

**Minutes of Meeting of Mongolia Extractive Industry Transparency Initiative
Multi-Stakeholder Working Group
(23 December 2011)**

Mongolia EITI MSWG meeting started at 11am, Friday 23 December 2011, in the Conference Hall of Mongolian National Mining Association.

Members present: B. Dolgor (Senior Prime Ministerial Advisor and MSWG Leader); S. Myagmardash (Finance Ministry Accounting Policy Department Chair); D. Dulamsuren (Independent Agency Against Corruption's Enlightenment and Prevention Division Chair); N. Alгаа (Mongolian National Mining Association CEO); L. Davaatsudev (Coal Association Director); N. Dorjdari (Open Society Forum Manager); A. Batpurev (Inforum Center Head); D. Tserenjav (Transparency Foundation CEO); B. Batbold (Mongolian Federation of Environmental NGOs Board Member); E. Sumiya (MSWG Secretary and Cabinet Secretariat Senior Officer); representatives of members: B. Delgerbayar (of Petro China Daqin Tamsag LLC CEO); E. Oyun (Petroleum Authority Investment Oversight Division Chair); T. Tsetsegyam (General Taxation Department Budget Revenue and Oversight Department Senior Inspector); S. Enhtuya (General Taxation Department Tax Inspector); Ts. Tsegts (Mineral Resources Authority Officer); S. Munhsaihan (Mineral Resources Authority Officer); B. Ganhuleg (Boroo Gold LLC Officer); D. Nanjidsambuу (Mongolian Confederation of Employers Officer); 70% of membership.

Also present: N. Bayarsaihan (National Council Member, Steps Without Boundaries NGO Head and PWYP Coalition Coordinator); B. Osorgarav (Ulaanbaatar Audit Corporation LLC CEO); N. Erdenetsog and Mendbayar (Ulaanbaatar Audit Corporation LLC Senior Auditors); Otgontuya and Bolorhuу (Ulaanbaatar Audit Corporation LLC Auditors); Ch. Enhzaya (Adam Smith International Project National Consultant, funded by EBRD); B. Jigden (Dalaivan Audit LLC CEO); Sh. Tsolmon (EITI Secretariat Coordinator); S. Batbayar (EITI Secretariat Communications Officer).

MSWG Head and Prime Ministerial Advisor B. Dolgor opened the meeting.

B. Dolgor: On today's MSWG agenda we have three items, plus presentation: preliminary reports and conclusions of Mongolia EITI 2010 reconciliation; second, legal grounds and reporting practices; third, guidelines for selection of audit reconcilers for Mongolia EITI 2011 reports and the Bid Evaluation Committee. The presentation will be on "Improving the Mongolia EITI legal framework and proposed action."

The chair received approval for meeting regulations.

1. TOPIC: preliminary reports and conclusions of Mongolia EITI 2010 reconciliation

Osorgarav (Ulaanbaatar Audit Corporation LLC CEO): We carried out the 2010 Mongolia EITI reconciliation and the preliminary findings as of 16 December will be presented by N. Erdenetsogt.

N. Erdenetsogt (Ulaanbaatar Audit Corporation LLC Senior Auditor) did so (presentation attached).

B. Dolgor: Thank you. Any questions?

N. Dorjdari: I have two: how much corporate income tax did Erdenet pay in 2010; and where can I see this data? Do you list taxes from each company?

N. Erdenetsog: This is a preliminary report, so we don't yet have an attachment with data on each company. The final report will have this attachment.

N. Dorjdari: One recommendation is to remove service charges from templates and reconciliation as the amounts are insignificant. How much do you call insignificant? Why do you propose removing them?

N. Erdenetsog: Companies report all service charges and fees paid to government agencies. Each time a company car goes to the countryside, there is a MNT 500 toll; these are all in the accounting. The government should include it too, but there is no detailed government agency reporting of receipt of that MNT 500; on any day there are many such tolls paid to 129 soums in 21 aimags. This gives a discrepancy which is usually unresolved. Chasing every single payment is impossible, endless and unimportant. But there are some large fees, so a materiality level must be set.

