

SECTION A: INTRODUCTION AND BACKGROUND

CHAPTER A6: COMMUNITY CONSULTATION

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6 COMMUNITY CONSULTATION

6.1 INTRODUCTION

This Chapter of the ESIA describes the process of historical consultation with the community and other stakeholders potentially affected by the Oyu Tolgoi Project. The Chapter introduces the key stakeholders in the Project and discusses how their concerns have been used to understand the potential social impacts of the Project, to design out adverse impacts as far as possible and to develop the Oyu Tolgoi social and communities programmes. The consultation programme is a continuous process and, whilst this Chapter describes the historical consultation process, a detailed action plan going forwards is presented in *Chapter D14: Stakeholder Engagement Plan (SEP)*.

6.2 OBJECTIVES

The specific objectives of this Chapter are to:

- Describe the policy framework for community consultation;
- Define the 'direct' and 'indirect' Project Area of Influence;
- Define the stakeholders in the Project, including those directly affected by the Project (termed 'affected parties') and those who may be indirectly affected by or have an interest in the Project (termed 'other interested parties');
- Provide an overview of the historical consultation process; and
- Describe how the issues raised have been addressed in the design and implementation of the Project.

6.3 POLICY FRAMEWORK

6.3.1 Oyu Tolgoi Social Standards

Ivanhoe Mines has a publicly-issued "**Statement of Values and Responsibilities**" (dated March 2010)¹ in which the company commits to *open and transparent communication and cooperation through trust-based relationships between the company and all of its stakeholders*. The Ivanhoe policy commits the company to protecting and sustaining the communities in its area of influence: *'We are committed to supporting and strengthening existing communities where we live and work. We encourage supportive, cooperative partnerships to enhance social and economic resources. We respect the diversity of multicultural states and local communities. We involve the public and community leaders in the planning, implementation and operation of our projects'*. Since its inception, Oyu Tolgoi has operated under the Ivanhoe policies as approved by its own Board.

Stakeholder engagement at the Project level is managed by the following Oyu Tolgoi departments: Regional Development and Social Performance; External Affairs; and Media and Communications. Oyu Tolgoi has had dedicated teams engaging with a range of stakeholders since 2004, with a goal to:

- i. *earn and maintain Oyu Tolgoi's social licence to operate;*
- ii. *build and maintain enduring relationships with communities, government and civil society based on trust, openness and the joint pursuit of mutual interests;*
- iii. *engage individuals and groups to mobilise community resources and pursue local development opportunities; and*
- iv. *ensure alignment across the company to establish objectives and achieve performance-based, measurable results.*

¹ <http://www.ivanhoemines.com/s/Values.asp>

These goals remain central to the stakeholder engagement programme being implemented by Oyu Tolgoi as the Project progresses through construction and into operations. Further details on roles and responsibilities are provided in *Chapter D14: Stakeholder Engagement Plan*.

6.3.2 Rio Tinto's Policies and Standards

Rio Tinto is a strategic shareholder in Ivanhoe and, since December 2010, has been the manager of the Oyu Tolgoi Project. Rio Tinto and Oyu Tolgoi are undertaking an integration process during 2011 to ensure that Project operations and procedures are aligned to Rio Tinto standards and guidelines. This process is underway and is expected to finish in 2011.

The Rio Tinto "*Communities Standard*"² outlines the way in which Rio Tinto exploration and mining projects must engage with communities, gather information, and formulate plans and programmes to manage social impacts. *Communities Standard #1.3: Mutually Accepted and Understood Consultation Procedures* deals specifically with the principles of consultation and engagement. The Rio Tinto *Communities Standard* is closely aligned to IFC Performance Standards, EHS Guidelines and EBRD's Environmental and Social Policy.

6.4 PROJECT AREA OF INFLUENCE

6.4.1 Project Social Setting

The Oyu Tolgoi Project sits within Omnogovi *aimag* which is an administrative region of Mongolia (see *Chapter B1: Introduction*). Mongolia had an estimated population of 2.9 million in 2010, giving a population density of 2 people per km². Omnogovi is Mongolia's least-densely populated *aimag* with a population of about 50,000 people and an area of 165,380 km² (giving a population density of only 0.3/km²). All Project components, including the transport/infrastructure corridor from the site to the border with China, are located within the *soum* of Khanbogd, a sub-division of the *aimag* (see *Figure 6.1*).³

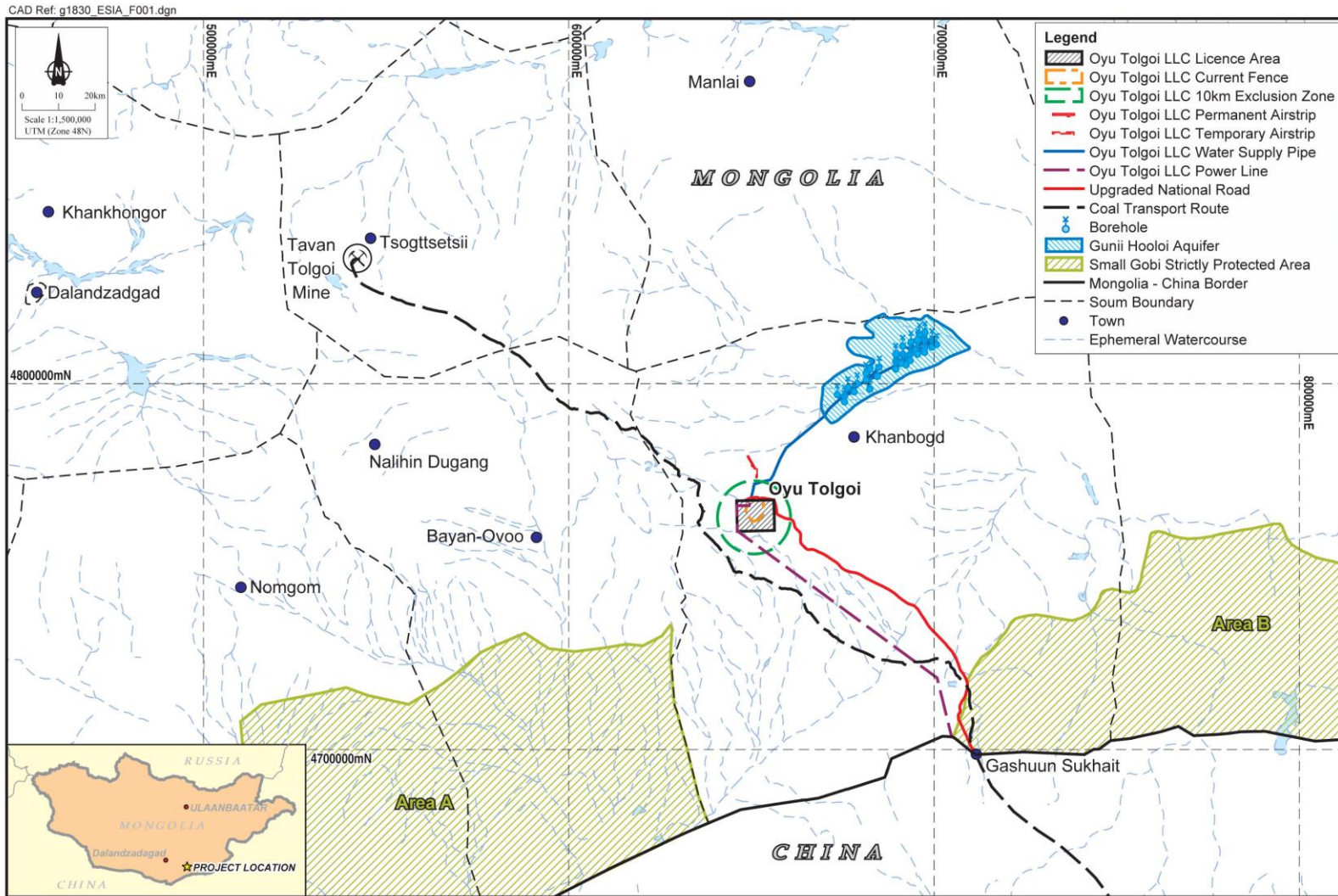
Khanbogd *soum* centre (the *soum* capital) is located 42 km to the north east of the Oyu Tolgoi mine site and is connected to Oyu Tolgoi via an unsealed road.⁴

² <http://www.riotinto.com/documents/CommunitiesStandard.pdf>

³ *Soums* are a subdivision of *aimags*.

⁴ Oyu Tolgoi plan to upgrade this road to an all-weather surface.

Figure 6.1: Project Area of Influence



6.4.2 Project Area of Influence

The Project 'Area of Influence' includes the immediate or **Direct Area of Influence** (i.e. physical infrastructure, facilities and associated works, such as the mine site, temporary airport, permanent airport, Gunii Hooloi water supply borefield, transport and power route to the border and their surrounds) and the nearest settlement (Khanbogd *soum* centre). The **Indirect Area of Influence** extends to all other *soums* affected by influx, together with areas involved in/or affected by the supply of goods and services to the Project, the implementation of social and community support projects, infrastructure improvements and changes to communal utilities and associated services (e.g. waste infrastructure and water supply).

Based on the Project location and the social setting, the Project Area of Influence may be defined as follows:

- **Direct Area of Influence:**
 - Khanbogd *soum*;
 - Khanbogd *soum* centre;
 - Mine Licence Area;
 - Gunii Hooloi aquifer area and water supply pipeline;
 - Temporary airport;
 - Permanent airport; and
 - Oyu Tolgoi to Gashuun Sukhait road and infrastructure/power corridor.
- **Indirect Area of Influence:** Manlai, Bayan-Ovoo, Dalanzadgad⁵ and Tsogttsettii *soums*.

It is expected that the Project's indirect area could well extend beyond these local and regional boundaries, particularly in terms of anticipated in-migration to Omnogovi *aimag* together with indirect employment and business opportunities. For this reason, other *soums* such as Tsogttsettii have been included in some consultation rounds by the Oyu Tolgoi Project.

6.5 IDENTIFICATION OF PROJECT STAKEHOLDERS

6.5.1 Stakeholder Mapping

Since 2003, Oyu Tolgoi has actively sought to build strategic institutional and individual working relationships with stakeholders who have interests in and/or who are directly or indirectly impacted by the Project. Extensive stakeholder mapping exercises have been implemented to inform this process.

The foundation for identifying Project-wide stakeholders was laid at a comprehensive workshop conducted in 2008 by the Community Relations & Sustainable Development (CRSD)⁶ team with other Oyu Tolgoi departments, including Environment, Communications, Human Resources and Procurement. A comprehensive list of stakeholders was developed from this process and stakeholders were categorised in terms of their existing or potential relationship with the Project. Numerous activities have been conducted since that time to update stakeholder lists and to build knowledge about key Project stakeholders, including the community visioning exercises conducted with Khanbogd, Manlai, Bayan Ovoo and Dalanzadgad *soums* in 2010 and also the study conducted to develop a database of socio-economic information for Khanbogd and the *soum* centre. This work has been supported by a comprehensive assessment of the types of impacts on the affected parties which, in turn, has led to the delineation of a number of impact categories (see *Chapter C10: Land Use and Displacement Impacts*). The mapping process has also been used to define the appropriate level of engagement required for the different affected parties.

⁵ Dalanzadgad is a *soum* centre and also the capital of the Omnogovi *aimag* (approx. 220 km from Oyu Tolgoi).

⁶ Since the time of ESIA preparation, the CRSD team has been renamed as the Communities & Social Performance team (which is part of the Regional Development & Social Performance Department).

A stakeholder database has been developed and is being maintained by the Communities & Social Performance (CSP) team (formerly CRSD). Every interaction with stakeholders is recorded in a *Community Diary* which is, in turn, fed into an OASIS⁷ database. If Oyu Tolgoi is looking to consult people on a specific subject for example, key word searches can be done, and lists of stakeholders generated, to support the planning of consultation activities.

6.5.2 Stakeholder Categorisation

EBRD's Performance Requirement (PR10) on Information Disclosure and Stakeholder Engagement defines stakeholders as those who are (i) *are affected or likely to be affected (directly or indirectly) by the project ("affected parties")*, or (ii) *may have an interest in the project ("other interested parties")*.

Following this definition, the two principal groups of stakeholders in the Project are as follows⁸:

- **Affected Parties:** people/entities directly affected by the Project and/or have been identified as most vulnerable to change and who need to be engaged in identifying impacts and their significance, as well as in decision-making on mitigation and management measures, namely:
 - Herders who have been physically displaced from their properties through the establishment of the Mine Licence Area fencing and the 10 km Exclusion Zone;
 - Herders who have been economically-displaced through the loss of access to wells, physical disturbance from air or noise emissions and/or reduced access to summer grazing land or winter camps;
 - Residents, businesses, government officials and administrators of Khanbogd *soum* and Khanbogd *soum* centre who may be directly affected by employment opportunities, influx and the related pressure on resources and services; and
 - Employees, Contractors and Subcontractors of Oyu Tolgoi.
- **Other Interested Parties:** people/entities that are interested in the Project and/or could affect the Project in some way:
 - Residents of adjacent *soums* within Omnogovi *aimag*: Manlai, Bayan-Ovoo, and Dalanzadgad;
 - Civil society, non-government *organisations* (NGOs) and community-based *organisations*;
 - Business owners and service providers to Oyu Tolgoi within the remainder of Omnogovi *aimag* and other parts of Mongolia; and
 - Government of Mongolia, including government officials and permitting agencies at the national and *aimag* level.

A description of stakeholder groups is given below. Further descriptions of these stakeholder groups are provided in the Oyu Tolgoi *Socio-Economic Impact Assessment (SIA)*, September 2009.⁹

6.5.3 Affected Parties

Herders

The average *household* size for herders is larger than for the population in Khanbogd as a whole (4.7 compared with 3.2).¹⁰ This is consistent with the national average of 4.8 per herder household.¹¹

⁷ OASIS is a localised version of 'Borealis', a widely used stakeholder management tool.

⁸ Stakeholders in the Oyu Tolgoi Project are effectively the Project Affected People (PAPs).

⁹ Oyu Tolgoi Socio-Economic Impact Assessment, Final Report, Centre for Policy Research and Population Training and Research Centre, Ulaanbaatar, Mongolia. September 2009.

