activities of the assets affected by the road project and were ready to collaborate with the PIU.

5.5. Compensation Packages and their Status

The MRTD/PIU have not developed a plan for land clearance to activities and have not identified an eligibilities or entitlements matrix. However, for each asset they have worked in collaboration with the soum governors and the asset owners to agree that either the asset owner will remove or relocate the structure or that the soum/MRTD would provide assistance to relocate the structure. However, records of agreement have not been kept between the MRTD and the asset owner; though status of this process has been recorded by the PIU and is presented in Table 5-1.




As of 10th May 2019, 37 of the total assets set out in Table 5-1 had been removed and/or relocated by local authorities without any objection. Relocation discussions are in progress for the rest of the assets as described below:





- **Stalls (8)** that are located at Bayangol soum of Selenge aimag are used by local people for selling the locally grown vegetables and dairy products. As they are important for economic income of the people, the local administration requested to postpone the resettlement process until the construction starts.
- **Fuel stations (2)** are owned by Shunkhlai LLC and resettlement compensation is requested by the owner and negotiation is in progress with the respective authorities.
- **A cargo container and a small metal booth** have no owner identified yet.
- **Sewage wells (2)** that are situated on the territory of Bayangol soum of Selenge aimag. One has been relocated and one is being discussed for relocation.
- **Statues (2)** are under the process of removal or relocation.
- **A road tax collecting point** owned by the local administration is under the process of relocation.
- **Facilities (3)** owned by Road and Transportation Development Centre. Relocation is in progress.
- **Traffic accident/memorial stones (2)** all relevant families except one have been identified, consulted and the stones relocated with family consent.




Table 5-2. Land clearance activities conducted to date

#	Section	Location	Asset	Aimag, soum	Area	Photo	Status of land clearance activities
Western Ring Crossing – North of The Khar Modot Mountain Passage							
1	I-1	STA.0+700	Cargo container used as a storage	Songinokhairkhan District, UB	29.5 m2		Relocation incomplete Looking for the owner.
2	I-1	STA.2+540	Tyre repair shop (not operational)	Songinokhairkhan District, UB	18.7 m2		The shop was never operational, and it was dismantled with consent by the owner. Dismantling and relocation was conducted with the support of state-owned company.
3	I-2	STA.9+180	Traffic accident memorial	Songinokhairkhan District, UB	0.45 m2		Relocation complete. Detailed information was sought from the registration office of Bayanchandmani soum and no owner or a family was identified. Therefore, the grave was removed without changing its shape and size.

#	Section	Location	Asset	Aimag, soum	Area	Photo	Status of land clearance activities
4	I-2	STA.14+680	Weigh bridge (currently not in use)	Songinokhairkhan District, UB	259.3 m2		Relocation complete. State-owned (under the control and regulation of Road and Transportation Development Centre) asset relocated with consent by the authority.
5	I-3	STA.14+700	Tax collecting booth and stall (operational)	Songinokhairkhan District, UB	64.6 m2		Relocation complete. State-owned asset and relocated with consent by the authority.
6	I-3	STA.14+700	Tax collecting booth and concrete base (not operational)	Songinokhairkhan District, UB	41.99 m2		Relocation incomplete. State-owned asset and relocation in progress.



#	Section	Location	Asset	Aimag, soum	Area	Photo	Status of land clearance activities
7	I-4	STA.14+700	Concrete pedestrian road (in use)	Songinokhairkhan District, UB	33.7 m2		Relocation incomplete. State-owned asset and relocation in progress
8	I-4	STA.14+760	Cargo container as a storage	Songinokhairkhan District, UB	32.3 m2		Relocation complete. Removed with consent by the owner. Written consent is provided to SEA.
9	I-5	STA.14+960	Small metal booth for selling small items (not in use)	Songinokhairkhan District, UB	6.1 m2		Relocation is incomplete, Looking for the owner.
10	I-6	STA.19+620	Ovoo (Stone heap)	Songinokhairkhan District, UB	10.3 m2		Relocation complete. Public asset and relocated with consent by local authority.

#	Section	Location	Asset	Aimag, soum	Area	Photo	Status of land clearance activities
11	I-7	STA.20+980	Memorial Monument	Songinokhairkhan District, UB	1.9 m2		Relocation complete. Public asset and relocated with consent by local authority.
12	I-8	STA.32+260	Ovoo (Stone heap)	Songinokhairkhan District, UB	4 m2		Relocation complete. Public asset and relocated with consent by local authority.
13	I-5	STA.33+140	Stone and concrete stairs for public use	Songinokhairkhan District, UB	10.9 m2		Relocation complete. Public asset and relocated with consent by local authority.
14	I-6	STA.33+140	Ovoo (Stone heap)	Songinokhairkhan District, UB	15.9 m2		Relocation complete. Public asset and relocated with consent by local authority.

#	Section	Location	Asset	Aimag, soum	Area	Photo	Status of land clearance activities
15	I-7	STA.33+140	Ovoo (Stone heap)	Songinokhairkhan District, UB	13 m2		Relocation complete. Public asset and relocated with consent by local authority.
North of The Khar Modot Mountain Passage – Urikhan							
16	II-1	STA.3+180	Stone monument (for the 70 th Anniversary of Bayanchandmani soum)	Bayanchandmani soum, Tuv aimag	3.1 m2		Relocation complete. Public asset and relocated with consent by local authority.
17	II-2	STA.3+180	Ovoo (Stone heap)	Bayanchandmani soum, Tuv aimag	8.04 m2		Relocation complete. Public asset and relocated with consent by local authority.





#	Section	Location	Asset	Aimag, soum	Area	Photo	Status of land clearance activities
18	II-3	STA.10+160	Police post (not in use)	Bayanchandmani soum, Tuv aimag	27.4 m2		Relocation complete. Public asset and relocated with consent by local authority.
19	II-4	STA.10+260	Toilet (used for Petrovis employees)	Bayanchandmani soum, Tuv aimag	5.3 m2		Relocation complete. Relocated with consent of the head of the Petrovis branch.
20	II-5	STA.10+740	A house foundation (not in use)	Bayanchandmani soum, Tuv aimag	37.4 m2		Relocation complete. Public asset and relocated with consent by local authority.
21	II-1	STA.23+460	Ovoo (Stone heap)	Bayanchandmani soum, Tuv aimag	13.3 m2		Relocation complete. Public asset and relocated with consent by local authority.

#	Section	Location	Asset	Aimag, soum	Area	Photo	Status of land clearance activities
22	II-2	STA.43+180	Shunkhlai fuel station /stall and steel tank/	Bayanchandmani soum, Tuv aimag	110.9 m2		Relocation incomplete. Compensation was requested by the owner. The PIU and MRTD offered to use the service of Shunkhlai's mobile fuel stations instead of a compensation in monetary form. Negotiation is ongoing with between MRTD, PIU and Shunkhlai LLC.
Urikhan – Crossing at Sumner							
23	III-1	STA.10+700	Monument (Jargalant soum)	Jargalant soum, Tuv aimag	28.6 m2		Relocation complete. Public asset and relocated with consent by local authority.
24	III-1	STA.19+600	Monument ("Welcome to Selenge Aimag")	Bayangol soum, Selenge aimag	9.9 m2		Relocation complete. Public asset and relocated with consent by local authority.





#	Section	Location	Asset	Aimag, soum	Area	Photo	Status of land clearance activities
25	III-2	STA.19+600	Ovoo (Stone heap)	Bayangol soum, Selenge aimag	10.3 m2		Relocation complete. Public asset and relocated with consent by local authority.
26	III-3	STA.19+620	Wooden stall for shade and rest-1	Bayangol soum, Selenge aimag	6.8 m2		Relocation complete. Public asset and relocated with consent by local authority.
27	III-4	STA.19+620	Wooden stall for shade and rest-2	Bayangol soum, Selenge aimag	7.1 m2		Relocation complete. Public asset and relocated with consent by local authority.
28	III-5	STA.19+640	Wooden stall for shade and rest-3	Bayangol soum, Selenge aimag	7.1 m2		Relocation complete. Public asset and relocated with consent by local authority.




#	Section	Location	Asset	Aimag, soum	Area	Photo	Status of land clearance activities
29	III-6	STA.19+660	Cargo container used as bistro	Bayangol soum, Selenge aimag	14.9 m2		Relocation complete. Relocated by stat-owned company with consent of the owner.
30	III-7	STA.19+580-19+640	Stone and concrete field, pedestrian road, stairs, and dam, metal bench for public use	Bayangol soum, Selenge aimag	1.2 m2		Relocation complete. Public asset and relocated with consent by local authority.
31	III-8	STA.45+580	Ovoo (Stone heap)	Bayangol soum, Selenge aimag	1.2 m2		Relocation complete. Public asset and relocated with consent by local authority.
Crossing at Sumner – Tsaidam Valley							

#	Section	Location	Asset	Aimag, soum	Area	Photo	Status of land clearance activities
32	IV-1	STA.3+180	Stall-1 for selling local products	Bayangol soum, Selenge aimag	59.4 m2		Relocation incomplete. Postponing of removal and relocation was requested by owners until construction commences, as local people sell produce at those stalls mainly during May through October. Allowance was provided for them to continue using the land/stall under their operating agreement concluded with the respective local authorities.
33	IV-2	STA.3+200	Stall-2 for selling local products	Bayangol soum, Selenge aimag	59.4 m2		The project PIU indicated that a suggestion would be made to the local authority to include a clause in the agreement with construction contractors about preferential purchase of vegetable and dairy products from those local affected people so that their income wouldn't be affected. With this intention, PIU sent a letter to local authority requesting for official data on income and/or livelihood of those people based on which further discussion will take place with local authority and construction contractors.
34	IV-3	STA.3+200	Stall-3 for selling local products	Bayangol soum, Selenge aimag	43.6 m2		
35	IV-4	STA.3+200	Small concrete house used as storage house	Bayangol soum, Selenge aimag	8.1 m2		




#	Section	Location	Asset	Aimag, soum	Area	Photo	Status of land clearance activities
36	IV-5	STA.3+200	Cargo container used as storage	Bayangol soum, Selenge aimag	36.1 m2		
37	IV-6	STA.3+220	Stall-4 for selling local products	Bayangol soum, Selenge aimag	17.5 m2		
38	IV-7	STA.3+220	Stall-5 for selling local products	Bayangol soum, Selenge aimag	17.4 m2		
39	IV-8	STA.3+240	Cargo container used as a stall to sell local products	Bayangol soum, Selenge aimag	14.4 m2		

#	Section	Location	Asset	Aimag, soum	Area	Photo	Status of land clearance activities
40	IV-1	STA.5+620	Sewage well	Bayangol soum, Selenge aimag	7.7 m2		Relocation incomplete. Under the control and regulation of local/soum administration. Removal will be organized in collaboration with local organizations and professionals.
41	IV-2	STA.5+660	Sewage well	Bayangol soum, Selenge aimag	0.94 m2		Relocation complete. Public asset and relocated with consent by local authority.
42	IV-9	STA.10+300	Wooden toilet for public use	Bayangol soum, Selenge aimag	24.3 m2		Relocation complete. Public asset and relocated with consent by local authority.
43	IV-10	STA.18+400	Ovoo (Stone heap)	Bayangol soum, Selenge aimag	5.6 m2		Relocation complete. Public asset and relocated with consent by local authority.

#	Section	Location	Asset	Aimag, soum	Area	Photo	Status of land clearance activities
44	IV-11	STA.24+580	Memorial	Bayangol soum, Selenge aimag	8.98 m2		Relocation complete. Public asset and relocated with consent by local authority.
45	IV-3	STA.35+180	Ovoo (Stone heap)	Bayangol soum, Selenge aimag	13.6 m2		Relocation complete. Public asset and relocated with consent by local authority.
46	IV-12	STA.39+300	Memorial	Khongor soum, Darkhan-Uul aimag	1.26 m2		Relocation complete. Relocation with consent by family members.
Tsaidam Valley – Ring Crossing of Darkhan							
47	V-1	STA.10+980	Unused brick building previously used as police post	Khongor soum, Darkhan-Uul aimag	12.4 m2		Relocation complete. Public asset and relocated with consent by local authority.

#	Section	Location	Asset	Aimag, soum	Area	Photo	Status of land clearance activities
48	V-2	STA.10+320	Unused brick building previously used as the Buural Khangai police post	Khongor soum, Darkhan-Uul aimag	17.4 m2	Not currently available	Relocation complete. Public asset and relocated with consent by local authority.
49	V-1	STA.14+720	Memorial	Khongor soum, Darkhan-Uul aimag	-		Relocation with consent by family members. Identification of the family is in progress.
50	V-2	STA.15+300	Ovoo (Stone heap)	Khongor soum, Darkhan-Uul aimag	3.5 m2		Relocation complete. Public asset and relocated with consent by local authority.
51	V-3	STA.15+300 STA.19+140 STA.19+220	Ovoo (Stone heap)	Khongor soum, Darkhan-Uul aimag	14.7 m2		Relocation complete. Public asset and relocated with consent by local authority.

#	Section	Location	Asset	Aimag, soum	Area	Photo	Status of land clearance activities
52	V-4	пк19+140	Road tax collecting point	Darkhan soum, Darkhan-Uul aimag	45.6 m2		Relocation incomplete. State-owned asset and relocation is postponed until the construction work commences.
53	V-5	STA.19+220	Fuel station	Darkhan soum, Darkhan-Uul aimag	160.6 m2		Relocation incomplete. Compensation was requested by the owner. The PIU and MRTD offered to use the service of Shunkhlai's mobile fuel stations instead of a compensation in monetary form. Negotiation in ongoing with between MRTD, PIU and Shunkhlai LLC.
54	V-6	STA.19+300	Traffic control, regulation and registration office (currently not in use)	Darkhan soum, Darkhan-Uul aimag	40.2 m2		Relocation complete. Public asset and relocated with consent by local authority.
55	V-3	STA.19+840	Buural Khangai – road tax collecting point	Darkhan soum, Darkhan-Uul aimag	15.7 m2		Relocation incomplete. State-owned asset and relocation is postponed until the construction work commences.