A. Batpurev: On environmental reclamation, the report says companies met 90% of reclamation targets, being 96% performance of technical reclamation and 81% of biological reclamation. How are these arrived at and is there evidence?

N. Erdenetsog: Companies submit annual mine plans and reclamation plans, as well as reports to the Mineral Resources Authority, with copies to us. We got the data from these reports. We don't know how well the Mineral Resources Authority checks accuracy of reports; some may only include information on what companies made, mildly informative.

A. Batpurev: The recommendations say that properly EITI-reporting companies are to be praised while others should be warned. Is it legally possible for EITI to reduce goodwill and reputation?

N. Erdenetsog: It seems there is no specific legislation. But it is more important to raise public awareness, particularly on the importance of EITI reconciliation.

B. Osorgarav: I believe that a previous bill was rejected, with no new draft being developed. We do need advertising. In November, the National Council discussed the 2009 reconciliation report; that some companies performed well and some badly was announced at a press conference. The next day, companies started submitting reports for reconciliation. This shows how important advertising is. The National Council announced meeting outcomes on all TV channels, which proved very effective.

N. Alгаа: You demand a legal environment, but it is difficult. To make a law, the government has to travel a hard road. The Secretariat, National Council, Working Group and Cabinet agreed on a bill, which was rejected. Civil society, government and company stakeholders are working together on another bill to improve the legal framework. First there must be effective advertising.

B. Dolgor: Actually, we do publicize badly performing companies and harm their reputation. We also praise good companies. Fines are imposed. After the 2009 reconciliation, the State Specialized Inspection Agency imposed MNT 31 million of fines on 41 companies.

Nanjidsambuu: Are there EITI international benchmarks on announcing such businesses and imposing fines?

B. Dolgor: In general, we are working on a stand-alone law. We prepared a bill which was not supported. So an EBRD-funded project is developing another bill. On today's agenda we have a presentation from the project team to discuss. Presently there are consequences for companies failing to comply with reporting requirements.

S. Myagmardash: What is the total of discrepancies as of today? Will it decrease?

B. Osorgarav: At 16 December, there were MNT 426.5 million of discrepancies. Baganuur's director and financial officers changed, so there was no one to report. Gobi Geo senior managers were abroad, and we could not contact them. We should be able to clarify MNT 107.8 million of discrepancies with these two companies. That leaves MNT 318.7 million; over MNT 200 million of this will probably be explained, leaving a probable unresolved discrepancy of MNT 121.5 million.

N. Davaatsudev: Isn't it possible to generate EITI reports automatically from financial reports, putting a requirement that licensed companies shall produce additional reports?

N. Erdenetsog: EITI reports are cash-based, while company financial reports are accrual-based; it is impossible to export and import data directly between reports.

B. Delgerbayar: You propose to remove service fees and charges from reporting as insignificant. Our company pays MNT 14 million in satellite dish and related services. We also pay a large amount for customs, taxes and service fees when we import equipment. I don't think we can remove everything, but we maybe need to think of removing certain amounts or types.

N. Erdenetsog: Right, MSWG needs to set a materiality level threshold, probably by the next reconciliation.

Ts. Tsegts: Are the data on mining plan performance verified by the Mineral Resources Authority? We work thoroughly on EITI, but then get criticized for being bureaucratic. Any comments?

B. Mendbayar: The Mineral Resources Authority fills out a template. Companies submit to us copies of reports that the Mineral Resources Authority has accepted and signed. A few come companies produce their report themselves.

B. Dolgor: Mineral Resources Authority representatives, please reply in detail to this question of mine plans and performance. It involves many issues.

Ts. Tsegts: We are doing a comparative study between mine plans and EITI report data. A 2009 study report was submitted and we are currently working on the 2010 and 2011 reports. We cannot yet tell how our report and the EITI report match.

B. Dolgor: How well do you work with license holders? For example, 50% of company information is not up to date. How do you ensure the accuracy of mining reports? How do you evaluate reports received?

Ts. Tsegst: You say that company addresses in the report are outdated. Companies should notify us when they change addresses. We are taking action on this.

N. Dorjdari: You claim Braveheart Resources, Monpolimet and Mongol Gazar have not submitted an EITI report for the last 2-3 years; but they were reconciled. So do you take the government report data on these companies as discrepancies?