¹⁰ See *Chapter B8: Population and Demographics*.

Households usually comprise one family headed by a husband and wife and their children. However, it is also common for extended family members to live with the nuclear family, such as elderly parents or a single female sibling.

Of the herder families surveyed in Khanbogd *soum* by Oyu Tolgoi in 2010/2011¹², the vast majority were headed by a husband and wife, whilst 11% are headed by single females and 12% by single males. The single females were mostly older women who were often living with another family, whilst the single males were younger and mostly lived alone. There appears to be a trend towards an increasing number of single member households, as evidenced by Oyu Tolgoi during negotiations for the recent compensation programme.

Whilst the majority of herders in the *soum* live rurally, some herder households are based in the *soum* centre and use other herders or contract workers to manage their herds.

Herders residing in the areas of the mine site, Gunii Hooloi water supply system, the temporary airport, the permanent airport, and along the transport and infrastructure corridor are considered to be key affected parties and one of the most significant groups in terms of vulnerability to change. Within this category, the herders comprise two sub-groups:

- The herder population that has been or will be directly affected by land acquisition or land use planning decisions i.e. *physically relocated*; and
- Herders that have been or could be *economically displaced* through the loss of land and/or access to livelihood assets and natural resources (grazing land, wells, damage/division of pastures).

Table 6.1 below shows the households impacted by land acquisition, land use, or disturbance in each of the impact zones. A total of 10 households (**16 families, 61 people**) have already been **physically resettled**, and a total of **84 families, 325 people** are being and/or will be **economically displaced**. A total of **94 HHs** are considered to be directly affected by the Project.

Table 6.1: Summary of Project Affected People

Component [#]	Physically Displaced	Economically Displaced or Disrupted by Project Activities
A. Mine Site Area (Mine Licence Area & Exclusion zone)	A1. 10 HHs (16 herder families, 61 people) affected by displacement of winter shelters in Mine Licence Area were relocated in 2005.	Captured in Category E1.
B. Airport Sites	None.	B1. 7 HHs with winter shelters within 5 km of airport who will experience partial loss/reduction of access to summer grazing land. B2. 15 HHs with winter shelters within 5-11 km of airport who will experience minor reduction/reduced choice of summer pastures.
C. Oyu Tolgoi – Gashuun Sukhait Road Corridor	None.	C1. 4 HHs with winter shelters within 500m either side of Oyu Tolgoi to Gashuun Sukhait road who will be divided from pastures and impacted by construction and operation of the road. C2. 14 HHs with winter shelters between 500m and 6.5km either side of the Oyu Tolgoi to Gashuun Sukhait road that will have their

¹¹ “Livelihood Study of Herders in Mongolia”, Swiss Agency for Development and Cooperation (SDC), Green Gold Pasture Ecosystem-Management Program (GG-PEMP), and the Mongolian Society for Range Management (MSRM), December 2009.

¹² See Chapter B8: Population & Demographics.

Component [#]	Physically Displaced	Economically Displaced or Disrupted by Project Activities
		migration routes/herding practices disrupted by construction and road activities.
D. Gunii Hooloi Pipeline & Transmission Line from China	None.	D1. 11 HHs with winter shelters within 1km either side of the Water Pipeline Phase 1 or Transmission Line, and 3km from the Water Pipeline Phase 2, that will have their pastureland temporarily divided by the pipeline trench and have their migration routes/herding practices disrupted by construction activities. D2. 11 HHs with winter shelters within 1km to 2km either side of the Water Pipeline Phase 1 or Transmission Line, and 3-7km from the Water Pipeline Phase 2, that will have their migration routes/herding practices disrupted by construction activities.
E. Summer Grazing in Khanbogd Soum	None.	E1. All seasonal herders (an estimated 399 households) in Khanbogd <i>soum</i> could be affected by an overall reduction in the availability of pastureland.**
F. Other* (All Impact Zones)	None.	F1. 4 HHs (non-resident winter shelter owners), who relocated out of the impact zone due to cumulative impacts of Tsagaan Khad truck stop. F2. 18 HHs (non-resident winter shelter owners), who reside in the <i>soum</i> centre but have winter shelters in one of the above impact zones, who may experience restrictions in access or nuisance dust, noise impacts if they access their shelters during the construction phase.
Total	10 HHs	84 HHs

HH = Household; [#] Category letters refer to the identifiers given in the Summary of Displacement Impacts and Impact Zones (included in Chapter C10: Land Use and Displacement Impacts).

* There are four households affected by loss or restriction of access to water; these households are affected in other categories so are not specifically noted in the table. All impacted water supplies will be restored (see also Chapter C10: Land Use and Displacement Impacts for description of these wells and their location).

** Oyu Tolgoi recognises that seasonal herders in the *soum* could potentially be affected by a reduction of grazing land – this is a communal or shared loss. This is not the same as economic displacement of individual herders, but recognition by Oyu Tolgoi that reduced overall land could increase competition for grazing resources, create potential conflicts, and/or result in overgrazing which could affect seasonal herders (see also Chapter C10: Land Use and Displacement Impacts).

Impact Category B2, C2, and D2: For the outer impact zones for the Airport (B2), Oyu Tolgoi to Gashuun Sukhait Road (C2) and Water Pipeline Phase 2 (D2), Oyu Tolgoi created several sub-categories through recent negotiations with herders and an independent legal advisor (these sub-categories are addressed fully through the Entitlements Matrix (Chapter D15) and are as follows: B2 (A) 5 – 8 km; B2 (B) 8 – 11 km; C2 (A) 500m – 3.5 km; C2 (B) 3.5 – 6.5 km; D2 (A) 3 – 5 km; D2 (B) 5 – 7 km. For the purposes of the affected people summary table, only the top level category is included.

Khanbogd Soum Residents, Businesses and Local Government

Individual and group stakeholders in the *soum* include residents, regulators and authorities (governor and deputy governor, *soum* government, *bagh* leaders, citizens' representative *khural*¹³ etc.), local community-based *organisations* and associations, local businesses and community service providers (religious centres, health clinics, schools, museum, etc.).

¹³ Administrative units in Mongolia are organised on the basis of self-governance and State management, each unit having its own Governor and *Khural* (Council). The governor is the local representative of the central or higher levels of government, whereas the *aimag* and *soum Khurals* are elected directly by local residents.

According to the Statistical Department of Omnogovi *aimag*, there were 3,522 people resident in Khanbogd *soum* at the end of 2010. *Figure 6.2* shows a view over Khanbogd *soum* centre (circa 42 km from the Oyu Tolgoi site). Khanbogd *soum* centre is the closest town to the Oyu Tolgoi site and will be both a source of labour and of goods and services for the Project.

Figure 6.2: Khanbogd Soum Centre



Oyu Tolgoi Employees and Contractors

The construction workforce peaked at approximately 14,800 in December 2011, making the project the largest employer in Mongolia at that time. Construction is expected to last approximately 3 years until the second or third quarter of 2012 (having started in mid-2009). The construction workforce has now reached its peak and is starting to diminish. The operations workforce is expected to number between 3,000 to 4,000 employees.

Almost 10,000 workers, equalling 67% of the total workforce were Mongolian citizens. In addition, Oyu Tolgoi is undertaking training for an additional 3,300 Mongolian workers from which it can recruit staff, while providing additional trained workers into the Mongolian economy.

A total of 629 people have been employed from Khanbogd *soum*, of whom 346 were women and 283 men (out of the total *soum* population of 3,552). This gives employment from Khanbogd *soum* at the Project as 18% of the total population and 31% of the total working population.

Many of these employees work in construction, camp management and catering, exploration and drilling, earthmoving, rigging and maintenance areas. Oyu Tolgoi is committed, through its Investment Agreement (IA) and social policies, to employ a majority of Mongolian nationals in its operations. All Oyu Tolgoi employees are considered to be affected parties in the Project.

6.5.4 Other Interested Parties

Residents of Other Soums: Bayan Ovoo, Manlai and Dalanzadgad

There are three *soums* in Omnogovi *aimag* that are considered to be in the Indirect Area of Influence of the Oyu Tolgoi Project (namely Bayan Ovoo, Manlai, and Dalanzadgad). Whilst there is no Project-related infrastructure in these *soums*, they are considered to be indirectly affected by impacts such as influx combined with the increased demand for facilities, goods and services. Residents in these neighboring *soums* are not expected to be adversely-affected by Oyu Tolgoi Project activities, but will

more likely benefit from increased employment and business development opportunities. These residents are also important stakeholders for the regional development activities in which Oyu Tolgoi is involved. Where applicable, and where this has informed the ESIA, Tsogtsetii *soum* is also included.

Non-Government Organisations (NGOs), Donors and Development Agencies

These groups include environmental, social or development NGOs that are current or potential partners of the Project or that have an advocacy interest in the Project. There are numerous international and national NGOs interested in or already involved with the Project, some with local representation.

Oyu Tolgoi launched an *NGO Outreach Programme* in November 2003. This programme aims to build strategic relationships and projects with the increasing number of active and influential donors and NGOs in Mongolia. To date, the programme has led to relations with more than 40 donors, NGOs and government-related development organisations as indicated in *Table 6.2* below. Regular analysis of NGO activities and consultation with NGOs and donor groups is managed by the Regional Development and Communications Department.

Table 6.2: Summary of Key National and International NGOs, Donors and Other Agencies

Organisation Type	Name
Environmental & Social NGOs	Gobi Initiative
	Green Gold Pasture Ecosystem Management Programme
	Habitat for Humanity
	Initiative for People-Centred Conservation (IPECON)
	Mongolian Foundation for Open Society
	Mongolian Centre for Development Studies
	Mongolian Society for Range Management
	National English Teachers Association
	Nomadic Nature Conservancy
	Pact Mongolia
	Save the Children
	Wildlife Conservation Society
	World Wildlife Fund (WWF)
Health Organisations/NGOs	AIDS Foundation
	Foundation for Health Policy Promotion
	Marie Stopes International (MSI)
	Red Cross/Red Crescent Mongolia
	World Growth Mongolia
	World Health Organisation (WHO)
	World Vision
Small Business Development	Development Solutions
	Sirolli Foundation
Human Rights Groups	Centre for Human Rights and Development
Donor Agencies/Development Banks	AIFO (Italian Development <i>Organisation</i>)
	Asia Foundation
	Asian Development Bank (ADB)
	Canada Fund

Organisation Type	Name
	Department for International Development (UK)
	European Bank for Reconstruction & Development (EBRD)
	Export Development Canada (EDC)
	German Technical <i>Organisation</i> (GTZ)
	International Finance Corporation (IFC)
	Japan International Cooperation Agency (JICA)
	Korean International Cooperation Agency (KOICA)
	Mongolian Business and Development Agency (MBDA)
	Nordic Development Fund
	Swiss Agency for Development and Cooperation
	United States Agency for International Development (USAID)
Advocacy Groups	Mining Watch Canada
	Oyu Tolgoi (OT) Watch
	Responsible Mining Initiative
United Nations Agencies	UNDP
	UNESCO
	UNFPA
	UNICEF

Local NGOs and Community-Based Organisations

In addition to the above, there are numerous local/regional NGOs and community-based organisations (CBOs) from the closest *soums* to the Oyu Tolgoi site that are involved with, or interested in the Oyu Tolgoi Project. There are also various formal structures and committees that operate within the *soums* and at *bagh*-level. These groups include agricultural unions, women's groups, herder groups, and elders' associations. Members of these groups are residents of the *soums* themselves, and thus may also be affected personally by the Project.

The stakeholder mapping exercise has identified key CBOs within the *soum* centre and also in the region. Local/regional CBOs and NGOs are recorded in the stakeholder database. Key CBOs in Khanbogd include: the Khanbogd Union, Javkhant Nutag Union, Khanbogd Altan Nutag¹⁴, Elders Union, Knucklebone Union, Wrestling Stage and the Womens' Union. Key NGOs in the *aimag* (Dalanzadgad *soum* centre) include: Treasure Gobi, Gobi Wave, Share Gratitude, Dream Step, Oyut Friendship, World Growth, and the Saran Eej Association.

A 3-day Future Search conference was sponsored by Oyu Tolgoi in late 2010, to focus on the development path of Khanbogd, Manlai, Bayan Ovoo and Dalanzadgad *soums*. This workshop was part of the community visioning and regional development activities being facilitated by the Project, and included some 70 delegates including NGO representatives and members of local and regional associations. Oyu Tolgoi took more than 30 local and regional NGOs and 15 media groups on a 3-day site tour of the Oyu Tolgoi camp and other Project facilities in February 2011 (16-18 February).

Businesses and Industry Associations

Mining and other companies with operations in the region include: Tavan Tolgoi, MAK, Energy Resources LLC, Dalanzadgad international airport and Gunii Us Company. Other important existing and potential business partners include branches of the main Mongolian banks in the area, mobile phone companies,

¹⁴ Since September 2010, the Mongolian Society for Range Management on behalf of Oyu Tolgoi has been working with herders in Khanbogd to establish a Pasture Users NGO (Khanbogd Altan Nutag) and 14 Pasture User Groups (CBOs) across all four *baghs*.

as well as various local enterprises, such as traders, hotels, restaurants and other service providers. Dalanzadgad *soum* is also the regional centre for industry associations such as the Chamber of Commerce and Tourism Association.

Regional/National Government Authorities

The Government of Mongolia is an investment partner, as well as the permitting authority for the Project. National government stakeholders include those ministries responsible for permitting, approvals and monitoring. Government relations mapping by Oyu Tolgoi has included the analysis of all national level bodies that may be involved with, or applicable to, the Project. *Table 6.3* below provides a list of the key ministries/departments engaged in the Oyu Tolgoi Project.

