Mining for Development: a Mongolian perspective

HIGHLIGHTS

3 June 2015
Ministry of Foreign Affairs, Ulaanbaatar

A Mongolian and Australian collaboration
Welcome and opening remarks

In welcoming participants, Amgalan Terbish, Director, Gender Centre for Sustainable Development and IM4DC Alumnus, highlighted both the positive and negative impacts from the mining industry and stressed the value of incorporating nomadic cattle husbandry considerations into the future of mining for development in Mongolia. Opening remarks from Byambasuren Guntevsuren, Department of Foreign Affairs Mongolia, followed. He credited the event as being well-timed and well-placed to deepen the relationship between the two countries. Stephanie Werner, Counsellor at the Australian embassy in Seoul, then outlined the 43 year history of diplomatic relations between Australia and Mongolia. She acknowledged Australia, ‘as a friend’ who had helped Mongolia strengthen its mining economy, citing the joint ‘water assessment’ in South Gobi region and paying tribute to the newly launched handbook.
Panel session 1: Mining and development in Mongolia

Mongolia’s mining industry has grown significantly and is the country’s main economic driver. The potential influx of wealth from mining has the power to play a transformative role in the country’s development, but if not properly managed can have serious environmental and social costs. This panel session, chaired by Odon Darjaa, Adviser on the Corporate Social Responsibility and Steering Committee member of GCSD, provided a macro level discussion on the challenges and benefits of mining and development in Mongolia from academic, government and company perspectives.

Otgochuluu Chuluuntseren
Chief Economist, Erdenes MGL LLC and IM4DC Alumnus

In his panel presentation, Otgochuluu Chuluuntseren, Director at Erdenes MGL and IM4DC Alumnus gave an overview of recent legal updates to the Mongolian mineral sector. He outlined several important policy documents passed by the Mongolian Parliament, explaining the latest mineral legislation amendments aim to support long term development of the mining sector. He also highlighted the importance of the skilled experts and judges at national level who are equipped to adequately settle mining disputes. Otgochuluu Chuluuntseren referred to mining as ‘one of the key economic pillars in Mongolia’ and stressed three key issues: a stable and clear legal environment; governance and institutional capacity; and correct understanding and support from the public.

Professor Saleem Ali
Director, Centre for Social Responsibility in Mining and Professor of Politics and International Studies, The University of Queensland

‘Mining steps and cycle: Our approach to study industry impact’ was the topic of Professor Saleem Ali’s presentation, where he highlighted the seven critical components to assessing sustainable development. He spoke of engagement being more than consultation saying, ‘sustainable mining with engagement is a dynamic process involving community deliberation’. He also spoke of the environmental dimension requiring a more long term perspective that needs to be managed and of the complexities involved in Mongolia’s society and environment. A democratic ‘socio-economic approach’ is required for Mongolian mining projects which takes time - this timing means engagement.

Graeme Hancock
President and Chief Representative, Anglo American Mongolia

Graeme Hancock, President and Chief Representative, Anglo American Mongolia, spoke to ‘Challenges to Mining Companies’, which vary depending on the development level of countries. In saying ‘mining is a land based business, because we cannot move land’, Graeme stressed the importance of mining companies and governments cooperating to minimise mining impacts. He cited the company’s social engagement ethos outlined in its handbooks, in particular, ‘Anglo American: Social way’ and shared his view that ‘Provision 42 of the Mineral law of Mongolia is not sufficient because it involves local authorities only and not Ministries who are national level stakeholders. Such identification and consultation with correct stakeholders is ‘fundamental to sustainable contracts’. In his company’s experience, contract negotiation and cooperation among stakeholders is invaluable because the principle of ‘one size fits all’ does not work for the mining sector. Because no mining sites and locals are the same.

Amarsanaa Dovdon
Governor of Sharyn Gol Soum

Amarsanaa Dovdon is the Governor of Shariin Gol Soum, one of the main coal rich administrative units in Mongolia. His presentation outlined the negative impact of mining on traditional cattle husbandry, such as pastureland degradation and livestock death due to falling into deep holes left unfenced after mining activities. Mining rehabilitation has failed or been non-existent leaving the local population to battle against conditions such as poor air quality. In 2014, high sulphur content in the air was higher than acceptable limits near the Soum centre.

Dr Isabel Cane
Research Manager, Centre for Social Responsibility in Mining, The University of Queensland

Dr Isabel Cane, Research Manager, Centre for Social Responsibility in Mining, The University of Queensland, provided a research project overview, introducing participants to the ADRAS project. The project, to strengthen responsible mining and skills transfer, was conducted near coal mining sites in Sharyn Gol soum of Darkhan-ul province and Tsogtsetssi soum of South Gobi province and jointly conducted by the University of Queensland, Australian National University, Gender Centre for Sustainable Development, National University of Mongolia, General Agency for Specialised Inspection of Mongolia, the Mineral Authority and the National Gender Committee.