N. Erdenetsog: We take them as discrepancies if a company does not report. The government has reported receipts, but the companies have not, so we try to resolve the issue by contacting the company to access data to resolve/explain discrepancies.

B. Dolgor: Any more questions? If not, comments please.

N. Alгаа: I have spoken many times about fees and service charges. When a company car leaves the city, it pays MNT 500 at the tollgate, again on the Darhan road, then in Erdenet; the trip may involve many fees. We have a Law on State Stamp Fees. We should include the fees in this law; otherwise, it will be diversionary to include every single fee imposed by every local government in the templates. We see EITI in the broader fight against corruption. In the reporting templates, let's include only fees in the Stamp Fee Law. Inclusion of every fee will make it very much harder for our work and the audit. Most of the 1,800 companies are in exploration, with huge costs they report to EITI. We waste time going after uncertain things. I think environment reclamation is not a key EITI goal, so I think that should be regulated differently. The same with the license: if a company does not pay a license fee, the license should be cancelled; the key issue is why has it not been terminated? The local community must be informed and be involved in rural projects. The report must be concise. We are still using old methods and systems.

Davaatsudev: From previous reports and the recent presentation, it looks like a huge survey. I understand the goal of the initiative is to stop the mining sector money stream flowing in different directions and make it transparent. However, we demand reports again and again, which makes companies reluctant. Auditors have also found that companies are reluctant. We are not sure that EITI activities are focused on the goal. The reasons can vary: legislations etc. That is why our work looks like only a study. It is good that the report reconciles all reports, but we have deviated from our key goal.

B. Batbold: I disagree with Mr Alгаа. Past reports were full of numbers. Now, we have environment reclamation data, which is very important and has been relayed to local communities. For example, Monpolimet carries out good reclamation, but was reluctant to submit reports. We must proceed.

T. Tsetsegyam: The government agencies under-reported 17.3% of all payments, including local taxes and fees reported by Local Governor Administrations. This has happened before; it seems a tradition, repeated in this reconciliation. At the start of the year we addressed all tax offices about mistakes; some were genuine mistakes while others were procedural issues. We need to clarify some of our EITI work on, for example, state stamp fees. The legislation says the recipient agency must report these in its accounting system. So, our tax software was developed in accordance with these legal reporting requirements; for example, stamp fees paid to courts or state registration agencies are not programmed at the tax office, but at other respective offices. This has caused problems, and will continue unless we re-program our tax system. For us, it is not a mistake, it is correct. The key point is, we need to modify our software to match EITI requirements. As to legislative compliance, our software is correct. We decided to develop new web-based software for EITI reporting connected to the tax database for the Mineral Resources Tax Division. When we called for bid to develop the software, no one wanted to apply as the budgeted amount was small and creating the software was a big job. We cannot develop this software yet as we cannot offer enough money. With financial assistance, we will be able to

improve the situation. Next, auditors say that overpayment of one type of tax is sometimes balanced with underpayment of another type of tax and not reported by government agencies. The EITI report is cash-based. Balancing off payments among different types of taxes is withholding; in other words, offsetting one year's debt with a previous year's overpayment. In the past, discrepancies were huge as such withholding was reported as payment. We made several corrections in 2009, and are doing similar corrections this year, too. In this report, withholding amounts are not included; that does look as if we refuse cash-based reporting. Erdenetsogt has said that we use cash-based reporting, so I think here the sentences may be poorly expressed. We should not include such withholding or over- or under-payments. If an amount paid in a previous year is included again in the current year, the sum must be different. This must be highlighted.

Ts. Tsegts: If necessary, these two reports must be amended.