Table 6.3: Key Government Agencies & Ministries: National Level

Authority/Governing Body
General Agency for Specialised Inspection
Ministry of Justice and Internal Affairs
Ministry of Foreign Relations
Ministry of Environment, Nature and Tourism (MNET)
<ul style="list-style-type: none"> ▪ National Agency of Meteorology, Hydrology and Environment Monitoring ▪ Water Authority
Ministry of Roads, Transportation, Construction and Urban Development
<ul style="list-style-type: none"> ▪ Administration of Land Affairs, Geodesy and Cartography ▪ National Centre-Construction, Urban Development and Public Utilities ▪ Civil Aviation Authority ▪ Railway Authority ▪ Transport Service Centre
Ministry of Defence
Ministry of Education, Culture and Science
Ministry of Social Welfare and Labour
<ul style="list-style-type: none"> ▪ General Authority for Social Insurance ▪ Labour and Welfare Service Agency
Ministry of Mineral Resources and Energy
<ul style="list-style-type: none"> ▪ Mineral Resources Authority ▪ Energy Authority
Ministry of Food, Agriculture and Light Industry
Ministry of Health
Standing Working Committee
Southern Gobi Regional Development Council

Table 6.4 below provides a list of key *aimag* and *soum*-level authorities/representatives, including heads of technical departments and certain services. Provincial and local authorities are those from the Omnogovi *aimag* and the Khanbogd, Manlai, Bayan Ovoo, and Dalanzadgad *soums*.

Table 6.4: Key Government Agencies & Ministries: Regional Level

Authority/Governing Body	Interest in Project/Relationship with Project
Governor and Deputy Governor	Regional economic development, taxes and royalties, infrastructure development in <i>aimag</i> , influx in Dalanzadgad
Dalanzadgad Government	Regional economic development, taxes and royalties, infrastructure development in <i>aimag</i> , influx in Dalanzadgad
South Gobi Homeland Committee	Regional economic development, taxes and royalties, infrastructure development in <i>aimag</i>

Authority/Governing Body	Interest in Project/Relationship with Project
South Gobi Land Officers	Pastureland management, biodiversity management
Environment Department	Environmental management, prevention pollution, permits
Border Protection Agency	Border protection, customs issues, transport
Police Officers	Traffic safety, crime and violence, workforce behaviour in community
Health Department	Community health awareness, disease prevention
Agriculture Department	Economic displacement, pastureland Impacts
Labour and Social Welfare Office	Local employment and conditions, vulnerable people
Road Maintenance Authority	Road development, road condition and usage
Social Policy and Coordination Department	Local and regional employment, vulnerable people, economic development
State Specialised Inspection Agency (Environment Inspectors)	Environmental management, pollution prevention, permitting
Tax Department	Provincial taxes and royalties
Transportation Authority	Transport routes, traffic safety
Head of Police	Traffic safety, crime and violence, workforce behaviour in community
Military Office	Public safety, national security
<i>Soum</i> Governments	Infrastructure development in <i>soum</i> , influx/out-migration, employment, economic development
Citizen's Representative Khural	Infrastructure development in <i>soum</i> , influx/out-migration, employment, economic development
<i>Bagh</i> Leaders	Economic displacement, employment, community development
Land Managers/Land Office	Land disturbance permits and procedures, pastureland and biodiversity management
Tax Inspectors/Tax Office	Local taxes and royalties

6.5.5 Vulnerable People

Vulnerable people are people who by virtue of gender, ethnicity, age, physical or mental disability, economic disadvantage, or social status, may be more adversely affected by the Project than others and who may be limited in their ability to claim or take advantage of the development benefits or opportunities.¹⁵

The Mongolian Law on Social Welfare, 2005 defines vulnerable people as ‘People who are in need of support and assistance of social welfare cover, old people in need of regular care, children in harsh conditions, disabled citizens, citizens (ages 18-24), orphan children under the age of 18, mothers who have many children and single mothers/fathers.’

The Labour & Social Welfare Office of Khanbogd *soum* has a specific formula for assessing vulnerability within the *soum* population. The identification of vulnerable people in Khanbogd *soum* is completed through a workshop with local government and community leaders (usually held each year), and using the above criteria. The local definition is based on the essence of the law but reflecting the specific circumstances of the *soum* environment.

From mid-2010, Oyu Tolgoi commenced identifying vulnerable people within Khanbogd *soum*, through the help of the Labour and Social Welfare Office. The main criteria for vulnerability used by the Mongolian government and Oyu Tolgoi are:

- a) Single-headed;

¹⁵ International Finance Corporation Performance Standards on Social and Environmental Sustainability. 2007. Performance Standards Classified as ‘vulnerable’ if any one of these criteria apply.

- b) Family member requiring full time carer¹⁶;
- c) With many children;
- d) Unemployed; and
- e) Low income per person (total income divided by family members).

A total of **55 households** have been **identified as vulnerable within** the total population of **Khanbogd soum**, by the Labour & Welfare Office. Of these 55 households, there are a total of 14 households, or 74 people identified as vulnerable within the directly affected herder group.

Consultation with Vulnerable Groups

All herder households in the *soum* have been visited at least once, and most more often by the Communities & Social Performance team. All households directly affected by Project activities have been involved in numerous household visits and small group meetings with Oyu Tolgoi. In late 2010, the team assigned each affected household to a CRO from Khanbogd (about 12 households per staff member).

Oyu Tolgoi is providing assistance to **vulnerable persons** in various forms, through a specific budget that was allocated for this purpose. The Project has provided *gers* to poor families in Khanbogd, Bayan Ovoo, Manlai, Nomgon, Tsogtsetsii and Dalanzadgad *soums*, donated vitamins and school supplies to disadvantaged children in Nailakh and collaborated with the Dalanzadgad Police on a child abuse prevention programme. All Oyu Tolgoi programmes have a mandate to address and include vulnerable people (e.g. the *Local Business Economic Development (LBED) Programme*; Oyu Tolgoi have made a provisional budget of US\$50,000 available for 2012, however, a needs assessment is still ongoing so the final details of the support programme are still pending.

Further details on vulnerable households within the directly affected herder group are provided in *Chapter D15: Resettlement Action Plan*. The *Stakeholder Engagement Plan (SEP) Action Plan* includes specific measures for the involvement of vulnerable people in future consultation activities.

6.6 HERDER CONSULTATION PROGRAMME

Since 2003, Oyu Tolgoi (formerly Ivanhoe Mines Mongolia Inc. – IMMI) has conducted an extensive consultation programme with herder families. The following sub-sections describe the programme of herder consultation from 2003 to the present.

6.6.1 Initial Consultation (2003-2005)

Prior to 2003, IMMI was involved in a small-scale exploration programme which did not result in any relocation or resettlement needs. In 2003, however, IMMI decided to expand its activities from preliminary to larger-scale exploration, requiring the construction of a permanent exploration camp and fencing of the camp area. At this time, it was recognised that a number of herder families could be affected either directly through land take or indirectly through reduced access to water supplies or grazing land.

Representatives of IMMI then commenced discussions with the herder community and government officials on the best ways to manage the transition from preliminary to advanced exploration. Consultation took place in March and April 2003 involving in-depth interviews with local authorities and herder households around the Oyu Tolgoi camp. An initial census of 15 herder households (comprising 91 people) and their associated assets within a 20 km radius of the proposed mine site was prepared (i.e. taking a conservative approach). These households were identified through the mapping and consultation process as those who could be impacted by the mining or related operations and/or who could be at risk if they were not resettled. Information from this census was included in the Detailed Environmental Impact Assessment (DEIA) prepared for the Mine & Processing Area in 2004. Consultation and survey work was also conducted with 3 non-herding families that had moved near to the Oyu Tolgoi camp and who were thought to be people seeking work or other opportunities at the site.

At this time, early mine planning and community consultation activities ascertained that herders neighbouring Oyu Tolgoi were seeking to formalise land ownership for winter camps and improve their

¹⁶ Family members requiring a full-time carer includes the elderly, those of ill health, and the disabled.

land rights in accordance with the new Land Law (see *Chapter B10: Land Use*). However, the Khanbogd Governor had ceased issuing land use agreements for herders in and near Oyu Tolgoi, so that only some of the local herder households had formal certificates. At the same time, IMMI recognised that all herders, whether holding possession certificates or not, required formal compensation for any future loss of land use rights, and that procedures were necessary to prevent uncontrolled settlement around the camp.

As a result, IMMI launched the *Herder Relocation Programme* in April 2003 in accordance with World Bank Group OD 4.30 on Involuntary Resettlement¹⁷ (one of the World Bank Group Safeguard Policies, which were at the time used as a guide to good international industry practice).

Initial environmental studies were also undertaken at this time to assess the potential impact of the pit and underground mine on the groundwater, using limited hydrological data available, to provide Oyu Tolgoi with an assessment of the worst case water inflows to the pit and assess the area of influence. The modelling used a number of scenarios, which took account of the possibility of subsidence around the underground block caving which could cause the surficial groundwater to flow into the block caving. These models, which used conservative assumptions (e.g. no internal flow barriers and just four modelled units – alluvial, soil, weathered bedrock and bedrock), predicted an ellipsoid cone of depression which was approximately 10 km by 8 km for the 1 m drawdown contour. The 1 m contour was, given the conservative nature of the model, taken as equivalent to the zero drawdown contour as it was considered to overestimate the extent of any zone of influence of the pit dewatering. This initial information along with other factors, such as anticipated dust emissions, was used to define the 10 km zone designated for herder relocation (from herder winter camps but not temporary summer grazing¹⁸ which is transient and the location of which cannot be directly controlled by the Project). A total of **10 herder households (16 families)** were identified as residing in the 10 km Exclusion Zone around the proposed mine site.

In August 2004, a community-led team consisting of members of herder households living in the Oyu Tolgoi Project exploration area and other herders selected from Khanbogd *soum* was set up to ensure that community concerns were fully addressed in the resettlement planning process associated with establishment of the Exclusion Zone. Whilst both formal and informal consultation is reported to have taken place during the relocation period, formal records of the consultation were not retained by Oyu Tolgoi. This is recognised as a deficiency by Oyu Tolgoi, however, it is clear from the material content that views of the community group were used to shape the agreements between the displaced herders and IMMI.

By the end of September 2004, tripartite agreements had been negotiated and signed between each of the physically-displaced households, the Khanbogd *soum* government, and IMMI. The *Herder Relocation Agreement* allowed for a period of one year to complete physical resettlement and to provide livelihood and other support measures for each herder family. Methods of livelihood restoration and other support measures were determined in consultation with affected households (see *Chapter C10: Land Use and Displacement Impacts*).

A summary of the key outcomes from consultation for the Herder Relocation Programme is provided in *Table 6.5* below, and further details are contained in *Chapter D15: Resettlement Action Plan (RAP)*.

Table 6.5: Summary Table: Issues Raised and IMMI Actions (2003-2005 Herder Relocation Programme)

Issue	Aspect/Concern	IMMI Response/Actions
Resettlement	The <i>soum</i> Government and affected herders agreed that relocation would be an effective measure to avoid environmental, health and safety impacts.	A standard package for compensation and livelihood restoration was developed for each household including winter shelters, stockyard fence, animal barn, well, livestock, tertiary scholarships, employment, and other training and development support. These are detailed in the <i>Herder Relocation</i>

¹⁷ The World Bank Group Safeguard Policies were the main point of reference at the time.

¹⁸ Summer grazing is conducted by about 40% of herders for about 4 months of the year, and usually includes around 5-6 moves (see *Chapter B10: Land Use*). Therefore the amount of time any herder family might spend in or near the exclusion zone for summer grazing would be limited, compared with being a permanent resident.

Issue	Aspect/Concern	IMMI Response/Actions
		<i>Agreement</i>
Livelihood Restoration	Herders requested that improved winter shelters be constructed for resettled families, water points be drilled, their business initiatives supported and that they have access to jobs with the Project.	IMMI developed a full compensation package for the affected herders as detailed in the <i>Herder Relocation Agreement</i> .
Influx Management	Some uncontrolled settlement occurred from early 2003 around the Oyu Tolgoi exploration camp (several non-herding families from other <i>soums</i> had come to the area seeking work, as well as a few transient individuals). <i>Soum</i> authorities and community members were aware of non-herder families moving near to the site, and identified that there would be an impact on local herders regarding the use of pastures and water if the migrants were to remain.	In-migrant families and individuals were consulted by Oyu Tolgoi and supported through the <i>soum</i> authorities to move to the <i>soum</i> centre and apply for employment with the Company. IMMI implemented a policy that designated <i>soum</i> centres as the only points of hire. IMMI notified local communities and in-migrants of the recruitment procedures, and that no jobs would be offered to those who moved near to the Oyu Tolgoi camp in search of employment.
Additional Families	Some local community members requested that three additional herder families be included in the relocation effort due to hardship and their association with the area in the past (even though those families were not resident in the Exclusion Zone).	IMMI agreed to provide winter shelters, barns and stockyards for three non-resident herder families as requested by the local community.

6.6.2 Herder Post-Resettlement Consultation (2005-2010)

By the end of 2005, all affected herder families had been relocated. The relocation programme included livelihood restoration assistance, including permanent jobs with Oyu Tolgoi, as well as provision of a comprehensive resettlement and compensation package.

On 15 December 2006, a joint meeting was conducted with resettled households, local authorities and Oyu Tolgoi, to review, assess and plan the next steps of the Herder Relocation Programme. The meeting was attended by family members of **all 10** resettled households, the Khanbogd *soum* Governor, Deputy Governor, *bagh* Governor, Land Officer and nine members of the community relations team. Participants in the meeting expressed satisfaction with Oyu Tolgoi's achievement in fulfilling its contract obligations. Following the meeting, Oyu Tolgoi also committed to establishing new wells for several households that had experienced difficulties with access to water. This commitment was fulfilled in March 2007.

Oyu Tolgoi¹⁹ conducted a follow-up consultation with the resettled households in October 2010 to determine whether the resettlement process had achieved its goals, i.e. ensuring that the households have been able to improve or at least restore their livelihood and standard of living and improve the living conditions of those physically displaced. This work was led by a Mongolian member of the CSP team. Consultation consisted of an asset and income survey and questionnaire, comparing current conditions to baseline data collected in 2004 (prior to the resettlement). Results from this consultation are provided in *D15: Resettlement Action Plan*.

6.6.3 Consultation with Economically-Displaced Herders (2010-2011)

The *Socio-Economic Impact Assessment*²⁰ process, commissioned by Oyu Tolgoi, identified that additional herders could potentially be economically-displaced by the Project (i.e. through the loss of access to camps or grazing land or reduced access to water supplies). As a result, Oyu Tolgoi conducted further consultation with herder households also in addition to a pastureland assessment programme (see also Section 6.7.6). After the initial consultation with potentially- affected herders, Oyu Tolgoi conducted

¹⁹ Oyu Tolgoi was previously referred to as IMMI. For consultation from 2008 onwards, Oyu Tolgoi is used.

