



## “GOBI OYU DEVELOPMENT SUPPORT FUND” FUNDING GUIDELINE FOR FINANCING PROJECTS AND PROGRAMS

### One. Introduction

On 22 April, 2015 Oyu Tolgoi LLC, Umnugobi Aimag, Khanbogd Soum and other Partner Communities of Umnugobi Aimag entered into a Cooperation Agreement. On 28 September, Gobi Oyu Development support fund (the Gobi Oyu DSF), was established as an independent legal entity and registered in Umnugobi Aimag pursuant to the Cooperation Agreement to be governed by the Charter of the Gobi Oyu DSF.

The Gobi Oyu DSF aims to improve the wellbeing and capacity of Umnugobi Aimag and Partner Communities by supporting Projects and Programs that target social infrastructure and the expansion of broad-based economic participation in the Umnugobi Aimag and Partner Communities.

### Two. Definitions

Except as set out below, words and expressions in this Guideline have the same meaning as defined in the Cooperation Agreement.

**DSF means** Gobi Oyu Development support fund, an entity established in accordance with clause 8 of the Cooperation Agreement.

**DSF Board means** the board of members constituted in accordance with paragraph 2 of Schedule 3, Cooperation Agreement.

**DSF Proposal** means a proposal for a Program or a Project submitted to the DSF.

**Contribution** has the meaning given in clause 8.3 of the Cooperation Agreement.

**Custodial Trustee** means a person appointed under paragraph 3.4 of Schedule 3 of the Cooperation Agreement.

**Executive Director** means a person appointed from time to time as the executive director of the Gobi Oyu DSF.

**Relationship Committee** means the committee established under clause 4 of the Cooperation Agreement and which will be governed by Oyu Tolgoi LLC Representatives and Umnugobi Aimag and Khanbogd Soum Representatives (Community Representatives) and operate in accordance with the principles set out in Schedule 2 of the Cooperation Agreement and any further policies and guidelines adopted by the Representatives from time to time.

**Relationship Committee Secretary** means the person appointed under paragraph 6 of Schedule 2 of the Cooperation Agreement.

**Partner Communities** mean Khanbogd Soum, Manlai Soum, Bayan-Ovoo Soum and Dalanzadgad Soum of Umnugobi Aimag.

**Project** means any tangible building or facility constructed to promote the sustainable socio-economic development or otherwise for the benefit of Umnugobi Aimag and Partner Communities which is approved for funding support from the DSF by the DSF Board in accordance with the policies and procedures adopted by it from time to time.

**Program** means any activity undertaken to promote the sustainable socio-economic development or otherwise for the benefit of Umnugobi Aimag and Partner Communities which is approved for funding support from the DSF by the DSF Board in accordance with the policies and procedures adopted by it from time to time.

**Thematic Schedules** means Schedule 4 to Schedule 10 of the Cooperation Agreement.

### **Three. Purpose of the Funding Guideline**

This Funding Guideline (the Guideline) sets out the principles applicable to funding criteria including funding principles, priority areas, allocation target, and eligibility of applicants.

The DSF Board may update these principles from time to time as it considers necessary or appropriate. From time to time, the DSF Board may develop more detailed descriptions of the principles in these Guidelines and the types and characteristics of projects that are likely to satisfy these principles and qualify for funding support. These more detailed descriptions may be set out in appendices and schedules to these Guidelines.

Details of disbursements, and the progress made on any Project and Program assisted by disbursements may be made publicly available in a form agreed by the Board taking into account the confidentiality, commercial sensitivity, and contributions received from Oyu Tolgoi LLC pursuant to the Cooperation Agreement.

Operating costs of the Gobi Oyu DSF are for its own account and must be met from the contributions received from Oyu Tolgoi LLC pursuant to the Cooperation Agreement (the Contribution) or from other revenue generated by the Gobi Oyu DSF.

### **Four. Priority Projects and Programs and Funds allocation**

#### **4.1 Priority Projects and Programs and Funds allocation target**

Projects and Programs which are aligned with the Thematic Schedules of the Cooperation Agreement will be assisted by disbursements from the Contribution (DSF Funds) in accordance with this Guideline. The focus areas for Projects and Programs are set out below. The DSF Board and the Relationship Committee will be guided by the following current allocation targets in reviewing and making decisions on DSF Proposals:

- a. Social infrastructure projects and programs – up to 48%
- b. Sustainable development projects and programs – up to 40%
- c. "Next generation fund" - 6%
  - Micro loan program

- Student scholarship/sponsorship
- d. Southgobi donation and sponsorship – 1%
- e. Annual operational costs of the “Gobi Oyu” DSF - an annual budget to be determined based on the operation plan and scope of work and managed by the DSF Board (not to exceed 5% of the annual Contribution).

The above figures are only targets and, based on the principles of the Cooperation Agreement and the Thematic Schedules (as they may be amended from time to time) and the aims of the DSF, the DSF Board may amend its views on priority Projects and Programs, and make changes to the above funds allocation targets from time to time.

