



COMMUNIQUÉ

CAO Concludes Mediation Related to Oyu Tolgoi Mine following Full Settlement between Nomadic Herders, Mining Company and Local Government

March 21, 2019 – The World Bank Group’s Compliance Advisor Ombudsman (CAO) has concluded a dispute resolution process related to the Oyu Tolgoi copper and gold mine in Mongolia after monitoring the progress on implementation of settlement agreements between nomadic herders, the mining company, and local Khanbogd Soum Government. CAO has been working with the parties since 2012 to address two complaints from local herder communities about the impacts of the mine on land and water resources affecting their indigenous culture and livelihood.

The Oyu Tolgoi project is a multi-billion dollar investment to develop a copper and gold mine in the Southern Gobi region, Mongolia. Oyu Tolgoi is jointly owned by the Government of Mongolia (34 per cent) and Turquoise Hill Resources (66 per cent, of which Rio Tinto owns 51 per cent). The project is supported by the International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency (MIGA), members of the World Bank Group.

The complaints were filed to CAO in October 2012 and February 2013 by two groups of herders supported by local, national, and international civil society organizations (Goviin Gazar Shoroo, OT Watch and Accountability Counsel respectively). The complaint claimed that the mine’s 2004 resettlement plan and 2011 economic displacement compensation program were inadequate and raised concerns that diversion of the Undai River for the mine would deplete local water sources, deteriorate pastureland, and threaten the community’s spiritual practices.

The subsequent CAO dispute resolution process resulted in mediated agreements between the community, company, and the local government which resolved the complaints in relation to water, resettlement, compensation and the river diversion. As part of the mediation process, in 2015 the parties founded the “Tripartite Council”, which is equally composed of representatives of local herders, Oyu Tolgoi mine, and the Khanbogd Soum Government. The Tripartite Council is responsible for discussing and resolving issues related to herders, pasture, water, and other matters raised in the complaints, as well as exchange of information, providing recommendations, ensuring implementation of agreements, and referring matters to relevant competent organizations. All joint statements and signed agreements from the Tripartite Council are available on CAO’s website. The Tripartite Council will continue to work together on implementation of the mediated agreements, consultations regarding local public policy development, and other collaborative projects after CAO concludes its involvement.

CAO and the Tripartite Council are convening a formal case closure meeting in Khanbogd, Mongolia on March 22, 2019, and a knowledge-sharing event in Ulaanbaatar on March 25, 2019. The knowledge sharing event, which will involve participants from private sector, civil society, government, and international donor and development organizations, will provide an opportunity to learn about the practical experience, benefits, and challenges of the collaborative problem-solving and joint-fact finding processes mediated by CAO in Mongolia.

For all documents related to this case, please visit CAO’s website: www.cao-ombudsman.org.

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About CAO:

CAO is the Independent Accountability Mechanism for the International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency (MIGA), members of the World Bank Group. CAO’s mandate is to address complaints from people affected by IFC and MIGA projects in a manner that is fair, objective, and constructive with the goal of enhancing environmental and social outcomes on the ground. CAO reports to the President of the World Bank Group. CAO’s compliance work focuses on IFC’s/MIGA’s performance and does not make compliance findings in relation IFC/MIGA clients or their business activities.
