A DEVELOPMENT PROGRAMMES

1. Physician sponsorship program (5 year sponsorship program for physicians to work in remote soums of the Gobi region)

This program has been running in its fifth year. The program aims at to provide remote soums of the Gobi region by physicians, to render efficient first aid medical services and qualitative and reliable medical services to the locals.

For the period of implementation of the program, 23 physicians worked in 12 soums of the Gobi region in total. At present, 13 physicians have been working in the following regional city and soums which are Dalanzadgad city, Manlai, Bayan-Ovoo, Khanbogd, Nomgon, Gurbantes, Bulgan, Tsogt-Ovoo and Tsogttsetsii. A management team of the program has made a request to involve two senior physicians from Bayandalai and Sevrei soum to the program starting from November 2009. This request is accepted, accordingly, 15 physicians will be involved in the program in total after six months contract is made with two physicians from Bayandalai and Sevrei soum. In the last five years, 14,435 million tugrugs has been spent for running of the program.

The program has been running in collaboration with a management team of the program. The head of the team is the head of Health Office of Umnugobi aimag province. The responsibility of the management team is to select physicians to work in remote soums of the Gobi region, to manage physicians, to support and assist physicians in solving difficulties arisen in rendering their medical services in the region, to provide short and long term training for physicians for upgrading their professional development, to provide
the Company with work performance report of physicians and to recommend physicians for the physician sponsorship program.

2. **Accommodation program for physicians** (program for constructing an accommodation of a consulting room and rooms for two physicians for physicians working in remote soums of the Gobi region. The cost of each accommodation is 25,000 usd)

   Under the program, an accommodation which accommodates a consulting room and rooms for two physicians is constructed in Khanbogd, Bayan-Ovoo, Manlai, Noyon, Bulgan, Nomgon, Gurbantes, Sevrei, Mandal-Ovoo, Bayandalai and Tsogtsetsii soum by local construction companies (Orshdos XXK, Gobi Gurban Saikhan XXK, Gal Munkh XXK, Dayanbaigal XXK and Det XXK). It is planned to construct such accommodation in Khurmen and Tsogt-Ovoo soum in 2009.

3. **Student scholarship programme** (5 years scholarship program for sponsoring tuition and dormitory fees for 130 students from Umnugobi aimag province to study at higher education institutions of Mongolia and to support human resource development of Umnugobi aimag province)

   The program is started at the initiation of the locals and regional administration in 2005. In its first year of implementation, 37 students were involved in the program. Over the years of implementation of the program 133 students have been benefitted from the program. 46 graduates who received the scholarship returned to their native places and now have been working in Dalanzadgad city, Gurbantes, Khanbogd, Khankhongor and Serbei soum.

   The goal of the program is to support human resource development of Umnugobi aimag province by providing financial support to promising students from Umnugobi aimag who are not able to pursue higher education due to financial restrictions. The following number of students received the scholarship in the given years. 37 students are in 2005, 15 students in 2006-2007, 14 students in 2007-2008, 22 students in 2008-2009 and 44 students in 2009-2010. 78 students have been now studying under the program in
2009-2010 academic year. 2 students under the program took annual leave. For the first term of 2009-2010 academic year, 68,009,406 tugrugs are spent for tuition and dormitory fees in addition to tuition fees for students from herders family who have been re-located. For the expense of management team of the program, 3,370,000 tugrugs are spent for the first term of 2009-2010. An invoice for the second term of 2009-2010 academic year is received from the management team. The following is the categories of students classified by native soum, sex and major in which students are specializing.

**Soum:** 72 students from Dalanzadgad city, 14 from Khanbogd, 9 from Gurbantes, 8 from Khankhongor, 4 from each Manlai, Bayan-Ovoo, Sevrei soum, 3 from Bulgan, Nomgon and Tsogtsetsii soum and 2 from Mandal-Ovoo and Noyon soums.

**Sex:** Male students are 41% and female students are 59%.

**University status:** 72% of students have been enrolled at the public universities and higher education institutions and 27% at private universities and higher education institutions.

**Major:** 21% of students have been majoring in finance and economics, 17% in mining, 13% in humanities, 7% in pedagogy, 6% in foreign language and international relations, 4% in construction and IT, 3% in arts and 2% in other disciplines.
Academic year of 2009-2010 is the last year for those students enrolled in 2005 academic year. We hope that those students will return to their native places and contribute their contribution to the development of Gobi region.