#	Section	Location	Asset	Aimag, soum	Area	Photo	Status of land clearance activities
56	V-7	STA.21+740	A stone house previously used for advertisement	Darkhan soum, Darkhan-Uul aimag	15.7 m2		Relocation complete. Public asset and relocated with consent by local authority.
57	V-7	STA.23+740	Statue (Metal Man)	Darkhan soum, Darkhan-Uul aimag	18.5 m2		Relocation incomplete. Privately owned statue and relocation is in progress.
58	V-4	STA.29+220	Monument	Darkhan soum, Darkhan-Uul aimag	8.02 m2		Relocation incomplete. State-owned asset and relocation is in progress.

5.5.1. Utilities

In addition to the above, the PIU have also taken into consideration utilities that may be affected by the proposed works.

The PIU has identified that the inter-city fibre optic /communication/ cable requires relocation as a result of the road works. The associated design and budget for the task were prepared by Arbel-Altai LLC in association with MCPC design consultants, under agreement with the MRTD. According to the general conclusion of the design document issued by the Construction Development Centre and shared by the PIU, the total length of the ground fibre optic cable to be relocated is 59.48 km, and the length of protective trench to be built to minimize damage to the cable identified at 5 locations along the road is 10.22 km. It was indicated that the companies including MXC state-owned enterprise, Mobicom Networks LLC, Sky Networks LLC, and JemNet LLC provided the technical details about the cable and agreed with the representative from MRTD, MCPC and the Information Security Department of the Armed Forces General Staff upon the task, although no date or signed agreements concluded with the companies were provided in the report.

The Head of the PIU indicated that agreements were concluded in meetings with the companies on the relocation of the cable and building of the protective trench, and that this would be conducted by a state-owned enterprise within the state budget provided under Government Resolution #144.

5.5.2. Main Gaps in Relation to EBRD PR5 and Actions Required

In summary, the MRTD/PIU process has involved a survey of assets within the road footprint and the relocation of these structures. An eligibility and entitlements matrix has not been developed, and therefore the full potential PDPs have not been identified and compensation packages, whilst in general do align with EBRD PR5, are not necessarily as comprehensive as EBRD PR5 and are being implemented in a consistent manner. No specific cut off date has been disclosed to the local community or PDPs. Evidence of agreements with PDPs is *ad hoc* and obtained in some cases, but not all. No grievance mechanism has been set up or disclosed to PDPs or the local communities; and no monitoring or reporting structure has been put in place.

The following gaps and actions have been identified, relative to the scale of the likely impacts as identified in Section 4:

All phases

PDP database: A list of PDPs has been provided by PIU for asset owners, as presented in Table 5-1.

- Develop a full PDP database.

Reporting: The process undertaken to date has not been recorded in single document.

- Prepare a LARP in line with this LARF.

Grievance mechanism: No grievance mechanism in place for the Project or disclosed to PDPs.

- Set up a grievance mechanism and disclose this to PDPs and local communities.
- Set up monitoring of performance related to land clearance and compensation activities.

Pre-construction land clearance gaps and actions

Impacts on land uses: The impact on land tenure does not need to be considered, however, the impact on informal land uses due to meet EBRD PR5:

- Little to no impact on agricultural land is envisaged, however this should be verified through a mapping exercise of the route in relation to this land use and, if necessary or where it is not clear, site survey.
- Verification that no community facilities e.g. benches and playgrounds are affected in the urban areas.
- Verification that access to properties is maintained during operation with the new road configuration.

Impacts on structures: A list of assets affected has been provided, however a map of the road footprint overlaid on maps and/or cadastral survey has not been provided for review.

- It is recommended that the list of 58 assets is verified through appropriate overlay maps and/or field survey to confirm no other structures than the 58 identified will be potentially affected. In particular this should consider isolated properties and yurts in rural areas.

Impacts on income and/or livelihoods: A full analysis of economic displacement has not been undertaken. Whilst some minor assistance to stallholders has been considered, a full analysis of the impact on their livelihoods has not been undertaken.

- An analysis of the impact of the works on stall holders should be undertaken and compensation identified in line with the entitlements matrix in this LARF.
- Compensation package to be developed for fuel stations in accordance with the entitlements matrix in this LARF.
- Should there be an impact on agriculture, the economic loss of crops on crop owners must be assessed and compensation identified in line with the entitlements matrix in this LARF.
- Should the operation design affect access to any businesses or vulnerable groups, assess the impact and compensation identified in line with the entitlements matrix in this LARF.
- All PDPs should be reviewed for their vulnerability, including the impacts of changes on access on vulnerable groups: People with disabilities; The Elderly; Women; Children; Herders; and Business owners subject to physical and economic displacement (e.g. vegetable stalls which are mainly owned by women).
- As herders are considered a vulnerable group, it is recommended that a sample size analysis of their livelihoods is collected as a baseline, against which the performance of the Project and/or any future claims, if made, can be assessed.

Construction phase land clearance requirements and actions

The footprint required for temporary landtake, in particular the workers' accommodation camp, could result in physical and economic displacement. Accidental damages may also occur during construction that result in displacement.

Once any temporary (or permanent, if relevant) sites have been identified, the contractor should undertake the following:

- Select sites to avoid any involuntary resettlement or economic displacement.
- If this is not possible, prepare and implement a LARP in compliance with this LARF. This will include review of the following potential impacts:
 - Temporary loss of land or land use e.g. crops, grazing/pastureland.
 - Physical displacement of, or damage to structures (all types) and cultural resources.
 - Temporary and changed access which could result in the following economic displacement (loss of income and sources of livelihood):
 - Loss of income and/or wages at local business where access restrictions could affect footfall;
 - Loss of income and/or livelihood of herders due to restricted access across the road to their pastures and/or wells/water sources;
 - Loss of income and wages to road side sellers who have restricted access to their stalls and/or the road to sell their goods;
 - Loss of income and wages at roadside restaurants and other businesses such as petrol stations due to loss of or restricted access to their premises.
 - Potential impacts on any vulnerable PDPs identified as affected above or as affected by temporary crossing restrictions during construction.

6. Framework for Land Acquisition, Compensation and Livelihood Restoration

6.1. Introduction

This section sets out a land acquisition, compensation and livelihood restoration framework to meet EBRD PR5. To address the gaps between Mongolian law and EBRD PR5, the following measures as set out in this section of the LARF should be adopted:

- Principles for land acquisition, compensation and livelihood restoration and the determination of the compensation framework;
- Key definitions;
- Framework eligibility and entitlements matrix;
- Valuation methods;
- Approach to livelihood restoration;
- Approach to vulnerable people;
- Grievance mechanism; and
- Monitoring and evaluation.

6.2. LARF Principles

The key principles for compensation, resettlement and livelihood restoration associated with the Project to meet EBRD PR5 are:

- Consideration of alternative design/location options for temporary works to avoid or at least minimise physical and economic displacement;
- Implementation of resettlement and compensation in compliance with Mongolian legislation and EBRD PR5;
- Preparation of detailed LARPs where economic or physical displacement is required;
- Detailed socio-economic survey of affected people/households to assess all individual impacts, provide baseline information and design appropriate compensation measures;
- All physically or economically displaced PAPs will receive compensation measures;
- Where PDPs obtain their livelihood from the land e.g. herding, agriculture, where feasible, land-based compensation will be sought; where this is not feasible, additional livelihood restoration measures will be considered;
- Consultations will be organised, and information provided to PDPs throughout the development and implementation of the LARPs.
- The cut-off date for the establishment of eligibility will be communicated to local communities; no compensation will be due beyond the cut off date;
- Official valuation of properties/improvements to land will be carried out by designated certified valuers where relevant;
- Compensation for all affected assets will be provided at full replacement cost.
- Assistance will be provided to PDPs in restoring their affected livelihoods;
- Specific assistance will be provided to vulnerable groups identified through the socio economic survey;

- The LARPs will be implemented in a gender-sensitive manner; all compensation and livelihood restoration assistance will be provided equally to men and women;
- Compensation will be provided prior to taking possession of acquired assets where possible, and as a rule prior to the occurrence of physical and economic displacement;
- A grievance mechanism will be implemented through which all affected people can submit their complaints and grievances in relation to compensation and resettlement and expect a timely answer; and
- Monitoring of all compensation, resettlement and livelihood restoration activities will be regularly carried out.

6.3. Key Definitions

The following key definitions will be used:

Table 6-1. Key definitions

Term	Definition
Compensation	The terminology used for the range of measures comprising cash or kind compensation, relocation cost, rehabilitation assistance, transfer assistance, income substitution, and relocation which are due to eligible PDPs, depending on the type, degree and nature of their losses as a result of the Project.
Cut-off Date for Eligibility to Entitlement	Date following the completion of the census and assets inventory of persons affected by the project. Persons occupying the project area after the cut-off date are not eligible for compensation and/or resettlement. Similarly, fixed assets (such as built structures, crops, fruit trees, and woodlots) established after the date of completion of the assets inventory, or an alternative mutually agreed on date, will not be compensated.
Economic Displacement	Loss of assets or resources, and/or loss of access to assets or resources that leads to loss of income sources or means of livelihood as a result of project-related land acquisition, clearance or restriction of access to natural resources. People or enterprises may be economically displaced with or without experiencing physical displacement.
Eligibility	Any person(s) who at the Cut-off-date had assets within the area affected by the project and are affected by the project. Eligibility is irrespective of (a) formal legal rights to land, (b) customary claim to land or asset, or (c) no recognizable legal right or claim to the land displaced persons are occupying.
Entitlement	Any person who is entitled to compensation due to loss of assets.
Expropriation	The process whereby a public authority, in return for compensation, requires a person, household or community to relinquish rights to properties (land and structures) that it occupies or otherwise uses.
Host population	People living in or around areas to which people physically displaced by a project will be resettled. The host population may, in turn, be affected by the resettlement or even be displaced themselves.
Involuntary resettlement	Resettlement is considered involuntary when affected individuals or communities do not have the right to refuse land acquisition that will result in displacement. This occurs in cases of lawful expropriation or restrictions on land use based on eminent domain; and in cases of negotiated settlements in which the buyer can resort to expropriation or impose legal restrictions on land use if negotiations with the seller fail.
Land Acquisition	Land acquisition includes both outright purchases of property and purchases of access rights, such as rights-of way.
Land Acquisition and Resettlement Plan (LARP)	The time-bound action plan prepared to compensate and/or mitigate the impacts of physical and economic displacement. In the context of this Project, this applies to the pre-construction and construction land acquisition/requirement activities.
Land owner	In legitimate control of the land, with the right to dispose of it. Only a citizen of Mongolia can own land. Ownership rights are registered in accordance with the Law on Registration of Property Ownership Rights and other related Rights.
Land possession	In legitimate control of the land in accordance with purpose of its use and terms and conditions specified in respective contracts and where contracts for possession are registered in the national registry.

Term	Definition
Livelihood	<p>A livelihood comprises the capabilities, assets and activities required for a means of living such as:</p> <ul style="list-style-type: none"> • Wages from employment • Cash income earned through an enterprise or through sale of produce, goods, handicrafts or services • Rental income from land or premises • Income from a harvest or animal husbandry • Share of a harvest (such as various sharecropping arrangements) or livestock production • Self-produced goods or produce used for exchange or barter • Self-consumed goods or produce • Food, materials, fuel and goods for personal or household use or trade derived from natural or common resources • Pensions • Various types of government allowances (child allowances, special assistance for the very poor) • Remittances from family or relatives.
Physical displacement	Loss or relocation of structures resulting from the acquisition or clearance of land associated with a project which requires the affected person(s) to move to another location.
Project Displaced Household (PDH)	All members of a household, whether related or not, operating as a single economic unit, who are directly affected by the land acquisition or clearance of the Project.
Project Displaced Person (PDP)	Any person who, as a result of the implementation of a project, loses the right to own, use, or otherwise benefit from a built structure, land (residential, agricultural, or pasture), annual or perennial crops and trees, or any other fixed or moveable asset, either in full or in part, permanently or temporarily.
Resettlement	Loss of shelter and assets resulting from the acquisition or clearance of land associated with a project that requires the affected person(s) to move to another location.
Replacement Value	The rate of costs for lost assets will be calculated at full replacement cost, that is, the market value of the assets plus transaction costs. In determining the replacement cost, depreciation of the asset and the value of salvage materials are not taken into account, nor is the value of benefits to be derived from the Project deducted from the valuation of an affected asset.
Resettlement assistance	Support provided to people who are physically displaced by the Project. Assistance may include transportation, food, shelter, and social services that are provided to affected people during their relocation. Assistance may also include cash allowances that compensate affected people for the inconvenience associated with resettlement and defray the expenses of a transition to a new locale, such as moving expenses and lost work days.
Stakeholder	Any and all individuals, groups, organizations, and institutions interested in and potentially affected by the Project or having the ability to influence the Project.
Squatter / illegal land user	A person with no legal rights to the land or structures they are using.
Tenant	A tenant is considered to be a person who occupies land and/or property owned by another based upon an agreement between the person and the owner, almost always for rental payments.
Vulnerable Groups	Vulnerable groups refers to people who, by virtue of gender identity, sexual orientation, religion, ethnicity, indigenous status, age, disability, economic disadvantage or social status may be more adversely affected by project impacts than others and who may be limited in their ability to claim or take advantage of project benefits. Vulnerable individuals and/or groups may also include, but not be limited to, people living below the poverty line, the landless, the elderly, women and children-headed households, refugees, internally displaced people, ethnic minorities, natural resource dependent communities or other displaced persons who may not be protected through national legislation and/or international law.