N. Dorjdari: I hope that you will also make a report disaggregating companies and aimags. Thanks for inclusion of data on Hanbogd and Tsogttsetsii soums after we asked for a pilot EITI in these soums. However, this is not a report for the PWYP Coalition; it explores the possibility of implementing EITI at the sub-national level, so change the title. I would also like to ask for professional advice on the feasibility of soum-level reports on financial data; is it right to have a separate report from the three stakeholders at the soum level, or do we need to use the national report and disaggregate each soum's data. Everyone says that they need locally useable information, but the national report does not always disaggregate by soums; please give us your professional opinion. I have another issue about the third section. The data on the current mining sector situation seem to be a collection of statistics from everywhere. I think this looks weird, like someone reading a report in English. It offers a lot of information on how many companies are at work and what they produce, such as gold or fluorspar etc. This data should be linked to the EITI report and section three should be changed a bit to make it more interesting. Unless data are linked and well-integrated, it looks like a copy from various agency reports. Is it possible to revisit this section? You also offer many recommendations on the materiality level of fees and service charges. I think we should set up a Working Group to resolve such issues. We should consider submitting reports directly to the reconciler as required by international rules. Presently, all reports are received by Tzolmon. Data that is needed by the reconciler is sent via Tzolmon. This is procedural, so we need to highlight it. I also have some minor issues with the report: e.g. it mentions an advance payment from OT, but does not make it clear whether the payment was made. So we need to check what advance payment OT made and what not. It is unclear whether USD 100 million or MNT 100 million or USD 50 million was received.

D. Tserenjav: I add a minor idea. You write whether discrepancies were resolved or adjusted. We understand that Ulaanbaatar Audit resolved many issues to proceed to reconciliation. But these words may create public misunderstanding, e.g. whether that reported amount was unpaid, but resulted from reconciliation etc. I think we could use slightly different terminology in our final report.

N. Dorjdari: The report lists some difficulties when working with companies e.g. the person responsible was on maternity leave etc. I understand auditors encounter such problems. But the problems reflect company attitudes to EITI. If that company is not reconciled because the accountant was unavailable, I think it means the company does not support EITI. Here you should say that the company is being irresponsible because accounting is a requirement and responsibility of the company.

E. Oyun: The report involves 10 oil companies; two are already extracting oil, 8 are still exploring. But the report says all 10 are operational. I propose we add to the report that 2 are extracting, 8 are searching for oil.

E. Sumiya: OK, we have preliminary findings. I don't know if we can push the auditors or not; we have already imposed many requirements. Our budget is being withdrawn, so we agreed to present the findings as of the 16th, and did so. The auditors are working very well and we are giving them all necessary assistance. However, the reconciliation report, in some places, allocates donations to the Clarification or Adjustment sections. Please check whether a company has reported operational costs as donations. We have given advice to Mendbayar. It is unnecessary to mention spelling errors and report format. Once again, the audit consortium is working well. To make EBRD project implementation as effective as possible, our work must be of the highest quality, and we are doing our best. The auditors are helping us on this. I have one comment to be included in the notes on the report. I would like to amend the notes a little. The words "MNT 426 million discrepancy" should be changed to "amount stated in the annex." Tsolmon is working on the annex. As there is only limited time before submission to the National Council meeting, I propose to change the notes to "before 1 February 2012."

I also need MSWG authorization. The second provision says the auditors must be 100% paid. In three days' time, on 26 December, the Single Treasury Fund will stop paying for all work supplied under bidding. So we should authorize the auditor payment immediately. The auditors are required by today's meeting minutes/notes to perform all duties mentioned and present the final report to the MSWG and National Council. Do stakeholder representatives agree?

N. Dorjdari: I have one other comment, relating to our work planning and performance. I mentioned earlier that this report is to be released after one and a half years. I wanted it to be released within the reporting year, but we could not do it. We need to select an auditor for reconciliation of the 2010 reports in 2011. We need to break this long-lasting and late-running cycle.

B. Ganhuleg: Boro Gold LLC has been reconciled since 2006. EITI reporting is improving year to year. Auditors are gaining skills and experience, so now we need to think about how to simplify the process and eliminate the burden on the private companies.

N. Bayarsaihan: Before the report is submitted to the National Council, we need to publicize Provision 9.10, especially to the local community. So I'd like recommendations on how to publicize to this target group. You say that advertising was effective, and now we are looking at denigrating a company's reputation. I'd like recommendations on delivering reports to the public and publicizing this EITI report in the media.