B. INVESTMENT, DONATIONS AND AID

1. Department of dentistry in Khanbogd Clinic

In Jan 20, 2009, Department of Dentistry is established in Khanbogd Clinic. A dentist at the newly established department is Dr. Ts.Daram who is native of Khanbogd soum. The department is equipped German dental unit and has facilities of taking x-ray. 68.8 million tugrugs and 7 million tugrugs have been spent for equipment and tools respectively. A consultant doctor Dr.Sh.Tserendolgor has been worked for six months to conduct on-site training for Dr.Ts.Daram. 14,196,810 tugrugs are spent for consultant doctor’s wages and other related costs. 880 liters of fuels have been provided to the Department of Dentistry for enabling its operation in its full capacity for ten months.

2. Support of power supply of Khanbogd, Bayan-Ovoo and Manlai soum

Oyu Tolgoi Project has signed Memorandum of Understanding with the Governor Office of Khanbogd, Bayan-Ovoo and Manlai soum to provide diesel fuel in support of power supply for the named soums starting from Oct 01, 2008. Under the Memorandum of Understanding, the Project has supplied diesel fuel in the following amount of tugrugs:

- Fuel in amount of 67,255,551 tugrugs has supplied to Khanbogd soum’s power supply needs for the period of Jan to March, 2009 and Dec, 2009.
- Fuel in amount of 21,342,543 tugrugs has supplied to Manlai soum’s power supply needs for the period of Jan to March, 2009 and Dec, 2009.
- Fuel in amount of 19,414,544 tugrugs has supplied to Bayan-Ovoo soum’s power supply needs for the period of Jan to March, 2009 and Dec, 2009.
3. Training for secondary school IT teachers

At the initiative of the Department of Community Relations and Sustainable Development, a training for all secondary school IT teachers of Umnugobi aimag province is organized in Jan 2009 in collaboration with the Education and Culture Authority of Umnugobi aimag province.

The goal of organizing the training was to upgrade professional knowledge of secondary school IT teachers. The training was conducted by Ch.Tsogtbaatar and Sansar, members of the Youth Association of Technology and Innovation. 24 teachers from 14 soums participated at the training. Training cost for travel, training fees for Ch.Tsogtbaatar and Sansar, travel, food and lodging for participating secondary school teachers is 4850 usd and 6,814,600 tugrugs in total.
4. Gobi Festival

In amount of 1,000,000 tugrugs is donated to Gobi Festival event. The Gobi Festival is annual event that jointly organized by Trade, Infrastructure and Environmental Policy Coordinating Department of the Governor Office of Umnugobi aimag province and the Chamber of Commerce and Industry. It is the fourth year of participating in the event as a sponsor. Each year’s donation is 1,000,000 tugrugs.

5. ‘Good neighbor’ program (donation to the soums affected by dust and snow storms occurred in Apr 2009)

The following donations are made to the soums affected by dust and snow storms. 4,000,000 tugrugs donation for renovation works for secondary school building roof of Khurmen soum, Umnugobi aimag, donation of ger accessory parts for five gers to Bayan-Ovoo soum, five fully equipped gers to Khurmen soum, three gers to Khanbogd soum, two gers to Nomgon soum, 3,622,000 tugrugs for purchase of new roofs of two gers to Tsogttsetsii soum is made respectively. Transportation cost related donation is 10,200,000 tugrugs.
6. Donations

