Managing Impacts: Community & Environment, Construction Phase
Oyu Tolgoi, Mongolia

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Outline

Objective - Provide insight into managing community and environment impacts during the construction phase based on specific examples from the Oyu Tolgoi project.

• Context: National, Regional

• Oyu Tolgoi

• Infrastructure Projects Overview

• Lessons Learned

- Photo credits: www.ot.mn, Phil Turner, John Kielty
Oyu Tolgoi
Oyu Tolgoi Construction

Purpose of Phase 1 to:
- Develop Open Pit
- Build supporting Infrastructure
- Continue ongoing underground development
- Upgrade Camp
Managing Community, Environment Impacts & Issues

- Overview of the infrastructure projects outside the mine lease area.
- Managing potential impacts through the construction team.
- Organized by theme based on lessons learned - responses to specific potential impacts in infrastructure construction projects outside the MLA at Oyu Tolgoi.
Outside MLA
Infrastructure Projects

RWSS
Raw Water Supply System – 80 km line

OT - Gashun Sukhait Road
100 km paved road to the border with China

Regional Airport

220kV Power Line
100 km to the border
Lessons Learned

• **Managing mitigation through the construction team** - Necessity of a role embedded in the construction team to bridge community and environment concerns about potential impacts by working directly with various stakeholders to drive corrective action.

• **Need for a robust / up to date ESIA.** Especially in developing world contexts where regulations, social and environmental contexts can change in the interim period between initial assessments and the beginning of construction.

• **Need for community perspectives in early project design and planning** to ensure local realities are reflected in construction plans to avoid potential changes and delays to future work.

• **Participatory environmental monitoring approach** is a key element to address potential construction impacts by having an established mutually agreed upon set of data, but more importantly to empower communities to take a leading role in assessing what if any changes are happening in their environment on their own terms.

• **Build social license through a well supported Community Team** that can support mitigating construction impacts while implementing sustainable development projects during the construction phase.

• **Understand the realities of contractor construction standards** in a particular context and anticipate how to get ahead of potential problems through early engagement of contractor management to emphasize the importance of avoiding social / environment impacts, understand relevant contractual clauses and to cooperate to identify potential challenges.

• **Local Employment** should be a focus from early on developing future mining jobs, but more importantly to equip workers with the skills (carpentry, welding, electrical, small business development etc.) to take advantage of opportunities surrounding future economic growth in the impacted communities. If this is not established, local frustrations become exacerbated through an influx of outside workers during construction which can lead to ad hoc and less meaningful work for local people in construction that may act as a short term fix but are ultimately unsatisfactory.
Managing Mitigations Through The Construction Team

- Role embedded with Construction Team
- Presence in the Field - Everything Changes All the Time
- Part of the Problem or Part of the Solution
Welcome to Khanbogd soum and Oyu Tolgoi!
Lessons Learned: Managing Mitigations Through The Construction Team

- Necessary to have a dedicated community / environment role to facilitate efficient follow up on issues during construction phase.
- Role needs to be embedded in the construction team, empowered to deal with project teams. Receives information in real time, not distracted by Community / Environment Departmental duties.
Need for a Robust / Up to Date ESIA - Chance Paleontological Find - Water Pipeline Project

• Response - National Paleontological Centre
• ESIA - What happened?
• Risks - Construction and Operations
Pipeline Redesign

- Native Shrubs - saxual trees.
- Would have future protected designation.
- Proactive - time and expense to redesign a feeder line despite lack of protected designation.
- Ongoing company plan to grow and plant shrubs.
Lessons Learned: Need for a Robust / Up to Date ESIA

• Investing upfront in a robust ESIA can reduce the risk of delays and managing risks during already intense construction period.

• Greater understanding by community and environment departments of the construction project’s footprint, impacts and sequence can support better identification of impacts in advance of construction.

• Company needs to be proactive to identify what’s changed since the ESIA regarding construction plans, government regulations, community development, etc.
Need for Community Perspectives in Early Project Design and Planning - Access to Water & Grazing

Water Pipeline Project
- Temporary open trench prevented camels from getting access to water and grazing.
- Response: install temporary Animal Crossings.

OT - GSK Road
- Lack of design to facilitate camels to cross permanent paved road.
- Response: required additional costs and engineering to develop and install permanent animal crossings.
- Risk to construction schedule (short term), company’s social license (long term).
Lessons Learned: Need for Community Perspectives in Early Project Design and Planning

• Community Relations is not always well positioned to understand construction plans. Need greater integration of community perspectives in construction design and pre-planning stage.

• Even if mitigation efforts are to be carried out by the Construction Team, the Community Team needs to drive the development and implementation of solutions in order to ensure prioritization of work and a satisfactory outcome.
Participatory Environment Monitoring Approach

- Permitted wells used by Construction for: Compaction, dust suppression, building the runway for the airport project.
- Public perception: Construction could be lowering local water levels.
- Sharing construction resources & sustainability based on local practices.
Participatory Water Monitoring

• Project prepared for monitoring potential impacts through the participatory water monitoring program.

