

**JOINT STATEMENT**  
**Tripartite Council of Khanbogd Soum**

**Khanbogd Soum**  
**Umnugobi Aimag**

**March 22, 2017**

The Tripartite Council (TPC)<sup>1</sup> of Khanbogd soum held a meeting on March 22, 2017 at the Community Development Center of Khanbogd Soum. The meeting was joined by TPC members and facilitators of Compliance Advisor Ombudsman (CAO)<sup>2</sup>, and International Finance Corporation's representatives as observers.

The main result of the meeting was the parties have reached an agreement to resolve complaints lodged by OT impacted herders joined in "Gobi Soil" NGO and with support of "OT Watch" NGO located in Ulaanbaatar, to CAO in 2012-2013 with regard to Undai River diversion as well as complaints with regard to compensation agreements of 2004 and 2011. The Council carried out three assessments and studies with support of independent expert teams in 2014-2016 in order to resolve the complaints. The studies include the Multi-disciplinary Team's (MDT) study on the changes to livelihood and socio-economic conditions of Khanbogd soum herder households over the last decade, impact of OT operations thereon and suitability of the OT compensation program; and the Phase I and II studies on indirect impacts of Undai River diversion as undertaken by Independent Experts' Panel (IEP). The parties to TPC agreed on the actions to be taken to resolve the complaints pursuant to recommendations of these studies. Agreed actions related to compensation issue to resolve the two complaints from the herders are as follow:

**1. To carry out the following actions to resolve the complaints related to 2004 and 2011 compensation:**

- a. Acknowledgement to herders that there were problems in the approach used for relocation by Ivanhoe Mines Mongolia International (IMMI) in 2004, particularly in communications, and work jointly with TPC on resolving the issues related to 2004 relocated households;
- b. TPC to serve as 'Compensation Claims Committee' supported by an independent secretary to decide if herders in the categories listed in a list below are eligible for compensation under the 2004 or 2011 programs;
- c. Jointly formulate and adopt operational guidelines for the Compensation Claims Committee;
- d. **Agreed on the following criteria for herders who are newly qualified for compensation due to 2004 resettlement impacts:**
  - Winter camp structures within the area designated for 2004 relocation, with evidence (structure, facility, license, trails, imprints etc)
  - Spring camp structures within the area designated for 2004 relocation, with evidence, without any relocation agreement
  - Herder households that were sharing winter camp sites but did not receive any compensation, were registered as herder household at that time, and have evidence from neighboring herders

**e. Undertake the following actions for 10 households relocated in 2004:**

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<sup>1</sup> TPC (The Tripartite Council), composed of representatives from Khanbogd soum local government, herders' representation and Oyu Tolgoi Company, was officially established on June 8, 2015 as per Memorandum of Understanding signed with purpose of resolving complaints among the Parties. The Compliance Advisor Ombudsman (CAO) guides operations of the TPC.

<sup>2</sup> The Compliance Advisor Ombudsman (CAO) is the independent recourse mechanism for the International Finance Corporation (IFC) and Multilateral Investment Guarantee Agency (MIGA) of World Bank Group.

- Include in the Livelihood Support Training Program with Stipends over a one year period, the 2 households that were compensated in 2004 but do not currently have a household member employed full time in OT;
  - Include the 10 households in the sustainable livelihood program (OT to repair or replace winter shelters to make these adequate)
- f. Provide the following compensation for herders with winter camps & spring camps within the area designated for 2004 relocation, and who are newly qualified for compensation due to 2004 resettlement impacts. (Apply the key principle of providing equivalent compensation to that provided in 2004):**
- Animal shelter
  - Well
  - Summer camp house
  - 32 heads of livestock
  - Assistance in exploring sources of income, which can generate equal income as could have been earned from a permanent job
  - Training
  - Educational support (Includes tuition for 2 students, housing/dormitory rent payment, 2 round trips to/from their place of residence per year, supplies support)
  - Inclusion in the Sustainable Livelihood Program
- g. Provide the following compensation for herder households that were sharing a winter camp and who are newly qualified for compensation due to 2004 resettlement impacts (Apply the key principle of providing equivalent compensation than that provided in 2004 to the same category of herder households):**
- 32 heads of livestock
  - Assistance in exploring source of income, which can generate equal income as could have been earned from a permanent job
  - Training
  - Educational support (Includes tuition for 2 students, housing/dormitory rent payment, 2 round trips to/from their place of residence per year, supplies support)
  - Inclusion in the Sustainable Livelihood Program
- h. Agreed on the following criteria for herders who are newly qualified for 2011 compensation agreements:**
- License in line with the governor's decree for possessing spring camp structures within the area designated for 2011 compensation agreements, no compensation agreement, and evidence of trails or imprints;
  - Winter camp structures within the area designated for 2011 compensation agreements, no license but evidence (structure, facility, trails, imprints etc)
  - Herder households that were sharing a winter camp sites but did not receive any compensation, no compensation agreement, registration as herder household at that time, and evidence from the neighboring herders
- i. Undertake the following actions for 89 households compensated in 2011:**
- Commission an independent audit of the implementation and results of the 2011 compensation program;
  - Compensation Claims Committee to resolve any grievance and/or complaints on incomplete compensation filed by households;

