

Tripartite Memorandum of Understanding on effective implementation of Extractive Industries Transparency Initiative and partnership between Government of Mongolia, companies and NGO coalition

1. Background

1. Mongolian stakeholder parties express acceptance of and compliance with the goals, principles and criteria of the international extractive industries transparency initiative.
2. Consensus on an implementation framework of extractive industries transparency initiative.
3. All parties accept that both companies and the government report their payments and receipts as part of the extractive industries transparency initiative; the reporting process and publicizing of payments and receipts play a key role in ensuring transparency, prevention of corruption and ensuring of sustainability of the extractive industries.
4. Verification that parties agree to implement the extractive industries transparency initiative within the oil and mineral resources framework and at both national and local level,
5. Agreement that the government and the companies submit their extractive industries transparency initiative reports, publish them and get them audited in order to sustain and enhance the extractive industries transparency initiative implementation.

The participating parties signed this Memorandum of Understanding.

2. Activities of parties

6. All stakeholder activity directions for effective partnership of parties in implementation of the initiative:
 - 6.1. Develop and create the legal environment, organizational arrangements and methodological background for implementation of the initiative.
 - 6.2. Develop reporting templates for EITI reporting, and parties to comply with reporting arrangements.
 - 6.3. Parties respect each other and develop equal and mutually understood partnerships.
 - 6.4. Use audited data and figures within the EITI framework.
 - 6.5. Resolve any disputes between participating stakeholders with the participation of all stakeholders in mutual negotiations.
 - 6.6. Carry out any inspections or checks with respect to the extractive industries transparency initiative in accordance with guidelines approved by senior management of that stakeholder in the initiative.
 - 6.7. Discuss and coordinate funding opportunities relating to the initiative within the framework of the legislation.
 - 6.8. Carry out auditing within the initiative, and plan and implement future development priorities.
 - 6.9. Obtain assurance and accreditation of international organizations for the implementation and progress of the EITI.
7. Directions of government activities:

- 7.1. Provide initiative implementation with arrangements of legislation, regulations, operations, finance and methodology, and seek potential for assistance, consultation and support from international donors.
- 7.2. Organize and manage Working Group meetings and operations to ensure implementation of the initiative, and make decisions at the National Council level to ensure equal participation of all stakeholders.
- 7.3. Involve extractive industry entities holding special licences in the initiative, report receipts of payments and taxes collected from businesses in a categorized format for each company using templates approved by the Ministry of Finance, publicize the reports and report to the independent EITI Working Group.
- 7.4 Evaluate and assess EITI implementation and outcomes with participation from stakeholders and identify future goals.

8. 7. Directions of company activities:

- 8.1. Define private sector policy for EITI implementation, elect representative companies for involvement in decision making, cooperate with decisions, and monitor implementation.
- 8.2. Report amounts of products extracted, taxes paid to central and local governments and payments by extractive industry companies using approved templates, and report to the government agency responsible for mining sector coordination.
- 8.3. Be fully responsible for getting company reports audited and ensure correct and accurate reports are delivered.
- 8.4. Fund EITI operations partly or wholly within international norms and standards and legislation in a transparent way on a voluntary basis.

9. 7. Directions of NGO activities:

- 9.1. Define NGO policy for EITI implementation, appoint representatives for decision making, cooperate with decisions, and monitor implementation.
- 9.2. Observe and monitor the reporting process of the Ministry of Finance and companies in payment and receipts.
- 9.3. NGOs to submit findings of observations and monitoring of the process, after discussion at a coalition meeting, to the National Council and take initiatives to improve initiative efficiency.
- 9.4. Finance EITI operations partly or wholly under international norms and standards and legislation in a transparent way on a voluntary basis.

10. Directions of independent Working Group activities:

- 10.1. Establish an independent Secretariat for EITI implementation.
- 10.2. The Secretariat will handle day-to-day EITI activities and provide stakeholders with information on an equal basis as well as coordinating stakeholders.
- 10.3. Monitor the reporting process, collect information and receive reports of company payment of taxes and fees to both central and local governments from each extractive company from the government agency responsible for mining; check the reports, consolidate them into the Mongolia EITI report and get them audited.
- 10.4. Organize the activity of international EITI validation, plan activities in response to validation and auditing findings and recommendations, and submit them to the National Council for approval

Three. Stakeholder parties of the Memorandum of Understanding

Representing the Government of Mongolia	Representing the companies	Representing the NGO Coalition
M. Enhbold Prime Minister of Mongolia National Council Chairman April 24, 2007	P. Ochirbat Mongolian National Mining Association Honorary President, National Council Member April 11, 2007	Ts. Ganbold NGO Coalition Coordinator, National Council Member April 6, 2007
N. Bayartsaihan Minister of Finance, National Council Member April 25, 2007	N. Alгаа Mongolian National Mining Association Chief Executive Officer, National Council Member April 12, 2007	P. Erdenejargal Open Society Forum Chief Executive Officer, National Council Member April 6, 2007
Ts. Davaadorj Minister of Industry and Trade, National Council Member April 25, 2007	H. Naranhuu Mongolia-Russia joint Erdenet Company Chief Executive Officer, National Council Member April 4, 2007	G. Urantsooj Human Rights and Development Center Chief Executive Officer, National Council Member April 6, 2007
P. Byambatseren National Statistics Office Chairman, National Council Member March 28, 2007	B. Nyamtaishir Mongolyn Alt Corporation President, Working Group Member April 12, 2007	B. Boldbaatar My Mongolia Motherland Movement Chief Executive Officer, Working Group Member April 6, 2007
L. Javzmaa Chief Auditor of Mongolia, National Council Member March 28, 2007	Ts. Myanganbayar Mongol Gazar Company Governing Board Chairman, Working Group Member April 13, 2007	Ts. Munhbayar Ongi River Movement Head, Working Group Member April 12, 2007
D. Batbayar Senior Advisor to Prime Minister, National Council Secretary, Working Group Chairman April 23, 2007	A. Munhbat Ivanhoe Mines Company Vice President, Working Group Member April 12, 2007	P. Batpurev Inform Center Chief Executive Officer, Working Group Member April 6, 2007
L. Zorig National Taxation Office Chairman, National Council Member March 28, 2007	A. Sandag Boroo Gold Company Deputy CEO, Working Group Member April 10, 2007	N. Dashzeveg Mongolian Producers' Union President, Working Group Member April 6, 2007
L. Bold Mineral Resources and Petroleum Authority Chairman, National Council Member	L. Davaatsudev Nuurs (Coal) Association Head, Working Group Member April 10, 2007	J. Batbold Union of Mongolian Environment NGOs President, Working Group Member

March 28, 2007		Date:
D. Batbaatar State Professional Inspection Agency Chairman, National Council Member April 10, 2007		L. Dondog Mongolian Certified Accountants' Institute President, Working Group Member April 10, 2007