## **4.2 Description of Priority Projects and Programs**

### **1. Social infrastructure projects**

These are projects that are more likely to be of a tangible nature that result in infrastructure, buildings and facilities for public utilities or equipment that contribute to improved living standard and wellbeing of residents and members of Umnugobi Aimag and Partner Communities, for example in relation to health or education. Project submissions from organizations, business entities or government agencies with a consistent track record of good governance, established record of executing social infrastructure projects of various scales and cost-efficient management will be prioritized. Set out in Appendix 3 to these Guidelines are descriptions and examples of preferred types of social infrastructure Projects and Programs (together with other preferred types of Projects and Programs grouped according to the thematic areas set out in the schedules to the Cooperation Agreement).

### **2. Sustainable development projects/programs**

Sustainable Development Programs are programs of a more intangible nature initiated, developed and managed by the civil society or community groups and/or government agencies. Funding support for sustainable development programs/projects may be provided on a one-time basis, or several times on a continuing basis.

Quota will be imposed and certain proportion of an annual funding will be allocated for Sustainable Development Projects to be managed by participation of soum governor’s office and communities of Partner Communities and non-mining soums (collectively referred to as “Target Soums”) and such allocated funding will be desirable to be expended on projects or programs targeted to vulnerable groups or members in Umnugobi Aimag such as disabled persons, elderly, people with special needs to support or harness their livelihood, physical and economic wellbeing.

The allocation of financial contribution for Sustainable Development Projects in Target Soums is set out below:

- Allocate Khanbogd soum funding in Mongolian tugrugs equal to 70,000 United States dollars

- Allocate Manlai, Bayan-Ovoo and Dalanzadgad soums funding in Mongolian tugrugs equal to 50,000 United States dollars
- Allocate each non mining soums of Umnugobi aimag funding in Mongolian tugrugs equal to 30,000 United States dollars.

### **3. “Next Generation Fund”**

The Gobi Oyu DSF will allocate, each year, 6% of the annual Contribution for the next generation (the Next generation fund). These funds will be in the form of a ‘revolving fund’ that is available for SMEs to borrow from and invest in business start-ups or business growth and for provision of scholarship for students from Umnugobi aimag.

The Next Generation Fund will be administered by a financial institution, such as a bank, to support a micro-finance program for residents of Umnugobi Aimag. The banking institution in which the Next Generation Fund is placed, and administered from, must be an appropriately licensed body in Mongolia which meets all criteria set by the Gobi Oyu DSF and the Mongol Bank. The Gobi Oyu DSF will provide guidance and procedures (which may be amended or updated from time to time) to the banking or financial institution in relation to eligible applicants, monetary amounts to provide, and other conditions relating to designation, use, or operation of the Next Generation Fund.

In addition, the banking institution must be able to offer additional and competitive products or services to strengthen the social and economic impact, sustainability, and cost efficiency of the Next Generation Fund, produce an enforceable and irrevocable guarantee, and/or risk fund (or like arrangement) to ensure adequate assurance to manage and mitigate any risk associated with the Next Generation Fund, including its administration, lending and borrowing by and from the Next generation fund for a period of at least 10 years ahead. The Gobi Oyu DSF will make necessary agreements or arrangement with the banking or financial institution with respect to details of the Next Generation Fund.

### **4. Southgobi Donation and Sponsorship**

Donation and Sponsorship may be provided to targeted beneficiaries and they may include funding support for sporting and cultural events, conferences and competitions.

### **5. Annual Operational Costs**

Annual operational costs will cover costs and expenses related to operations of the Gobi Oyu DSF including its management, administration, and personnel to ensure that the principles of the Cooperation Agreement are properly and transparently implemented.

### **6. Other sources of financing**

Financial contribution or matching-fund and/or in-kind contributions from other donors or investors may be used in addition to the Contribution approved by the Board to implement the Projects or Programs. The DSF Board will support and prefer Projects and Programs where

another party, including local government, is willing to provide funds (matching or significant contributions) for a Project or Program that enables the funding parties to share the funding burden and allow Gobi Oyu DSF to maximize the positive impact of its funding for the benefit of the community. The decision to participate in co-funding arrangements will, in addition to other factors referred to in these Guidelines, depends upon the DSF Board being satisfied about the ability and demonstrated willingness of the co-funding party to provide funds for the Project or Program in question.

## **7. Special support for Khanbogd Soum**

Khanbogd Soum is the closest community to the Oyu Tolgoi Project and its impacts (real or potential) and therefore in addition to the other criteria set out in this Guideline it is a priority that the Projects and Programs contributing to social infrastructure, livelihood support and wellbeing of Khanbogd Soum and its population will be given particular priority in selecting, recommending and deciding on DSF Proposals. Hence, each calendar year the Gobi Oyu DSF will aim to finance at least one infrastructure Project which has a direct benefit to, and to be implemented in, Khanbogd Soum.

