

RESOLUTION OF THE GOVERNMENT

July 4, 2012

No 222

Ulaanbaatar city

Concerning some measures on ensuring
Extractive Industries Transparency Initiative

Pursuant to clause #2 of Article 7 and clause #4 of Article of the Law on Government, it makes a resolution;

1. It ORDERS to set up a composition of National Council having in charge of organizing and supervising the Extractive Industries Transparency Initiative (hereinafter referred to as 'EITI') with following representations including governmental bodies, entities possessing special licenses on prospecting and exploiting mineral resources, oil companies having product sharing agreement and their contracted executive bodies (hereinafter referred to as 'Company'), sector's professional associations (hereinafter referred to as 'Professional association'), and civil society organizations formed as coalition to ensure transparency in extractive industry (hereinafter referred to as 'Civil society coalition'):
 - 1.1. Government organizations-6
 - 1.2. State Great Khural (parliament) and its subdue body-4
 - 1.3. Company, professional association -9, companies having product sharing agreement in oil sector-1
 - 1.4. Civil society coalition -8
 - 1.5. Environment NGOs coalition-2
2. Chairman of National Council shall be Prime Minister of Mongolia; Deputy Chairman shall be Minister of Mineral Resources and Energy; and Secretary shall be Senior Advisor to Prime Minister.
3. To set up a composition of Working Group having in charge of implementing EITI with as following representations:
 - 3.1. Government representation -10
 - 3.2. State Great Khural (parliament)'s subdue body-1
 - 3.3. Company, professional association -9, companies having product sharing agreement in oil sector-2
 - 3.4. Civil society coalition -9
 - 3.5. Environment NGOs coalition-2
 - 3.6. Coordinator of EITI Secretariat

4. Head of Working Group shall be Senior Advisor to Prime Minister; and Secretary shall be Coordinator of EITI Secretariat.
5. Prime Minister of Mongolia shall appoint and release the representation of Government and State Great Khural (parliament)'s subdue body in the composition of National Council and Working Group.
6. President of the Mongolian National Mining Association shall appoint and release representation of Company, professional association, companies having product sharing agreement in oil sector in National Council and Working Group; "Publish What You Pay" Civil Society Coalition's board meeting shall appoint and release the representation of its civil coalition; and Environmental NGO's coalition board meeting shall appoint and release its representation. Their decision shall be in force upon delivering its resolution to Chairman of the National Council.
7. With keeping on policy and actions being implemented in Mongolia within EITI, the Initiative shall include and expose additionally some actions such as new allotment of special licenses on exploration and exploitation of mineral resources, its actions of possession and transferring, investment agreement concluded for exploitation of the strategically important mineral deposits, product sharing agreement in oil sector, its realization, pre-utilization contract, assessment to the nature and environment affects, nature conservation and rehabilitation work process, expenses spent on it and others.
8. It orders Minister of Mineral Resources and Energy D. Zorigt to carry out, in experimental term beginning 2012, actions to make transparency publicly the allotment of special licenses on exploration and exploitation of mineral resources, its actions of possession and transferring (it shall relate matters of trading special licenses together with company name and document), investment agreement concluded for exploitation of the strategically important mineral deposits, product sharing agreement in oil sector, its realization, and mining products selling and its export volume. Outcome of this measure shall be discussed at the meeting of National Council and this work shall be implemented every year in regular basis.
9. Minister of Finance D. Khayankhyarvaa is duly tasked to realize following actions:
 - 9.1. Produce reports on fiscal year basis paid taxes and fees to national and local budgets by license holders on extractive industries, and organize a work to popularize it publicly on regular basis;