6.5. Eligibility Criteria

PR5 identifies that the purpose of defining eligibility is to ensure that all persons, including individuals, households and businesses, that will be displaced and suffer losses as a result of the Project's land clearance and expropriation processes are fully identified and receive appropriate compensation and/or assistance to offset these losses to the extent that their livelihoods and living standards are restored to, at least, pre-displacement level.

The EBRD classifies displaced persons as persons:

- (i) who have formal legal rights to the land (including customary and traditional rights recognised under national laws);
- (ii) who do not have formal legal rights to land at the time of the census, but who have a claim to land that is recognised or recognisable under national laws; or
- (iii) who have no recognisable legal right or claim to the land they occupy.

For this Project, all PDPs irrespective of their status or whether they have formal titles, legal rights or not, squatters or otherwise encroaching illegally on land, will be eligible for some kind of assistance if they occupied the Project area before the cut-off date (or, in the case of existing practice, an agreed date that has been communicated at the local level).

Eligibility therefore covers:

- Land owners and users, regardless of legal status, who will permanently lose land as a result of Project
- Land owners and users, regardless of legal status, who will temporarily lose land as a result of Project
- Owners and users of structures, regardless of their ownership status
- Owners of crops (all crop owners, regardless of ownership status of land)
- Land or asset users who will lose temporary or permanent access to land or assets as a result of the Project
- Business owners
- Employees
- Local community
- Vulnerable persons or groups
- Persons or legal entities whose losses cannot be determined or foreseen at this stage of the Project

In some cases, PDPs may belong to more than one category, for example, they may lose land and their structures, all their land and all structures or all their land and no structures.

6.6. Cut Off Date

The cut off date is the date for all claims against the assets within the project affected area. With regard to the cut-off date for eligibility, in general this is taken to be the date of completion of the census and socio-economic surveys at any one site. All PDPs should be made aware of the cut-off date, either via public consultations / focus group discussions, engagement during the survey work or, for PDPs who are not present during surveys, via telephone. No compensation will be provided beyond the cut off date.

6.7. Methods of Compensation

Compensation will be provided either in cash, kind, and/or through assistance (Table 6-2). For the majority of entitlements, the type of compensation will be an individual's or household head's choice although every effort will be made to instil the importance and preference of accepting in kind compensation in place of cash compensation where appropriate to meet EBRD PR5.

Table 6-2. Methods of compensation

Cash payments	Compensation will be calculated in US Dollar. Rates and will be adjusted for inflation.
In-kind compensation	Compensation may include items such as land, houses, other buildings, building materials, seedlings, agricultural inputs and financial credits for equipment.
Assistance	Assistance may include moving allowance, transportation assistance, labour, training and counselling.

6.8. Entitlements Matrix

Defining entitlements serves to ensure that both the Project and those displaced by it know who has rights to what compensation and assistance during Project implementation. This enables the project to calculate the costs of land clearance, acquisition (where relevant) and compensation and implement tailored compensation and assistance packages. The overarching goal, however, is to offset all losses of eligible PDPs and to restore their livelihoods and standards of living to at least pre-displacement levels so they are not left worse off as a result of displacement.

The framework matrix of entitlements and eligibility is provided in Table 6-3. This matrix covers all likely types of eligibility and entitlement for the Project; covering first those entitlements that are likely to arise from the Project, as identified in Section 5, and then covering additional eligibility and entitlements for those impacts that may occur (e.g. resettlement) or any unforeseen impacts of future activities.

It should be clear that PDPs affected by the Project in Phase I and II have been identified at the same time by the MRTD/PIU; and therefore only one compensation package is/will be provided to these PDPs, i.e. they should receive one compensation package that covers any and all Phase I and/or Phase II impacts on them; these PDPs will not receive two separate packages i.e. for the “ADB” works and then for the “EBRD” works.

Table 6-3. Entitlements and eligibility matrix

Type of displacement / loss	Impact source	Eligibility conditions	Compensation Entitlement
PROJECT ENTITLEMENTS			
Permanent loss / displacement of structures (except residential/commercial) e.g. billboards, agricultural buildings, etc.	Alteration to, damage of, relocation or full loss of structure	Owner	Either: Assistance in relocation of structure free of charge or cash compensation for relocation at market rate without deduction of depreciation, as agreed with owner. Or if relocation is not possible: Cash compensation for loss of buildings/structures at full replacement cost free of depreciation and transaction costs. Notice to vacate buildings or structures should be given preferably 6 months in advance, but a minimum of 3 months in advance.
		Formal user	Either: Assistance in relocation of structure free of charge or cash compensation for relocation at market rate without deduction of depreciation, as agreed with owner. Or if relocation is not possible: Cash compensation for loss of buildings/structures at full replacement cost free of depreciation and transaction costs. Notice to vacate buildings or structures should be given preferably 6 months in advance, but a minimum of 3 months in advance.
		Informal user of structure	One-time transitional allowance in cash equivalent minimum subsistence allowance for 3 months to provide assistance to find new structures for use. Notice to vacate buildings or structures should be given preferably 3 months in advance, but a minimum of 2 months in advance.
Loss of place of business (commercial/ industrial structure)	Permanent physical displacement of business structure (shop, office space)	Owner	Notice to vacate buildings or structures should be given preferably 6 months in advance, but a minimum of 3 months in advance. Assistance in relocation free of charge OR cash compensation in the form of a moving allowance (e.g. transportation valued at current market prices). And either: Provide replacement business property of equal or greater value. Or: Cash compensation at full replacement cost.
		Leaseholder	Notice to vacate buildings or structures should be given preferably 6 months in advance, but a minimum of 3 months in advance. Assistance in relocation free of charge OR cash compensation in the form of a moving allowance (e.g. transportation valued at current market prices). And either: Replacement premises for lease, if possible.

Type of displacement / loss	Impact source	Eligibility conditions	Compensation Entitlement
			Or: Cash compensation at replacement value for new lease (3 months) and all transaction costs associated with new lease.
	Temporary physical displacement of business structure (shop, office space)	Owner Leaseholder	Notice to vacate buildings or structures should be given preferably 6 months in advance, but a minimum of 3 months in advance. Either: Provide alternative location for business during temporary displacement, covering temporary relocation costs at market value. Or: Minimum subsistence allowance for days of business stoppage.
Permanent loss or displacement of cultural heritage	Alteration to, damage of, relocation or full loss of cultural heritage and archaeology	Owner	Avoidance of loss or damage where possible e.g. by fencing around the feature during construction though allowing access where necessary. Case-by-case agreement with owner.
		Local community	Avoidance of loss or damage where possible e.g. by fencing around the feature during construction though allowing access where necessary. According to the requirements of Government, local ceremonies, customs or practices.
Temporary damage to structures e.g. water wells	Removal or damage during construction activities	Owner	Reconstruction of the loss of the resource/asset in consultation with owner/user/community and restoration of function.
		User (tenant)	As above
		Informal user (squatter)	As above
Permanent loss of, or loss of access to, land	Partial loss of land (full loss of plot – see livelihoods)	Owner (possessor)	For those with legal land rights, notice to vacate land preferably 6 months in advance, but a minimum of 3 months in advance and either: A private negotiated rate where the affected PDP can voluntarily sell their assets ⁷ Or: Provision of a new like-for-like land plot Or: Cash compensation at full replacement cost (based on current market value plus transaction costs related to restoring land).
		Formal user	For land lost held under customary or other recognised right, notice to vacate land preferably 6 months in advance, but a minimum

⁷ In order for acquisition of land to be considered “willing buyer/willing seller,” where the affected households voluntarily sell their property and assets, the client must not have the option of compulsory acquisition and the following conditions should apply: (i) land markets or other opportunities for the productive investment of the sales income exist; (ii) the transaction took place with the seller’s informed consent; and (iii) the seller was provided with fair compensation based on prevailing market values. These principles should apply to land consolidators, aggregators, or land developers in order to ensure fair property transactions.

Type of displacement / loss	Impact source	Eligibility conditions	Compensation Entitlement
		(e.g. licence)	<p>of 3 months in advance and either:</p> <p>Replacement with a new like-for-like land plot</p> <p>Or:</p> <p>Cash compensation at full replacement cost (based on current market value plus transaction costs related to restoring land).</p> <p>For tenants, either:</p> <p>Notice to vacate land preferably 6 months in advance, but a minimum of 3 months in advance to enable the tenant to find other land to lease. Provision where necessary of assistance to identify replacement land.</p> <p>Or:</p> <p>Where suitable alternative land is not available, or notice to vacate without warning is necessary, provision of a one-time minimum monthly subsistence cash allowance for 3 months. This will only apply where the PDP does not have another residence/land plot they are renting.</p>
		Informal user (e.g. herders, squatters)	<p>Notice to vacate land preferably 6 months in advance, but a minimum of 3 months in advance.</p> <p>Provision where necessary of assistance to identify replacement land.</p> <p>A one time allowance in cash equal to a minimum monthly subsistence allowance for 3 months. This will only apply where the PDP does not have another residence/land plot.</p>
Temporary loss of land (construction only)	Due to temporary land requirements during construction	Owner (possessor)	<p>Temporary land impacts will be compensated on the productive (economic) value of the plot during the period of impact (i.e. multiplied by the number of days disturbance).</p> <p>After use, the land will be re-established to the pre-impact productive conditions.</p>
		Formal user	As above.
		Informal user	As above.
Temporary loss of access to land, amenities, resources	Communities, households, herders	All PDPs	Maintaining access during construction works. Restoring access following construction.
Loss of crops / productive trees	Permanent loss of crops	Owner of crops, regardless of land ownership status	<p>Crop compensation at replacement value, including cash at market rate for gross crop value of expected harvest and other transaction costs such as disturbance of moving and re-establishing crop.</p> <p>For productive trees, cash compensation at market rate on the basis of type, age and productive value of trees (based on expected yield, multiplied by the number of years required to grow a tree of equivalent productivity).</p> <p>Notice to vacate land preferably 6 months in advance, but a minimum of 3 months in advance.</p>
Loss of business income (formal	Permanent loss of business income due to	Any business	Cash indemnity for the loss of income during the period of transition i.e. until the re-establishment of the business in another location.

Type of displacement / loss	Impact source	Eligibility conditions	Compensation Entitlement
or informal business)	construction or operation activities	owner	
	Temporary loss of business income	Any business owner	Cash indemnity of net income for months of business stoppage. Assessment to be based on tax declaration form. In its absence, minimum subsistence allowance for months of business stoppage.
Employment	Any employment loss	All affected persons	Cash indemnity for lost wages equal to actual wage for 3 months or, in the case of absence of tax declaration, one-time minimum subsistence allowance in cash for 3 months.
Vulnerable PDPs	Permanent loss of livelihood / land / structure	All vulnerable PDPs	In addition to the above entitlements, vulnerable PDPs will receive additional assistance and help which will be determined on a case-by-case basis.
	Temporary disturbance	All vulnerable PDPs	Vulnerable PDPs will receive additional assistance and help which will be determined on a case-by-case basis.
Livelihood loss	PDPs losing more than 20% of their income or land	All eligible PDPs	Livelihood restoration assistance will be determined on a case-by-case basis, and may include: <ul style="list-style-type: none"> • Provision of machinery and equipment • Provision of skills training • Access to jobs • Provision of personal documents • Provision of micro loans
ADDITIONAL / UNFORESEEN ENTITLEMENTS			
Permanent loss / displacement of residential properties	Alteration to, damage of, relocation or full loss of structure	Owner	Notice to vacate buildings or structures should be given preferably 3 months in advance, but a minimum of 2 months in advance. Assistance in relocation free of charge OR cash compensation in the form of a moving allowance (e.g. transportation valued at current market prices). And either: Provision of adequate replacement housing of the same or higher value than the property to be lost. Or Cash compensation for loss of buildings/structures at full replacement cost free of depreciation and transaction costs.
		Formal user	Where the PDP has no other property, tenants will be provided with a rental compensation, equivalent to 3 months rental at current market value. And

Type of displacement / loss	Impact source	Eligibility conditions	Compensation Entitlement
			<p>Assistance in relocation free of charge OR cash compensation in the form of a moving allowance (e.g. transportation valued at current market prices).</p> <p>Notice to vacate buildings or structures should be given preferably 6 months in advance, but a minimum of 3 months in advance.</p>
		Informal user	<p>Where the PDP has no other property, informal users will be provided with a rental compensation, equivalent to 3 months rental at current market value.</p> <p>And</p> <p>Assistance in relocation free of charge OR cash compensation in the form of a moving allowance (e.g. transportation valued at current market prices).</p> <p>Notice to vacate buildings or structures should be given preferably 6 months in advance, but a minimum of 3 months in advance.</p>
Unforeseen impacts during construction	Impacts during construction to properties and assets	All PDPs	Due compensation to be assessed and paid when the impacts are identified based on the above provisions and the requirements of EBRD PR5.

6.9. Valuation

The following sets out the proposed valuation method principles for the compensation types identified in the entitlements matrix in Table 6-3 above. These may not necessarily be triggered, however, are included in case this arises for example as a result of construction-related land requirements.

Valuation methods will need to be developed in detail by the implementing LARP organisation using, where applicable, registered valuation specialists. The following is set out to cover structures, land, crops, cultural heritage, loss of income, and then the assistance allowances, vulnerable people and livelihoods restoration.

6.9.1. Structures

In all cases, notice to vacate buildings or structures or assets should be given preferably 3 months in advance, but a minimum of 2 months in advance of their relocation/loss.