## **Five. Targeted groups and beneficiaries**

Any individual registered and residing in the Umnugobi Aimag and Partner Communities are targeted beneficiaries of the Projects and Programs to be supported by the Gobi Oyu DSF and in particular the following are preferred beneficiaries:

- Children and youth
- Herders
- Vulnerable persons
- Disabled people
- Women.

## **Six. Funding criteria**

Projects and Programs to be supported by the funding of the Gobi Oyu DSF must have a strong potential to promote the Gobi Oyu DSF's mission and strategies to build sustainable capacity in Umnugobi Aimag and Partner Communities through Projects and Programs that benefit social wellbeing and broad-based social and economic participation of Umnugobi aimag and Partner Communities. Accordingly, the following criteria will be considered in selecting Projects and Programs:

- Be implemented in Umnugobi aimag and/or Partner Communities
- Aligned with priority Projects and Programs
- Direct positive impacts and sustainable benefits on community livelihood
- Clearly defined outcomes and results that are measurable and auditable KPIs
- Clear implementation schedule (with performance milestones and execution timeframes identified) for proposed projects
- Involve target groups or community members and be based on their needs
- Robust and transparent procurement policies and processes

- Health, safety, environment and community risk assessments must be conducted and risk controls must be identified, particularly for community infrastructure development projects. The controls should ensure that the project is compliant with relevant Mongolian HSE legal requirements and should be aligned (where relevant) with OT LLC's HSEC requirements. The DSF will seek to provide non-exhaustive risk identification and assessment information to assist applicants to carry out appropriate risk assessments for Projects and Programs. Applicants will remain responsible for identifying, assessing and managing HSEC and other risks for their Projects and Programs.
- Eligible applicant and/or Project/Program contractor must demonstrate a reputation for fair business dealing, operating or functioning free from any type of corrupt practice or bribery (actual or alleged) and without promoting or furthering the interests or agenda of any political groups or organizations, and must have robust and transparent procurement policies and processes in implementing proposed projects/programs
- Eligible applicant must demonstrate sustainability and viability of the Project and Program (budget, costs, availability of costumers, and personnel, and other resources required to sustain, operate, and successfully benefit from the project/program and ongoing monitoring to meet statutory requirements, in particular those relating to infrastructure projects)
- No existence of any debt, financial default, claims or loss (actual or potential) which may impair timely and quality execution and delivery of Project/Program. The Gobi Oyu DSF shall be entitled to request financial statements of the Eligible applicant or the Project/Program contractor which have been audited by a credible audit institution and structure any funding in a way that ring-fences any DSF funds to ensure that they support the approved Project/Program and no other purposes

In order to assess whether any of the above or other criteria are met or otherwise assess the suitability of the DSF Proposal, the Gobi Oyu DSF (ED or DSF Board) may decide to procure engineering, financial, legal or other types of review before the DSF Proposal is considered for approval.

#### **Seven. Suspension and termination of DSF Funds**

Gobi Oyu DSF will have the right to suspend or terminate the provision of DSF Funds in the event of the following: project or Program makes no progress, substantially deviate from the implementation schedule, or otherwise defaults in the execution or performance of plans or their activities result in unsafe, incomplete or substandard outcomes, and d/Eligible applicant or Project/Program Contractor is involved, in any way, in corrupt activity, conduct or action.

#### **Eight. Applications not to be considered by the Gobi Oyu DSF**

The Gobi Oyu DSF will not receive and consider the following applications which:

- Are intended to support religious advocacy and/or political activities
- Projects/programs outside of South Gobi

- General organizational administrative support
- Cover travel expense, medication expense or expenses necessary for participation in a competition
- Any pre-commenced project
- Projects seeking deficit or emergency funding
- Project/programs initiated by organizations operating for profit.

### Nine. Projects and Programs process steps

Gobi oyu DSF allocates its project and program funding to three areas specified below. Herein:

1. Quota funding for Target soums (Partner Communities and soums without mining operation),
2. Social infrastructure and capital projects
3. Social sustainable development programs

### Social infrastructure and capital project implementation process:

	Process	Activity	Timeline
1	Receive project proposals required to implement	<p>Aimag governor's office will deliver DSF following two types of lists along with social infrastructure project proposals necessary to implement within 15 July of each calendar year.</p> <ol style="list-style-type: none"> <li>1. Social infrastructure project proposals required to develop engineering drawing and integrated list of the proposals</li> <li>2. Social infrastructure project proposals with approved engineering drawing and integrated list of the proposals</li> </ol> <ul style="list-style-type: none"> <li>• Aimag governor's office will deliver the social infrastructure project proposals to DSF in writing and within the specified date.</li> <li>• Proposal submitted from Aimag governor's office shall be comprised of management plan, equipment budget estimation and sustainability plan. Aimag governor's office will fill out DSF project program proposal form and deliver the proposals to the Fund.</li> <li>• Proposals submitted from the Aimag governor's office shall be based on the needs, recommendation and request of local community, NGOs, and enterprises and deliver proof and rationale of the needs, recommendation and request to the DSF.</li> </ul>	Within 15 July of each year
2	Do situational analysis	<p>Determine whether the submitted social infrastructure project proposals are included in the Fund's 3-year priority areas.</p> <ul style="list-style-type: none"> <li>• Monitor whether the submitted proposals are based on the needs, recommendation and request of local community, NGOs, and enterprises and deliver proof and have rationale of the needs, recommendation and request</li> <li>• DSF will do situational analysis within 14 days after receiving social infrastructure project proposals and</li> </ul>	Within 01 August

