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February 16, 2016 r.*

To: Dr. Jim Yong Kim, President of the World Bank Group  
CC: World Bank Executive Directors;  
Dr. Gonzalo Castro De La Mata, Chairman of the WB Inspection Panel;  
Dr. Mara Warwick, Operations Manager for Mongolia; China, Korea;  
CC: Mr. Enkhbaatar, MINIS Project Director

Dear Dr. Kim:

We are forwarding to the World Bank results of the first public hearings on the draft "Terms of reference (TOR) for regional environmental assessment (REA) and ESIA for "Shuren HPP" Project" taking into account other hydropower projects planned in Selenge the River Basin. The hearings were undertaken on February 8th on the initiative of local citizens just in Kabansk - one of administrative districts of Russian Federation where planned hydropower projects may have negative impact on environment and socio-economic situation. Unfortunately, representatives of MINIS Project did not come to this event. Comments on TOR are reflected in the Hearings Minutes and its Attachments, we kindly ask You to assist, that those are used in revision of the draft TOR.

We also have been informed that, due to significant lagging behind the schedule, the Government of Mongolia applied for extension of the MINIS Project for another 2 years. In our understanding such necessity arose due to inefficient management structure of the MINIS Project and low quality management supervision of project planning process by the World Bank. The most important example of mistakes in management was selection for development under the MINIS projects of large dams in the transboundary basin of Lake Baikal, which threaten ecological integrity of the Lake Baikal World Heritage Site and well-being of ten thousand people in the zone of potential impacts of these dams. In our opinion, if due project control and public consultation would have been in place from the start then the MINIS Project would identify quite different alternative technological solutions for the same socio-economic problems of Mongolia, which would not bear such high risks. In summer 2015 WB Inspection Panel reviewed our complaint and confirmed that high potential risks and serious management problems are likely to occur, while World Heritage Committee called on Mongolia to undertake thorough assessment of risky dam projects before undertaking any steps for funding them. The request for the Project extension, that You received, is yet another evidence of these problems, since the time remaining till planned conclusion of the Project is simply insufficient for undertaking environmental impact assessments.

We want to draw the attention of the Bank managers that simple extension of the MINIS Project duration will not solve existing complicated problems, unless the Project implementation mechanisms are fixed and several important conditions are met. We request to link restructuring of the Project with fulfillment of the following conditions:

### **1) Necessity to adjust the key Project Development Objective Indicator**

In the founding documents of the MINIS Project the main indicator of project progress is full preparation of at least two infrastructure assets for investment tender. It is already obvious by now that the projects of two dams in Baikal Lake basin evoke reasonable doubt whether such development can be allowed at all. Therefore for such "assets" the main development objective indicator should be rather completion of objective assessments as the basis for judgement on whether such projects are permissible and feasible ( which may then result either in further investment of in dropping such project). If this indicator remains unchanged, then it creates incentive for the MINIS Project not to pursue objective assessment, but to push these dam projects to the investment tender at all costs.

### **2) Guarantees for Project openness and effective management of public participation.**

Despite 5-year history of the Project and many promises by the WB staff, the Project still has no set standards for responding to public inquiries and organizing public participation. Project managers perceive civil society members as enemies or obstacle, for months they do not answer inquiries and refuse to organize public hearings in the regions of potential project impacts. It is necessary to set proper public participation standards and entrust independent experts\intermediaries to organize friendly interaction with public.

### **3) Public access to information on Egiin Gol Hydro (and other planned projects)**

The largest HPP planned in Selenge Basin in Mongolia: Egiin Gol HPP should be build first in 2015-20 according to the "Energy Policy of Mongolia till 2030". It will be the first large reservoir causing impacts in Selenge River Basin, as well as the source of "maneuvering capacity" for energy system of Mongolia (which is mistakenly attributed in MINIS Project documents to the Shuren HPP). It is necessary that Mongolia makes publicly available for examination full ESIA results for "Egiin Gol HPP" Project in Russian (or at least in English), because without these data it is impossible to evaluate impact from other dams. We also support Decision of the 39-th Session of World Heritage Committee, that prescribed to undertake cumulative impact assessment of all hydropower plants planned in Selenge Basin BEFORE the construction of the Egiin Gol HPP is started.

### **4) To separate REA and its public consultations as the first stage TOR in the assessment process.**

Our proposal is fully consistent with the main purpose of the REA clearly described in paragraph 3.1.1 or the draft TOR: *" It is used during the early stages of development planning, before decisions about specific projects have been made and with the purpose of influencing such decisions."* Presently the REA process is not defined in TOR with sufficient detail, its expected results are not described and no steps are planned for public consultation on those results or taking them into account in decision-making. Contrary to common sense it is suggested to undertake REA and detailed ESIA by efforts of the same firm within one single consultant contract for ESIA for "Shuren HPP" Project and that makes us doubt the ability of such REA to produce objective assessment results. All objectives of the REA listed in the draft TOR (legal and policy analysis in energy and water sector, comparison of alternatives, and cumulative impact assessment ) are equally relevant for "Shuren HPP" Project and "Orkhon

Reservoir Complex" Project as well as for other hydropower plants planned in this basin. Therefore we suggest to separate TOR for REA from the detailed ESIA for "Shuren HPP" Project. Because with help of the REA results the Project may determine that subsequent detailed ESIA of Shuren HPP is not needed at all.

**5) Increasing budget for REA, ESIA and public participation process in all regions affected by the project.**

Looking at the "Terms of reference for regional environmental assessment (REA) and ESIA for "Shuren HPP" Project" and respective FS TOR, it is very obvious that despite some increase in budget allocation for ESIA, it still may be insufficient for fulfilling all objectives listed in TOR in transboundary context. Meanwhile, WB Inspection Panel came to conclusion that degree of detail suggested for feasibility study is equivalent to detailed engineering studies sufficient to start investment process (i.e. detail not necessary for just determining whether project can be allowed/feasible). Feasibility study implementation is expected to require 3 times more money than REA and detailed ESIA together.

Taking into consideration that at this point clear priority should be given to environmental impact assessment (and cumulative impact assessment) of dams in Lake Baikal Basin and to analysis of possible alternatives, we see the necessity to at least double sums earmarked for REA and detailed ESIA both for Shuren and Orkhon projects.

**We believe, that without fulfilling abovementioned conditions the extension of deadlines for MINIS Project will not lead to resolution of these complex problems and even may exacerbate them. Please accept our letter and consider these suggestions when making decisions on Project restructuring.**

Sincerely,

Participants of public hearings in Kabansk District of Buryatia Republic, Russian Federation.

Original in Russian signed by A.G.Shaidurov, Interim Head of Municipal Administration, Kabansky District.

Translation provided by Rivers without Boundaries International Coalition on request from the participants of public hearings in Kabansky District.

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