• Inter-relationship between construction and early stage project development is clear, with potential effect on future community relations.
Lessons Learned: Participatory Environment Monitoring Approach

- Construction’s use of local resources creates vulnerability to schedule / work if underlying community concerns are not being addressed sufficiently.
- Early and comprehensive participatory data collection on sensitive environmental issues supports creating a context for dialogue to address local concerns.
- Success for participatory approaches requires: active support from influential community members to make it “safe” for other community members to participate, training in non-technical and culturally appropriate methods, the program to be open to opportunities to include traditional knowledge.
Building Social License Through The Construction Period

- Equip the Community Relations Team or dedicate company resources to provide the capability to undertake the projects needed to build the social license to operate during construction.
Lesson Learned: 
Build Social License Through a Fully Resourced Community Team

• The company’s impact during construction is the most intense and because the focus is on impact mitigation, the company can lose sight of sustainable development initiatives. Worse is when development initiatives are done poorly or are incomplete.

• Support the Community Team to develop sustainable programs with company expertise to deliver quality programs. Dedicated technical or project management are staff needed within The Community or a Special Projects Teams.
Understand the Realities of Contractor Construction Standards

- Contractors building 100 km paved road through Gobi desert.
- Social and environment clauses in contract.
- Not prepared to resource mitigation efforts, which can cause delays in sourcing people and equipment as well as potential delays to the work.
K539 Dust suppression at BP-R56 access road going to diversion road
Lessons Learned: Contractor Management of Community & Environment Impacts

• Organize Community and Environment specific engagement with contractor senior management to express that community and environment impacts are important to the client and need to be accounted for.

• Similar to non-compliance in other aspects of the contract, there will be consequences.

• Compliance is in the contractor’s own self interest to attain permits, maintain positive community relations and their reputation.

• Cooperate to identify and plan management of potential impacts resulting from construction sequence, materials delivery, temporary camps etc.
Local Employment

• Nature of Construction Phase - rapid development, use of expertise which often times isn’t available locally. This can exacerbate frustrations in affected communities around the lack of employment and a perception that the mine has failed to meet expectations to provide opportunities.

• Strategic partnerships to develop training programs and opportunities should focus on impacted communities first, provide training for mining operations positions, but more importantly on training that will support work for greater number of people over a longer period of time independent of the mine.

• Strategic partnerships often depend on national/regional level agreements that take time and are disconnected from the immediate priorities of local communities. Therefore, small but well organized trainings can be organized by the company to start developing workshops around carpentry, electrical, welding, small business management etc. Provides direct community relations experience between the company and community and begins the process of supporting workers to develop skills to take advantage of future positions at the mine but also in the economic development of the community itself.
Project Funding

- Due to the number of potential impacts being managed alongside construction, the financial lenders to the project perceived that financing the project represented a greater risk and a need to manage it.

- The additional work to manage lender audits and to demonstrate how potential impacts were being managed and that social and environmental standards were being maintained was a burden on the company and was a risk to successfully financing the project.

- The key was to demonstrate our ability to identify potential impacts and manage mitigations through established systems of accountability and action, record keeping and a history of following through on mitigations effectively. The Construction / Community role was key to this effort.
Construction as Catalyst for Community Issues

- Anxieties around construction work brings to the surface community concerns important for the long term social license of the company.

- Construction related impacts on community / environment issues that become prominent during construction are best dealt with when there is a history of not only company data collection around these issues but an established participatory engagement framework as well.

- The community relations and environment teams need to be prepared to implement activities that positively impact people’s lives in the affected communities while supporting managing mitigation efforts related to construction at the same time.

- Every challenge is an opportunity to understand a situation better and work collaboratively with the community to get it right.
Lessons Learned

**CSR as Risk Management:**

- OT Already had Community and Environment Teams, yet the Construction Team created a community and environment role.
- HSE workers are imbedded in construction work to reduce risk in those areas, why not for community and the wider environment?
- Realization that there was a vulnerability and Construction wanted to ensure that their work wasn’t delayed unnecessarily by issues that could have been otherwise dealt with effectively.
Lessons Learned

- **Managing mitigation through the construction team** - Necessity of a role embedded in the construction team to bridge community and environment concerns about potential impacts by working directly with various stakeholders to drive corrective action.

- **Need for a robust / up to date ESIA.** Especially in developing world contexts where regulations, social and environmental contexts can change in the interim period between initial assessments and the beginning of construction.

- **Need for community perspectives in early project design and planning** to ensure local realities are reflected in construction plans to avoid potential changes and delays to future work.

- **Participatory environmental monitoring approach** is a key element to address potential construction impacts by having an established mutually agreed upon set of data, but more importantly to empower communities to take a leading role in assessing what if any changes are happening in their environment on their own terms.

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- **Local Employment** should be a focus from early on developing future mining jobs, but more importantly to equip workers with the skills (carpentry, welding, electrical, small business development etc.) to take advantage of opportunities surrounding future economic growth in the impacted communities. If this is not established, local frustrations become exacerbated through an influx of outside workers during construction which can lead to ad hoc and less meaningful work for local people in construction that may act as a short term fix but are ultimately unsatisfactory.
THANK YOU!

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