		<p>the integrated lists from the Aimag governor's office for their alignment with DSF Charter, Funding guideline and other related operational documents.</p> <ul style="list-style-type: none"> <li>• DSF will determine whether each proposal is implementable and will provide recommendation to Relationship Committee after doing situational analysis.</li> </ul>	
3	Prioritize received proposals	<ul style="list-style-type: none"> <li>• Relationship Committee will develop priority lists for each list after reviewing the following items from the received DSF proposals. <ol style="list-style-type: none"> <li>1. Social infrastructure project proposals required to develop engineering drawing and integrated list of the proposals</li> <li>2. Social infrastructure project proposals with approved engineering drawing and integrated list of the proposals</li> </ol> </li> </ul>	August
4	Funding decision	<ul style="list-style-type: none"> <li>• Fund Board will review the proposals prioritized and supported by the Relationship Committee and make funding decision</li> <li>• DSF will deliver notice to the Aimag governor's office if the proposal was not supported by the Fund Board.</li> </ul>	September
5	Announce Board decision	<ul style="list-style-type: none"> <li>• If the Fund Board decides to finance social infrastructure project proposal with approved engineering drawing, the proposal will be delivered to procurement/tender phase.</li> </ul>	September
6	Form Evaluation Committee  (For the proposals that require engineering drawing)	<ul style="list-style-type: none"> <li>• Aimag governor's office will form Evaluation Committee that is comprised of representatives of specialized organizations and individuals in the field of social infrastructure projects</li> <li>• Evaluation Committee will develop first draft of the technical terms and budget estimation for the social infrastructure project proposal that require engineering drawing and deliver them to the DSF. DSF will deliver to Relationship Committee and Board members for recommendation and deliver integrated recommendation back to the Evaluation Committee. Parties shall provide their recommendation within 14 working days.</li> <li>• If the Parties did not provide written recommendation within the specified date, or if the Parties provided verbal recommendation, the recommendation will not be considered as a recommendation.</li> <li>• Evaluation Committee will finalize the technical terms and budget estimation based on Relationship Committee and Board recommendations.</li> </ul>	October
7	Organize tender/procurement	<ul style="list-style-type: none"> <li>• Aimag governor's office will organize tender on proposal with approved engineering drawing that are approved by the Board and on the proposal that require engineering drawing according to the related laws and regulations</li> <li>• The Owner will select Contractor and execute agreement and deliver a copy of the agreement along</li> </ul>	Since October



		with official letter to DSF within 7 days after executing the agreement.	
8	Signing financing agreements, provision of financing	<ul style="list-style-type: none"> <li>• DSF will develop three partite/ Owner, Contractor and Financing Entity/ funding agreement based on the official letter and agreement delivered from the Owner and it is noted that the project shall not be commenced before executing the funding agreement.</li> <li>• Funding agreement will be executed within 14 days. If necessary, this duration can be extended. (For additional documents related permit. Etc. )</li> <li>• No advance financing shall be provided for all projects when signing the financing agreement, payment shall be provided only based on work progress.</li> <li>• Funding be provided directly to a Contractor based on the Owner organization's official document confirming work progress report.</li> </ul>	On a timely basis
9	Project monitoring	<ul style="list-style-type: none"> <li>• Owner and the Financing Entity and their representatives will monitor project implementation at any phase of the project implementation in accordance with the Fund Monitoring and Evaluation guideline</li> <li>• Project implementation, monitoring and closure will be organized according to the Fund Monitoring and Evaluation guideline.</li> </ul>	At any phase of project implementation
10	Project sustainability, informing	<ul style="list-style-type: none"> <li>• Owner and the operating organization will maintain project sustainability according to the project sustainability plan specified in the project proposal</li> </ul>	After providing all of the funding installments

