

ANNUAL REPORT – 2008

Community relations and sustainable development department

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DEVELOPMENT PROGRAMMES

1. **English learning programme** /A programme designed for improving English language knowledge of all age people of Umnugobi aimag who want to learn English, and building the capacity of local residents/

The last or the sixth of the English language training programme, conducted by Oyu Tolgoi Project of Ivanhoe Mines Mongolia Inc /IMMI/ for the period of 2 years in Umnugobi aimag, was held between January 07 and January 30 of 2008. The programme was successfully implemented.

It was funded by Oyu Tolgoi Project and organized with the support of the Umnugobi aimag Governor's Office in cooperation with English teaching Santis Educational Center located in Ulaanbaatar at the request of local residents.

During the programme, 812 people in repeated and 594 people in unrepeated numbers attended beginner's, intermediate and advanced level trainings with English teachers, gained and advanced their language knowledge. From them 1 student was consecutively involved in all 6 level trainings, 1 student in 5 level trainings, 13 in 4 level trainings, 51 in 3 level trainings, 136 in 2 level trainings and 392 in 1 level training.

The gobi youth and children involved in this programme paid only the cost of their textbooks which was 31600 MNT, and IMMI paid all other training fees investing in total 101,500 USD. The Governor's Office of Umnugobi aimag arranged the accommodation of foreign specialists and teachers, classrooms and computer labs, and invested in total 6, 3 million MNT.

Programme outcome:

- 8 teachers of General education schools of Dalanzadgad town, Umnugobi aimag were involved in the training and gained the ability of independently organizing English language trainings and learnt more effective methods of teaching foreign languages.
- The teachers and students of General education schools of Dalanzadgad town, Umnugobi aimag, individually and as a team, participated in state and regional English language Olympiads with more success than previous years receiving medals and awards.
- The benefit of this programme, which was implemented in cooperation with local administrative organization based on local demand, lies in the fact that gobi residents could attend quality trainings of English, the key language of modern science, technology and globalization, at a low cost in their local area.

During the ceremony of handing a certificate of the 6th training of English language programme

**The teachers of Santis educational center
with the graduates of Level-6 training**

- 2. Student scholarship programme** /A 5-year programme intended for increasing the availability of professional workforce deficient in Umnugobi aimag by paying the school and dormitory fees of 130 students of Umnugobi aimag, helping them study in Mongolian universities and institutes./

The programme is being implemented for the fourth year and all the management related works of the programme, such as establishing the selection criteria, organizing selection process, giving support for graduates to find jobs, monitoring where they work, submitting the invoices of students' school and dormitory fees to the company, are being organized by the programme management team led by the Head of the Social Policy Regulation Department of the Governor's Office of Umnugobi aimag. The management team reports their work to the company on a quarterly basis.

Altogether 88 students were involved in this programme, from which 37 students were involved in 2005-2006, 15 students in 2006-2007, 14 students in 2007-2008, and 21 students in 2008-2009. From them:

- **By sex:** male 37, female 51
- **By soum:** Bayandalai 1, Bayan-Ovoo 2, Bulgan 2, Dalanzadgad 50, Gurvantes 5, Khanbogd 9, Khankhongor 5, Khurmen 1, Manlai 2, Mandal-Ovoo 1, Nomgon 2, Noyon 2, Sevrei 4, Tsogt-Ovoo 1, Tsogttsetsii 1 students.
- **By course:** At present there are 1 freshman, 1 sophomore, 25 juniors, 28 seniors, 3 fifth year students, and 2 sixth year students.
- **By school:** 66 state university students and 22 private university students were involved in the programme.
- **Graduates:** 22 graduates are working in the fields of their profession in their local community, from whom 9 are working in their native soums of Umnugobi aimag as teachers and doctors.

The company together with the programme management team organized the meeting of the students graduated in spring of 2008, and the ceremony of handing certificates to the students who were newly involved in the scholarship programme.