- 9.2. Improve and expand info and data network of the National Tax Administration, which produces EITI Report of Government, create a web software based on unified data fund of state administrative organ in charge of an issue of state registration, and make favorable condition on operatively reconciling revenue information on paid taxes and fees to national and local budgets;
 - 9.3. According to Clause 9.1 of this Resolution, it shall put control over the delivery process of reports produced by central and local administrative bodies to tax organizations, and expose it publicly;
 - 9.4. Take a organizational measure on launching of publicly informing the spending report on revenue from mining and oil companies starting 2013;
10. Minister of Environment and Tourism D. Tsogtbaatar is duly tasked to realize following measures:
- 10.1. Disclose publicly every company's reports on assessment to environmental affects, nature conservation and rehabilitation plan, amendments to these papers, annual report on environment protection, and placement, spending and refunding situation of 50 percent of nature conservation expenses to the special account according to the Article 38.18 of the Law on Mineral Resources;
 - 10.2. Expose publicly each mining exploitation license holder's nature conservation report produced by Ministry of Environment and Nature;
11. All provincial and district governors are charged to take following measures;
- 11.1. Produce reports on fiscal year basis paid taxes and fees to national and local budgets by license holders on extractive industries, and deliver it to taxation authority before the end of April 15 of the year and organize a work to popularize it publicly on regular basis;
 - 11.2. Set-up sub-national Councils headed by Deputy Governor of Provincial Government with equal representation from local administrative organ, companies, professional association and civil society coalition;
 - 11.3. Disclose publicly every company's reports on assessment to environmental affects, nature conservation and rehabilitation plan, amendments to these papers, delivery of annual report on environment protection to local government, and placement, spending and refunding situation of 50 percent of nature conservation expenses to the special account according to the Article 38.18 of the Law on Mineral Resources, and hold a discussion on the level of meeting of sub-national council;

- 11.4. As stated in Article 42 of the Law of Mineral Resources, it shall publicly inform of contracts concluded for increasing job places, developing infrastructure connected with environment protection, mining activity and establishing factories, and its implementation process;
 - 11.5. Set-up sub-national Councils in mining areas headed by Deputy Governor of Soums in accordance with Article 11.2 of this Resolution;
12. State Secretaries of related ministries, heads of government agencies and governors of soums, aimags and capital city are charged to deliver reports on fiscal year basis paid taxes and fees to national and local budgets by license holders on extractive industries to taxation authority before the end of April 15 of the year;
13. The National Council is assigned to take following measures:
- 13.1. Endorse policy and action plan on implementing EITI, and discuss and manage its realization process and outcome;
 - 13.2. Discuss and manage process and outcome of works organized to implement EITI by state administrative bodies, government agencies, Governor Offices of soums, aimags, districts and capital city;
 - 13.3. Hold discussion on EITI National Reports, take steps to popularize and disseminate the Report to aimags and soums in cooperation with related ministries, government agencies and stakeholders, and inform of the result to the community;
 - 13.4. Support and encourage suggestions and initiatives for EITI realization made by companies, professional association and civil society coalition;
 - 13.5. Annually reporting on results and works done for implementing EITI in Mongolia and the National Report to the Government and Parliamentary standing committee on economy;
14. Chairman of General Agency for Specialized Inspection R. Sodkhuu is charged to take following steps:
- 14.1. In accordance with the Law on Mineral Resources, impose responsibility to special mineral license holders who failed to produce EITI Report, and deliver information on the measure to the National Council and public;
 - 14.2. Inspect nature protection report of special mineral license holders and its performance and organize a work to send its inspection report to Mongolia EITI National Council by May of each year and disclose publicly;

15. Entities possessing special licenses on prospecting and exploiting mineral resources, oil companies having product sharing agreement and their contracted executive bodies are assigned to take following actions;
 - 15.1. All license holders on extractive industries have to publicize paid taxes, fees and donation to national and local budgets on fiscal year basis before April 15 of the following year, and deliver its EITI Report to the EITI Secretariat in accordance with EITI reporting templates;
 - 15.2. Funds and works spent for environment protection and rehabilitation session, and its results shall be informed transparent to local people, and it shall cooperate with local civil society organizations and residences;
16. In connection with an issuance of this Resolution, it invalidates Government Resolution # 80 of March 28, 2007 concerning 'approval of function' and Government Resolution # 84 of March 30, 2009 concerning "approval of renewing the composition of National Council'.

Prime Minister of Mongolia

S. BATBOLD