B. Dolgor: Thank you. I propose inclusion of Mr Sumiya's proposal in the minutes and final decisions. I agree with all your ideas and comments. You are right that we must raise public awareness of the importance of EITI. All three stakeholders must benefit from this work. We have gained experience, and must improve performance based on lessons learned to boost effectiveness. So we should accept your suggestions. However, we must release all the required data for better outcomes; for example, inclusion of the performance of mine plan data has been suggested by the Mineral Resources and Energy Minister. I think we should accept the 2010 report as is, and start correcting and amending the 2011 report. We are also considering how to promote and raise public awareness on the report. The Secretariat recently recruited Batbayar as the new Communications Officer. We expect his work with

you will lead to positive results and outcomes. We have also talked about report timing, selection of reconcilers, and changing some dates. The Secretariat must consider these topics.

RESOLVED to: 1. Agree with preliminary findings of the Mongolia EITI 2010 audit reconciliation and assign reconcilers to finalize tracking of discrepancies as in the Annex by 15 January 2012, present the final report to MSWG members, and authorize MSWG's B. Dolgor to submit the final report to the National Council on 1 February 2012.

2. Authorize the EITI Secretariat's Sh. Tsolmon to pay the full amount due to Hart Noirs and the Ulaanbaatar Audit Corporation by the end of the year for the Mongolia EITI 2010 reports reconciliation.

3. Agree that after a second MSWG revision, the Mongolia EITI 2010 reconciliation report to be sent to the International EITI Secretariat.

4. Assign the EITI Secretariat to list licensed companies for inclusion in the Mongolia 2010 EITI reconciliation report and provide detailed list of reporting and non-reporting companies to EITI.

2. TOPIC: Legal grounds and practice of EITI reporting

DalaiVan Audit LLC CEO gave a presentation on EITI reporting legal grounds and practice (presentation attached).

Ts. Jigden: Mongolia's fiscal year ends with the calendar year, 31 December, after which we have a nationwide process of producing financial reports and submitting them to the relevant authorities, between early January and 25 February. From mid-February to 30 April we have nationwide auditing work on financial reports. The Finance Ministry processes the government report and balance sheet from 15 March to the end of April; then the National Audit Agency checks the financial reports of the large government agencies (March-April). In May and June, the government report is discussed by Cabinet and Parliament. I suggest that we should revise the Mongolian fiscal year. We have an extreme continental climate and 4 seasons. When it is cold, construction and mining cease. Crop planting and animal husbandry stagnate after harvest. So we produce a bunch of documents, whether or not we need them, by 30 December. We all make mistakes, but must submit the documents regardless. The government agencies receive and check them, followed by audit, until we have compiled data on the country's economy. Mongolia uses an accrual accounting system following global practice. My idea is to talk to international organizations about conforming EITI reporting to accrual-based reporting. Developed countries like the US, UK and Japan use 1 April as the end of the fiscal year. They have years of experience. In our balance sheet, we record costs and revenues, all not yet in bank accounts, all postponed or not yet arrived at. This means our reports and balance sheets are not properly grounded. So we should consider accrual-based reports and re-visit the timing of the fiscal year.

B. Dolgor: Any questions?

E. Sumiya: Copies of the international rules have been distributed. Requirement 12 says "the government shall ensure that company reports are based on reports audited under international standards." That came into effect on 1 July. We have talked at MSWG meetings about how legislation on finance, accounting and auditing lay down legal periods for reporting. MSWG has already agreed to comply with Minerals Law Clause 48.10. As a result, we have created some problems with discrepancies. How can we implement international requirements? For ideas for the Working Group on EITI Law, we