Difficulties encountered in the implementation of the programme:

- The programme is being implemented for the 4th year and in connection with the increasing number of students being involved in the programme, and since the invoices for students' school and dormitory fees are being submitted at different times, the invoices submitted earlier tend to be delayed for payment.
- The budget planning of the programme was made in 2005 when the programme first started to be implemented. In connection with increase in university and dormitory fees due to present global economic changes, domestic economic instability and exchange rate fluctuation, additional investment is likely to be required to involve the planned 130 students in this programme.

Programme outcome:

- As a result of the programme 22 graduates are working in their local community in professions they studied for. The fact that some students involved in the programme are returning to their native soums and working in professions such as teachers and doctors that are deficient in their soums has had a positive impact on the human resource supply of the soums.
- 66 students are currently studying to work in their soums after graduating.

Management team of the student scholarship programme

/In the front row from right hand side: B. Narantsetseg, R. Erdenechimeg,

In the back row: A. Ganuuzai, Ts. Battsengel, P. Oyunchimeg /

3. Physician sponsorship programme /A 5 year sponsorship programme for physicians to work in remote soums of the gobi region /

The programme is being implemented for the fourth year and all the management related works of the programme, such as selecting physicians, interacting with them face to face, helping them to overcome any difficulties or solve any issues, involving them in short and long term professional trainings, providing the company with information about their work performance, and preparing the reference for continuing their sponsorship, are being organized by the programme management team led by the Head of the Health Office of Umnugobi aimag.

From the 23 physicians involved in the programme, currently 14 are working in 11 soums. From them, a sponsorship contract was made with the following 9 physicians in 2008, 1 working in Noyon soum, 1 in Tsogt-Ovoo soum, 3 in Khanbogd soum, 1 in Nomgon soum, 1 in Tsogtsetsii soum, 1 in Bayan-Ovoo soum, and 1 in Manlai soum.

Difficulties encountered in the implementation of the programme:

- The physicians coming from other places to be involved in the programme are being not able to work stably and leaving the programme for various reasons. From the 14 physicians involved in the programme during the 3 years since its commencement, 9 have left the programme. Therefore, the programme management team and the company, besides bringing physicians from other aimags and towns, have pursued a policy to involve those physicians already working effectively in remote soums in the programme. As a result, 9 new physicians were involved in the sponsorship programme in 2008.

Programme outcome:

- In 11 out of 15 soums of Umnugobi aimag, the physicians involved in the sponsorship programme are working and contributing towards maintaining the health of local residents.

Commending IMMI's sponsorship programs and real investment towards local health sector, the Health Office of Umnugobi aimag wrote down IMMI's name in its Book of Honour and conferred a confirmation.

The management team of physician's sponsorship programme
/From right hand side: R.Tungalag, Ch. Bayarjargal, M. Tsendsuren, A. Unurtuya/

Physician's accommodation programme /A programme for building accommodations in remote soums of Umnugobi aimag for 2 physicians, each with a consulting room and each costing 25000 USD/

The programme was started to be implemented in 2006, and in 2007 accommodations for physicians were built in Khanbogd, Noyon, Manlai, Bulgan and Bayan-Ovoo soums, in 2008 in Tsogttsetsii, Mandal-Ovoo, Bayandalai, Sevrei, Gurvantes and Nomgon soums. In order to support local entrepreneurs, the company pursued a policy to engage local construction companies in building the physicians' accommodations in these 11 soums. Consequently, Gobi Gurvan Saikhan company built accommodations in 3 soums, Gal Munkh company in 2 soums, Orshdos company in 2 soums, Det company in 1 soum and Dayan Baigal company in 3 soums.

This programme was led by the Governor of Umnugobi aimag and managed and implemented by the Management team consisting of the Chairman of the Health Office and Construction Monitoring State Inspector.

Difficulties encountered in the implementation of the programme:

- The company chose local construction companies as contractors in order to support local small and medium business entrepreneurs, however, the quality of some of the accommodations has been proved to be not good.