Panel session 1 summary

- The mining sector in Mongolia plays a crucial economic role
- The Government has taken considerable measures to improve mineral policy and legislation
- Mining sector development has also experienced institutional, social and environmental challenges
- The future of sustainable mining development hinges on consideration of socio-environmental issues in every stage of the mining cycle and extensive community engagement
**Panel session 2: Social development and mining**

Mining induced growth needs to be equitable and inclusive to promote positive community development for herders, women and men. Unmanaged growth is creating a range of social issues, which pose significant challenges. This panel session, chaired by Thomas Erikson, Country Director, UNDP provided insight into some of these challenges and opportunities for social and development and case study examples of vulnerable groups, highlighting appropriate global practices for the Mongolian context.

**Associate Professor, Deanna Kemp**
Deputy Director - Industry Engagement and Community Relations, Centre for Social Responsibility in Mining

Displacement and resettlement challenges were outlined by Associate Professor Deanna Kemp, Deputy Director - Industry Engagement and Community Relations, Centre for Social Responsibility in Mining in her panel presentation. She explained there is no current legal environment framework to provide for customary grazing rights in Mongolia. Key issues include the need for Mongolia to support participatory planning and consultation, inform the public of resettlement plans, and to develop grievance and legal mechanisms to protect herders’ rights.

**Ganchimeg Dorj**
Community Mining Specialist, Sustainable Artisanal Mining Project, Swiss Development Cooperation and IM4DC Alumnus

Ganchimeg Dorj, shared her knowledge and experiences as a community mining specialist, through her presentation: Sustainable Artisanal Mining in Mongolia. According to Ganchimeg Dorj, in 2013 there were approximately 35,000 artisanal miners working in various sites in Mongolia. That same year an umbrella organisation of artisanal miners was formed which stemmed from a government ruling in 2010. Issues facing the artisanal and small scale mining sector include available land and the need for a stronger legal and policy framework.

**Baigalmaa Shurka**
General Manager for Regional Development and Social Performance, Oyu Tolgoi

According to Baigalmaa Shurka, General Manager for Regional Development and Social Performance, Oyu Tolgoi, South Gobi is a beautiful place where natural beauty combines with natural resources. She cited in particular, the Khanbogd soum, rich in cultural history, home to the intersection of the renowned Silk and Tea Roads and world-famous for its Galba red camels. Eco-tourism is to be fostered as an example of sustainable development for the region.

**Panel session 2 summary**

- Participants focused on mining impacts on society and community engagement
- Research in Sharyn Gol soum and Tsogttsetsii soum highlighted social issues caused by mining
- There is strong need to support planning and community consultation and introduce a new legal mechanism to protect herders’ and artisanal small scale miners’ rights
- The Oyu Tolgoi approach to social relationships was actively discussed particularly the impact on women
Panel session 3: Environment and mining

Mining can lead to severe environmental degradation. Its impact on natural resources is highly contentious and exacerbated by the country’s harsh climate, scarcity of natural resources, and cultural and herding traditions. This panel session, chaired by Bolormaa Purejav, Project Senior Adviser, Environment Program, The Asia Foundation, provided a discussion on some of the primary environmental challenges for Mongolia’s mining areas. It also provided insights into the way these impacts are being managed, and opportunities for improved practice.

Professor Saleem Ali
Director, Centre for Social Responsibility in Mining and Professor of Politics and International Studies, The University of Queensland

‘Dust research in pastureland’ was the topic Dr Saleem Ali, Director, Centre for Social Responsibility in Mining and Professor of Politics and International Studies, The University of Queensland covered in his presentation. He explained the dust situation in Mongolia has completely been changed in the last decade, particularly in the Tavan Tolgoi mining area. Causes such as unplanned infrastructure can lead to degraded pastureland which creates dust. Dr Ali said the dust impacts are quantifiable from 2009-2013 and with measures in place, can be avoided.

Associate Professor Kuntala Lahiri-Dutt
Senior Fellow, Resource Management in Asia-Pacific Program (RMAP), ANU College of Asia and the Pacific

Senior Fellow, Resource Management in Asia-Pacific Program (RMAP), ANU College of Asia and the Pacific, Dr Kuntala Lahiri-Dutt, spoke on water resources and gender dynamics. She said responsible water management is a multi-faceted challenge which requires collaboration between social professionals, hydrologists and engineers. She introduced the research findings associated with water consumption and management in Sharyn Gol and Tsogttsetsii soum saying main concerns included the uncertain impact of ASM, for example whether toxic substances are used; water level reduction; mining footprint; and livestock death. A water and gender study found that women were the most vulnerable, bearing the burdens of water pollution and reduced quantities.