asked for a comparative study by Mr Jigden, who has over 40 years of experience in the financial sector. Now we will work on the law. Without clarifying the reporting period, we cannot meet international requirements as we will keep having discrepancies. That is the situation. Looking at the various legislations, the best time for us to get reports based on audited financial reports is 30 April. Look at the Company Law. A shareholders' meeting shall be announced by the Board and financial reports shall be approved within 4 months after the fiscal year. Any report submitted after that will be audited. That is why we comply with the Minerals Law. We also promote reporting deadlines in March and 15 February, when all data are based on non-audited financial reports. The three stakeholders must have the same understanding. That is why I asked for this presentation. You need this information. Government agencies, companies and civil society need this information. The pressing issues have shown up in all 5 reconciliation reports. We make the auditors work on incorrect and unverified figures. I want to bring to your attention the development of draft laws under the EBRD-funded project. We cannot say yet whether the Minerals Law is correct or not. The Secretariat is to engage a World Bank consultant for 2-3 training sessions in 2012. Also the EBRD project, implemented by DalaiVan Audit, has a training component. If the Mineral Law is not amended, a number of reporting companies will be added next year, so we need training. But training under EBRD project is scheduled for late April and early May. That means we have no training at all from our side. MSWG must resolve this. We have been talking to Tsolmon, Enhzaya, Jigden and EBRD project consultants. Our reports are improving every year, so we will achieve our goal. Shall we run three training sessions? MSWG members should tell us. We are moving upwards, but maybe we will descend a little bit next year, the overall picture suggests.

A. Batpurev: I have one suggestion. The agenda has recommendations from ASI. Logically, as Mr Sumiya says, we should discuss them. I understand that ASI offers international level consulting. This is probably very expensive. They can assess and develop proposals on what laws are needed, what reporting procedures and what stages. They can tell us if no stand-alone law is needed, if amendments are needed and how we should operate meantime. The material we have received tells us about EITI, with 2-3 conclusions, and proposes a stand-alone law or inclusion of provisions in Sub-Soil Law or amendment to related laws. The company can only work on a short recommendation, then we can discuss the whole. DalaiVan and Ulaanbaatar Audit are aware of the situation, so need to propose what to do if the law is not supported, how to report, and what would be the reporting timelines. If the law is passed, we should know the proper legal periods, and they will clearly describe legal roles and responsibilities in detail. Then we could go forward, maybe by developing a draft law.

N. Alгаа: Looks like we are talking about reporting deadlines and timelines. Should we end the fiscal year on 31 December or on 1 April? If it ends on 1 April, companies again have to submit a quarterly report, and the process will be prolonged. If on 31 December, all can produce reports. Instead of meeting a 31 December deadline, we all want to postpone it and make all stakeholders conform to a new situation. I think we must amend the legislation and adapt the deadline for reporting.

T. Tsetsegyam: I was formally assigned to this job in April. A consolidated government report was to be produced by 15 March, but no agencies submitted a report. When I started in April, there was only about 40% government reporting. Businesses submit reports to tax offices on 10-15 February, and they are checked in April, when lots of activities are carried out. That is how it used to work. I propose to postpone the deadline for EITI reporting to a bit later.

B. Dolgor: Now, let's decide. You must have read the draft proposals.

E. Sumiya: Are we going to run training?

B. Dolgor: We will. Now, vote (unanimous vote of aye)

RESOLVED to: 1. Authorize EITI Secretariat Coordinator Sh. Tsolmon to organize at least 3 training sessions in early 2012, using the tolls and EBRD project methodology for consultation and ensuring quality of EITI 2011 reporting.

2. To work with the General Taxation Department, the State Specialized Inspection Agency, the Mineral Resources Authority and the Nuclear Energy Agency to run training involving company representatives.

B. Dolgor: Let's move to the next agenda item.

3. TOPIC: Terms of Reference for selection of auditors for Mongolia EITI 2011 audit reconciliation and bid evaluation committee.

EITI Secretariat Coordinator Sh. Tsolmon made a brief presentation on the Terms of Reference and selection guidelines (guidelines and Bid Evaluation Committee members attached).

For Bid Evaluation Committee members, he proposed B. Batbold (Mongolian Environmental Civil Council Member), B. Arunbolor (Mongolian National Mining Association Accountant) and Ts. Tsegst (Mineral Resources Authority Senior Officer).

RESOLVED to: 1. Agree the guidelines for selection of auditors for Mongolia EITI 2011 audit reconciliation, including MSWG suggestions.

2. Accept proposal from MSWG Head B. Dolgor to include B. Oyunbolor (Mongolian National Mining Association Accountant) in place of N. Alгаа, with B. Batbold (Mongolian Environmental Civil Council Member), B. Arunbolor (Mongolian National Mining Association Accountant) and Ts. Tsegst (Mineral Resources Authority Senior Officer) as Bid Evaluation Committee members.

