

JOINT STATEMENT
Tripartite Council, Khanbogd Soum

Khanbogd soum
Umnugobi aimag

Community Interaction Center

January 11, 2016

Khanbogd soum Tripartite Council regular meeting was held at the Community Interaction Center on January 11, 2016. The meeting was attended by Khanbogd soum government, herders, Oyu Tolgoi LLC representatives and facilitators from Compliance Advisory Office/Ombudsman (CAO), with B.Byambajav, a postdoctoral researcher at the Queensland University, as an observer.

During the meeting, the parties discussed and approved the report that covers activities implemented before and after the establishment of the Tripartite Council from July 2013 to July 2015, which report will be disseminated to the public along with this Joint Statement upon approval. In addition, the parties discussed the implementation status of the works agreed during the previous meetings and generated a list of priority actions to be implemented for 2016. The next meeting is scheduled on February 23-25 along training on Joint Fact Finding Mission to be organized by the CAO.

Tripartite Council, Khanbogd soum

About Tripartite Council

The Tripartite Council (TPC), a council with equal representation from Khanbogd soum herders, local authorities and Oyu Tolgoi LLC was formally established on 8th June, 2015 by signing on the Memorandum of Understanding to solve complaints made by parties. TPC is facilitated by the CAO, an independent recourse mechanism for the International Finance Corporation of the World Bank Group.

**REPORT ON ACTIVITIES OF THE REPRESENTATIVES OF KHANBOGD SOUM HERDERS AND
OYU TOLGOI COMPANY BETWEEN 1 JULY 2014 AND 1 JULY 2016
BEFORE THE ESTABLISHMENT OF TRIPARTITE COUNCIL**

Summary of activities in 2013 -2015

The first Compliant was lodged by the local nomadic herders who live and earn their livelihood in the area near to project location with the support from “Oyu Tlogoi Watch” (national) NGO and “Gobi-Soil” (local) NGO in October 2012.

The second Compliant was submitted to the Office of the Compliance Advisor Ombudsman (CAO) by 7 local herders with the help from OT Watch and Gobi-Soil NGOs concerning the impacts of the Undai river diversion project of Oyu Tolgoi company in February 2013.

Since July 2013, the herders representatives appointed at the bagh meeting of four baghs of Khanbogd soum started negotiations with OT company representatives to address the compliant issues and the following is the report of the activities taken until the establishment of Tripartite Council consisting of the representatives from Khanbogd soum government, herders and OT company by signing of the Memorandum of Understanding.

Herders and OT company representatives are doing their best for mutual understanding and cooperation. The operation of the Council has been mediated and facilitated by the Compliance Advisor Ombudsman (CAO).

The main activities carried out:

A. Concerning organizational issues

- Information sharing meetings between representatives of Herders and OT company took place in March and April 2013 respectively.
- Between July 2013 and 8 June 2015, 16 negotiations took place involving representatives of herders and OT company concerning the resolution of the issues of 2 complaints filed with CAO.

B. Concerning the engagement of Independent Experts Panel

- Together with OT company, developed the Terms of Reference and selected the Independent Experts Panel (IEP) to conduct an assessment on impacts on water and pasture caused by Undai river diversion; IEP worked in Khanbogd soum and made the 1st Phase report with recommendations.
- Tripartite Council is planning to continue to implement these recommendations now.

C. Concerning the development of Terms of Reference for the Multidisciplinary Team

- Together with OT company, developed and finalized the Terms of Reference for Multidisciplinary Team to conduct an assessment to help resolve formal complaints lodged with the Office of Compliance Advisor Ombudsman (CAO) and challenging issues caused by negative impacts of Oyu Tolgoi project operation and it is also intended to provide an baseline information to track future changes after the report is presented.

F. Concerning the resolution of complaint issues

- In the past, upon herders requests, Herders representatives visited OT mining site 8 times to get familiarized with the mining operation and disseminated relevant information to the herders.
- A protocol on water supply from OT mining site to herders of Khanbogd soum during the times of water scarcity faced by the herders residing in close proximity to the Oyu Tolgoi company mining site has been adopted and is being implemented.
- A protocol on temporary livestock grazing has been adopted and is being implemented in order to temporarily allow livestock grazing on certain areas within the Oyu Tolgoi company mining fenced site.
- As demanded by the herders' representatives, OT company officially expressed its apology to local herders on 20 March 2015 in relation to Undai river diversion.
- When determining the new location for Bor Ovoo Spring, the agreement was made based on the local herders' opinion.
- In order to mitigate the road dust issue, temporary dirt road from the north gate of OT mine site till the coal road has been upgraded to improved gravel road.
- It is agreed with OT company representatives to develop a sustainable livelihood plan for each of 89 households covered by the compensation agreement.
- A Joint Statement on negotiation outcome between OT company and herders representatives is prepared on regular basis and published on OT's local newsletter to disseminate information to the local community.
- When the complaints are resolved and CAO exits, as a permanent mechanism to resolve the complaints, requests, and initiatives related to herders, pasture and water between the local government, local community and the OT company, the Tripartite Council has been established on 8 June 2015.