- 7 computers are donated to each to secondary school in Manlai and Bayan-Ovoo soum of Umnugobi aimag.
- 4 computers (in unit cost of 1521 usd) and 1 printer (in cost of 50 usd) are donated to Gabiluud, Javkhlanl, Alag Bayan and Nomgon bag of Khanbogd soum, Umnugobi aimag.
- In amount of 300,000 tugrugs is donated to the Police Department of Umnugobi aimag at the occasion of Police Festival Day.
- In amount of 500,000 tugrugs is donated to the Elders Unit of Khanbogd soum, Umnugobi aimag at the occasion of the 30th anniversary of the Elders Unit.
- 86 pieces of boards are donated to renovate the floor of one room (8x12 m) of kindergarten in Khanbogd soum, Umnugobi aimag.
- In amount of 895,000 tugrugs is spent for air travel for three monks from Ulaanbaatar who conducted ovoo worship in Manlai and Bayan-Ovoo soum.
- Furniture for ger in amount of 1,230,000 tugrugs is donated to Peace Corpus volunteer who is working in Manlai soum, Umnugobi aimag. The transportation cost for the delivery of furniture is 200,000 tugrugs.
- 500,000 tugrugs is donated to medical treatment of son/daughter of Ch.Ider, resident of Dalanzadgad city of Umnugobi aimag.
- 5,394,060 tugrugs is donated for airticket and medical treatment of the spouse of Sambuu-Yondon, resident of Khanbogd soum, Umnugobi aimag.
- 250,000 tugrugs is donated to karaoke competition organized among the disabled people as a part of participation in the three months’ Colombiya program to support the disabled people in collaboration with Social Welfare and Labor Department of Umnugobi aimag and the representative office of Mercy Corps.
C. OTHER

**Umnugobi Aimag: Social, Economic and Environmental Baseline Study 2008**

Ivanhoe Mines Mongolia Inc XXK fully financed the Social, Economic and Environmental Baseline Study 2008 of Umnugobi aimag.

The Citizens’ Representative Khural and the Governor Office of Umnugobi aimag initiated to conduct the baseline study. The opening ceremony of introduction of the baseline study took place in Jan 2009 in Ulaanbaatar city. Above 200 people representing the state and civil organizations and the company attended at the ceremony. The baseline study is published in its full version as a book and is placed in the website [www.umnugovi.mn](http://www.umnugovi.mn) for public access.

**Mongolian New Year**

On the occasion of celebration of Mongolian New Year, the company organized Buddhist ceremony called the worship of Ten Protector Deities (*Arban khangal*) for the welfare of residents of Khanbogd soum, Umnugobi aimag in the days of 11-13 Feb, 2009. The head and senior monks of Maani monastery of Dalanzadgad city are invited to preside over the ceremony. The company presented new year gifts to 128 people from Khanbogd soum who are over the age of 65 and 3 elders from Dalanzadgad city, Manlai and Bayan-Ovoo soum.
**Population database and workforce study**

For the purpose of creating population database of Umnugobi aimag and workforce database for Bayan-Ovoo, Khanbogd, Manlai soum and Dalanzadgad city, collection of population and workforce data is under process now. A creation of population and workforce database shall be useful for making an evaluation of workforce and planning and conducting vocational trainings and other benefits.

**Book program for Asia**

In collaboration with the Asia Foundation, the Department of Community Relations and Sustainable Development of Oyu Tolgoi Project covered the transportation cost of English text books, literature, science and general knowledge. The books are delivered to all main library of soums and 38 secondary school libraries in Umnugobi aimag. Each library received 100 English books under the program. The program enabled libraries to serve the needs of learning English.

**Placing road signs on the road between Khanbogd soum and Oyu Tolgoi Project mining site**

In 2005, the Oyu Tolgoi Project built 45 km long improved earth road between the mining site and Khanbogd soum. In order to provide safety driving on the road, 55 road signs are placed on the road side to warn, restrict, direct, guide and inform specific road conditions to drivers of vehicles.
Contract for temporary use of water bore

Due to drought happened in the most territory of Khanbogd soum in the summer of 2009, herders moved to pasture their livestock in Gunii khooloi and Galbyn gobi. The governor of Khanbogd soum and herders made frequent request the Oyu Tolgoi Project to temporally use water bore of the company in the region where to herders moved for the sole use of drinking water for livestock.

In respect to this request, parties held several meetings and discussions and made an contract for temporary use of water bore. Under the contract, it is agreed that the following six water bores locating in the region of Gunii khooloi and Galbyn Gobi water bore field to be used during the contract term for the sole use of drinking water for livestock. The water bores to be used are Unsy angiin tsoonog GHW15*2, Shar dob GHEB04 in Gunii khooloi water bore field, Orgildog tsoonog GGW47, Oboo tsab GGW29 in Galbyn Gobi water bore field and Khabtgai khoyor mod GGW18 and Nogoon dob GGW35 in the territory of Jabkhlan bag.