3. Authorize EITI Secretariat Coordinator Sh. Tsolmon to announce the bid for selection of auditors for Mongolia EITI 2011 audit reconciliation, and select winners under accepted procedures in partnership with the Bid Evaluation Committee.

4. TOPIC: Improving legal framework of Mongolia EITI and proposed actions

E. Sumiya: I agree with Batpurev's proposal. The project has wasted a considerable amount of money on whether to remake or modify Mongolian legislation, but that is what the report looks like. The report recommends amending the legislation, but they should have studied the overall Mongolian legal framework as well as our sector. In fact they just repeated the existing legal provisions in the concept note, and this was rejected by the Justice Ministry. Now the project says a stand-alone law will be made. We had a designated Working Group which did not succeed, because their proposed bill conflicted with other legislation. The project appointed me as Secretary of the Working Group, and I proposed amendment of all relevant legislation. As Working Group Secretary, I won't be responsible if the stand-alone law is not supported. That is what I want to say to MSWG members. The project also met Chair Dolgor, who told them to make a thorough study as the stand-alone law will probably not be supported. Then we started working on ways to amend the existing legislation. That is where we stand. But the project will develop a draft law. Next, the project's National Legal Consultant does not attend our

meetings and does not report on his work. He behaves irresponsibly. If he continues like that, we must demand the replacement of the National Legal Consultant.

B. Dolgor: Replace Enhzaya?

E. Sumiya: No, the legal consultant. The National Consultant must work hard. This is a report by international consultants. International consultants provide distant and inappropriate reports. Look how the agencies get stuff done by consultants: the Mineral Resources Authority had a World Bank consultant for information systems. My personal opinion is I won't accept that this should happen.

B. Dolgor: We put this topic on the agenda to discuss it in depth. But the person responsible is not present, and the circulated report is low quality. We have here Enhzaya, the project's national consultant. I think we must discuss this. I think the Mongolian legal consultant is Chuluunbaatar, who should not be so irresponsible. When we discuss, he is absent. I don't know why he does not show up. If he continues like that, we will not accept him. We will respond to this issue.

Ch. Enhzaya: You must know about an EBRD-financed Adam Smith International project, to which I am a consultant. As an independent consultant I now consult for two projects: one on EITI governance for Adam Smith, and one for the World Bank on extractive industries. I am happy to link the World Bank and Adam Smith in my cooperation. It seems that we need a proper understanding on the report. You limit our work with this presentation only. The main report is of 40 pages in English and Mongolian; it should have been distributed to you by the Secretariat.

Sh. Tsolmon: It was sent to everyone by email.

Ch. Enhzaya: For today, we actually sent you a brief presentation. The main report has 40 pages. Batpurev seems not to have read the report, which answers all your questions. If you read the report and have questions and comments, not just today, feel free to ask or comment. We are ready to receive comments in writing or orally. Now, we agree with EITI on the goal of the report, which aims to identify the present situation and propose options. We offer three options for EITI to select from. One is for a stand-alone law; the other options are different, and you can read them. After EITI decides, we will provide support in eg developing the draft law or in amending existing legislation. You need to consider the task of the reporting institution and give comments. I am sorry Chuluunbaatar was unable to attend. This meeting was originally scheduled for Thursday, and he organised his calendar accordingly. Then the meeting was postponed to Friday, but he had to go to countryside as lawyer in a trial. He did notify the Secretariat. I will pass your criticisms on to him, ask him to be responsible and report in person. I think there should be no problem in meeting your timetable. We ask for comments on what should be included in the reports, or you can suggest other options, which we will use to further our work.

B. Dolgor: Let's talk about it when we discuss the topic.

RESOLVED to: Agreed to discuss legal issues at the next MSWG meeting after members have studied the project report.

B. Dolgor closed the meeting at 2.10 pm, 23 December 2011, and thanked members for their active participation.

B. Dolgor

Senior Prime Ministerial Advisor and MSWG Head

S. Batbayar
EITI Secretariat Officer