- Compensation Working Group/TriPartite Council to decide whether to terminate the compensation agreement or to take any additional actions/measures based on the findings of the Independent Audit;
  - Inclusion in the Sustainable Livelihood Program
- j. Provide the following compensation for herders, with winter camps & spring camps within the area designated for 2011 economic displacement, and who are newly qualified for compensation due to 2011 economic displacement impacts (Apply the key principle of providing equivalent to that provided in 2011):**
- Provide compensation equivalent to the 2011 compensation package, in relation to the relevant category of impacts;
- k. Provide the following compensation for herder households that were sharing a winter camp and who are newly qualified for compensation due to 2011 economic displacement impacts (Apply the key principle of providing equivalent compensation to that provided in 2011 to the same category of herder households):**
- Provide compensation equivalent to the 2011 compensation package provided to the same category of herder households, in relation to the relevant category of impacts; (For example educational support (for students and school children), inclusion in the livelihood support program, training, and the pastureland management program).
- l. Parties mutually agreed to cancel the confidentiality clauses in the 2004 and 2011 compensation agreements so that those who have been compensated are able to disclose information if they choose to do so;**
- m. Provide the following compensation for herders located just outside of the 2004, 2011 impact zones, and indirectly impacted households and undertake the following measures for this targeted group:**
- Prioritize this targeted group in engaging in the activities undertaken as collective compensation;
  - Provide tuition fee for the children of herders – (Provide tuition fee for the current children as of the date of agreement until they graduate) – Criteria: GPA no less than 2.7; and majoring in areas that can contribute to the Soum development
  - Inclusion in the Sustainable Livelihood Program
  - Inclusion in paid monitoring works (herders are required to be organized as a group, contract shall be agreed with the herder group and this effort shall be linked to the effort of re-designing and improving monitoring);
- n. Implement the following long-term and short-term measures as for collective compensation for all Khanbogd Soum herder households:**
- Long-term: As part of the KB Soum’s Animal Husbandry Sector’s Development Program until 2024; projects to be implemented in the long-term with funding from OT’s Gobi Oyu Fund under the cooperation agreement (Annex 1)
  - Short-term:
    - Implement livelihood support projects
      - i. Conduct Life Skills Training
      - ii. Build artificial pond and water collection reservoirs;
      - iii. Employ well maintenance brigades;
      - iv. Build and operate “Herders’ market”;
      - v. Provide support in linking the deep drill wells with renewable energy sources;
      - vi. Provide support to young herders, and implement “Young Herders” Project (reflected in the KB Soum’s Animal Husbandry Sector’s Development Program until 2024)

- Conduct capacity building training on SME business, provide micro loans (through KHAAN BANK, up to 30 million MNT for those meet requirements)
    - i. Establish direct raw material supply and marketing points, and assist in linking the herders directly with producers;
    - ii. Provide business support
  - Provide tuition fee for the children of herders – (Provide tuition fee for the student children as of the date of agreement until they graduate) – Criteria: GPA no less than 2.7; and majoring in areas that can contribute to the Soum development;
  - Implement proposed infrastructure projects;
    - i. Upgrade gravel roads to paved roads in the KB soum center;
    - ii. Build infrastructure in KB Soum (clean water, sewage pipeline network installation)
  - Inclusion in paid monitoring works (herders are required to be organized as a group, contract shall be agreed with the herders’ group and this effort shall be linked to the effort of re-designing and improving monitoring)
  - Implement health services program for herders (such as mobile health services, diagnosis, mobile pharmacy services etc)
- o. Khanbogd Soum agreed to install Unitel telecommunication antenna in Gaviluud Bagh in order to increase the signal coverage.

**2. Parties reached into the following agreement on the issues related to the compensation of the Complaint on Undai River Diversion by Oyu Tolgoi LLC, which was filed by 7 local herders in February, 2013.**

- 1. Implement the following actions to herders residing along the Undai River (Main criteria: Herders with winter camps and/or spring camps along the Undai River Basin, and registered as a herder household in the Soum registry from January 1, 2007 to December 29, 2012):**
- a. In collaboration with the Elders’ Council, implement the project and provide honorarium to participating elders living along the Undai River for “Cascading the traditions and advising the youth on traditional livestock breeding practices and inheriting the knowledge”;
  - b. Jointly explore and discuss the opportunities for engaging people in on-the-job training to provide vocational skills;
  - c. Provide tuition fee for children of herders – (Provide tuition fee for the current children as of the date of agreement until they graduate) – Criteria: GPA no less than 2.7; and majoring in areas that can contribute to the Soum development;
  - d. Inclusion in the Sustainable Livelihood Program;
  - e. Inclusion in paid monitoring works (herders are required to be organized as a group, contract shall be agreed with the herder group and this effort shall be linked to the effort of re-designing and improving monitoring);

Besides, Parties agreed on actions to resolve issues related to pasture, water and monitoring and collaboration. The parties will develop a comprehensive plan for agreed actions, setting the timeframes required. Parties agreed that OT to be responsible for the funding and financing required for implementing the committed or agreed actions in order to close the complaints.

Accordingly, they agreed to move the two complaints from discussion to “implementation and monitoring” phase in accordance with CAO recourse mechanism. A memorandum of understanding will be signed at next meeting to confirm the parties’ agreement.

A Sustainable Livelihood Program will be implemented in Khanbogd Soum as part of the agreed actions, which benefit all the herders. The parties will develop the program collectively, where Khanbogd Soum Government will take the lead.

The next TPC meeting will be held on May 1, 2017.

**Tripartite Council of Khanbogd Soum**

Final