Structures (non-residential/business)

Where possible, the structure will be relocated either:

- Through assistance provided directly by the implementing LARP responsible organisation free of charge to the owner, such as transportation of the structure. The assistance required will be determined on a case-by-case basis.
- Where assistance is not preferred, cash compensation in the form of a moving allowance will be provided at market value e.g. cost of hiring transportation, and the owner of the structure will relocate it. This will be negotiated on a case-by-case basis.

Where relocation is not possible, cash compensation will be provided for loss of buildings/structures at full replacement cost free of depreciation and transaction costs. Replacement cost is the total current market cost of materials to build its replacement to the original size and with equal or better quality than the affected structure, plus associated site acquisition and preparation costs. Costs of transporting materials to the construction site, labour, construction fees, registration costs, and transfer taxes will be included in the rate. Costs are calculated based on the time at which the asset is being replaced, if not, inflation is taken into account in calculating costs.

Additional entitlements if required:

Residential properties and business properties

Either a replacement structure or cash compensation at replacement value will be provided, as agreed with the owner.

For residential properties, where a replacement structure is provided it will meet the following criteria to the extent possible:

- parcel on which the houses or other structures are located shall have approximately the same size;
- houses shall have similar size and standards, including access to utilities; and
- houses shall be located at a reasonable distance and be with a similar potential from the livelihood point of view (access to employment or agriculture).

For business properties, where a replacement structure is provided it will meet the following criteria to the extent possible:

- parcel on which the structures are located shall have approximately the same size;
- property shall be able to provide same or better business function than before;
- property shall be located at a reasonable distance and be with a similar potential from the livelihood point of view.

Where the affected owner opts for cash compensation rather than replacement property, or if no suitable substitute property can be identified in the area, residential and business structures will be compensated in cash at full replacement cost. For houses and commercial structures, replacement cost is the market cost of either the amount the property might be expected to realise if sold on the open market at the time of the notice to yield up possession or the materials to build a replacement structure with an area and quality similar to or better than those of the affected structure, plus the cost of transporting building materials to the construction

site, plus the cost of any labour and contractors' fees, plus the cost of any registration and transfer taxes. In determining the replacement cost, depreciation of the asset and the value of salvage materials are not taken into account, nor is the value of benefits to be derived from the project deducted from the valuation of an affected asset. It also includes costs for levelling or other preparation for new construction or use. Costs are calculated based on the time at which the asset is being replaced, if not, inflation is taken into account in calculating costs.

Temporary damage to structures

The responsible party will reconstruct the loss of the resource/asset in consultation with owner/user/community and restore its function.

6.9.2. Land

To date, all land required is within the 50 m ROW that is State land. However, the following is provided in the eventuality that private land is required during construction. This only applies to private land. If, for example, the agricultural land is on State land, the crop owner will only receive compensation for the loss of crops and not the loss of land. No land acquisition is envisaged a part of the Project.

Temporary loss of land

Temporary land impacts will be compensated on the productive (economic) value of the plot during the period of impact (i.e. economic value multiplied by the number of days disturbance). After their use, the land will be re-established to the pre-impact productive conditions.

Additional entitlements if required:

For those with legal land rights, a private negotiated rate where the affected PDP can voluntarily sell their assets will be sought where the transaction represents a free and willing sale and alternative sites exist.

Where this is not possible, compensation for land will be determined on the basis of either the provision of in-kind like-for-like replacement or a cash compensation.

The provision of replacement land should allow the owner or user approximately the same conditions of use as pre-displacement. Same conditions of use are to be understood as meeting the following criteria:

- being acceptable to the affected owner/farmer;
- being approximately the same size;
- having a similar or better potential, e.g. access, fertility, slope, parcel shape, exposition to sunshine; and
- being located at reasonable distance.

Where replacement land is not preferred, or where it is not possible (or if residential land is affected but the house itself is not), cash compensation will be provided as follows:

Agricultural land

For agricultural land, replacement cost represents the pre-displacement market value of land of equal productive potential or use located in the vicinity of the affected land, plus the cost of preparing the land to levels similar to those of the affected land, plus the cost of any registration and transfer taxes.

Residential land

Cash compensation will be provided at replacement cost, i.e. the pre-displacement market value of land of equal size and use, with similar or improved public infrastructure facilities and services and located in the vicinity of the affected land, plus the cost of any registration and transfer taxes.

Commercial land

Cash compensation will be provided at replacement cost, i.e. the pre-displacement market value of land of equal size and use, with similar or improved public infrastructure facilities and services and located in the vicinity of the affected land, plus the cost of any registration and transfer taxes.

6.9.3. Crops

To the extent possible, land clearance will be scheduled so that any standing annual crop, regardless of its development stage, can be harvested before the land is taken.

Crops that cannot be harvested prior to land acquisition, or that are damaged by construction works, shall be compensated for at full replacement cost. Recent agricultural produce prices at the aimag or national level shall be applied, either through the use of official statistics or the use of an agricultural expert. The determination of the full replacement cost requires consideration not only of the yield of the crop over one year, but also of the cost of re-establishing the plantation (seedlings, soil preparation, fertilizers, etc.), as well as of the lost income during the period needed to re-establish the crop.

For commercial trees and perennials, compensation rates should also be calculated based on full replacement cost which takes into account the years required to grow prior to production, average production and market value of the produce, as well as the labour required to re-establish the trees. The following formula is proposed, whereby the compensation rate C for one tree is determined by application of the following:

$$C = V \times D + CP + CL$$

V - average market value of the produce of one tree for one year

D - average period of time required to re-establish the tree to an adult production level, in years

CP - cost of planting (seedling, soil preparation, initial fertilization)

CL - cost of the labour required to maintain the crop during the period of time needed to re-establish it to its previous production level

The calculated unit rate C is then applied to the whole plot assuming either an average density or based on the precise count of all standing trees. Compensation rates can be generated for the following stages of tree development:

- Seedling;
- Young plant, not productive;
- Young plant, productive; and
- Mature plant.

6.9.4. Cultural heritage

Where possible, in all cases avoidance of loss, relocation or damage will be employed for example, by fencing around the feature during construction and allowing access where necessary. For any structures requiring removal such as traffic memorials and ovoos, these will be relocated where possible in agreement with the owners on a case-by-case basis. For other archaeology and cultural heritage, this will be addressed on a case-by-case basis according to the requirements of Government, local ceremonies, customs or practices.

6.9.5. Loss of income

Cash indemnity will be provided to business owners who lose business income as a result of the Project to cover the period of transition i.e. until the re-establishment of the business in another location. This will be based on net income or, in the absence of income proof / in cases where the PDP has paid tax on a flat rate, compensation will be paid equal to a subsistence allowance (calculated on a case-by-case basis for the PDP on the basis of their income) for the period affected.

Any temporary loss of business should ideally be addressed by providing alternative locations for business during temporary displacement, with the Project covering the cost (either through assistance of in cash) of temporary relocation costs at market value. However, where this is not possible, the income to a business owner will be compensated with a cash indemnity equivalent to their net income for the period of business stoppage. An assessment of net income will be based on tax declaration forms or, in their absence, a minimum subsistence allowance will be agreed with the PDP.

For employees affected by loss of income, a cash indemnity for lost wages equal to their actual wage for 3 months or, in the case of absence of tax declaration, one-time minimum subsistence allowance in cash for 3 months will be provided. This will be based on an average monthly wage in the Project Area⁸ or the minimum Mongolia monthly wage, whichever is higher. The Mongolian monthly wage is currently MNT320,000 per month, however this will rise to MNT 420,000 in 2020 and therefore the 2020 rate should be used.

⁸ Note: Average monthly wages in Mongolia are MNT1,966,761 (Source: <http://www.salaryexplorer.com/salary-survey.php?loc=143&loctype=1>, accessed 11 July 2019). The average monthly wage for the Project Area should be determined on the basis of liaison with stakeholders and affected persons.

6.9.6. Assistance allowances

Moving allowance

Assistance for PDPs that need to move to a new property or site will be provided as either free of charge assistance e.g. provision of transportation, etc, or as cash compensation in the form of a moving allowance that covers identified moving costs based at current market prices.

Transitional allowance

For informal users of structures, a transitional allowance in cash equivalent to a minimum subsistence allowance for 3 months based on the average monthly wage in the Project Area⁹ or the minimum Mongolia monthly wage, whichever is higher, will be provided as assistance until they find new structures for use. This will be calculated on the basis of the income of the PDP on a case-by-case basis.

Rental allowance

For tenants that are required to vacate properties, a rental cash compensation equivalent to 3 months rental at current market value will be provided.

Lease allowance

For business owners leasing a commercial property, a cash compensation at replacement value for new lease (3 months) and all transaction costs associated with new lease and relocation costs at market value will be provided.

6.10. Livelihood Restoration

As a general rule, livelihood restoration measures will be considered where a PDP either experiences a loss in income that is greater than 20% of their income and/or where they lose more than 20% of their total land holdings. The main objective of livelihood restoration activities is that no PDP shall be worse off post-project than pre-project. Restoration of pre-project incomes and livelihoods is an important part of rehabilitating individuals, households and socio-economic and cultural systems in affected communities.

Whilst it is not anticipated that the Project will have any significant impact in PDP livelihoods, as the Project sites will be selected to avoid such impacts, the following measures may be required:

- Counselling – provided to eligible persons regarding their entitlements and the management of money, and the ways and means of minimizing the negative impacts of the Project.
- Agricultural services – such as access to credit for seeds; Practical training and demonstration on improved agricultural techniques.
- Local Procurement of Goods and Services - although there will be limited opportunity, provisions can be made to source services and materials locally. These may have a positive impact for example on local service industries, such as foods and local beverages.
- Education assistance e.g. Education support and scholarships for herder children as a long-term investment in improved household living standards.
- Community Health Awareness – workforce and local health awareness programmes.

In addition to the longer-term measures above, where possible, the Project will seek to provide employment opportunities and training to undertake semi-skilled positions as a short term mitigation for losses experienced by PDPs.

6.11. Vulnerable Groups

6.11.1. Vulnerability criteria

Vulnerable groups refers to people who, by virtue of gender identity, sexual orientation, religion, ethnicity, indigenous status, age, disability, economic disadvantage or social status may be more adversely affected by project impacts than others and who may be limited in their ability to claim or take advantage of project

⁹ Note: Average monthly wages in Mongolia are MNT1,966,761 (Source: <http://www.salaryexplorer.com/salary-survey.php?loc=143&loctype=1>, accessed 11 July 2019). The average monthly wage for the Project Area should be determined on the basis of liaison with stakeholders and affected persons.

benefits. Vulnerable individuals and/or groups in the context of this Project are: People with disabilities; The Elderly; Women; Children; Herders; and Business owners subject to physical and economic displacement (e.g. vegetable stalls which are mainly owned by women).

6.11.2. Process to identify vulnerable people

The identification of vulnerable people/groups during planning is sometimes a challenge, as not all vulnerabilities will be visible or relevant in the context of displacement or the Project. Direct engagement with the PDP, stakeholder meetings and surveys should be used to assess vulnerability. The general categories of vulnerability in the study area have been identified in the Supplementary ESIA and therefore should be used as a reference. Additionally, vulnerability will be determined through the census/socio-economic surveys and one-to-one engagement with the PDP where their needs, or those of their household members (in the case of physical displacement) can be determined.

6.11.3. Approach to vulnerable people

Assistance to vulnerable people should be determined on a case-by-case basis, and may involve any of the following and/or other measures as determined as applicable by the LARP team in consultation with the vulnerable PDP:

- Allow for more time and patience to engage meaningfully with some people and be prepared to discuss issues on more than one occasion to ensure the issue has been understood;
- Identification of leaders or respected individuals within a community and work with them to assist the PDP;
- Sign statements or contracts with affected people, specifying their entitlements and obligations, even when these contracts do not necessarily have any legal value;
- Assistance during the compensation and resettlement process:
 - During the census;
 - Individual meetings to explain eligibility criteria and entitlements;
 - Specific resettlement packages;
 - Clearly communicate about what the Project can and will do to assist but also where the PDP has responsibilities they have to fulfil on their own;
 - Payment process (making sure that compensation documents are well understood, that the vulnerable individual will be able to cash in cheques, etc.);
 - Counselling in matters such as family, health, money management, and livelihood restoration; and
 - Prioritization for training courses to enhance employability and prioritization for employment where possible.
- Where relevant, assistance for moving:
 - Removal of belongings;
 - Salvaging of material in the old dwelling and transport or sale thereof;
 - Transportation of the household themselves, with medical assistance if required; and
 - Taking of possession of the new building.
- Where relevant, assistance during the post-resettlement period:
 - Counselling in matters such as family, health, money management, and livelihood restoration,
 - Check that the solidarity networks that the vulnerable person was relying on have been re-established or take measures if they have not: food support, health monitoring, etc.; and
 - Health care if required at critical periods.

7. Grievance Mechanism

7.1. Introduction

One single formal community grievance mechanism will be implemented by the MRTD/PIU to cover both Phase I and Phase II of the project, to ensure that the relevant parties (MRTD/PIU/Construction contractors) are responsive to any concerns and complaints; to avoid duplication of complaints or confusion; and to ensure that there is a central approach and record of grievances.

In the process of developing and implementing the LARPs, all affected people will be able to submit their grievances and suggestions to the Project in person, by post or by phone. Any person or organisation may send comments, complaints and/or requests for information in person or via post, telephone or email using the contact information provided at the end of the document. Individuals who submit their comments or grievances have the right to request that their name be kept confidential.

It is proposed that the grievance mechanism for land requirement processes mirrors that for the Project overall, to avoid confusion between the Phase I and Phase II works, and to build on already established mechanisms within the local communities.