## Social sustainable development program implementation process:

	Process	Activity	Timeline
1	Determine Gobi oyu development support fund 3 year priority areas to be adhered from the Thematic Areas of Cooperation Agreement	<ul style="list-style-type: none"> <li>Determine Gobi oyu development support fund's 3-year priority areas to be adhered from the Thematic Areas of Cooperation Agreement. (DSF priority areas of 2017-2019 was approved by the Board resolution 14 of 05, July, 2017)</li> <li>Hereafter, determine 3-year priority areas through organizing workshop by involving representatives from Aimag local administrative organization, local community, civil societal organizations, NGOs, and enterprises.</li> <li>Determine and finalize 3-year priority areas by aligning workshop results, aimag and soum development plan, Cooperation Agreement, Fund Charter, Funding guideline and other related operational documents.</li> </ul>	Once in 3 years
	Approval of the determined Gobi oyu development support fund 3-year priority areas to be adhered from the Thematic Areas of Cooperation Agreement	<ul style="list-style-type: none"> <li>If necessary, make necessary amendment to the 3-year priority areas and get Board approval by presenting to the Relationship Committee</li> </ul>	
2	Develop and get approval on annual action plan and budget forecast to implement 3 year priority areas	<ul style="list-style-type: none"> <li>Fund will develop annual action plan and budget forecast to implement 3-year priority areas and present to Relationship Committee for support and get approval from the Board after making necessary amendment.</li> <li>Include following item(s) in the action plan                             <ul style="list-style-type: none"> <li>Select priority areas from the approved 3-year priority areas to be implemented each year and reflect budget forecast for each selected priority areas</li> <li>Develop general allocation of annual Fund funding resource</li> </ul> </li> </ul>	In June- each year
3	Form Evaluation Committee and develop Terms of Reference (ToR)	<ul style="list-style-type: none"> <li>Aimag governor's office will form Evaluation Committee that is comprised of representatives of specialized organizations and individuals</li> <li>Evaluation Committee will develop first draft of the Terms of reference (ToR) and budget estimation for the selected priority areas included in the action plan and deliver them to the DSF. DSF will deliver to Relationship Committee and Board members for recommendation</li> </ul>	September

		<p>and deliver integrated recommendation back to the Evaluation Committee. Parties shall provide their recommendation within 14 working days.</p> <ul style="list-style-type: none"> <li>• If the Parties did not provide written recommendation within the specified date, or if the Parties provided verbal recommendation, the recommendation will not be considered as a recommendation.</li> <li>• Evaluation Committee will finalize the Terms of reference (ToR) and budget estimation based on the Relationship Committee and Board recommendations.</li> </ul>	
4	Call for proposal and receive proposal	<ul style="list-style-type: none"> <li>• Evaluation Committee will call for proposal according to the finalized Terms of Reference (ToR) and receive sustainable development program proposals according to DSF project and program proposal form.</li> <li>• Evaluation Committee will review the received proposals in accordance with the Terms of Reference (ToR) and deliver them to DSF along with recommendations.</li> </ul>	March
5	Prioritize received proposals	<ul style="list-style-type: none"> <li>• DSF will present the proposals and recommendation received from the Evaluation Committee to Relationship Committee for prioritization.</li> <li>• Relationship Committee members have right to prioritize the proposals and provide recommendation.</li> </ul>	May
6	Funding decision	<ul style="list-style-type: none"> <li>• DSF will present the prioritized proposals and recommendation to the Board. Board will make funding decisions and select Implementer/Contractor for each proposal</li> </ul>	June
7	Announce Board decision	<ul style="list-style-type: none"> <li>• DSF will inform Board decision to the proposal initiators</li> </ul>	June
8	Execute agreement	<ul style="list-style-type: none"> <li>• Owner will execute agreement with the selected Implementer/Contractor and deliver a copy of the executed agreement along with official letter to the DSF within 7 days after executing the agreement.</li> <li>• DSF will develop three partite/ Owner, Contractor and Financing Entity/ funding agreement based on the official letter and agreement delivered from the Owner and it is noted that the project shall not be commenced before executing the funding agreement.</li> <li>• Funding agreement will be executed within 14 days. If necessary, this duration can be extended. (For additional documents related permit. Etc.)</li> </ul>	At each occasion
9	Project monitoring	<ul style="list-style-type: none"> <li>• Owner and the Financing Entity and their representatives will monitor project implementation at any phase of the project implementation in accordance with the Fund Monitoring and Evaluation guideline</li> <li>• Project implementation, monitoring and closure will be organized according to the Fund Monitoring and Evaluation guideline.</li> </ul>	At any phase of project implementation
10	Project sustainability , informing	<ul style="list-style-type: none"> <li>• Owner and the operating organization will maintain project sustainability according to the project sustainability plan specified in the project proposal</li> </ul>	After providing all of the funding installments

Financing of Projects or Programs submitted as “DSF Proposals” by Eligible applicants will undergo the following process of review, decision making, implementation and monitoring, as more fully described in the Gobi Oyu DSF’s related protocols. The Target Soums shall receive DSF proposals from community members, non-governmental organizations, associations and cooperatives through a working group established by the Citizens Representatives Khural of the soum and select priority proposals within the financial resource allocated to them and deliver the selected DSF proposals to the DSF Executive director.

Process steps other than selecting priority DSF proposal to be implemented in Target Soums within the allocated resource such as agreement execution, monitoring and reporting will be prescribed only by this guideline.