²⁰ Oyu Tolgoi Socio-Economic Impact Assessment, Final Report, Centre for Policy Research and Population Training and Research Centre, Ulaanbaatar, Mongolia. September 2009.

detailed negotiations with herders directly affected by Project activities. The aim of these meetings was to develop mitigation strategies jointly with the affected population and to agree on suitable compensation measures. Economic displacement could result from any of the following:

- Reduced access to summer grazing;
- Disruption to herders and herding practices during construction (and operations) for herders with winter shelters and pastures; and
- Disruption to herders and herding practices through secondary impacts (physical risks to wells, separation from wells, dust and noise nuisance).

Table 6.6 below shows a summary, from June 2010 onwards, of consultations with herders affected by economic displacement and disruption due to Project activities.

Table 6.6: Summary of Consultation with Economically-Displaced Herders, 2010 – 2011

Public Consultation / meetings	Date	Persons in attendance	Main Topics
Oyu Tolgoi to Gashuun Sukhait Road: road upgrade works.	Jun 30, 2010	150	How to manage the impacts of road construction.
Airport construction: proposed design and plan of work	Jun 28, 2010	100	How to manage the impacts of airport construction.
Household visits: regarding Oyu Tolgoi to Gashuun Sukhait Road information	Jul 23 – 24, 2010	31	Follow up of public consultation on road route and potential impacts (permits, route, traffic signs, water, and dust).
Animal crossing points along Oyu Tolgoi to Gashuun Sukhait Road.	Aug, 2010	12	Identified animal crossing points with herders along Oyu Tolgoi to Gashuun Sukhait road.
<i>Bagh</i> citizen khural: update on project progress (4 <i>baghs</i>)	Sept, 2010	240	Provided project information and obtained feedback and community concerns, e.g. on water and environmental impacts.
Discussions on community safety and security with local authorities and ways of collaboration with Oyu Tolgoi.	Sept 13, 2010	8	Risks of construction period and proposed mitigation measures.
Local Advisory Group consultation Seed rehabilitation project	Sept 25, 2010	80	Devised TORs, membership, roles and responsibilities for advisory groups. Inception meeting to explain seed collection, procedures, guidelines and implementation
Consultation with herders about procurement of agricultural products	Sept 28, 2010	25	Needs assessment of vegetable growers, cattle, milk, wool and cashmere products
Sustainable Pastureland Management Programme <ul style="list-style-type: none"> ▪ Design ▪ Inception 	Sept – Dec, 2010	34 83	Series of consultations design and inception of pasture management project.
Oyu Tolgoi fence extension: local road route	Dec 20, 2010	55	Obtained community input into detouring of local road around Oyu Tolgoi fenceline.
Oyu Tolgoi to Gashuun Sukhait road: borehole use by Oyu Tolgoi contractors	Jan 3, 2011	10	Information delivered, water expert provided detailed data on Oyu Tolgoi water use and obtained input and feedback from herders.
Oyu Tolgoi to Gashuun Sukhait road impact management: agreed workers and contractual details	Feb 02, 2011	20	Follow up on earlier Oyu Tolgoi to Gashuun Sukhait road consultation on impact management and

Public Consultation / meetings	Date	Persons in attendance	Main Topics
			compensation for most affected herders. Agreed herders to be employed by Oyu Tolgoi.
Sustainable Pastureland Management Programme	Mar 3-8, 2011	70	Training on project documentation, procedures, management and monitoring
Open Days	Mar 9 – 12, 2011	350	Provided information regarding project progress and obtained community feedback (in KB, DZ, ML, BO).
<i>Bagh</i> citizen khural: updates on project progress (4 <i>baghs</i>)	Mar 23 – 26, 2011	240	Provided project information and obtained feedback and community concerns.
Open Days	Mar, 9 – 12	350	Provided information regarding project progress and obtained community feedback (in KB, DZ, ML, BO).
Local Advisory Group consultation	Mar 25, 2011	15	Discussed current issues and concerns of local people.
Water discussions: <ul style="list-style-type: none"> ▪ Herders ▪ Individuals ▪ NGOs 	Mar 23 - 31, 2011	8	Provided additional information on Oyu Tolgoi water use and obtained feedback and concerns.
Project impact management: types of impact, impacted zones, criteria, possible mitigation measures, compensation, cut-off date, etc	Mar 24, 2011	10	As follow up of Open Day meeting, the compensation Working Group was established and a series of more in-depth meetings were started.
Participatory Water Monitoring action & design: <ul style="list-style-type: none"> ▪ Herders ▪ Teachers/Students 	Apr 1 – May 25, 2011	55	Introduced monitoring project documentation and obtained feedback.
Ground Breaking Ceremony: Airport	Apr 2, 2011	21	Organised to show respect to local households near airport site.
Impact management: types of displacement and compensation package discussions	May 5, 2011	11	Working Group and other herders discussed and agreed displacement categories (Entitlements Matrix).
Group meetings on compensation packages for affected households	May 18	80	Herders discussed the proposed entitlements with each other and Oyu Tolgoi, for: <ul style="list-style-type: none"> ▪ Oyu Tolgoi to Gashuun Sukhait road ▪ Airport ▪ GH pipeline ▪ Transmission Line ▪ Un-occupied shelters ▪ Other
Local NGO: assisting in developing business proposals/livelihood support under compensation packages	May 6, 2011; Jun 4-5, 2011	15	Local NGO was hired to assist the herders to develop their business plans for livelihood support. First meeting with most impacted households was conducted.
Impact management: compensation package discussions	May 25, 2011	10	Working Group and other herders discussed categories of impact and proposed compensation (<i>Entitlements Matrix</i>).
Discussions on water:	May 7, 2011	5	Provided information on Oyu Tolgoi

Public Consultation / meetings	Date	Persons in attendance	Main Topics
<ul style="list-style-type: none"> ▪ Working Group ▪ Plus other herders 			water use and obtained feedback and concerns. Conducted participatory monitoring with herders.
Sustainable Pastureland Management Programme	May 30, 2011	10	Training for heads of Pasture User Groups: how to manage groups, pasture mapping, best practices.
<i>Bagh</i> citizen khural: updates on project progress (4 <i>baghs</i>)	Jun 10 - 13	120	Finalised <i>Entitlements Matrix</i> , implementation procedures, and households to be covered.

Source: Oyu Tolgoi, May 2011.

At the larger meetings about road and airport construction impacts and their management, and at the *bagh khurals*, issues of major concern to herders such as potential loss of access to water and pasture were consistently raised. Subsequently, targeted meetings on the more specific details of mitigating any potential water and grazing impacts were held with those who felt they were likely to be impacted.

Consultations were also held on the Oyu Tolgoi to Gashuun Sukhait road in November 2010 in relation to the minor changes to alignment and were completed by Oyu Tolgoi and EcoTrade (Mongolian environmental consultants). The road alignment considered the prevention of situations where herder camps could be cut off from water supply wells. Among other issues raised by the herders were dust emissions from the road, access to wells for livestock, road safety and road crossings together with the interaction between livestock/wildlife and construction traffic. Issues raised for the transmission line and Gunii Hooloi borefield pipeline corridor also included dust emissions from construction, as well as access to pastures and potential impacts to water supplies. The key issues raised through the consultations with herders are summarised in *Table 6.7*.

Table 6.7: Summary of Specific Issues Raised by Economically-Displaced Herders and Response Actions

Issue	Aspect/Concern	Oyu Tolgoi Actions/Response
Employment and business development	Herders would like more employment opportunities, not just at the mine site. Many have also expressed the desire for business opportunities rather than solely employment.	A Small & Medium Enterprise (SME) development project will be implemented with 30 herder families in 2011 under the <i>Herder Livelihood Improvement Programme</i> (for further details on the <i>Programme</i> see <i>Chapter D15: Resettlement Action Plan</i>). As at October 2011, a total of 73 individuals from affected herder households had been employed by Oyu Tolgoi. A total of 65 people (out of the 73 people) are employed as “cleaners”; these are permanent positions with Oyu Tolgoi. A further 8 people are employed in permanent positions as community relations assistants or in other permanent positions with Oyu Tolgoi. A number of households have more than one person employed with the Project, and a further 8 individuals from affected households are employed with contractors to Oyu Tolgoi.
Pastureland (loss of access to summer pasture)	Herders request compensation/mitigation for loss of access to summer pastures, including help with education of their children, managing their herding activities, and water supply. Herders request animal crossings along water pipeline route and also for Oyu Tolgoi to Gashuun Sukhait road.	Implementation of the <i>Herder Livelihood Improvement Programme</i> and compensation packages contained therein for affected herders. Implementation of the <i>Sustainable Pastureland Management Programme</i> . Initiated in mid-2010 between Oyu Tolgoi and the Mongolian Society for Rangeland Management (MSRM) to target Khanbogd herders. Fourteen Pasture User Groups and a local pastureland community-based organisation were established in the <i>soum</i> to facilitate implementation of the programme. Almost 400 households were part of this programme as of October 2011, through the 14 Pasture User Groups.

Issue	Aspect/Concern	Oyu Tolgoi Actions/Response
		<p>Provision of scholarships: by late 2010, disbursements of scholarships had commenced as part of the compensation package for eligible families as agreed with Oyu Tolgoi. More than 14 students had received scholarships as at December 2010.</p> <p>Oyu Tolgoi has made 8 animal crossing points along the water pipeline route with herders, removed waste rock from these areas and installed stop signs. A further 8 animal crossings will be installed along other sections of the pipeline as construction moves along the route. 10 animal crossings have been identified by herders along the Oyu Tolgoi to Gashuun Sukhait road and these are discussions are ongoing with herders about the best measures to establish crossing points (see Section 6.7.3).</p>
Maintaining herder livelihoods	Herders raised concerns about degrading pastures and maintaining their livelihoods and incomes in the long-term.	Implementation of the <i>Herder Livelihood Improvement Programme</i> , including opportunities for employment, business development.
Air quality	There are concerns about increasing dust emissions due to the construction and operation of both airports, roads, transmission line and Gunii Hooloi borefield and pipeline.	<p>Water trucks are spraying every day during construction in areas of earthworks where herders are nearby. Oyu Tolgoi is obtaining more water trucks to increase the frequency and locations of watering as construction activities peak.</p> <p>Implementation of <i>Atmospheric Emissions Management Plan</i> as part of the Environmental Management Plan (EMP). This plans includes Oyu Tolgoi's commitment to the control of construction-related dust e.g. from construction activities and the movement of goods and vehicles.</p> <p>Commitment to seal the Oyu Tolgoi to Gashuun Sukhait road from Oyu Tolgoi to the border crossing point with China at Gashuun Sukhait.</p>
Access to Project information	Local communities would like to receive more updates and information about the Project.	<p>A Compensation Working Group was established with herders affected by economic displacement in early 2011. Oyu Tolgoi has assigned a Community Relations Officer (CRO) to every affected household (about 12 households per CRO) and all families are in regular contact with Oyu Tolgoi through visits from the CRO and other meetings.</p> <p>Local Advisory Groups (LAGs) were also established in 2010 for each <i>soum</i>, to facilitate better engagement between the communities and Oyu Tolgoi. The LAG is made up of local authorities and community members and is designed to facilitate local engagement on important topics and issues and to promote regular interaction on local level.</p>

6.7 CONSULTATION UNDER THE EIA PROCESS

6.7.1 Early Consultation Programme (March 2003)

Oyu Tolgoi began formal consultation activities in relation to the EIA process in March 2003 (shortly after the Ministry of Nature and Environment (MNET) screening report was issued for Oyu Tolgoi). Although the community consultation programme formally commenced in March 2003, IMMI (now Oyu Tolgoi) had engaged in consultation with the government, community and with NGO groups since the exploration programme began in 1999.

Following this initial consultation, a detailed report was prepared for IMMI by Sustainability and Eco Trade Co. entitled the *"Ivanhoe Mines Mongolia Inc., Preliminary Community Consultation Report for the Oyu Tolgoi Project, April 2003, Version 3"*. Consultation at this time concentrated on communities within the Direct Area of Influence, namely Oyu Tolgoi and its infrastructure components and interest groups at the regional and national level e.g. in the national capital, Ulaanbaatar.

The outcomes of the consultation programme were included in the formal environmental impact assessment (DEIA) for the mine site and processing area, infrastructure corridor, groundwater abstraction and provisional airport (i.e. initial airstrip) submitted to the Mongolian Government.

Consultation Format and Process

The consultation programme was implemented in a structured manner and the meeting format for community meetings consisted of:

- Opening Introduction: (relevant community leader);
- The Community Consultation Process (John Miragliotta, Sustainability);
- Oyu Tolgoi Project Presentation (Bat-Erdene, IMMI);
- The Oyu Tolgoi EIA process and environmental issues (Dorjsuren EcoTrade);
- Open Questions and Answers (Q&A) aimed particularly at understanding community concerns;
- Consultation Survey – a structured questionnaire issued to participants; and
- Meeting Close (given by the relevant community leader).
- Presentations were delivered in Mongolian and provided an overview of project concepts including:
 - Mining and process options;
 - Descriptions of environmental and archaeological approval process;
 - Infrastructure requirements;
 - Water exploration programme; and
 - Further community consultation.

The presentation was followed at each public meeting by a general description of the environmental and social issues at Oyu Tolgoi, presented by Dorjsuren from Eco Trade Co. Open questions were also invited welcomed from the attendees. In addition to this open meeting format, meeting attendees were asked to complete a survey regarding attitudes, experiences and concerns they may have about the Project in general and about existing exploration programmes. Minutes of the question and answer sessions, together with the survey responses, were recorded and are provided in the above-mentioned *Community Consultation* report.

A series of consultation meetings were also held with national, regional and local government officials together with representatives responsible for the Small Gobi Special Protected Area (SGSPA) (see *Table 6.8*).