Pasture land mapping

To determine pasture land mapping with the active involvement of herders is one of the important works of community relations. For this purpose, making evaluation of pasture land and creating social mapping of herder families living nearby Oyu Tolgoi Project mining site and in the territory of Khanbogd soum are started from May 2009. Data needed for creation of pasture land mapping is collected from 26 herder families of Javkhlan and Gabiluud bag and from 21 herder families who live on the road from Oyu Tolgoi Project mining site to Gashuun sukhait border crossing point in Dec 2009.

The main goal of the pasture land mapping is to know pasture land boundaries and management, to examine any change occurring in the life style of herder families and to study local specificity which will be reflected in designing community development program of Oyu Tolgoi Project.
Detailed Social, Economic and Environmental Impact Assessment for neighboring soums of Oyu Tolgoi Project is completed in 2009. The Social Impact Assessment determined positive and negative impact of the Project on Khanbogd, Bayan-Ovoo, Manlai, Tsogttsetsii soum and Dalanzadgad city with respect to social, economic and environmental category (including demography, administration, education, health, employment, infrastructure, geographical characteristics and other). The state organizations and local people involved in the process of making social impact assessment. In order to have public opinion on the social impact assessment, public forum is organized in Khanbogd soum and Dalanzadgad city in June 11-14, 2009. 15,963,860 tugrugs is spent for organizing public forum.
The Social Impact Assessment provides to develop policies to foresee possible negative impact, to mitigate negative impact and increase positive benefits and to develop multiple year community development plan in accordance with mining standards.

Oyu Tolgoi Social, Economic and Environmental Impact Assessment is developed in accordance with international standards by Mongolian research team consisted of researchers of the Center for Policy Research, Population Teaching and Research Center, School of Economic Studies, National University of Mongolia and international consultant Catherine MacDonald, study director of Social Sustainability Services Pty Ltd, Australia.

**Follow up public request and comments**

The Department of Community Relations and Sustainable Development regularly participates in the public event of Alag-Bayn, Nomgon, Jabkhlant and Gabiluud bag of Khanbogd soum and provides the most updated and detailed information on the Project activities and future plans to the locals during the public event. Also the Department answers to questions made by the locals and discusses openly about water resources and environmental issues.

In respect to online registration is regulated for secondary school graduates to register for the state examination and university entrance examination in 2008-2009 academic year, the representative office of Oyu Tolgoi Project assisted secondary school graduates as creating email account for 48 graduates and 5 teachers.
The Project carried out rehabilitation works on the sites in which rehabilitation works is partially done after drilling works is done during the exploration period of Oyu Tolgoi Project and for the sites where holes are left due to drilling and road works. The Department introduced Detailed Environmental Monitoring Program of the Project, activities which have been under process in respect to environmental issues, standards, rule and regulations of the Project, equipment and tools to the local residents. Also challenges facing to the Project and future plan is introduced to the locals.

The units of the Department of Community Relations and Sustainable Development is opened in Khanbogd, Bayan-Ovoo and Manlai soum

The goals and objectives of the Department of Community Relations and Sustainable Development are to implement programmes which will contribute significant contributions to social and economic sustainable development of Mongolia and the Gobi region for the entire period of Oyu Tolgoi Project starting from construction period of mining to mining closure.

The main functional responsibilities of the Department are:

- To regulate direct impacts of Oyu Tolgoi Projects
- To implement programmes which aims to support social and economic development
- To develop and implement sustainable development policies based on the active collaboration with local administration and local residents

The Department shall open its units in the regions which are under direct impact of the Project. Following this directions, the Department opened its unit in Khanbogd soum in Apr, 2009 and in Manlai and Bayan-Ovoo in Oct, 2009.

The units direct its activities to actualize positive impacts of Oyu Tolgoi Project and mitigate negative impacts of it at the local levels by means of supporting education, health, employment, local small enterprises and implementing public environmental monitoring.
Department of Community Relations and Sustainable Development

Accordingly, the unit staff of the Department shall provide relevant information to all stockholders of the Project including locals, public and private organizations, engage in discussions with them and create mutual and efficient collaborative works with them.

Picture: Bayan-Ovoo, Khanbogd and Manlai soum units