#### **Ten. Taxes**

Subject to applicable laws and/or contractual arrangements, Project executor, Owner and/or a Person holding a material interest in the outcome of the Project or Program will be responsible for any and all taxes, fees or payments imposed or assessed in relation to the funding, development, execution, or delivery of the Project or Program or otherwise may arise in connection with any related or incidental activity of the Project or Program.

#### **Eleven. Interpretation**

Nothing in this Guideline amends the Cooperation Agreement or the Charter of the Gobi Oyu DSF. To the extent that this Guideline or any part of it is inconsistent with, or not within the framework created by, the Cooperation Agreement or the Charter for the Gobi Oyu DSF the Guideline shall not apply or shall be amended as appropriate so that it becomes consistent with, or within the framework created by, those constitutional documents.

**Appendix 1. DSF Proposal receipt and registration form**

**Appendix 2. Project and Program KPIs**

**Appendix 3. Preferred types and examples of Projects and Programs grouped according to thematic areas.**

**Appendix 4. Social infrastructure and capital project implementation process mapping**

**Appendix 5. Social sustainable development program implementation process mapping**

APPENDIX 3. Preferred types and examples of Projects and Programs grouped according to thematic areas and further details and summary of roles in relation to the funding criteria		
Thematic areas	Descriptions	Examples of preferred Projects and Program (but not limited to)
<b>Basic Social Services (Health, Culture, Education, Vocational Training and Employability) – Schedule 8 Cooperation Agreement</b>	<b>Education</b>	
	Promote the value of education and support the improvement of the quality of education including early learning and preschool education	Education quality improvement initiatives: <ul style="list-style-type: none"> <li>• education quality assessment and improvement programs;</li> <li>• professional development &amp; leadership trainings for teachers;</li> <li>• parent education and involvement programs;</li> <li>• child development programs;</li> <li>• Early childhood family education.</li> </ul>
	Develop community and youth leadership and recognize excellence.	Youth development programs, adult and elderly programs, lifelong learning programs
	Increase access to appropriate academic and vocational education and training.	Capacity building training for TVET faculty; Technical assistance such as lab, classroom upgrade.
	<b>Health</b>	
	Support programs which target health, safety (including road safety) and social wellbeing of the community	<ul style="list-style-type: none"> <li>• Community health assessments,</li> <li>• Community behavior change &amp; healthy lifestyle awareness building programs;</li> <li>• Community safety and security programs;</li> <li>• Community health and wellbeing programs;</li> <li>• Community awareness building of waste handling and water quality</li> </ul>
	Support programs that will build skills and capacity within the community to enhance wellbeing and safety through educational activities and health campaigns.	
Support programs that will build capacity of health care workers and strengthen health system	<ul style="list-style-type: none"> <li>• Professional development and capacity building training for health care workers;</li> <li>• Medical mobile devices to improve health service quality</li> <li>• First aid trainings for community members;</li> </ul>	

		<ul style="list-style-type: none"> <li>• Health care management system improvement programs.</li> </ul>
<b>Environment and Water Management - Schedule 4 and 5 of Cooperation Agreement</b>	Support programs that can make a difference on a greater scale, i.e. beyond OT mining operations.	<ul style="list-style-type: none"> <li>• Protection of water sources;</li> <li>• Green nursery initiatives;</li> <li>• Public gardening;</li> <li>• Combating desertification;</li> <li>• Community awareness building of environmental protection and rehabilitation;</li> <li>• Ecosystem service awareness trainings;</li> <li>• Capacity building of rangers;</li> <li>• Community awareness on water and sustainability.</li> </ul>
	Support programs that will promote awareness of Umnugobi aimag environmental issues.	
	Support community-based programs that will improve the quality of the regional environment.	
<b>Traditional Animal Husbandry and Pasture Land Management – Schedule 6 of Cooperation Agreement</b>	Support herder livelihood improvement and income diversification for affected herder households	<ul style="list-style-type: none"> <li>• Animal health and veterinary service delivery assessments;</li> <li>• Capacity building of vets and breeding specialists;</li> <li>• Veterinary, breeding and lab service establishment &amp; improvement programs;</li> <li>• Herders awareness building of animal health &amp; breeding focused on quality, pasture and water resource monitoring &amp; assessment;</li> <li>• Pasture management improvement programs;</li> <li>• Well drilling &amp; rehabilitation;</li> <li>• Forage crops &amp; fodder planting and production initiatives;</li> <li>• Pasture and animal hygiene programs;</li> <li>• Pasture utilization awareness trainings for herders;</li> <li>• Young herder development programs;</li> <li>• Herder cooperative and team/group development programs.</li> </ul>
	Support the preservation and traditional and sustainable animal husbandry and nomadic pastureland usage	
	Support to sustainable herder cooperatives	
<b>National History, Culture and Tourism – Schedule 7 of</b>	Support programs that will preserve and promote Umnugobi Aimag tangible and intangible cultural and natural heritage and history	<ul style="list-style-type: none"> <li>• Intangible and tangible culture protection and rejuvenating programs;</li> <li>• Protection of natural and historical heritage sites;</li> <li>• Promotion eco – culture tourism and community-based tourism;</li> </ul>
	Support programs that will foster the continuity and development of the ‘living culture’ of Partner Communities	