Programme outcome:

- 73% of the aimag's soum hospitals have now accommodations of 2 physicians with offices.
- The accommodations have been a real lever for physicians to work stably and efficiently in remote soums.
- It has had a positive effect on the provision of physicians to work in remote soums.
- It also has had a positive effect on health sector development.

4. Buying from the gobi programme /buying vegetables for Oyu Tolgoi needs from business entrepreneurs of Umnugobi aimag/

The company, linking CIS company, the service contractor of Oyu Tolgoi project with J. Bataa, the representative of vegetable growers of Umnugobi aimag, bought a total of 14, 5 tons of vegetables costing 17, 5 million MNT in 2008.

Difficulties encountered in the implementation of the programme:

- Due to limited operation of Oyu Tolgoi project and stagnant situation awaiting Investment Agreement, the prospect of expanding this programme and supporting the businesses of Gobi entrepreneurs in the field of meat, milk, dairy products and bottled water has been limited as well.

INVESTMENT, DONATION AND AID

1. Cooperation with Red Cross Committee

Community relations and sustainable development department of IMMI signed a memorandum with the Red Cross Committee of Umnugobi aimag on June 22, 2007 and delivered the items that were used at Oyu Tolgoi camp to poor families and individuals in need of social welfare, residing in Dalanzadgad soum, Khanbogd soum and the adjacent soums through the Red Cross Committee, providing support and assistance towards their livelihood. Within the framework of this Memorandum, the company has made several donations. For instance, complete sets of ger, including new woodwork, new felt roof and felt wall covering, costing in total 37 **900 000 MNT** were distributed to one parent-headed as well as vulnerable group households of Dalanzadgad, Khanbogd, Bayan-Ovoo, Tsogttsetsii, Nomgon and Manlai soums in March of 2008, the transportation cost of which was totaled to **6 422 000 MNT** and paid by the company as well.

The Red Cross Committee of Umnugobi aimag together with primary committees of the soums delivered the aid items to the applicable individuals and households and reported their activities to IMMI, the whole process of which was supervised by the Community relations and sustainable development department of IMMI. The Red Cross Committee selected IMMI as the “Best Donor” organization in 2008 and granted the title.

2. To the “Let’s share our joy” NGO

As requested by “Let’s share our joy” NGO which carries out activities intended for children with cerebral palsy and developmental disability of Umnugobi aimag, IMMI donated 3 complete gers with 8 lattice wall sections towards establishing a summer sanatorium camp for these children.

3. Gobi festival measures

IMMI participated as a general sponsor for the 3rd year in the organization of Gobi Festival, a measure that is annually organized cooperatively as a tradition by the Production, Trade, Infrastructure and Environmental Policy Coordinating Department of Governor’s Office of Umnugobi aimag and Chamber of Commerce and Industry .

4. Emergency vehicle of Khanbogd soum

A completely equipped Toyota Land Cruiser vehicle was given to the hospital of Khanbogd soum as an emergency vehicle in October, 2008, all of which cost 70 million MNT.

5. Power supply to the soum and local community

In order to cover the energy needs of Manlai, Khanbogd and Bayan-Ovoo soums, Umnugobi aimag, by certain amount, the Memorandum of Mutual Understanding on supplying diesel fuel on contribution basis, was signed for a period of 6 months with the Governor's Offices of those soums, and

- 2000 liters of diesel fuel has been contributed to the Khanbogd soum each month commencing in August of 2008 and the amount of donation became 2700 liters per month starting in October of the same year.
- From October, 2008 on, 1520 liters of diesel fuel has been contributed to Manlai soum
- 1200 liters of diesel fuel has been contributed to Bayan-Ovoo soum commencing in October, 2008

6. Investments made to the local education sector

- 7 computers Pentium Dell were contributed to the eleven-year high school of Khanbogd soum, Umnugobi aimag
- And it's decided to donate 7 computers respectively to the eleven-year high schools of Manlai and Bayan-Ovoo soums, Umnugobi aimag in the first quarter of the year 2009.