Table 6.8: Consultation Meetings Held with Regional Government and NGO Representatives

Name	Role/Responsibility	Date of Meeting
B. Bayasgalan	Deputy Director Department of Information, Monitoring and Assessment, Ministry of Nature and Environment	11 March 2003
D. Buyantogtoh	Governor of Khanbogd <i>soum</i>	22 March 2003
D. Batmunkh	Governor of Hatanbulag <i>soum</i>	23 March 2003
D. Sumiya	Governor of Omnogovi <i>Aimag</i> , Dalanzadgad	25 March 2003
N. Munkhjargal	South Gobi Special Protected Area Inspection Agency	25 March 2003
Z. Janjaadorj	Omnogovi Homeland Committee Representative	2 April 2003
Ya. Ariunzul	State Inspection Agency, Environment	3 April 2003
Sh. Gungaadorj	Member of Parliament, Chairman of the standing	3 April 2003

Name	Role/Responsibility	Date of Meeting
	committee on Environment and Rural Development	
Gobi Regional Economic Growth Initiative	NGO coordinating rural economic and social infrastructure development in the Gobi regions	9 April 2003

Source: Ivanhoe Mines Mongolia Inc, Preliminary Community Consultation Report for Oyu Tolgoi Project, April 2003, Sustainability and Eco Trade Co.

Four public meetings were also held during the preliminary consultation programme. Table 6.9 provides a summary of the public meeting schedule.

Table 6.9: Summary of Initial Public Meetings held during Preliminary Consultation

Meeting Date	Venue	Attendance
21 March 2003	Oyu Tolgoi IMMI Camp	21 traditional nomadic herders
22 March 2003	Khanbogd Soum Cultural Centre	Approximately 500 soum residents
25 March 2003	Dalanzadgad Aimag Administration Office	55 Omnogovi administration staff and community leaders
4 April 2003	Ulaanbaatar Technical University	45 Omnogovi Homeland Committee members

Source: Ivanhoe Mines Mongolia Inc, Preliminary Community Consultation Report for Oyu Tolgoi Project, April 2003, Sustainability and Eco Trade Co.

The major findings of this preliminary consultation programme and IMMI's response to issues raised are summarised in Table 6.10 below.

Table 6.10: Summary Table: Issues Raised by Participants and IMMI Actions 2003 Consultation Programme

Aspect	Issues Raised	IMMI Actions and Responses ¹
Employment & Training	<ul style="list-style-type: none"> ▪ Employment of Mongolian Nationals and employee selection process. ▪ Access to employment opportunities by people in the southern Gobi. ▪ Access to training and skills development. 	<p>Development of <i>human resources & recruitment policies</i> (see <i>Chapter D17: Labour Management Plan</i>) for construction and operations which includes:</p> <ul style="list-style-type: none"> ▪ Legal obligations (legislated ratio of foreign to local employees). Targets are specified in the Oyu Tolgoi/Government of Mongolia <i>Investment Agreement</i>. See <i>Section D17.4.3</i>. ▪ Regional/geographic preferences. Preferential hiring procedures are in place (see <i>Section D17.5.2</i>). ▪ Selection process, pre-qualification and skills database. A skills database and formal selection process is in place (see <i>Section D17.5.2</i>). ▪ Candidate assessment (health, education). See <i>Section D17.5.3</i>. ▪ Accredited training to be provided (Mongolia and international). A comprehensive training programme is in place including national vocational training, scholarship scheme and overseas education opportunities for Mongolian staff (see <i>Section D17.6.2</i>). ▪ Use of Mongolian trainers and facilities. See also <i>Section D17.5.2</i>.
Mine Closure and Rehabilitation	<ul style="list-style-type: none"> ▪ Restoration of mining lands post-closure. ▪ Lack of closure experience in Mongolia. ▪ Impacts associated with the loss of employment and economic impacts from mine closure. 	<ul style="list-style-type: none"> ▪ A Mine Closure and Reclamation Framework has been developed to address the socio-economic and cultural impacts of mine closure on local communities (see <i>Chapter D21</i>). ▪ IMMI will continue to engage affected communities in the long-term closure process.

Aspect	Issued Raised	IMMI Actions and Responses ¹
Herder resources and land quality	<ul style="list-style-type: none"> ▪ Impacts on livestock herding resources such as soil, water and pasturelands. 	<ul style="list-style-type: none"> ▪ Development of site environmental plans for: <ul style="list-style-type: none"> ○ Water management ○ Public safety ○ Dust and Noise ▪ Establishment of Exclusion Zone and environmental criteria. ▪ Establishment of Pasture User Groups (PUGs) i.e. for communal land within the <i>soum</i>.
Socio-Economic Impacts	<ul style="list-style-type: none"> ▪ Project may have significant socio-economic impacts e.g. improved road access and permanent border crossings to China may increase localised populations along the route. 	<ul style="list-style-type: none"> ▪ Recruitment and training policies to address potential for uncontrolled migration.
Land take for the Project	<ul style="list-style-type: none"> ▪ Land requirement needs for the mine and its infrastructure. ▪ Compensation terms for land, pasture or wells lost or affected by the Project. 	<ul style="list-style-type: none"> ▪ Development and determination of: <ul style="list-style-type: none"> ○ Land requirements ○ Compensation and/or relocation arrangements
Cultural Heritage	<ul style="list-style-type: none"> ▪ Direct impacts on sites of cultural interest or significance. ▪ Impacts to intangible heritage and lifestyles. 	<ul style="list-style-type: none"> ▪ Development of a <i>Cultural Heritage Management Plan (Chapter D13)</i> for: <ul style="list-style-type: none"> ○ Protection of significant sites ○ Ensuring awareness of employees ○ Maintaining community liaison throughout mine life to address cultural issues.
Consultation	<ul style="list-style-type: none"> ▪ Lack of information. ▪ Availability of accurate and current project information. ▪ Implementation and management of a timely Grievance Mechanism (where environmental issues are concerned). 	<ul style="list-style-type: none"> ▪ Development of community grievance mechanism (See <i>Chapter D14: Stakeholder Engagement Plan (SEP)</i>). ▪ Development of a targeted consultation programme to include all affected groups (herders and others) (See <i>Chapter D14: Stakeholder Engagement Plan</i>).

Source: Ivanhoe Mines Mongolia Inc, *Preliminary Community Consultation Report for Oyu Tolgoi Project, April 2003, Sustainability and Eco Trade Co.*

Note: at this stage, the Project response was provided by IMMI.

6.7.2 Second Consultation Programme (November 2003)

Further community consultation meetings and surveys were carried out during 23-29 November 2003 in Ulaanbaatar, the *soums* surrounding Oyu Tolgoi and in the *aimag* capital, Dalanzadgad. Consultation was conducted with the following groups and entities:

- Omnogovi Homeland Council in Ulaanbaatar;
- Dalanzadgad Government;
- Tsogtsetsii *soum* residents;
- Bayan-Ovoo *soum* residents;
- Herder families residing/grazing near Oyu Tolgoi camp;
- Khanbogd *soum* residents and community-based organisations; and
- Manlai *soum* residents.

Whilst many of the issues raised were similar to those of the March 2003 consultation rounds, directly-affected communities such as those of Khanbogd *soum* expressed more specific concerns in relation to taxes, revenues and Project employment. The general consensus at this time was that all community

groups supported the exploration and development at Oyu Tolgoi, as long as the socio-economic conditions of their communities improved as a result.²¹ A summary of the issues raised and outcomes is given in the *Table 6.11* below.

Table 6.11: Summary Table: Issues Raised and IMMI Actions (November 2003 Consultation)

Issue	Aspect/Concern	IMMI Actions and Responses
Employment	<ul style="list-style-type: none"> ▪ All groups consulted raised questions regarding employment opportunities, employment policies and procedures, skills requirements, training opportunities, advertising of positions and opportunities for local people. ▪ Many of the people attending the meetings were looking for employment and requested information on employment opportunities from IMMI. 	<ul style="list-style-type: none"> ▪ <i>Development and implementation of Labour Management Plan (D17).</i> ▪ See <i>Table 6.10</i> above.
Revenues and Taxes	<ul style="list-style-type: none"> ▪ <i>Soum</i> authorities were concerned about the centralisation of taxes and fees which effectively removes revenue from the <i>soums</i> and <i>aimag</i>. ▪ <i>Soum</i> authorities requested additional funds for socio-economic and infrastructure projects and initiatives, which were included in their governance and development programmes. 	<ul style="list-style-type: none"> ▪ Development of <i>Regional Development Plan</i> to include specific and tangible investments in local infrastructure. ▪ Development of the <i>Local Business and Economic Development Programme</i> to assist local providers of goods and services and to support sustainable SMEs.
Infrastructure (Power and Roads)	<ul style="list-style-type: none"> ▪ All <i>soums</i> wanted to have reliable power supply and improved road networks with Oyu Tolgoi, Tavan Tolgoi, Gashuun Sukhait, and Dalanzadgad. 	<ul style="list-style-type: none"> ▪ Development of <i>Regional Development Plan</i> to include specific and tangible investments in local infrastructure. ▪ Development of the <i>Local Business and Economic Development Programme</i> to assist local providers of goods and services and to support sustainable SMEs.
Herder resources and environmental concerns	<ul style="list-style-type: none"> ▪ Herder families expressed concern about land take, impacts to livestock, soil, water access and pastureland. ▪ Concern was also expressed about compensation measures. 	<ul style="list-style-type: none"> ▪ Establishment of Exclusion Zone. ▪ Implementation of <i>Herder Relocation Programme</i>. ▪ Development of <i>Oyu Tolgoi Herder Livelihood Improvement Programme</i> (see <i>Chapter D15: Resettlement Action Plan</i>) defining compensation and other support measures.
Cultural Heritage	<ul style="list-style-type: none"> ▪ Direct impacts on sites of cultural interest or significance. ▪ Impacts to intangible heritage and lifestyles. 	<ul style="list-style-type: none"> ▪ Development of <i>Cultural Heritage Management Plan</i> for Oyu Tolgoi (see also <i>Chapter D13</i>): <ul style="list-style-type: none"> ○ Protection of significant sites ○ Chance finds procedure ○ Ensuring awareness of employees ▪ Maintaining community liaison throughout mine life to address cultural issues.
Consultation	<ul style="list-style-type: none"> ▪ The community groups requested meetings with IMMI twice a year or once a quarter. 	<ul style="list-style-type: none"> ▪ Development of a targeted consultation <i>Programme</i> to include neighboring

²¹ Extract from proceedings of 2004 Consultation Programme.

Issue	Aspect/Concern	IMMI Actions and Responses
	<p>They were very interested in receiving more information on the technology to be used at Oyu Tolgoi for mineral processing and mining.</p> <ul style="list-style-type: none"> ■ People in Tsogttsettii, Bayan-Ovoo, and Manlai have little understanding about Oyu Tolgoi activities and IMMI itself, because previous discussions were focused on Oyu Tolgoi herding families and Khanbogd <i>soum</i> residents. People advised that they were unaware of who to contact at IMMI to raise issues, concerns and questions. 	<p><i>soums</i> (See <i>Chapter D14: Stakeholder Engagement Plan</i>).</p> <ul style="list-style-type: none"> ■ Development of a community grievance mechanism.

Source: Oyu Tolgoi Project Community Consultation Meetings, 23-29 November 2003, Ivanhoe Mines Mongolia Inc. Internal Report.

6.7.3 Oyu Tolgoi to Gashuun Sukhait Road/Infrastructure Corridor Consultation

Initial Project planning investigated several transport and power supply options. This work led to the identification of a number of route options within the Oyu Tolgoi to Gashuun Sukhait infrastructure corridor (see *Chapter A5: Analysis of Alternatives*). At this stage, the infrastructure corridor comprised two road transport options and a proposed power line transmission route for the connection of Oyu Tolgoi to the Chinese (Inner Mongolian) power grid.

The preferred option to Gashuun Sukhait would require the construction and upgrading of approximately 100 km of previously unsurfaced road. Local, regional, and national authorities were consulted on the different options and potential associated impacts as part of the EIA process in 2003 and in 2004. The early EIA consultations in 2003-2004 with regards to the transport corridor also included both household visits and a public meeting at the Javkhlant *bagh* centre which is located along the main access road to the south.

The DEIA for the Oyu Tolgoi Project was submitted to the Mongolian authorities in March 2004 and included an assessment of transport options for the Project, with the southern route through the Gashuun Sukhait border town as the preferred option.

Animal (domestic and wildlife) crossing points were identified as part of the engineering study and associated DEIA for the Oyu Tolgoi to Gashuun Sukhait Road in 2007. Since 2007, Oyu Tolgoi has conducted additional consultation on road safety and road design features; this consultation has focussed on herder safety, driver safety, animal (livestock) crossings and issues associated with fauna crossings of the road.

A total of 10 animal crossing points were agreed with herders along the road (following 2010 consultation rounds), and these have been identified as points where traffic advisory signs and other traffic-calming measures will be located along the road. The road consultation process has resulted in the integration of a series of road crossings into the overall design. Specific road design measures are discussed in *Chapter A4: Project Description*. Interactions of the road with fauna and livestock are discussed in *Chapter C6: Biological Resources and B7b: Ecosystem Services*.

6.7.4 New Airport Consultation (2005-2006)

The original airstrip at Oyu Tolgoi was located within the footprint of the proposed open pit. A suitable new temporary airport location was identified some 7km to the north of the Mine Licence Area and 10 km from the original airport location (see *Chapter A4: Project Description*). As an extension to the original Project, the new 'temporary airport' was also subject to the EIA process under Mongolian law. Based on its screening process, MNET concluded that the proposal for the temporary airport required a Detailed Environmental Impact Assessment (*Conclusion of the Environmental Impact Assessment Screening of Ministry for Nature and Environment issued on June 2006, number 2006/3029*).

The temporary airport would be known as 'Shivee Ovoo'. The Consultant group "OC MT" XXK conducted an opinion survey of people of Khanbogd *soum* in December 2006 regarding the proposed airport

relocation site.²² A total of 35 people participated. A summary of consultation undertaken for the airport relocation is shown in the table below (extracted from the *Airport DEIA, Appendix 3*). The documentation of this consultation round was semi-formal and the responses were presented in a question and answer format.