Special attention will be paid to the training of designated staff involved in the management of the grievance mechanism specifically for the land clearance aspects. Designated staff will be assigned to receive and record grievances in a grievance form and maintain a grievance database, which specifically addressed land clearance issues. The LARPs will include the name and contact details of the nominated employee(s).

PDPs will be informed about the ways in which they can submit grievances – when, where and how. They will receive this information during the land clearance consultation process identified in this LARF and prior to the finalisation of the LARPs.

7.2. Grievance Redress Mechanism

The proposed Grievance Redress Mechanism (GRM) follows the existing approach taken by the ADB for the Phase I works and builds on existing community structures in place project for managing complaints about local issues by members of the public in Mongolia. It is recommended that the existing Phase I GRM is maintained and built upon to minimise the potential for confusion among stakeholders due to multiple similar mechanisms.

The existing GRM is consistent with the requirements of EBRD PR10 and good international industry practice (GIP). In addition to serving as a platform to resolve grievances, the GRM has been designed to help achieve the following objectives:

- Open channels for effective communication, including the identification of new environmental issues of concern arising from the project;
- Demonstrate concerns about community members and their environmental well-being; and
- Prevent and mitigate any adverse environmental impacts on communities caused by project implementation and operations.

The GRM will be accessible to all members of the community. In a situation an affected person is not satisfied with the GRM decision, the Mongolian legal system can be approached for redress.

Currently, residents' complaints or concerns (related to the community) are generally taken to the bagh or soum representatives for resolution. The GRM proposes to adopt this approach as the community members are familiar with it. The Phase I GRM has been presented to the aimag government and they offered their support for the approach, therefore it is anticipated that a similar approach for Phase II will be supported at local government level.

The MRTD in its capacity as the implementing agency, will in consultation with the PIU and conjunction with the local government, establish a soum based Public Complaints Unit (PCU). The PCU will be established with the assistance of the PIU prior to the start of the construction phase to deal with complaints from affected persons throughout the implementation of the Project.

Soum based Community Outreach and Monitoring Officers (COMO) will be identified who will be responsible for ensuring the implementation of the GRM at a local level. They will be the key contact point for residents who want information about the project or who have an issue they would like to discuss. The Construction

contractors will identify a Community Liaison Officer within their organisation who will be responsible for liaising on a weekly basis with the COMO and PCU at the local level.

The PIU and the Construction contractor CLOs, via the soum based COMO, will issue public notices to inform the public within the Project area of the GRM. This will be followed up by public consultations and targeted meetings in the local communities by the Construction contractor CLO, overseen by the PIU.

The phone number, fax, address, email address of the relevant people to contact will be disseminated through displays at the respective offices of the bagh, soum and aimag government administrations and public places.

The soum based COMO will have facilities to maintain a grievance database locally and communicate with the PIU and Construction contractor Site Managers, Governors of aimags, soums, and baghs.

A central database of all grievances and their resolution (in a grievance database) will be maintained by the PIU during construction and the MRTD during operation. The nominated responsible person in the PIU for stakeholder engagement and grievances will liaise regularly with all soum PCUs to ensure that the central database is up to date.

Whilst the central database will be used to oversee and track all grievances across the Project road, each Construction contractor will also be expected to maintain a site specific grievance database that is consistent with grievances received by the PCU relevant to their Lot; it will be expected that this database is up to date and consistent with the PIU's central database. If a grievance is raised directly to the contractor, this will be recorded and both the relevant soum COMO and the PIU will be advised.

The PCU will be responsible for managing the response to grievances however, to ensure that the most appropriate body is identified for a response, the PCU will liaise with the nominated PIU representative and the Construction contractor CLO to agree the way forward, where the issue cannot be resolved directly by the PCU. Regular meetings will be set up between these entities however, with the provision for liaison on a "needs" basis as well.

The PIU will liaise with the Construction contractor CLO on at least a monthly basis to review site specific issues and ensure consistency and accuracy of the central database.

7.3. GRM Procedure and Timeframe

Any comments or concerns can be brought to the attention of the PCU verbally or in writing (by post or e-mail) or by filling in a grievance form (example included in Appendix C). Individuals can request the right to have their name kept confidential and this mechanism does not preclude the right for stakeholders to process grievances through other judicial means.

All grievances will be:

- Acknowledged within 5 working days of receipt.
- Responded to no later than 10 days of Complaint Date Implement solution within 7 days of redress solution being agreed.

Specifically nominated and trained members of staff will record grievance information in a grievance database. This will include:

- Stakeholder name and contact details.
- Details of the grievance and how and when it was submitted, acknowledged, responded to and closed out.

The procedure and timeframe for implementing the GRM is presented in Figure 8-1 and covers the following stages during construction:

Stage 1

Access to GRM. If a concern arises, the aggrieved person(s) (AP) may resolve the issue of concern directly with the Contractor in construction / Operator in operation¹⁰, however if the issue is not successfully resolved, the AP will make his/her complaint known to either the bagh or soum, whichever level of authority he/she is most comfortable with. For all complaints, these will be recorded at the point of contact and then advised to the

¹⁰ Such resolution should be formally captured / recorded in minutes of the conversation, to allow for tracking of low level and informal feedback / grievances.

PCU/PIU so that the Central database is maintained up to date of all grievances, and the soum COMO are aware of the issue.

Stage 2

Official Complaint to PCU. The bagh/soum or COMO representative will submit an oral or written complaint to the PCU within 3 days. For an oral complaint the PCU must make a written record. The grievance will be recorded in the grievance database. For each complaint, the PCU must assess its eligibility. If the complaint is not eligible, e.g. related to an issue outside the scope of the project, PCU will provide a clear reply within five working days to the AP. Where necessary, the PCU will discuss the response with the PIU and, as relevant, the Construction contractor CLO.

Stage 3

PCU Complaint Resolution. The PCU grievance management nominated person will take steps to investigate and resolve the issue. This may involve instructing the contractor to take corrective actions. Within seven days of the redress solution being agreed upon, and no later than 30 days from the original date of the grievance, the relevant party responsible (e.g. contractor, PIU, operator, other nominated party) should implement the redress solution and convey this to the grievance management nominated person. The PCU will discuss the response with the PIU and, as relevant, the Construction contractor CLO.

Stage 4

Aimag Resolution. If the PCU cannot resolve the problem, and the AP is unsatisfied, the PCU will set up a meeting with the relevant aimag. If a solution from the aimag is found, it will be implemented.

Stage 5

Local judiciary process. If the APs are still not satisfied with the outcome in Stage 4, they can go through local judicial proceedings.

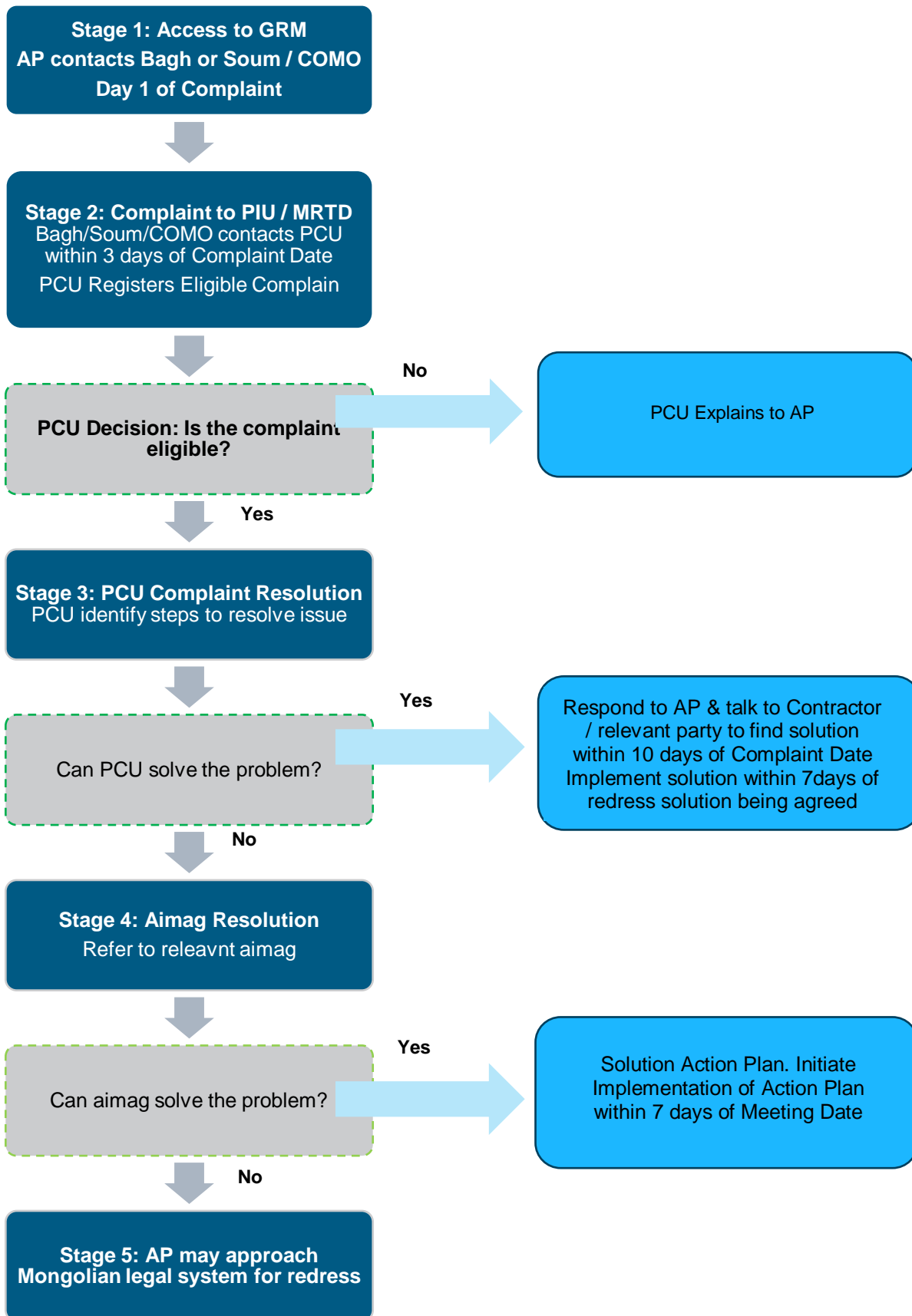


Figure 7-1. GRM Procedure and timeframe

8. Consultation and Disclosure of Information

This LARF, together with the other supplementary documents listed below, will be disclosed in line with EBRD ESP requirements:

- Environmental and Social Impact Assessment (ESIA);
- Non-Technical Summary (NTS);
- Stakeholder Engagement Plan (SEP);
- Environmental and Social Mitigation and Management Plan (ESMMP); and
- Environmental and Social Action Plan (ESAP).

In the process of developing the LARPs, the responsible organisation will organise meetings with land owners and users in the affected local communities, to present the detailed maps with affected land plots and announce how the census and survey will be organised, alongside the valuation of affected assets. The main principles of compensation and the grievance mechanism will also be presented and open for discussion and feedback.

The responsible party will organise the census/socio economic survey interviews by contacting owners of each affected land plot individually. Following the results of the socio economic survey, it may be necessary to organise individual meetings or focus groups with any particularly vulnerable people, to identify their needs for assistance and develop appropriate mitigation measures which will be documented in the LARP.

Once detailed LARPs are prepared, they will be disclosed on the official website of the MRTD and provided in hard copy at the relevant soums. The privacy of displaced persons will be respected, and no private information will be publicly released.

When disbursing the LARPP compensation packages, the responsible party will continue to regularly inform and consult PDPs.

All meetings and consultations will be documented by providing the date when the meeting/ consultation was held, list of attendees, and a summary of discussions. The minutes will be included in reports provided to the EBRD.

9. Monitoring, Evaluation and Reporting

9.1. Monitoring and Evaluation

Monitoring of the resettlement, compensation and livelihood restoration process will be carried out in accordance with EBRD PR 1. The key objective of monitoring is to regularly report the progress of LARP implementation and identify as early as possible the may prevent the LARP from being effective. Monitoring and evaluation of the data collected will therefore be carried out by the relevant parties (i.e. MRTD/PIU during pre-construction, the Construction contractors and PIU during construction and the MRTD during operation, see Section 9) of LARP activities.

Monitoring will consist of:

- Progress monitoring of inputs and outputs which measures whether inputs are delivered on schedule and as defined in the LARF and the LARPs;
- Periodic measurement of outcome indicators against baseline conditions, obtained through the socio - economic survey (see Section 9);
- Independent social or resettlement specialists are also expected to undertake periodic supervision and monitoring of LARF/LARP implementation and report back to the EBRD.

Table 8-1 provides an indicative list of indicators which can be used for monitoring. A final list of indicators, developed based on the results of the socio economic survey, will be included in each LARP.