<b>Cooperation Agreement</b>	Support community-based tourism program to contribute to community income diversification	<ul style="list-style-type: none"> <li>• Local museum upgrade; and</li> <li>• Community awareness building of cultural heritage</li> </ul>
<b>Social Infrastructure and Capital Project – Schedule 10 of Cooperation Agreement</b>	Support social infrastructure projects that will make tangible contributions to the community. Health and education are the highest priorities.	<p>Design drawing, budget, construction, repair of the following projects:</p> <ul style="list-style-type: none"> <li>• Kindergarten and school buildings and facilities, family and soum hospitals, related buildings and facilities</li> <li>• Small facilities designated for hygiene and safety of citizens, such as waste facility, water treatment facility, public toilets, pedestrian roads, road markings and signs, cycling path, pipes to protect from floods and waters, building trenches, heating boilers, cattle health, breeding and selection, laboratory facilities, citizens’ development centers.</li> <li>• Design drawings of any engineering infrastructure and large facilities, construction and installation, transmission power lines, substations, other associated buildings and facilities, water supply lines and facilities, sanitation system and facilities, communication lines and network facility construction etc.</li> </ul> <p>Not to be supported:</p> <ul style="list-style-type: none"> <li>• Construction and maintenance of paved roads, bridges, entertainment facilities</li> <li>• State administrative buildings</li> <li>• Repair/maintenance of buildings previously financed by the Gobi oyu development support fund</li> <li>•</li> </ul>
<b>Local Enterprise Development, Goods,</b>	Support programs that will encourage the diversity and competitiveness of the Umnugobi economy.	Capacity building training for small and medium enterprises, business incubators and improved access to credits and loan
	Support programs that will attract sustainable business and services, including providing support to small business.	