Table 6.12: Summary of Consultation Undertaken for the Airport Relocation (Extract)

<p>In summary, regarding the consultees' general opinion of Oyu Tolgoi Project:</p> <p>80% of them supported licensing the Oyu Tolgoi deposit since they viewed the project as beneficial to regional development and improvement of local people's lives;</p> <p>65% of the consultees said that their main concern in relation to the mine development was the environment;</p> <p>85% of the consultees said that the investors should initially pay attention to infrastructure development and employment of local community with respect to local development;</p> <p>With respect to the question regarding the moving of the airport from its existing location, 31% of the consultees agreed, 37% needed more information to make a decision, 17% disagreed and 14% did not know/neither agreed nor disagreed;</p> <p>Main environmental concerns were pasture reduction, vegetation disturbance, soil degradation, desertification and dust;</p> <p>84% of the consultees had not flown to or from Oyu Tolgoi and 94% expressed their interest in using the new airport;</p> <p>70% agreed on the significance of the airport to the local development but almost all consultees (97%) wanted to get more information about the new airport; and</p> <p>34% of the consultees gave advice/suggestions with regard to the construction of a new airport, 50% of which suggest transporting local people, keeping down the level of dust, ensuring safety and completing the construction work in a short period.</p>

Source: *Environmental Impact Assessment Report for Oyu Tolgoi Project Domestic Airstrip Relocation, 2007. Appendix 3 Disclosure and Consultation. Environmental Study and Information Centre "OC MT" LLC.*

From the airport consultation rounds, Oyu Tolgoi concluded that there was no strong local opposition to the airport project. Moreover, the majority of the consultees were in favour of the Project. However, there was also a clear message that the affected community would like to see the realisation of some tangible benefits – to include provision of jobs to the community and potential use of the airport.

6.7.5 Consultation Activities Cessation (2006-2009)

After the DEIA for the temporary airport was completed, the Oyu Tolgoi Project development slowed down due to a delay in signing the Investment Agreement (IA) with the Mongolian Government. This delay restricted further consultation and disclosure activities. During this period, Oyu Tolgoi continued interaction with local stakeholders at the exploration site, although its activities were significantly reduced in comparison to previous consultation rounds. Various community development programmes and other work with local communities continued during this time (such as health and education projects within Khanbogd, Bayan Ovoo and Manlai *soums*) which facilitated informal consultation.

6.7.6 Consultation on Pastureland Impacts (2009-2010)

In 2009, Oyu Tolgoi initiated further work on the DEIAs prepared for the Airport Relocation, Mine Site Area and Oyu Tolgoi to Gashuun Sukhait Road. This effort focused on the assessment of social impacts and, in particular, potential impacts to grazing land. Oyu Tolgoi initiated a series of additional pastureland mapping and consultation activities within the Project-affected areas from May 2009 to mid-2010.

Small-scale pastureland assessments within Javkhlant, Gaviluud and Bayan *baghs* were conducted. The fieldwork involved about **80 herder families** who were interviewed and subsequently employed in the participatory mapping of grazing land and related assets. Herder families were selected on the basis that they were the most likely to be affected by the Oyu Tolgoi Project and, given their livelihoods and

²² Community Consultation and Disclosure Plan on Building New Airstrip in Khanbogd *Soum*, Omnogovi *Aimag*.

challenges, were likely the most vulnerable to change. The outcomes of the pastureland mapping and assessment work were as follows:

- Identification of community arrangements for the use of pastures;
- Updated mapping of community winter and summer camping places and pastures (location, areas, types of use and interactions with Oyu Tolgoi);
- Identification of cultural heritage and spiritual/sacred areas;
- Identification of property ownership status; and
- An understanding of the issues which could arise through the Project (construction impacts, traffic, dust, noise and segregation of pastureland).

On the basis of this exercise, Oyu Tolgoi developed plans to continue consultation with potentially-affected herders and to address the issues raised about pastureland loss and related impacts. The issues and concerns raised by stakeholders, as well as information on the affected households, were incorporated into the original SIA completed for the Project in late 2009. Results of this consultation have been used to identify the herder families that are economically-displaced by the different Project components, and to form the basis for detailed negotiations on compensation and livelihood restoration measures.

6.7.7 Consultation in Relation to Water Use (2007-2008)

Water Perception Study, 2007

Oyu Tolgoi, together with the Centre for Policy Research (CPR), conducted a comprehensive Water Perception Study in mid-2007.²³ The study involved Khanbogd *soum* herder families and was specifically designed to assess community awareness of water issues and potential community participation in water management. Perceptions of water supply, water quality and the Project impact on herders' water supply were identified for three focus areas; the Gunii Hooloi area, the Oyu Tolgoi mine site and the Oyu Tolgoi - Gashuun Sukhait road.

A total of **280 herder households**²⁴ within the *soum* were interviewed, 58 of them through semi-structured interviews, the others with the provision of short questionnaires. In addition, 51 people were involved in focus group discussions (FGDs) based upon four groupings: Governor's office and representatives, water users, private sector people and budgetary bodies.

Herder household composition was analysed to ensure that a representative proportion of women were engaged in this process. Within the *soum* the ratio of males to females was approximately even in 2010 (1,753 males to 1,769); within the herder groups particularly, approximately 25% of households are female-led; hence, the consultation programme was considered to be equally accessible to women as well as men.

Herder Lifestyle and Water Use Study, 2008

As the Oyu Tolgoi Project will use water from the Gunii Hooloi area, Oyu Tolgoi recognised that it needed to conduct additional consultation with herders who have wells in the area in order to involve them in the design process and to avoid future potential conflicts related to water. Oyu Tolgoi conducted a study between July and September 2008 to understand herder lifestyles, and customary water arrangements among the community around the Gunii Hooloi area. A total of **21 herder families** from Bayan *bagh* were consulted at the household level. These families were identified as those most likely to be affected by Oyu Tolgoi. *Table 6.13* describes the key outcomes from the consultation process, together with Oyu Tolgoi's follow up actions since that time.

²³ IMMI/CPR Perceptions study on water use in the Khanbogd *soum*, August 2007.

²⁴ These 280 herder households were identified by the Centre for Policy Research as rural herders who rely on herding for their livelihoods and seasonally migrate throughout the *soum*. Other herder households in the *soum* may have animals but are not rural herders as they either live in the *soum* centre, and/or participate in other livelihoods activities as a main source of income.

Table 6.13: Issues Raised and Oyu Tolgoi Actions (Herder Lifestyle and Water Use 2007-2008)

Issue	Community Concern	Oyu Tolgoi Actions and Responses
Water and Pasture	<p>Herders recognise that pasture quality is related to water availability.</p> <p>There is a perception that pasture quality has diminished during the past five years.</p> <p>Water is considered a 'common' asset. Wells are owned but water is shared.</p> <p>Access to water is managed at the family level.</p> <p>Customary management practices have produced few conflicts between families, if conflicts do arise, they are managed between families.</p>	<p>Environmental monitoring results for water quality have been explained and discussed with Bayan <i>bagh</i> herders on a number of occasions. A <i>Participatory Environmental Monitoring (PEM)</i> Programme was established in September/October 2010 and includes water monitoring in this area.</p> <p>The PEM includes an <i>Environmental Information Disclosure (EID)</i> component to formally share applicable information with potentially-affected herder households.</p>
Communication	<p>63% of herders have received limited information about Oyu Tolgoi's water use plan.</p> <p>Herders say that meetings at the <i>soum</i> are acceptable, but consultation will happen directly with herders at the household level.</p>	<p>Oyu Tolgoi has conducted follow up on-going <i>bagh</i> level meetings with Bayan <i>bagh</i> each quarter including giving updates on water use/water plans. See <i>Section D14.9.8</i>.</p> <p>Since 2008, there has been regular and ongoing engagement with herder households in this area by Oyu Tolgoi; these herders are part of the Local Advisory Group and other community consultation forums established in Khanbogd <i>soum</i>. See <i>Section D14.12.2</i>.</p>

Source: Report on Small-Scale Study of Herders' Customary Water Arrangement Conducted within Gunii Hooloi Area, Bayan *bagh*, Khanbogd *soum*, Omnogovi aimag, July – September 2008.

6.7.8 SIA Consultation (2008 to 2009)

The original SIA for the Project commenced in 2008 and was finalised in 2009 involving a wide range of field activities to identify social impacts and inform the development of social mitigation plans.²⁵ Fieldwork included focus group discussions (FGDs), group and individual interviews, the collection of secondary information from relevant *soum* sources, officials and annual statistics. A summary of key activities and findings are described below.

SIA Focus Group Discussions, Meetings and Interviews

Focus group discussions involved 141 individuals in the five *soums*, 29 *soum* officials and 32 individuals. Interviewees were selected to provide broad representation of all key stakeholder groups including vulnerable people, rural and urban dwellers, men and women. *Table 6.14* shows the number of interviewees and FGD participants, by *soum*.

Table 6.14: Numbers of Interviewees and Focus Group Participants for SIA

Soums and mine camps	FGDs	Secondary data collection*	Individuals	Total
Dalanzadgad	31	7	4	54
Khanbogd	34	5	9	55
Bayan-Ovoo	18	4	6	32
Manlai	35	8	8	57
Tsogttsetsii	23	5	5	40

²⁵ Oyu Tolgoi Socio-Economic Impact Assessment, Final Report, Centre for Policy Research and Population Training and Research Centre, Ulaanbaatar, Mongolia. September 2009

Soums and mine camps	FGDs	Secondary data collection*	Individuals	Total
Oyu Tolgoi camp				3
Ukhaa Khudag camp**				3
Total	141	29	32	244

Note: * number of soum officials met to gather applicable data

** the Ukhaa Khudag camp is the Energy Resources mining camp in Tsogttsetsii.

Workshop Sessions

In addition to the FGDs, a series of workshops were held with a range of stakeholder groups to review preliminary findings from the fieldwork. Sessions included the following:

- 2-Day workshop on 22-23 April 2009 in Dalanzadgad with representatives of the *aimag* government, the *aimag* public, as well as civil society (NGOs, community organisations etc);
- 2-Day workshop on 10-11 June 2009 in Khanbogd *soum* centre with representatives from Khanbogd, Manlai, Bayan-Ovoo, and Tsogttsetsii *soums*. This included 47 representatives from local government, local communities including herder households, NGOs and the private sector/local businesses; and
- 1-Day public meeting on 13 June 2009 at the Governor's Office in Dalanzadgad. This meeting included 100 participants including representatives of the government, civil society, the public, and the media.

The workshop involved:

- Presentations by Oyu Tolgoi senior managers with respect to ongoing and planned activities. These were valuable in terms of defining the detailed Project design process and in better understanding community concerns;
- Working group sessions on three main subjects: 1) economy and business, 2) environment and natural resources, and 3) social services. The objective of these group discussions was to get feedback and recommendations from participants in order to formulate a matrix of Project impacts and concerns;
- Each working group presented the results of the discussions together with recommendations for additions to the revised draft SIA. These suggestions were reported to the plenary session and recorded by Oyu Tolgoi and its consultants; and
- Surveys/comment submission forms were also used to solicit feedback from participants, to ensure that people who felt uncomfortable speaking in public had the opportunity to input to the process.

Engagement with Women

Throughout the SIA process, women have been invited to participate on an equal basis and no issues were identified during the engagement process to indicate that women were disadvantaged in terms of access to consultation.²⁶ While no formal statistics were recorded on gender participation, women have been well represented at all of these forums. Women are represented on the Local Advisory Groups established in 2010 to consult with Oyu Tolgoi in Khanbogd, Manlai and Bayan Ovoo *soums*.

A summary of the key issues raised by stakeholders through the SIA consultation process and how these have been addressed by Oyu Tolgoi through its social assistance programmes is provided in *Table 6.15* below.

²⁶ The team that conducted the baseline study and the SIA comprised national specialists from the Centre for Policy Research (CPR) Mongolia, and the Population, Training & Research Centre (PTRC) from the Mongolian National University, as well as an international social consultant. A total of 7 out of 12 of the core baseline/SIA team were women.

Table 6.15: Summary Table: Issues Raised (from the SIA process) and Oyu Tolgoi Commitments

Issue	Aspect/Concern	Oyo Tolgoi LLC Commitments
Employment Opportunities	<ul style="list-style-type: none"> ▪ Expectations of employment are very high. ▪ Job opportunities are fewer for herders as they generally have fewer skills and training. 	<ul style="list-style-type: none"> ▪ See <i>Chapter D17: Labour Management Plan</i>. ▪ Employment of Mongolian nationals. Targets are specified in the Oyu Tolgoi/Government of Mongolia <i>Investment Agreement</i>. See <i>Section D17.4.3</i>. ▪ Establishment of <i>Local Skills Database</i> capturing local and regional individuals interested in employment with the Project. Used to seek job candidates. See <i>Section D17.5.2</i>. ▪ Employment of 629 people from Khanbogd, 440 people from other parts of south Gobi, and 2996 people from elsewhere in Mongolia (as at December 2010).
Training Opportunities	<ul style="list-style-type: none"> ▪ People are keen to consult with Oyu Tolgoi if the Project offers training and upgrading opportunities to enhance their trade or professional skills. 	<ul style="list-style-type: none"> ▪ See <i>Chapter D17: Labour Management Plan</i>. ▪ Development of the <i>Training Strategy & 5-Year Plan (2010 to 2014)</i>, including commitment of \$US50M investment over this period for training infrastructure, delivery and design. See <i>Section D17.6.2</i>. ▪ Installation of training facilities in Dalanzadgad (under construction in early 2011) and in Khanbogd (planned for 2012). See <i>Section D17.6.2</i>. ▪ <i>Memorandum of Understanding</i> for 3,300 vocational student places signed with Government. See <i>Section D17.6.2</i>.
Education Opportunities	<ul style="list-style-type: none"> ▪ Almost all affected people express a desire to be provided with support for education for their children as compensation for loss of pastureland as a result of the Project. 	<ul style="list-style-type: none"> ▪ Tertiary scholarships have been included as in-kind compensation in affected herders compensation package. As at December 2010, 14 students had received scholarships. See <i>Chapter D15</i>. ▪ Regional educational support including <i>Student Scholarship Programme from 2005 to 2010</i> (130 students in south Gobi). See <i>Section D17.6.2</i>. ▪ Training for Secondary School IT Teachers in January 2009 (24 teachers in the south Gobi). ▪ Numerous training opportunities are ongoing through the <i>Local Business and Economic Development (LBED) Programme</i>. As at May 2011, a total of 87 people had received financial, business development and technical training through this programme. See <i>Chapter D15</i>.
Health & safety	<ul style="list-style-type: none"> ▪ Truck traffic is a main concern because the road used by the Project passes through a number of communities and there will be a high volume of trucks transporting concentrate to China. 	<ul style="list-style-type: none"> ▪ Extensive consultation on the road corridor and safety aspects, including on animal crossings. ▪ Development of <i>Transport Management Plan</i> including traffic safety training. ▪ <i>Doctor Sponsorship Programme</i> from 2005 to 2010 (15 physicians working in 12 remote soums). ▪ Traffic advisory signs will be installed along Oyu Tolgoi to Gashuun Sukhait road.