Table 9-1. Indicative monitoring indicators

Indicator	Source of Information	Frequency of Measurement
Input indicators		
Number of consultation meetings, focus group meetings, results of consultation activities	Meeting minutes	Monthly
Number of affected people/households, by type (formal or informal, owners or users, vulnerable groups) and types of impacts (physical displacement, temporary or permanent economic displacement, other)	LARP database and GRM records	Monthly
Number and type of affected assets (land, houses, non residential structures, crops, trees, etc.)	LARP database	Monthly
Overall spending on compensation, resettlement and livelihood restoration	LARP financial records	Biannually
Number of staff dedicated to resettlement and compensation, with distribution in-house / outsourced (if applicable)	HR Department Other departments as necessary	Biannually
Reinstatement of land – number of plots complete	Construction contractors' reports and GRM records	Monthly
Timing of implemented activities in comparison to the implementation schedule	Compare status of implementation to schedule	Monthly
Output indicators		
Number of compensation packages/agreements signed; Number and % of compensation payments completed	LARP database and financial records	Monthly
Physical Displacement – number of people/households/businesses resettled, type of resettlement assistance provided	LARP database	Monthly
Vulnerable people - types of measures implemented, implementation progress, number of beneficiaries	LARP database	Monthly
Livelihood restoration measures – types of measures implemented, implementation progress, number of beneficiaries	LARP database	Monthly
Outcome indicators		
Number and type of outstanding or unresolved grievances and trends	GRM records	Monthly
Average time for payment of compensation	Measure time between	Quarterly

Indicator	Source of Information	Frequency of Measurement
	compensation agreement and payment	
Compensation paid at full replacement cost	Investigate whether recipients of cash compensation were able to purchase a similar property / structure	Annually
Re-establishment of businesses - have located businesses successfully re-established?	Survey of net income, comparison to baseline	Annually
Re-establishment of incomes/livelihoods	Specific survey of individuals effected against baseline	Annually
Satisfaction with replacement housing/property	Conduct satisfaction survey Assess whether standards of living appear improved or deteriorated to baseline	Annually

9.2. Reporting

A LARP database will be maintained a database of PDPs and assets affected as a result of the Project, and compensation, resettlement and livelihood restoration measures that will be/have been implemented. This database will be updated regularly. All information on individuals / families, their holdings and their compensation payments will be kept confidential.

The implementing team will document all meetings and consultations with minutes and photographs, and will submit these via the MRTD PIU to EBRD, together with progress reports. Using the monitoring framework described above, the implementing team will produce Annual Reports on the progress achieved with the implementation of the LARP. These reports will consolidate the information on compensation and resettlement/livelihood restoration measures, consultations, information on negotiations and results, provision of assistance to vulnerable groups, grievance management, etc. A summary of the Annual Report will be distributed to relevant stakeholders, including the EBRD.

On completion of all LARP activities, a Completion Audit Report will be completed.

10. Future Actions

10.1. Introduction

This section sets out the organisation responsibilities and future actions required for the preparation of LARPs. As the pre-construction phase land clearance process has been commenced by the MRDT/PIU, the future actions have been divided into those actions that the MRDT/PIU should take to meet EBRD PR5 related to the work undertaken to date; and then the general actions that should be taken for any future (construction and post-construction) LARPs.

10.2. Organisational Arrangements

The following organisational roles are relevant to the preparation of LARPs:

MRTD

The MRTD is responsible for transport sector policy and for planning, developing and regulating transport in the road, railway, and aviation sectors in Mongolia, and is the Project Proponent in the context of this Project. The MRTD has the overall responsibility for design, land clearance and resettlement, construction and operation and maintenance activities of the Project.

The MRTD has ultimate responsibility for the preparation of a LARP to meet EBRD PR5 of the current land clearance activities, for monitoring the requirement of any LARPs to be prepared by the Construction contractors related to the construction period.

PIU

A PIU has been set up within the MRTD for the Phase I works and will also cover the Phase II works. The PIU is currently undertaking the land clearance activities for pre-construction, covering both Phase I and Phase II land requirements.

The PIU, together with the MRTD, will be responsible for preparing a LARP that covers the activities to date plus additional activities required to meet EBRD PR5 (as set out in this LARF) for the pre-construction phase.

Local aimag governments

Under Directives issued by the MRTD, and in accordance with Mongolian Law, it is the responsibility of the aimags to undertake the relocation/displacement of assets identified by the PIU as being in the (Phase I and II) Project footprint. Furthermore, the PIU will engaged a field Community Outreach and Monitoring Officer (COMO) at the aimag level to assist in the recording and monitoring of grievances for the Project in general, and specifically in relation to land clearance issues.

Construction contractors

Construction contractors will be commissioned by the MRTD to undertake the construction works of the Project. These contractors will be responsible for any temporary land requirements and for any damages occurring during their works that result in the requirement for compensation. Construction activities will be monitored closely by the PIU to ensure compliance with the LARF and EBRD requirements. Where necessary, the contractors will prepare a LARP.

EBRD

The EBRD, as funders of Phase II, will review the LARPs for compliance with the EBRD requirements.

10.3. Implementation Actions and Responsibilities

Table 10-1 sets out the main steps (actions) required in the development of a LARP and identifies the relevant responsibilities related to the three phases identified, i.e. pre-construction, construction and post-construction. These actions are then described in more detail in subsequent sections. It is noted that as the pre-construction phase land clearance process has been commenced, the future actions for the preparation of a LARP for this process will be slightly different to that required for future LARPs.

Table 10-1. LARP actions and responsibilities

LARP Actions	Sub-action	Pre-construction (MRTD and PIU)	Construction (construction contractor, oversight by PIU)
Description of the project and identification of Project affected area	Identify land requirement clearance/acquisition that will result in displacement in accordance with the LARF.	In progress, will need to be reported in a LARP	✓
	Consider alternatives to avoid or minimise displacement.	-	✓
	Review gaps in current scope to meet EBRD 5.	Review potential for economic displacement and non-legal land/asset owners	-
Legal framework	Identify national and EBRD PR5 requirements as per this LARF.	See section 3; will need to be reported in LARP	See section 3; will need to be reported in LARP
	Identify / references gaps in the legal framework as identified in this LARF and the mechanisms used to bridge those gaps relevant to the specific LARP.	✓	✓
Identify potential PDPs	Identify potential PDPs in accordance with the Entitlements and Eligibility Matrix set out in this LARF.	Need to review current PDPs in accordance with Table 6-3; and review any additional PDPs	✓
Socio-economic survey and census	Undertake census and socio-economic survey of PDPs and survey of affected assets.	In progress for structures. Further survey may be required following above activity if gaps are identified. Sample survey proposed for herders livelihoods data.	✓
Cut off date	Disclose cut off date	-	✓
Description of displaced people and assets	On the basis of the information collected above (or from existing surveys), identify (descriptive): <ul style="list-style-type: none"> - Type of displacement (physical and/or economic) of PDPs - Magnitude of expected loss of assets, extent off displacement - Standard characteristics of PDPs and their households - Baseline information on livelihoods and incomes of PDPs - Vulnerable groups 	Some data collected, will need to be written into LARP	✓
PDP database	Establish a database of PDPs with information on all affected persons and property. Database to identify vulnerable people.	Existing database expanded for additional PDPs, as appropriate	✓
Eligibility and entitlements matrix	Using Table 6-3 in this LARF, develop the eligibility and entitlements matrix relevant to the identified PDPs.	✓	✓
Compensation package	Determine the compensation package for each PDP: <ul style="list-style-type: none"> - identifying PDP compensation relative to their eligibility and entitlement. - set out each compensation and assistance measures for each PDP. - ensure special assistance is identified for vulnerable PDPs. 	In progress for structures, however if necessary will need to be expanded to meet eligible PDPs in accordance with Table 6-3.	✓

LARP Actions	Sub-action	Pre-construction (MRTD and PIU)	Construction (construction contractor, oversight by PIU)
	Undertake valuation for affected assets in accordance with this LARF and report in LARP the methodology used	In progress, though additional compensation and therefore valuation may be required.	✓
	Agree measures with PDP and document where no amicable agreement can be reached.	In progress, though additional compensation packages and agreements may be required.	✓
Physical displacement planning	Where Physical displacement (of property and people) is required and will be provided in-kind i.e. provision of a new residential property, business or building, identification of suitable sites.	None anticipated	None anticipated for temporary land access
	Agreement with PDP	As above	-
	Where larger scale resettlement is required, assess impacts on host community with a view to identifying mitigation measures necessary in the development of the site.	-	-
Provide assistance to Vulnerable people	Identify additional measures required for vulnerable people.	✓	✓
Livelihood restoration	Identify additional livelihood restoration measures required.	✓	✓
Consultation	Undertake consultation activities with PDPs.	In progress, though additional engagement may be required for new PDPs.	✓
Identify budget and implementation schedule	Identify all costs associated with the LARP implementation. Identify timeline and actions for implementation (disbursement of compensation packages).	In progress	✓
Prepare LARP report and disclosure	Prepare LARPs or hire and contract consultants to prepare LARPs	✓	✓
	Disclose LARP.	✓	✓
LARP Implementation	Ensure personnel are available for implementation. Appoint Compensation and Resettlement Coordinator.	In progress	✓
	Make sure monies are earmarked to implement the budget identified.	In progress	✓
	Liaise with aimag/ relevant documentation, including lists of assets to be relocated or removed.	In progress	✓ (as relevant with PIU and aimag)
	Inform PDP that the land acquisition/clearance and compensation payment process has been initiated.	In progress, though additional engagement may be required for new PDPs.	✓
	Once agreed with owner, disburse compensation e.g. relocate asset / remove asset / provide cash compensation (where applicable, in coordination with aimag)	In progress, however economic displacement to be reviewed	✓

LARP Actions	Sub-action	Pre-construction (MRTD and PIU)	Construction (construction contractor, oversight by PIU)
	For any resettlement, acquire site/property and cover payment and any legal responsibilities.	-	-
	Ensure vulnerable people are provided assistance as identified and agreed in their compensation package. Maintain a database of all activities and measures undertaken regarding vulnerable people.	✓	✓
Grievance mechanism	Disclose Grievance Mechanism to local community and PDPs.	✓	✓
	Put in place and maintain a Grievance database to keep track of all grievances.	✓	✓
	Address land acquisition/clearance grievances in line with the procedure identified in Section 7 of this LARF.	✓	✓
Monitoring, evaluating and reporting	Develop centralised database and documentation of all consultation and LARP activities.	In progress	✓
	Generate periodic indicators in accordance with Section 9 of this LARF.	✓	✓
	Develop and organise evaluation activities and reporting in accordance with Section 9 of this LARF.	✓	✓

10.4. Pre-construction Actions

The main actions required to be completed specific to the pre-construction phase have been identified in Section 5.5.2. The following actions are therefore applicable to the extent triggered by the actions identified in Section 5.5.2. All activities undertaken to date, including future actions to meet EBRD PR5, should be recorded in a LARP prepared by the PIU.

10.5. Surveys

10.5.1. Census and socio-economic survey

The census is used to enumerate displaced people and registers them according to location; this should be combined with a detailed socio-economic survey of the displaced person.

The census should encompass all people displaced by the project, regardless of their legal status—landowner, holder of land rights, tenant, illegal squatter—or whether they are actually living on an affected site at the time of the census.

Prior to the start of the census, initial sensitisation should take place, for example by informing the plot owner / tenant / caretaker that a survey team will be coming around to collect information for the purposes of the Project. The owner / tenant / caretaker of should then be approached by the survey team. All interviews should be held in the relevant language of the respondent.

Survey sheets should be used to record the relevant information, such as:

- Name and family particulars;
- Demographic information on social classification, education and occupation of each family member;
- Skill base/education level for each member;
- Sources of income/livelihood;
- Total household income (from all sources);
- Details of family expenditure;
- Use of social structures and resources;
- Details of land ownership and tenure status;
- Crops grown;
- Identification of vulnerability; and
- Contact details.

For a businesses, this may cover:

- Name of PDP
- Address of property
- Type of property
- Ownerships status
- Contact details
- Status of affected persons (e.g. employees), name and income

Photographs of the individuals interviewed, should be taken, where permission is provided, to supplement identification and enable transparency with respect to assets.

Socio-economic survey

The socio-economic survey is used to determine and analyse the socio-economic conditions of individuals, households and businesses (formal or informal) which will be physically and economically displaced by the Project. This will be conducted at the same time as the census and include a questionnaire that seeks to provide contextually socio-economic data about the PDPs. The questionnaire will focus on questions lined to

the living standards of displaced people/households, their sources of income, their access to services and infrastructure, their social networks and preferences for relocation and livelihood restoration as a basis for determining displacement impacts and designing mitigation measures.

measures were designed.

Asset/inventory survey

An inventory or asset survey should also be undertaken of lost and affected assets as a result of the Project, as the same time as the census and socio-economic survey. The survey should account for land acquisition/clearance and loss of physical assets as well as loss of income — either temporary or permanent — resulting from displacement of household members from employment or income-generating resources (for instance, small-scale suppliers or vendors from customers).

A survey team should comprise, as necessary, the following: surveyor, valuer, enumerator, tree specialist, crop specialist and a survey supervisor.

All land acquired or otherwise affected by the project, whether on a permanent or a temporary basis, should be surveyed, classified by type, and recorded. This should cover all land required temporarily for construction purposes and permanent land acquisition. Land to be acquired should be identified by the survey team together with the land owners and local aimag, where relevant. Land ownership should be verified from existing documents and through consultation with neighbours and local leaders where applicable, before it being recorded.

Records should be made of all non-moveable assets with the land required temporarily and permanently, such as standing crops fruit and fodder trees, wells, irrigation structures, and graves or tombs.

Shops, workshops, stalls, factories, and other business establishments should be surveyed and recorded. These should be classified according to ownership (private business, public enterprise, joint venture, etc.). Individuals losing their enterprises, employees losing jobs, or vendors losing customers should be enumerated, and the value of these losses incurred during the construction period should be estimated.

Survey sheets should be used to record the relevant information.

The number and type of trees should be counted, together with information on whether or not the tree is mature and fruiting.

The type of crop under cultivation should be recorded together with the area of plot currently under cultivation.

Photographs should be taken of all affected assets, and a Mobile Mapper GPS unit used to record the surface area of each asset.

The presence of public properties and uses, such as football fields, should also be recorded.

10.6. PDP Database

An electronic database should be developed to record all census, asset and socio-economic data collected during the surveys.