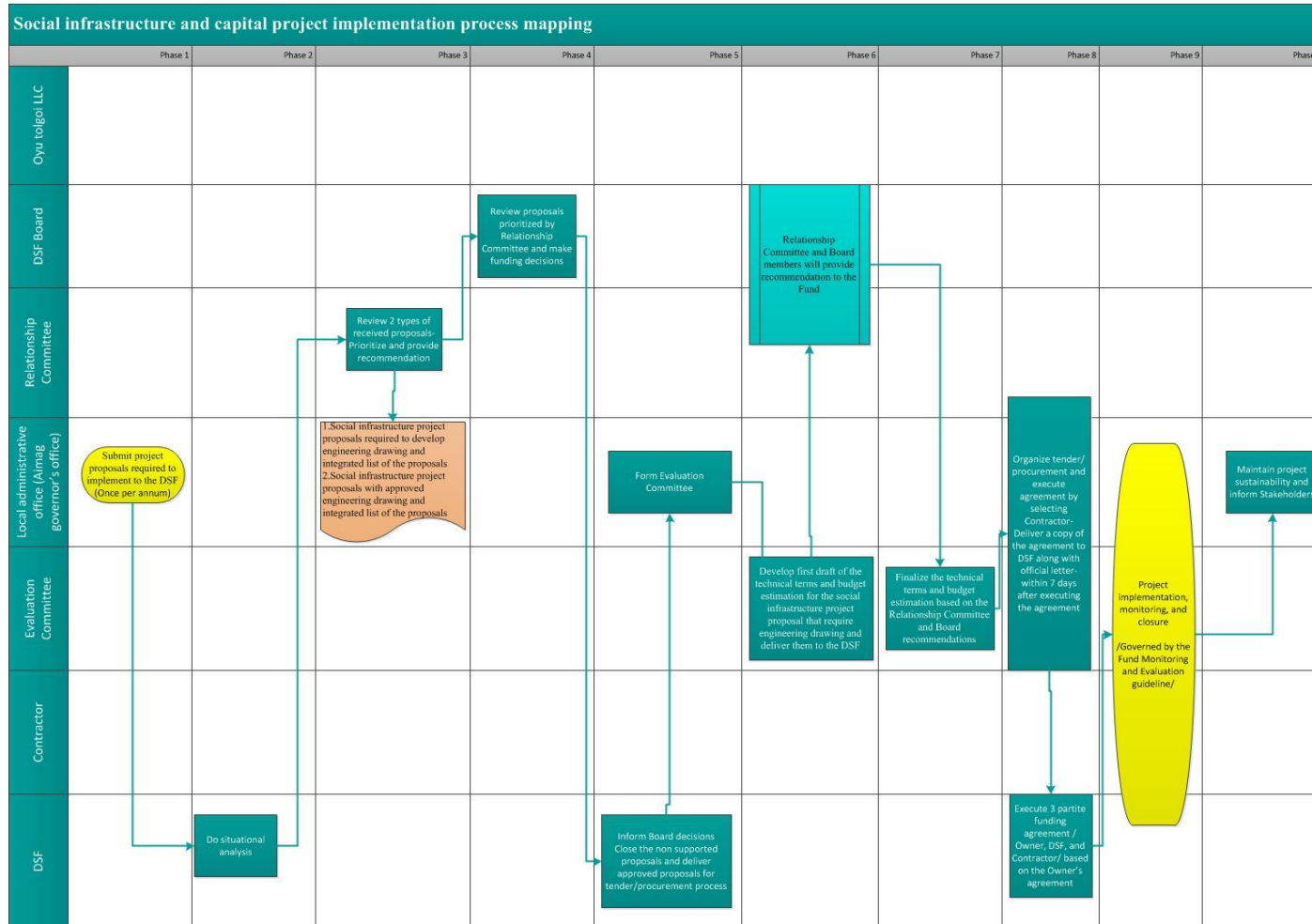


<b>Services Procurement – Schedule 9 of Cooperation Agreement</b>	Support programs that will strengthen and promote regional capabilities, skills and cooperation that will add economic value.	
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Further details and summary of roles in relation to the funding criteria		
Responsible bodies	Responsibilities	Funding criteria
<b>DSF Executive Director</b>	Receive, register, review completeness of proposals and do initial assessment against primary criteria of the Funding Guidelines	Completeness and viability of Proposals:
		<i>Fully completed proposals form</i>
		<i>Financial report of 3 years and income/loss statement-audited and/or other verification of the applicant's financial capacity and the financial viability of the project</i>
		<i>Copy of citizen's ID card or Copy of company or NGO certificate – notarized</i>
		<i>Clear governance structure for implementation</i>
		<i>Cohesive implementation schedule</i>
		<i>Clear budget breakdowns</i>
		<i>Project/program team biographies/details</i>
		Other criteria to apply:
		<i>Implementation within Umnugobi aimag</i>
		<i>Aligned with CA thematic areas</i>
		<i>Consideration to any further engineering, financial or legal review of the proposal</i>
		<i>Consideration whether HSEC-related risks have been identified and management plans developed.</i>
		<i>Transparency and procurement-related aspects (related to implementation within Umnugobi point above)</i>
<i>Expected outcomes and benefits to communities are measurable and clear KPIs set</i>		
<b>Relationship Committee</b>	Review a proposal against Funding Guidelines	Consider compliance with: <ul style="list-style-type: none"> <li>1. DSF funding criteria and requirements</li> <li>2. Alignment with Aimag and Partner soums development priorities and</li> <li>3. Potential contribution to positive partnerships and relationship between OT and Aimag/Partner soums.</li> </ul>
	Seek advice from appropriate experts in order to ensure accuracy, viability and suitability of proposals.	Priority Communities areas:
	For proposals that meet Funding Guideline requirements, make recommendations to the DSF	<i>OT Partner soums: Khanbogd, Manlai, Bayan-Ovoo and DZ</i>
		<i>Non-mining soums : Sevrei, Bulgan, Noyon, Bayandalai, Tsogt-ovoo, Nomgon</i>
		<i>Other 5 soums – co-funding arrangement</i>
		Support to DSF targeted groups and beneficiaries such as children and youth, herders, vulnerable groups, disabled people and women

	Board including in relation to prioritization of proposals based on their type, timing, potential impact, community needs and other appropriate factors	Sustainability and viability of the Project and Program:
		<i>Operational plan (budget and workforce)– where will ongoing budgets come from</i>
		<i>Ownership and management –must be an appropriate body/organization/department with capability to execute and remain apolitical</i>
		<i>Other funding resources for operation and maintenance – will not be sourced from the DSF</i>
	Discussion will be open, consider scoring/ranking systems to help with prioritization assessment	<i>Avoidance of duplication with existing Projects and Program</i>
	Seek to make decisions unanimously	Collaboration with other organizations for maximum impact and professional experience in project area
	The DSF and RC must not engage in politically motivated projects – remain neutral for the benefit of communities	Credibility and capability of proposal initiators and owners
	Consider any material issues arising from ED review and assist to satisfactorily resolve such issues to enable proposals to reach the position where they can be recommended for approval by the DSF Board.	
<b>DSF Board</b>	Review prioritized proposals and consider RC recommendations Make final decisions to approve or reject	<p>Consider proposals that have satisfactorily passed review by the ED and RC.</p> <p>Consider specific recommendations and reports from the ED and RC in relation to proposals, including any report on independent engineering, financial or legal assessment by independent experts that may assess the reasonableness, safety and sustainability of proposals.</p> <p>Consider recommendations from RC in relation to priorities and prioritization of proposals.</p> <p>Test and review compliance of proposals against Funding Guidelines requirements.</p> <p>Consider proposals against any other relevant factors as the DSF Board considers fit in accordance with Funding Guidelines, DSF Charter and the Cooperation Agreement.</p>

### Social infrastructure and capital project implementation process mapping



Social sustainable development program implementation process mapping