Issue	Aspect/Concern	Oyo Tolgoi LLC Commitments
Local economy and business development	<ul style="list-style-type: none"> ▪ Local service providers are keen to participate in providing services to the mines and expect to receive in order to adjust their businesses to meet specific needs. ▪ Herders want to sell milk, meat and dairy products to the Project etc. ▪ Local businesses want to receive support in terms of finance and facilities to diversify their businesses. ▪ Local/regional companies and entrepreneurs have limited understanding about meeting the high volumes required by the Project and the quality standard, but are keen to know these requirements so they can become suppliers. 	<ul style="list-style-type: none"> ▪ <i>Local Business and Economic Development (LBED) Programme</i>, including a Small & Medium Enterprise (SME) development project that will be implemented with 30 herder families in 2011. ▪ From Jan 1, 2010 until August 15, 2010, Oyu Tolgoi signed 98 contracts with Mongolian companies to a value of US\$206 million. A number of these contracts are with local and regional suppliers.
Land acquisition and resettlement	<ul style="list-style-type: none"> ▪ Herders are worried about having to reduce livestock due to decreasing pasture and therefore loss of income and effects on their livelihood. ▪ Roads will also divide pastures and disturb ground and livestock. This will affect their livelihoods and income. ▪ Competition between herders for pasture and water has already increased. ▪ There is concern that construction of other infrastructures and the expansion of mining to new area/sites may trigger a new wave of resettlement. 	<ul style="list-style-type: none"> ▪ Avoidance and minimisation of land take in accordance with PS5. ▪ Extensive and continued consultation with all directly affected herder households, including negotiations on compensation and other entitlements. ▪ Implementation of <i>Resettlement Action Plan (RAP)</i> and associated <i>Herder Livelihood Improvement Programme (HLIP)</i>. ▪ Implementation of <i>Sustainable Pastureland Management Programme</i>, including establishing a Pasture Users NGO in Khanbogd (Khanbogd Altan Nutag) and 14 Pasture User Groups across the four <i>baghs</i> by early 2011 (now complete). ▪ Assessment of pasture capacity and condition, and water supply in Khanbogd, including establishment of 15 vegetation monitoring points across the <i>baghs</i>.
Environmental Issues	<ul style="list-style-type: none"> ▪ Dust and noise impacts, particularly from the Oyu Tolgoi to Gashuun Sukhait Road, are of concern to herders and other residents. ▪ Environmental degradation during road construction and use. Loss and change of vegetation due to soil degradation. ▪ Increased waste along border road and around the temporary airport. 	<ul style="list-style-type: none"> ▪ Implementation of controls under the Environmental Management Plans, including on and off-site dust and noise monitoring. ▪ Employed local herders to maintain clean environment around airport site and along the Oyu Tolgoi to Gashuun Sukhait road. ▪ A seed rehabilitation programme has been established and initial work has been completed in the temporary airport area and along the road to Manlai <i>soum</i> centre. ▪ A <i>Participatory Environmental Monitoring Programme</i> was launched with Khanbogd <i>soum</i> residents in early 2011.
Roads and infrastructure	<ul style="list-style-type: none"> ▪ Herders have expressed desire for Tavan Tolgoi and Oyu Tolgoi roads to be combined, otherwise impacts to their pastureland will be worse. ▪ Improvement of basic infrastructure (drinking water, health centres, school) is a key expectation of all local communities. 	<ul style="list-style-type: none"> ▪ Implementation of further consultation with the Khanbogd community, including specific consultation with herders along road on animal crossings. ▪ Implementation of the <i>Khanbogd Water Supply – Groundwater Exploration Project</i> with the Asian Development Bank. Oyu Tolgoi completed a geophysical survey and other field work in 2010 and located a source

Issue	Aspect/Concern	Oyo Tolgoi LLC Commitments
	<ul style="list-style-type: none"> ▪ Khanbogd residents believe that services and infrastructure will be developed as community compensation for the lands taken by the Project. ▪ Some residents report a lack of visible investment in Khanbogd <i>soum</i> community. ▪ The employee housing strategy is not clear enough to local people. 	<ul style="list-style-type: none"> ▪ of water supply for the <i>soum</i> centre. ▪ Implementation of the <i>Local and Regional Planning and Infrastructure (LRPI) Programme</i>. A Khanbogd <i>Soum</i> Land Use Plan has been developed with support from Oyu Tolgoi.
Water quantity and quality	<ul style="list-style-type: none"> ▪ Water quality and quantity, herder wells, and impacts from the Gunii Hooloi borefield are all key concerns for nearby herders. ▪ Herders report that more water must be made available to improve pastureland arrangements. ▪ Herders are concerned about reduction and pollution of water supplies. 	<ul style="list-style-type: none"> ▪ Implementation of consultation in relation to water use and development of the <i>Participatory Environmental Monitoring Programme</i>. ▪ 94 herder wells in Khanbogd <i>soum</i> are being monitored in collaboration with herders.
Protection of cultural heritage	<ul style="list-style-type: none"> ▪ Local people are concerned about the diffusion of cultures foreign to local ethnic identities and customs. ▪ Herders expect that eventually traditional nomadic herding lifestyle will be changed although this is expressed as a positive change by most. 	<ul style="list-style-type: none"> ▪ Development of the <i>Oyu Tolgoi Housing Model and Influx Management Plan</i> – both of which contribute to the management of a large and rapid influx of people in relation to employment opportunities. ▪ Implementation of Phase I of the <i>Cultural Heritage Programme (CHP)</i>. ▪ Establishment of the <i>Cultural Heritage Local Advisory Committee</i>.
Local and National Governments	<ul style="list-style-type: none"> ▪ Energy/power supply in neighbouring <i>soums</i> is a key expectation of local and regional governments. ▪ <i>Soum</i> and <i>aimag</i> authorities expect that secondary industries will be supported/funded by the Project. ▪ Employment expectations are high locally and are of critical importance to national government. ▪ Local government personnel anticipate increased pressure on public services. ▪ Local government expect mine revenue to help with infrastructure and service improvements. ▪ Local and regional authorities have expressed concern about in-migration to the area, which will likely generate poorly-planned induced development. 	<ul style="list-style-type: none"> ▪ Implementation of <i>Local and Regional Planning and Infrastructure (LRPI) Program</i>. ▪ <i>Influx Management Plan (D16)</i>. ▪ <i>Diesel Donation Programme</i>. ▪ <i>Labour Management Plan, Local Skills Database</i>. See Section D17.5.2. ▪ <i>Local Business and Economic Development Programme</i> to support the development of SMEs and in particular herder businesses.
Civil Society/Other	<ul style="list-style-type: none"> ▪ Protection of local culture and historically significant heritage, herders' way of life, and the diffusion of cultures foreign to local ethnic identities in the south Gobi. ▪ Preservation of the SGSPA and the transport corridor in the buffer zone. ▪ Migratory animals and the impact roads, fencing, railways and other Project infrastructure will have on these species. 	<ul style="list-style-type: none"> ▪ Implementation of <i>Cultural Heritage Programme</i>. ▪ Additional rapid biodiversity assessment field work will be completed by mid-2011. ▪ <i>Biodiversity Action Plan</i> (see Chapter D6). ▪ <i>Influx Management Plan</i> (see Chapter D16).

6.8 CONSULTATION DURING CONSTRUCTION/RECENT ACTIVITIES (2010-2011)

6.8.1 Community and Regional Development Programmes

Since construction began in late 2009, the level of community consultation has steadily increased. Community engagement in the first two years of construction has been focused on greater participation of local communities to help manage issues that affect them, as well as development of partnerships with local residents, NGOs, businesses and government, to maximise employment, business development, and training opportunities in all of the target *soums*. The community consultation that has been implemented includes, but is not limited to, the following:

- Oyu Tolgoi Project Open Days in all target soums;
- Project updates with local herders at each of the quarterly bagh meetings in Khanbogd soum;
- Launch and implementation of numerous programmes, including:
 - Local Business and Economic Development Programme;
 - Regional Development Programme;
 - Participatory Environmental Monitoring Programme; and
 - Various other programmes related to cultural heritage, community safety, pasture management and monitoring.
- Ongoing interaction with Community Relations Officers in each of the target soums through the branch offices and regular visits to communities and households; and
- NGO and media site tours and presentations.

A selection of community engagement activities conducted by Oyu Tolgoi between 2010 to mid-2011 is provided in *Table 6.16*. Much of this consultation is regular and ongoing as described in *Chapter D14: Stakeholder Engagement Plan*. This is not an exhaustive list, but rather a selection of activities to demonstrate the breadth and depth of community consultation thus far in the construction phase.

Table 6.16: Example Community Consultation during Construction Phase, to mid-2011

Public Consultation / Meetings / Event	Date	Persons in attendance	Main Topics
Wood Council meeting	June 31, 2010	10	Discussed an optimal use of waste wood and other materials from Oyu Tolgoi fence: <ul style="list-style-type: none"> ▪ TORs and procedures ▪ Criteria for wood allocation
Workshop among NGOs organised by University of Queensland	June 23 – 25, 2010	40	Best practices on community relations of mining companies, Ulaanbaatar.
Discussions with local core box producers	July 27, 2010	18	Discussed requirements and criteria of Oyu Tolgoi and capacity of producers.
<i>Bagh</i> citizen khural: update on project progress (4 <i>baghs</i>) in Khanbogd	Sept, 2010	240	Provided project information and obtained feedback and community concerns, e.g. on water and environmental impacts.
Discussions on community safety and security with local authorities and ways of collaboration with Oyu Tolgoi.	Sept 13, 2010	8	Discussed risks of construction period and proposed mitigation measures.
Elderly day celebration and information sharing	October 1, 2010	150	Participated in and supported celebration to show respect to elderly. Also provided updates on project.
Discussions with local craft producers and possible supply to Oyu Tolgoi supermarket	October 7, 2010	6	Explained criteria for bidding and support available from Oyu Tolgoi for local suppliers.

Public Consultation / Meetings / Event	Date	Persons in attendance	Main Topics
Soum visioning exercise using <i>Future Search</i> methodology	November 28, 2010	64	Obtained input from each of the target communities and developed draft Community Agreements (creating common ground).
Meeting with craft producers	January 11 , 2011	5	Discussed training, marketing, and supply to Oyu Tolgoi with producers.
Kindergarten extension support	January 12, 2011	5	Obtained communities feedback on Oyu Tolgoi plans to assist with kindergarten extension.
Religious ceremony dedicated to New Lunar Year	February 3 - 6, 2011	60	Participated in and supported ceremony to show respect from Oyu Tolgoi to the communities and elderly.
Launched “Gobi Prosperity”: Phase 1 of the Local Business and Economic Development (LBED) Programme	Feb 14 - 22, 2011	100 plus	Launched “Gobi Prosperity” in Khanbogd and Manlai <i>soums</i> ; a total 67 applications for microfinance and training support were received (35 initially included in the Phase 1 programme).
Oyu Tolgoi Project Site Tour for NGOs and Media	Feb 16 – 18, 2011	30 NGOs 15 Media	Oyu Tolgoi took local and regional NGOs and media groups on a 3-day site tour of the Oyu Tolgoi camp and other Project facilities.
Oyu Tolgoi Regional Economic Impact Study: consultations (authorities, NGOs, female-headed HHs, businessmen)	February 18 – 25, 2011	25	Obtained feedback on ongoing study with selected key informants and focus groups.
Open Days	Mar 9 – 12, 2011	350	Oyu Tolgoi Open Days held in <i>soum</i> centres to provide information regarding project progress and obtained community feedback (in Khanbogd, Dalanzadgad, Manlai, and Bayan Ovoo).
<i>Bagh</i> citizen khural: updates on project progress (4 <i>baghs</i>) in Khanbogd	March 23 – 26, 2011	240	Provided project information and obtained feedback and community concerns.
Local Advisory Group meeting	March 25, 2011	15	Khanbogd <i>soum</i> meeting to discuss project and community concerns.
Meeting with NGOs regarding CIS (catering contractor)	March 28, 2011	15	Obtained more detailed information regarding CIS performance and consulted about future measures.
Participatory Water Monitoring action & design: <ul style="list-style-type: none"> ▪ Herders ▪ Teachers/Students ▪ NGOs 	March 23 - 31, 2011	8	Provided information on Oyu Tolgoi water use and obtain feedback, concerns.
<i>Bagh</i> citizen khural: updates on project progress (4 <i>baghs</i>) Khanbogd	Mar 23 – 26, 2011	240	Provided project information and obtained feedback and community concerns.
Participatory Water Monitoring action & design: <ul style="list-style-type: none"> ▪ Herders 	Apr 1 – May 25, 2011	55	Introduced monitoring project documentation and obtained feedback.