10.7. Establishing a Cut Off Date

For any new survey work, the cut off date will be clearly communicated to the PDPs; this will be the date of the end of the survey work. Care will need to be taken to avoid speculation in relation to future land clearance/acquisition activities.

10.8. Description of PDPs and Assets

The survey information will be used to in the LARP documents to describe the extent of displacement, loss of assets and identification of vulnerable people.

10.9. Eligibility and Entitlements

The survey data collected on PDPs will also directly inform the development of the eligibility and entitlements matrix for the LARP. For each LARP, the eligibility and entitlements matrix in Table 6-3 will be reviewed and updated to be applicable to only those PDPs being reported on.

All individuals that will be displaced by the Project, temporarily or permanently, and regardless of ownership status, are entitled to compensation and/or livelihood restoration or other assistance as outlined in Table 6-3.

10.10. Compensation Packages

Compensation packages should be determined for each PDP in relation to the LARP specific eligibility and entitlements matrix identified above. A database should be used to collate and record this information.

Compensation may include, as identified in Table 6-3, any of the following:

- Relocation or cash compensation for the relocation of assets
- Resettlement (provision of new property) or cash compensation for physical displacement
- Cash compensation for loss of crops
- Provision of alternative business locations (temporary or permanent)
- Cash compensation for the loss of income
- Cash allowances to cover temporary assistance for moving, transitioning, loss of rental and/or lease property
- Assistance measures for livelihood restoration
- Bespoke agreements for relocation or loss of cultural heritage

The valuation of each entitlement will need to be determined in accordance with the approach indicated in Section 6; and reported in the LARP. This may require the use of specialists e.g. land valuers.

These compensation packages should be agreed with the PDP and a record of this agreement made. Consultation will be undertaken to explain the entitlement framework as well as the process of payment of compensation and assistance and grievance procedures. These negotiations will take place on a one-to-one basis, taking into account vulnerable PDPs.

A final database of PDP entitlements will be established following consultation and negotiation with PDPs. Where agreement cannot be reached amicably, this will also be recorded. The database will be kept current.

10.10.1. Assistance to Vulnerable Groups

As identified in Section 6, vulnerable people will be identified through the census and socio-economic survey. On a case-by-case basis, the requirements of vulnerable PDPs will be reviewed and appropriate measures put in place to assist them in relation to any displacement that they will occur as a result of the land acquisition/clearance activities under consideration.

The following process should take place to support this:

- Identification of a person to handle issues related with vulnerable persons;
- Identification of assistance measures on a case-by-case basis, with the following process;
 - Discussion on required assistance measures between the person identified above and the vulnerable person;
 - Review and confirmation by the LARP team;
 - Implement assistance measures; and
 - Monitor effectiveness.

A specific budget for assistance to vulnerable persons should be incorporated into the LARP budget.

10.10.2. Livelihood Restoration

As identified in Section 6, PDPs whose livelihood will be significantly adversely affected as a result of the land acquisition/clearance under consideration will be identified and suitable restoration measures identified on a case-by-case basis.

As with vulnerable people, the following process should take place to support this:

- Identification of a person to handle issues related with livelihood restoration;
- Identification of assistance measures on a case-by-case basis, with the following process;
 - Discussion on required assistance measures between the person identified above and the PDP;
 - Review and confirmation by the LARP team;
 - Implement assistance measures; and

- Monitor effectiveness.

A specific budget for assistance to livelihood restoration should be incorporated into the LARP budget.

10.10.3. Physical Displacement Planning

Where there is a requirement to physically relocate people, for example, due to land acquisition/clearance affecting their residential property or business property, the PDP should be offered either a suitable alternative or cash compensation. Where a new site is required, the implementing LARP agency should identify suitable properties/ sites in consultation with the PDP and the local aimag. Where a new building will be constructed, the design and area of plot should be agreed with the PDP. Measures to be taken into consideration are provided in Section 6.

Resettlement planning and design will need to address the following:

- Property selection and suitability or site selection and physical planning of resettlement site
- Identification of impacts on host community
- Design of replacement structures
- Design of site infrastructure
- Land acquisition/clearance process and procedures

10.11. Stakeholder Engagement

Stakeholder engagement will be undertaken in accordance with the requirements set out in Section 8 of this LARF. This will be focused on agreements on a one-to-one basis with PDPs.

All meetings and consultations will be documented by providing the date when the meeting/ consultation was held, list of attendees, and a summary of discussions.

10.12. Budget and Timeline

The MRTD/PIU and potentially Construction contractors, where required, will be responsible for LARP preparation and implementation. They will therefore be responsible for all costs associated with land acquisition, compensation of losses, transaction and registration costs, allocation of new leases etc and resolution of grievances.

The LARP will therefore include a chapter on budget, specifying the unit compensation rates for PDPs and allowances, valuation methodology used to calculate the compensation and allowances, and cost breakdown for all expense items, including overheads and contingencies. The relevant party will ensure the timely allocation of necessary budgets for LARP implementation.

10.13. Preparation of LARP and Disclosure

Following the above activities and agreement on compensation packages and, as relevant, any resettlement, a LARP document will be prepared. A template for this document is provided in Appendix B.

Following preparation of the final LARP, it will be disclosed in accordance with international best practice. This will include interested parties and the general public. A copy of the LARP will also be held at the MRTD offices in Ulaanbaatar. Any confidential information will be excluded from the disclosed document.

Once detailed LARPs are prepared, they will be disclosed on the official website of the MRTD and provided in hard copy at the relevant soums. The privacy of displaced persons will be respected, and no private information will be publicly released.

When disbursing the LARP compensation packages, the responsible party will continue to regularly inform and consult with PDPs.

10.14. Implementation / Disbursements

An implementation schedule with actions and timeline should be developed and incorporated into the LARP. To ensure the disbursement of compensation packages, it is recommended that Compensation and Resettlement Coordinator is appointed. This person can, for example, be from within the existing PIU, however is a nominated person with overall responsibility for management and implementation. In some cases, this will also

require close liaison with the aimags to ensure that the appropriate documentation is obtained to meet EBRD PR5.

Disbursement of compensation to the PDP should be undertaken on the basis of the agreed entitlement matrix and compensation packages.

Where cash is to be disbursed, cash payments should be made by cheque or deposited to a local bank in the name of the PDP, in order to minimize fraud and ensure the safety of the compensation recipients. In situations where the PDP does not have the ability to cash a cheque, efforts will be made to ensure that PDP has cheque cashing capabilities (bank accounts). Cash payments may be in instalments for larger sums of money. The limit for instalments will be determined following the review of total cash payments due to eligible PDPs, as payment in instalments could result in payment post the commencement of land acquisition/clearance activities. This can be overcome by obtaining in writing consent to the payment being effected in instalments rather than as a “one off”; with a clear payment schedule.

All compensation payments should, to the extent possible, be issued in the presence of the PDP and the spouse, where relevant.

Compensation disbursement certificates or records should be provided to the PDP, or a record signed by the PDP; and a database maintained by the Compensation and Resettlement Coordinator.

For any physical resettlement, the implementing agency will be required to acquire the site/property and cover payment and any legal responsibilities and assist the PDP and their household in moving. The procedure for the physical relocation may incorporate the issuance of contracts in accordance with Mongolian Law. As far as is possible, documentation of ownership or occupancy should be issued in the names of both the PDP and the spouse or, if that is not possible, procedures for inheritance should be identified and signed by the relevant parties.

Records should be maintained of all disbursements made, and progress of the disbursement of compensation packages monitored.

10.15. Grievance Mechanism

The grievance mechanism outlined in Section 7 will be implemented and managed. This mechanism will be disclosed to all PDPs and will be regularly reviewed for its effectiveness.

10.16. Monitoring, Evaluation and Reporting

10.16.1. Monitoring of LARPs

Once the LARPs are developed and adopted, the relevant parties will monitor implementation in accordance with the requirements set out in Section 8. Once all displacement impacts have been mitigated, a Completion Audit, will be undertaken and reported on as agreed with the EBRD.

The PIU will be responsible for monitoring of the pre-construction LARP; and the Construction contractors will be responsible for monitoring of any construction LARPs, with PIU oversight.

The requirements during the construction phase will depend on whether or not involuntary displacement occurs. During construction works the Construction contractor may need to temporary occupy land. This process will be managed by the contractor, however certain provisions will be introduced in the works and supervision contracts to ensure the temporary lease of land does not negatively affect land owners or users.

The MRTD will include provisions in the Tender Documents which will subsequently be transferred into the Contract for Construction works setting as mandatory compliance with the provisions of this LARF to the extent applicable.

As a minimum, the contractor will be obliged to notify the MRTD/PIU of any upcoming need for temporary occupancy of land along with the draft lease agreement with the land owner or, in the case of involuntary land requirements, a LARP in accordance with the requirements of this LARF.

Any lease agreement will be subject to the MRTD/PIU's prior No Objection to ensure that the provisions of the contract follow the principles of this LARF.

The Consultant engaged to supervise the civil works will have the obligation to monthly monitor the implementation of these contracts (regular payment, restoration of land as per the lease contract once the lease has ended) and report back to the MRTD/PIU.

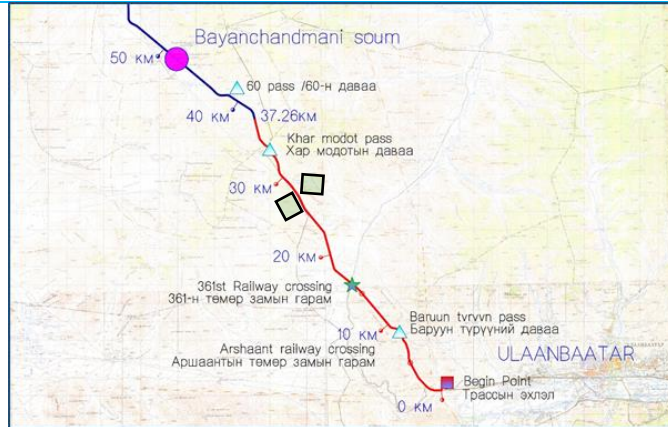
Appendices



Appendix A. Land Uses Along the Road

Main land uses along Ulaanbaatar-Darkhan road for each of the five sections

I Section (0.00 km ~ 37.28 km), 37.28 km, from roundabout junction for Darkhan and Western provinces to north of Khar Modot (52nd pass) Pass



Ulaanbaatar-Altanbulag international railway, a power line;

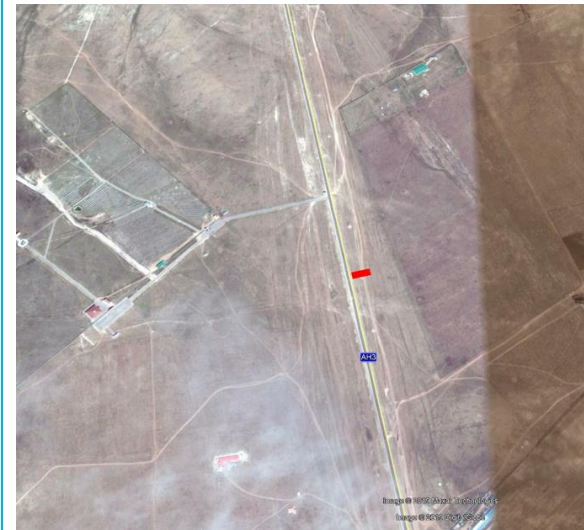
Relatively new settlements near 384th railroad crossing in Khoroo 32 in Songinokhairkhan District;

Settlement near 361st railroad crossing in Khoroo 21 of Songinokhairkhan District;

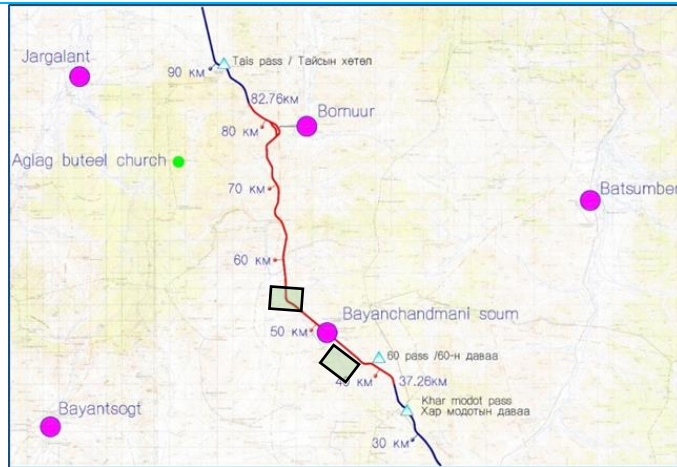
Main cemeteries of Ulaanbaatar city, i.e. Buyan and Tsetserlegt Khureelen;

Hospital, resorts, camp of herdsmen's gers and private houses are located along the middle part and at the end of this section.

Land use category: land with residential settlements; pasture land, agricultural land.



II Section (37.28 km ~ 82.77 km), 45.49 km from north of Khar Modot Pass to south of Tais Pass



Bayanchandmani soum of Tuv province, includes a traffic police post, the soum centre and production and service areas, which is a home of herdsman and nomadic animal husbandry;

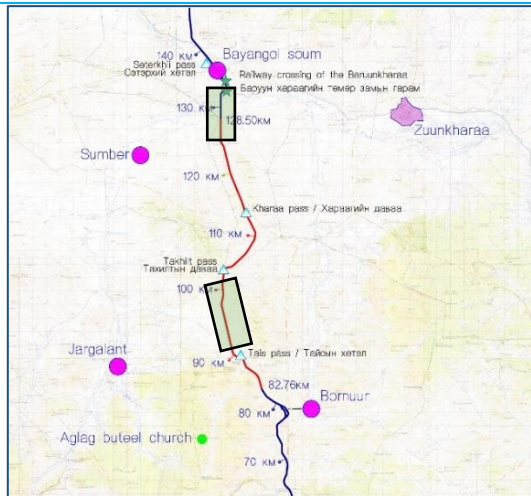
Tourist camps and pasture land are located near Khar Modot pass;

A number of resorts and tourist camps such as “Suuj Uul” and “Aglag Buteeliin Khiid”, agricultural land and hay fields.