Herders Representatives worked since July 2013 till June 2015 representing the local herders are the following:

OTCompany representatives

Javkhlant Bagh

L. Battsengel

U. Battogtokh

D. Namsrai

Gaviluud Bagh

Ts. Gunsmaa

Ts. Battogtokh

Nomgon Bagh

B. Batbaatar

B. Battumur

**TRIPARTITE COUNCIL
OF KHANBOGD SOUM HERDERS, LOCAL GOVERNMENT AND OYU TOLGOI COMPANY**

Summary Report on 2015 activities

The Tripartite Council consisting of representatives from Khanbogd soum local government, herders and Oyu Tolgoi company, established on 8 June 2015, is running its operation within the purpose stated in the Memorandum of Understanding and the Council's Charter. The first meeting of the Council took place on 1 July 2015 and in the last 6 months the Parties are making due efforts in order to reach mutual understanding and cooperation. The operation of the Council has been facilitated and mediated by the Office of the Compliant Advisor and Ombudsman (CAO).

Main activities carried out :

A. Concerning organizational issues

- The Tripartite Council had 5 meetings - in July, September, October, November and December respectively. The Management Unit met 6 times in between the Council's meetings and discussed and made decisions on the matters related to the Council activities.
- In accordance with the ordinance of the Khanbogd Soum Governner the Council took over the duties of the Compensation Working Group.

B. Concerning the selection and engagement of a team to conduct the study

- The Council selected a research team to conduct MultiDisciplinary Team (MDT) study and a joint expert team of the JSL Consulting, Oxford University and Geological Institute of the Academy of Science is selected to conduct the study together with the Independent Expert Panel (IEP).
- CAO shall be organize the training for all relevant stakeholders on the Joint Fact Finding Exercise, is role in resolving the compliants, expected outcome of the study and to discuss the detailed plan of the study during February 23 – 25, 2016.

C. Concerning the implementation of the IEP Phase I work report recommendations

- Agreed on new location for Bor Ovoo Spring, discussed the work plan for landscaping of the new location and agreed to reflect the parties suggestions on the vegetation area and types of vegetation to plant in the area.
- Commenced the implementation of the work to create a pond at the Ust Bag Mod Quarry hollow.
- 17 additional monitoring points were selected and included in the Khanbogd soum pasturland participatory monitoring and shall be applied in annual monitoring activities.
- Provided suggestions and recommendations on the Livestock development program of Khanbogd soum.
- A project to plant trees alongside Undai river is under development.
- Agreed to specifically disseminate OT company's vacancy announcements when they are announced, to 114 citizens of 59 herder households, living along the Undai River specified in the IEP Phase I report and who are requesting for a job.

- Organized a meeting with business consultants to help the households which are expressed their desire to run small and medium enterprises and business related advice has been provided.
- Met with relevant officials of the Ministry of Food and Agriculture, Ministry of Mining and Umnugobi Aimag government and requested for a support In the implementation of the IEP Phase I work report recommendations.
- Submitted a request to the Water Reserve Board on re-approving the Khanbogd City Planning water reserve and the request has been accepted.
- Water recharge measurement methodology of the wells monitored under the Participatory Water Monitoring has been introduced and the progress of the monitoring is being reported.

D. Concerning capacity strengthening

- Councils' Members participated in the training on improving problem solving and conflict resolving skills provided by CAO.

Main activities to be carried out:

- Successfully implement the study through cooperating with MDT experts
- In accordance with the IEP Phase I report Recommendation #10, discuss and decide whether to engage experts to carry out studies on determining Undai River ecosystem economic value.
- Khanbogd Soum Governor's Office, OT Company and Soum Weather Station "Khanbogd" to cooperate in the area of environmental monitoring.
- Organize activation measures to assist Khanbod Soum citizens and coivil society organization in carrying out environmental monitoring and strengthen their capacity
- Clarify, discuss and resolve the herders' requests on Gunii Khooloi issues
- In accordance with IEP Phase I report recommendation #13, develop a project focused on "Alleviating the impacts caused to pasture reserves and herders' livelihoods" targeted for herders living along the Undai River.

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