7. Treatment costs

500 USD were donated respectively to Ts. Bayarmaa, citizen of Umnugobi aimag, to cover her encephaloma removal surgery costs, and to B. Tsendsuren, to cover renal operation costs for her son Munkhbayar.

8. Sportsmen

500000 MNT were granted to Bayarsaikhan, teacher of physical culture of Nomgon soum, Umnugobi aimag, according to his request for financial assistance to be able to participate in 15th Asian Light Athletic Games organized in Thailand, and he participated successfully in the competitions and took the 4th place in the second category, the 5th place in the first category and 8th place in the first category.

Picture: Sportsman Bayarsaikhan in Thailand

OTHER

- **Socio-economic and environmental baseline study of Umnugobi aimag**

Supporting the initiative of the Citizens' Representative Hural and Governor of Umnugobi aimag, IMMI participated in the research of "Socio-economic and environmental baseline study of Umnugobi aimag" as an investor.

The purpose of this study was to anticipate and evaluate any socio-economic and environmental changes and their effects that might occur during the implementation of major and minor mining projects and the exploitation of mineral resource deposits in Umnugobi aimag, and to

assess and study the present economic and environmental conditions of Umnugobi aimag. It was a comprehensive study that covered all the territory of Umnugobi aimag.

The study was conducted by a research team of Mongolian Policy Research Center. A Consulting committee, composed of the representatives of the Government, civil society and private sectors, was set up as a consultant to the research team. Also, “Responsible Mining for Sustainable Development” NGO worked as a key organizer throughout this study.

The participants worked from the signing of a memorandum until the preparation of final study report between February and December 2008. The final output of this study will be available to the public in printed forms and via Internet.

- **Pilot training on welding**

In order to prepare professional personnel for local community and to support the community, vocational education and training was provided to the community for the first time together with human resource department of the Company. A training to provide an education in the area of initial medical care, English and welding was organized for 11 weeks commencing on June 9, 2008, and 20 citizens, from over 100 people of Khanbogd, Manlai and Bayan-Ovoo soums, were selected and involved in the training in Khanbogd soum together with Oyu Tolgoi Project, Governor’s Office and Social Policy Regulatory Office of the soum, and teachers from the contract companies of the Project “Oyu Tolgoi” such as SOS Medica, American and Mongolian Joint Education Center “Santis” and Hasu Megawatt, conducted the training integrating theoretical and practical classes.

During theoretical classes interesting presentations and talks, such as, with respect to mining, collaboration with multinationals, golden rule for teamwork, making joint decision and self development, were given, and besides, classes were provided under the topic such as introduction on mining, workplace safety, team constitution, communication culture, English, future planning, problem solving, dispute settlement, primary medical care and how to prepare an application for employment etc., and appropriate certificates for initial medical care, welding and English were awarded.

- **Water survey of the households in proximity of Gunii Khooloi**

A small-scale survey involving totally 21 households was carried out on their way of living, interactions, relations and the tradition how the families dwelling around Gunii Khooloi have accommodated their water needs. For the Project “Oyu Tolgoi” is planned to use underground water at Gunii Khooloi, it is significant to understand and study the way of living of the herder families settled down in the territory in order to avoid further misunderstanding.

- **Stakeholders’ mapping which may have potential effects on the project “Oyu Tolgoi”**

Stakeholders’ mapping with respect to potential negative and positive effects of Oyu Tolgoi project activities and an initial plan was drawn up for cooperation.

- **Integrated Management System of Community Relations and Sustainable Development Department**

- a preliminary sketch of the procedure to receive suggestions was drawn up
- a form to enter into relations with local people was created and implemented in order to document the meetings held with local people and to create source of information

- **Internal training for community relations staff**

- The training with the topic “People centered development approach – Community Dialogue” was provided by Antony Kelly, internationally recognized counselor, for employees and managers of local relations. The training covered the issue how to make efficient dialogues with local people and establish a good relationship with them.
- A training with respect to history, culture and custom of Mongolia was organized for employees of local relations.