Public Consultation / Meetings / Event	Date	Persons in attendance	Main Topics
<ul style="list-style-type: none"> ▪ Teachers/Students 			
Community meeting with CIS management	April 28, 2011	250	Follow up from Open Day and informed residents about ongoing activities to address concerns / complaints regarding CIS.
Ground Breaking Ceremony: Airport	April 2, 2011	21	To show respect to the local communities near to new airport.
Discussions on forming Saving Groups among herders	April 12, 2011	30	NGOs provided training and sharing best practices on community groups.
LBED: discussion on potential business development	April 13, 2011	40	Provided information about project and assisted additional local entrepreneurs/individuals to join the programme.
Community Health: human resources capacity (Ulaanbaatar)	April 18, 2011	5	Development and design of Community Health, Safety and Security (CHSS) programme.
Wood council meeting	May 6, 2011	10	Shared concerns on safety from Oyu Tolgoi and introduced new procedures.
Local NGO: assisting in developing business proposal under compensation	May 6, 2011 June 4-5, 2011	15	Local NGO was hired to assist the herders to develop their business.
Participatory Water Monitoring implementation: <ul style="list-style-type: none"> ▪ Water Working Group ▪ Herders 	May 7, 2011	5	Provided information on Oyu Tolgoi water use and obtained feedback, concerns, conducted participatory monitoring.
Group meeting with welders, masons and brick makers	May 9, 2011	15	Organised groups to be involved in construction of Khanbogd park.
LBED: meeting to discuss camel milk procurement at Oyu Tolgoi	May 12, 2011	25	Discussed how to organise local milk procurement for the Oyu Tolgoi site.
<i>Bagh</i> citizen khural: updates on project progress (4 <i>baghs</i>) Khanbogd	Jun 10 – 13, 2011	120	Finalised <i>Entitlements Matrix</i> , implementation procedures, and households to be covered.
Camel wool market event for Khanbogd herders	Sept, 2011	20	Khanbogd herders attended the “torom” wool purchase event organised by Gobi LLC in Ulziit <i>soum</i> , Dundgovi <i>aimag</i> and sold about 700kg of wool for 8500MNT per kg rate. Oyu Tolgoi funded/facilitated this introduction for local herders to camel wool market.
Training for herders on wool processing and felt art	18 – 23 June, 2100	5	Oyu Tolgoi facilitated female herders from “Gaviluud Devshil”, “Gurvan Khirs”, “Galbiin Gobi” Pasture User Groups, to attend training conducted in Khanbogd <i>soum</i> centre.
Supplying camel milk products to Oyu Tolgoi site directly from herders	Sept, 2011	50	Herders started supplying camel and goat curds to Oyu Tolgoi at 15,000 MNT per kg rate. Total supply for July and Aug was 818kg. Sept supply expected to be 1.4 tonne from over 50 herder families

Public Consultation / Meetings / Event	Date	Persons in attendance	Main Topics
			(ongoing process).
“Food Safety” workshop in Ulaanbaatar organised by the World Nomadic Herders Association	Sept 2-3, 2011	6	Khanbogd-Altan Nutag NGO (Pasture NGO facilitated by Oyu Tolgoi) took 5 herders to the workshop.
“Businesswoman and Female Herders’ Meeting” workshop in Dalanzadgad (organised by the Omnogovi Aimag Herders Association).	Sept 9–10, 2011	4	Oyu Tolgoi facilitated Khanbogd herder representatives to attend meeting (to increase female herder/businesswoman participation in herder business development).

Source: Oyu Tolgoi, *Communities and Social Performance team, September 2011.*

6.8.2 Undai River Diversion

In addition to the DEIA consultation, initial community information disclosure on the Undai was conducted by Oyu Tolgoi in 2003, 2005, 2007 and during subsequent community quarterly meetings in 2009 and 2010. This is summarised in *Table 6.17* below.

Table 6.17: Previous Consultation Related to the Undai Diversion

Activities	When	Number of participants	Consultation Materials/Information	Comment
Preliminary community consultation process: meetings with the community who live in or near the Oyu Tolgoi exploration lease	2003 March	20 persons from local herder households	The presentation material was presented in Mongolian and provided a broad overview of project concepts, including: <ul style="list-style-type: none"> ■ Mining and process options ■ Descriptions of environmental and archaeological approval process ■ Infrastructure requirements ■ Water exploration program, and ■ Further community consultation. 	The project description that was provided during the meetings also referenced the size of the open pits and likely loss of Bor Ovoo Spring. Springs were discussed during the meeting and it was mentioned that some springs may be effected during mining development due to river diversions or excavations.
Volume III of the DEIA – Mining and Processing was prepared and presented to the Khanbogd community via the <i>Soum</i> Governor and <i>Soum</i> Khural	2005	not known	The DEIA includes specific information on the loss of Bor Ovoo Spring and the river diversion. The governor signed this DEIA after consultation. Volume III DEIA was approved by the MNET in 2006	
Oyu Tolgoi provided documents to the Ministry of Nature Environment and Tourism, which included plans for diversion of the Undai riverbed project together with an assessment of the baseline environment.	2007	30 herders	Even though the Ministry has approved the results of the assessment, Oyu Tolgoi was required to undertake a separate assessment of the environmental impacts of the Undai diversion, and organise discussions with community and other related parties to make an agreement.	Revised project design based on demands of the local community. Diversion of Undai riverbed project engineering outline completed in 2011, by SMEC (Australia) and Prestige (Mongolia) and handed over to Oyu Tolgoi.
Water consultation	2008 May	21 Herders in Bayan <i>bagh</i>	Follow-up/refresher consultation about Project plans.	
Community quarterly meeting	2009 June 23-26	62 herders in all <i>baghs</i>	Brief information disclosure of layout of the Open pit and Undai River	
Community quarterly meeting	2010 March 24-27, August	50 herders in all <i>baghs</i>	Brief Information disclosure regarding the layout of the open pit and Undai river	
Brief introduction to diversion of Undai riverbed project; information provided to herders who live along the river side.	August 2011	21 herders	Visited 21 families, disseminated information, collected their comments.	During this consultation, herders did not express whether they supported or rejected the project.
Herders and citizens of <i>bagh</i> participated in research with the purpose of building wells and enhancing water supply to those herders who water their livestock in Undai river and Bor-Ovoo area.	August & September 2011	9 herders	Indicated water points and delivered information to governor of <i>bagh</i> and waiting for governor of <i>bagh</i> to gather comments and pass to this to Oyu Tolgoi.	Feedback was that creating or enhancing water supply locations without community comments and ideas, could lead to misunderstanding of community and risk declining water

Activities	When	Number of participants	Consultation Materials/Information	Comment
				supply performance.
External party of Nature Friendly LLC delivered related information about the diversion of Undai riverbed project report and assembling community comments and concerns.	July to December 2011	26 herders	Delivered information and documented the comments of a total 26 herder households, representatives of regional government and non-governmental organisation, and other interested parties.	.
Further updates to mine layout and design required Vol III to be updated in 2011	2011 (mid)	not known	The revised Vol III DEIA was presented to the Khanbogd governor who requested that the river diversion be removed from the DEIA and subjected to separate approval. The separate DEIA for the river diversion was then presented to the community in 2011	
Presentation on the diversion scheme by Water Resources Manager, Oyu Tolgoi	November 2011	47 people	<ol style="list-style-type: none"> 1. Visited and delivered information to total 20 herder households 2. Invited 20 people to project implementation area and disseminated information. 3. Met with 8 representatives of NGO at <i>soum</i> centre to deliver information on the diversion scheme. 4. Met with Governor of <i>Soum</i> and <i>Bagh</i>, Commissioner of Nature & Environment, and liaison officers of Mining Infrastructure, and delivered information. 	Local community expressed concern in relation to maintenance of the natural river appearance, future use of the river and general concerns in relation to the scheme.
			Invited all participating parties to project implementation area, including 18 herders, Governor of <i>bagh</i> , liaison officers of Mining Infrastructure, provided detailed information about project, and received comments.	

Note: consultation during 2011 was on the basis of the recent Detailed Design Report.²⁷

²⁷ SMEC, 2011. Oyu Tolgoi Project: River Diversion Detailed Engineering. Detailed Design Report – Final. A2MW-90-K. 5 September 2011

Details on the mitigation that has been developed and is being implemented in relation to the Undai River diversion are included in *Chapter C5: Water Resources Impact Assessment*.

6.9 INDICATORS OF SUPPORT FOR THE PROJECT

The consultation programme to date indicates that Mongolian stakeholders (local population, government authorities as well as civil society and NGOs) support the development of the Oyu Tolgoi Project, as long as adverse impacts are minimised or adequately managed and benefits to the public materialise (i.e. that expectations are met and the delivery of benefits takes place at the *soum* level). Preparation of the DEIAs and SIA (among others) has allowed the views and concerns of the key stakeholders to be taken into account and to inform Project design and management measures.

Of the community expectations in relation to the Project, the provision of direct employment opportunities is probably the highest priority. Oyu Tolgoi is committed to high levels of local employment as specified through the Investment Agreement signed with the Mongolian Government. Oyu Tolgoi is also committed to helping break down barriers to employment through its vocational training programme and vocational training centre. Finally, implementation of the employment hierarchy is designed to ensure that residents of Khanbogd *soum* are those most likely to be employed by the Project, subject to attaining suitable skills levels. The Oyu Tolgoi employment programme and recruitment hierarchy are discussed in detail in *Chapter D17: Labour Management Plan*.

The results to date show that the stakeholders believe that the Project can have positive influences in terms of employment, economic growth and also improvement in the living standards of people in Khanbogd and neighboring *soums* in particular, and even for the greater South Gobi province. There has been no opposition to land acquisition, as long as the affected households participate in the planning and implementation of appropriate mitigation for relocation and pastureland impacts, and livelihoods and standards of living are maintained **or** improved.

This general approval is coupled with a will, expressed by all those involved, to be consulted on the design and applicable aspects of Project implementation. The process of consulting the public during the early stage of a project is a relatively new experience in Mongolia. The Mongolian population is not accustomed to participating in such a process but hopes that it will help to prevent the errors made in relation to other industrial developments in the past. The majority of the consulted population has said that they are satisfied with the level of participation they have had in the identification of social and environmental issues and in the process of mitigation planning. People hope that this approach will continue and that it will ensure environmental protection and help to maximise social and economic benefits for local people and that Oyu Tolgoi will set a precedent for other mining projects in the South Gobi. *Table 6.18* below provides a summary of key indicators of community support for the Project, as well as perceived benefits from the Project expressed by different stakeholder groups.

Table 6.18: Key Indicators of Support for the Oyu Tolgoi Project

Perceived Benefits of Project	Key Indicators of Support for the Project
Directly affected people / local communities	
<ul style="list-style-type: none"> ■ Jobs and training programmes ■ Improved standards of living ■ Less dependence on pastoral way of life ■ Support for establishing small and medium enterprise (SME) development ■ Supply of goods and services to the Project ■ Improvement of infrastructure and services 	<ul style="list-style-type: none"> ■ Good relations between local people and Project staff. Local people are keen to consult with Oyu Tolgoi. ■ Local Advisory Groups with members selected by communities have been established in each Project area <i>soum</i> to manage community and environmental issues with affected people/stakeholders. ■ People indicate they have been kept well informed on Project activities and progress and have had the option of participating in the decisions related to managing environmental and social impacts. ■ The herder households (16 families) resettled report equal to or better living conditions and livelihood status than before (as shown in the <i>Resettlement Action Plan</i>). ■ Herder households economically displaced as a result of pastureland loss have formed a Compensation Working Group and participated in designing a <i>Herder Livelihood Improvement Programme</i> (as shown in <i>D15: Resettlement Action Plan</i>) and have been involved in participatory monitoring. ■ The consultation process has been accessible to vulnerable groups

Perceived Benefits of Project	Key Indicators of Support for the Project
	<p>including herders. All herder households in Khanbogd <i>soum</i> have been visited by Oyu Tolgoi at least once and affected herders households are all involved in regular consultation with the Company.</p> <ul style="list-style-type: none"> ▪ A total of 399 households have joined 14 Pasture User Groups established by the Mongolian Society for Range Management as part of the Oyu Tolgoi sponsored Sustainable Pastureland Management Programme in Khanbogd <i>soum</i>. ▪ Over 1,000 people from the Omnogovi <i>aimag</i> have been employed by Oyu Tolgoi and contractors (a total of 629 from Khanbogd <i>soum</i>). ▪ Local communities have been actively participating in the design and implementation of a number of key programmes including the Cultural Heritage Programme, the Community Health, Safety & Security Programme, the Participatory Environmental Monitoring Programme, the Local Supplier Development Programme and the Local and Regional Planning and Infrastructure Programme. <p>Local communities/households have said that they are confident in the consultation process and hope that consultation will be continued.</p>
Civil society/Donors/NGOs	
<ul style="list-style-type: none"> ▪ Economic growth ▪ Poverty alleviation ▪ Partnering opportunities 	<ul style="list-style-type: none"> ▪ A number of local, regional and international NGOs and government agencies are already partnering with the Project on social investment initiatives (such as Javkhlant Nutag, Amjiltiin Tomiyo, Development Solutions Dalanzadgad, Pact Mongolia, the Mongolian Society for Range Management, Academy of Science, Archaeological Institute of Mongolia, Public Health Institute, Foundation for Health Policy Promotion, Mongolian Centre for Development Studies, Nomadic Nature Conservancy etc). ▪ High profile donor agencies keen to partner with Oyu Tolgoi in-country e.g. ADB on the Khanbogd water supply, IFC and EBRD on influx/regional development.
Government	
<ul style="list-style-type: none"> ▪ Permits ▪ Employment and training ▪ Economic growth ▪ Improved standard of living for residents in Omnogovi <i>aimag</i> 	<ul style="list-style-type: none"> ▪ Good relations between local and other Government representatives and Project staff. ▪ The Project has received the applicable Mongolian approvals, permits and licences to proceed with construction. ▪ Local, regional and national authorities are active in various Project-related committees and monitoring groups (e.g. Compensation Working Group, Community Health Advisory Committee, Cultural Heritage Advisory Committee in Oyu Tolgoi area <i>soums</i>, South Gobi Regional Development Council). ▪ Active participation in regular environmental monitoring throughout early works construction activities. ▪ Local <i>soum</i> governments have been involved in management planning through direct engagement by Oyu Tolgoi. ▪ A Memorandum of Understanding has been signed by Oyu Tolgoi and Government to ensure 3,300 student places at vocational training centres (September 2010).

For full details of the current and planned consultation programme, refer to *Chapter D14: Stakeholder Engagement Plan*. A summary of community complaints/grievances received for the Project to date is also included in *Section D14.13*.