Gerelmaa Khuukhen
Chair of Community Consultative Committee of ADRAS project, Tsogttsetsii Soum

Gerelmaa Khuukhen, Governor of Tsogttsetsii soum spoke passionately about Mongolia’s environment and natural assets. She believes Mongolia is differentiated from other resource rich countries by its nomadic herders and culture. Protecting the ‘Herder’s value’ such as herders’ interests, customs, tradition, household’s industry and traditional way of animal husbandry, is the responsibility of all key stakeholders. Protective government policies need to be in place to ensure mining companies and investors meet their obligations.

Panel session 3 summary

- The negative environmental impact from mining is a major concern
- Dust and water problems are substantial in research target areas of Tsogttsetsii and Sharyn gol
- There is strong concern over the impact of mining on women—water quality and quantity impacts more highly on women than men, because of their household role
- A collaborative approach is needed to protect and promote ‘Herder’s value’ in mining affected areas
- There is a need for local community participation in water protection monitoring and understanding of mining company activities and potential impact on the environment
Workshop

As part of the Forum, group discussions were held to discuss challenges and opportunities to drive changes in sustainable mining for development in Mongolia. Participants were divided into thematic groups and provided focus questions to discuss local community development & mining; water resources; pasture availability; dust occurrences; resettlement and displacement; and artisanal and small-scale mining. They were asked to identify challenges and opportunities based on personal and institutional changes needed to realise change. Robin Evans, Deputy Director, IM4DC facilitated the discussions and key points are outlined below.

Key challenges across themes included the importance of raising issues and establishing policies at the national level in addition to the local level and establishing a regulatory framework to facilitate compliance and help eradicate exploitation of ‘loopholes’ in current laws. A sole reliance on the mining industry for livelihood in some communities and unfair distribution of income were also key issues. Public awareness and recognition of customs and rights was also considered low and in need of improvement. A lack of co-ordinated information and promotion and an underdeveloped information distribution mechanism (system) contributed to low awareness and education challenges.

Key opportunities to drive change in sustainable mining development are extensive and varied. Workshop groups suggested increased knowledge share and capacity building could be achieved by studying examples of regulatory, planning and environmental management across international organisations and to share those experiences through existing and potential networks and workplaces. Within Mongolia, government organisations, private companies and communities could achieve more by communicating and working together. A model to foster a collaborative approach should be developed such as a company/committee/counsel mechanism and an auditing process of neighbouring mining companies developed to enable them to exchange experience and information. Dedicated policies and departments for key areas such as water management and environmental assessment would also improve sustainable outcomes, legislation and compliance. Training, workshop participation, frequency of council elections and shared research programs could all lead to stronger skills and knowledge across all levels of government. Communities could also become more informed on their rights, laws, risks and benefits of the mining sector through education, information and media programs including financial reporting. Research which included local community representatives and specialists, could be used to establish a benchmark for industry contributions to local communities and a comprehensive framework developed for compensation for communities displaced by mining activities. If the payment of company tax to the government was transparent this could facilitate funds towards community rehabilitation.

Dependency on mining could be reduced by diversification of skills and business opportunities and encouraging the creation of industries such as animal husbandry, goat farming and tourism. Resorts and hotel facilities could be encouraged in places where the mining rehabilitation process is complete.

Wrap up and going forward

The Forum brought Mongolian and Australian partners in mining together and connected the M4D alumni in Mongolia with like-minded people from different sectors. The event gave the participants evidence based knowledge and information about approaches and opportunities to achieve sustainable mining in Mongolia.
Mongolian training snapshot

Mongolian course participants

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Training, courses and workshops

- Occupational Health and Safety Regulation and Management for Mongolian Mines Inspectors
- Occupational Hygiene in Mining - South Mongolia
- Occupational Hygiene in Mining - North Mongolia
- Internal Audits 1 - Mongolia
- Internal Audits 2 - Mongolia
- Open Cut Slope Stability - Mongolia - Apr2014
- Mine Rehabilitation and Closure Workshop 2014
- Alumni Day - Mongolia - June 2015
- 308 unique participants

Study tours

- IM4DC hosted a group of eight officials from Mongolian’s General Agency for Specialised Inspection (GASI) - November 2013
- IM4DC hosted a delegation of seven officials from the Mongolian Ministry of Environment and Green Development, as part of the Mining Infrastructure Investment Support Project (supported by the World Bank) - June 2013.

Research projects

- Mapping gender based violence and mining infrastructure in Mongolian mining communities
- Resources-to-cash: a cautionary tale from Mongolia

Fellowships

- Ms Oyuntsetseg Oidov, Gender Center for Sustainable Development, Mongolia