Land use category: land with residential settlements; pasture land, agricultural land.



III Section (82.77 km ~ 128.53 km), 45.75 km from the vicinity of Urikhan diner to road junction of Sumber Soum, Tuv Province or Bor Tolgoi



Rolling terrain with mountain, springs and dry ravines that temporarily or seasonally fill and flow after sufficient rain as well as a number of low passes that are covered with snow in winter;

Tais hillock, Takhilt and Kharaa passes which are usually blocked by snow in winter;

Access roads to Bornuur, Sumber soums and Zuunkharaa which have major agricultural companies.

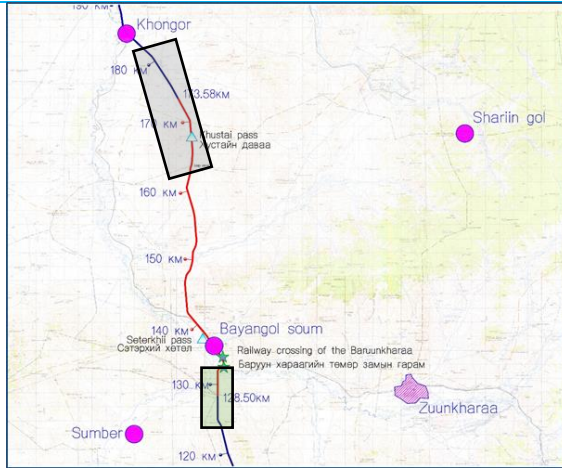
Land use category: unused land, pasture land, agricultural land.



Note: due to the poor visibility of the aerial photos in this area it is not possible to provide an illustration of the location of the road in relation to the agricultural land.

Agricultural land adjacent to the part of the road located in Sections III-IV ('transitional' part) – see below.

IV Section (128.53 km ~ 173.58 km), 45.06 km from Bor Tolgoi or road junction of Sumber Soum, Tuv Province to Tsaidam Valley



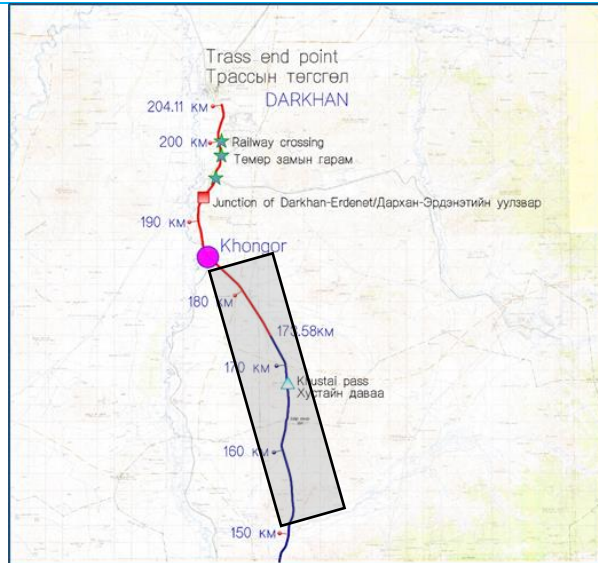
Bayangol soum of Selenge province;
 Relatively few permanent settlements, nomadic husbandry;
 Cattle graze on bank of Shariin gol river in summer and agricultural land of Khongor soum in autumn;
 Residents living near soum centre run livestock farming;
 Rolling terrain with mountains, hillocks, Kharaa, Shariin gol river and dry ravines that temporarily or seasonally fill and flow after sufficient rain;
 Khustai pass is usually blocked due to snow in winter.

Land use category: land with isolated residential settlements; pasture land; agricultural land.



(Note: this aerial photo illustrates agricultural land adjacent to the part of the road located in Sections III-IV, 'transitional' part)

V Section (173.58 km ~ 202.42 km) , 28.84 km from Tsaidam Valley to roundabout junction in Darkhan



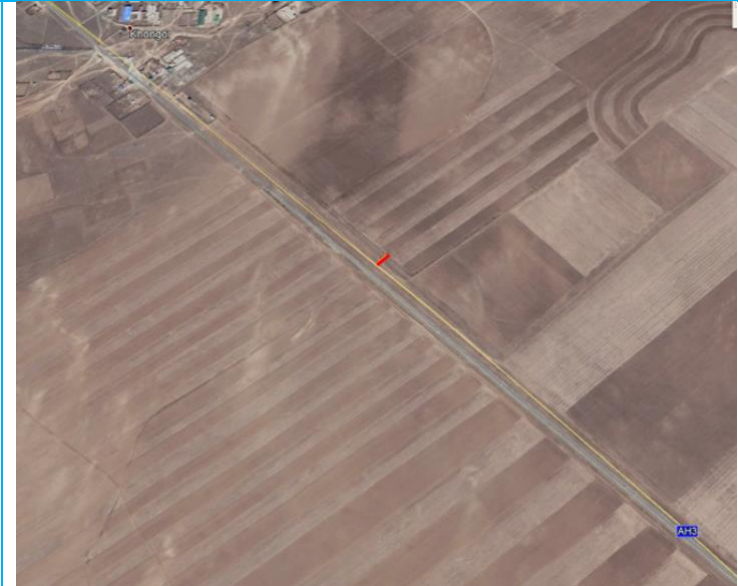
This section stretches from Tsaidam valley located in Khongor soum to roundabout in Darkhan city centre and passes through the centre Khongor soum of Darkhan Uul province;



Less rolling terrain with few mountains and hillocks with springs and dry ravines which floods during flashfloods;

Utilities such as district heating, power, communication lines, railways, industrial and residential areas of Darkhan city.

Centres of Bayanchandmani soum of Tuv province, Bayangol soum of Selenge province and Khongor soum of Darkhan-Uul province.

Land use category: land for industrial, transport, energy and other purposes, land with residential settlements, agricultural land.



	Agricultural land
	50 m distance from the Ulaanbaatar – Darkhan (AH3) road

Appendix B. Project Grievance Form

Reference Number (Protocol Number)	
Name/Surname <i>Note: you can remain anonymous if you prefer or request not to disclose your identity to the third parties without your consent</i>	
Date of complaint:	
Contact information Please check how you want to be contacted	<input type="radio"/> by postal mail <input type="radio"/> by telephone <input type="radio"/> by e-mail
Please indicate the language you want to be contacted in	
Description of incident or grievance: What happened? Where did this happen? who did it happen to? what is the result of the issue?	
Date of incident or grievance:	
	<input type="radio"/> Once <input type="radio"/> More than one time <input type="radio"/> On going
What would you like to see happen to settle the issue?	

Appendix C. LARP Template

OUTLINE STRUCTURE OF LAND ACQUISITION AND RESETTLEMENT PLAN (LARP)

Heading	Sub-heading	Indicative contents
INTRODUCTION	<ul style="list-style-type: none"> Purpose of the plan Scope of the plan 	<ul style="list-style-type: none"> Introduces the plan and its purpose; Highlights the project's potential impacts, and includes maps of the areas or zone of impact of project components or activities; Describes the scope of land acquisition/clearance (provide maps) and explains why it is necessary; and Summarizes the key effects in terms of assets acquired and displaced persons; and Describe how the plan was prepared and approved and by whom.
PROJECT DESCRIPTION		<ul style="list-style-type: none"> General description of the project and description of the project components and activities that will require land acquisition/clearance and cause physical/economic displacement.
PROJECT IMPACTS		<ul style="list-style-type: none"> Expected project impacts/losses associated with the project components/phases covered by the plan Explanation of all activities and alternatives considered to avoid or minimise displacement
LEGAL FRAMEWORK	<ul style="list-style-type: none"> National legal framework EBRD requirements Gap Analysis 	<ul style="list-style-type: none"> Describes national and local laws and regulations that apply to the project and identify gaps between local laws and EBRD's policy requirements; and discuss how any gaps will be addressed.
AFFECTED PEOPLE AND ASSETS	<ul style="list-style-type: none"> Census of Affected Assets and Displaced Persons / Households Socio-Economic Baseline Survey Affected land Affected structures Affected businesses Affected people 	<p>This section outlines the results of the socio-economic survey, census and other surveys relevant to the PDPs, with information and/or data disaggregated by gender vulnerability and other social groupings, including:</p> <ul style="list-style-type: none"> People/households who will be physically displaced and their land ownership status; People/households/businesses who will be economically displaced and their land ownership status; Standard characteristics of displaced people/ households businesses and baseline information; Information on vulnerable groups; Social networks and social support systems, and how they will be affected by the project; Description of affected assets, including natural resources, public infrastructure and services.
KEY COMPENSATION AND ASSISTANCE PRINCIPLES		<ul style="list-style-type: none"> Key principles of compensation, resettlement and livelihood restoration that the Project is committed to implementing
ELIGIBILITY	<ul style="list-style-type: none"> Eligibility principles 	<ul style="list-style-type: none"> Description and results of the census Cut-off date for eligibility Eligibility of categories of displaced persons for compensation and other resettlement assistance
ENTITLEMENTS MATRIX		<ul style="list-style-type: none"> Entitlements matrix addressing categories of losses and entitlements pertaining to the project components/phases in question
COMPENSATION, RESETTLEMENT AND ASSISTANCE	<ul style="list-style-type: none"> Methods for Valuation of Affected Assets Resettlement Compensation Packages <ul style="list-style-type: none"> Rates Payment 	<ul style="list-style-type: none"> Defines displaced persons' entitlements and eligibility and describes all resettlement assistance measures (includes an entitlement matrix); Description of the methodology for valuing losses to determine their replacement cost; Description of compensation and assistance measures; Description of process for executing compensation and assistance; Specifies all assistance to vulnerable groups, including women, and other special groups;

		<ul style="list-style-type: none"> Description of organised resettlement programme (selection of locations, design of housing, planned infrastructure, improvements for host community), if applicable.
RESETTLEMENT REQUIREMENTS		<p>If physical resettlement is required, this section:</p> <ul style="list-style-type: none"> Describes options for relocating housing and other structures, including replacement housing, replacement cash compensation, and/or self-selection; Describes alternative relocation sites considered; community consultations conducted; and justification for selected sites, including details about location, environmental assessment of sites, and development needs; Provides timetables for site preparation and transfer; Describes the legal arrangements to regularize tenure and transfer titles to resettled persons; Outlines measures to assist displaced persons with their transfer and establishment at new sites; Describes plans to provide civic infrastructure; and Explains how integration with host population will be carried out.
VULNERABLE PEOPLE	<ul style="list-style-type: none"> Identification of Vulnerable People Potential Assistance Activities to Vulnerable People 	<ul style="list-style-type: none"> Addresses specific requirements related to identified vulnerable people.
LIVELIHOOD RESTORATION		<ul style="list-style-type: none"> Identifies livelihood risks and prepare disaggregated tables based on demographic data and livelihood sources; Describes income restoration programs, including multiple options for restoring all types of livelihoods (examples include induced benefit sharing, revenues sharing arrangements, joint stock for equity contributions such as land, discuss sustainability and safety nets); Outline measures to provide social safety net through social insurance and/or project special funds; Describes special measures to support vulnerable groups; Describes training programs.
RESPONSIBILITIES AND INSTITUTIONAL ARRANGEMENTS	<ul style="list-style-type: none"> Roles and responsibilities for delivery of compensation packages 	<ul style="list-style-type: none"> Describes institutional arrangement responsibilities and mechanisms for carrying out the measures of the plan; Includes institutional capacity building program, including technical assistance, if required; Describes role of NGOs, if involved, and organizations of affected persons in resettlement planning and management.
BUDGET AND FINANCING PLAN		<ul style="list-style-type: none"> Provides an itemized budget for all resettlement activities, including for the resettlement unit, staff training, monitoring and evaluation, and preparation of resettlement plans during loan implementation; Describes the flow of funds (the annual resettlement budget should show the budget scheduled expenditure for key items); Includes a justification for all assumptions made in calculating compensation rates and other cost estimates (taking into account both physical and cost contingencies), plus replacement costs; Includes information about the source of funding for the resettlement plan budget.
IMPLEMENTATION SCHEDULE		<ul style="list-style-type: none"> This section includes a detailed, time bound, implementation schedule for all key compensation, resettlement and restoration activities. The implementation schedule should cover all aspects of compensation activities synchronized with the project schedule of civil works construction and provide land acquisition/clearance process and timeline.
CONSULTATION AND DISCLOSURE	<ul style="list-style-type: none"> Main Results of Consultation Carried out for Preparing the Plan Disclosure 	<ul style="list-style-type: none"> Description of engagement activities undertaken as part of developing the plan, its finalisation and approval; Summary of the views expressed and how these were taken into account in preparing the plan; Description of planned stakeholder engagement during implementation.
GRIEVANCE MANAGEMENT		<ul style="list-style-type: none"> This section describes mechanism to receive and facilitate the resolution of affected persons' concerns and grievances. It

MECHANISMS		explains how the procedures are accessible to affected persons and gender sensitive.
MONITORING AND REPORTING	<ul style="list-style-type: none"> • Objectives of monitoring and evaluation • Indicative indicators • General reporting principles 	<ul style="list-style-type: none"> • This section describes the mechanisms and benchmarks appropriate to the project for monitoring and evaluating the implementation of the resettlement plan. It specifies arrangements for participation of PDPs in the monitoring process.

