

**Minute of the meeting of the working group Extractive industries transparency initiative
(18.11.2016/**

The 42nd meeting of the working group was held in the meeting hall in the 7th floor of the office building of the General Taxation Authority at 9.30 AM on November 18, 2016.

In the Working Group meeting, Enkhbayar N., a senior consultant of the Prime minister and Head of the Working group, Zayabal B., Deputy head of the General Taxation Authority, n Badral N., Head of Taxation Management and Cooperation Department, Bayaraa N., Head of International Department of Mineral Resource of Department of State Budget Income Inspection, Battsengel, Bold N., Senior specialist of the Department of the State Income Inspection Department, Damba D., senior specialist of specialist of Department of State Budget Income Inspection, Sumiya E., Senior referent of the Parliament, Oyuntuya G., specialist of Mineral Resource Authority of Mongolia, Bayartsetseg N., specialist Anti Corruption Department, Zulai G., Saran B. and Tulga M., Specialist of Accountancy, the Ministry of Finance Senior specialist of Natural Environment, and Natural Resource Department, Tur-Od L., The president of Transparency-Mongol Organization, Leader of Borderless Step NGO Bayarsaikhan N., Narantsetseg B., Leader of Wildlife safety fund Mongolia, NGO Bayarmaa B., Leader of Khuvsgul dalai owners NGO, Dolgormaa L., Head of the Director Board of Responsible Mining NGO, Batbold B., Board member of Mongolian Natural Environment Citizens' Committee, Enkhbold D., Executive Director of Mongolian National Mining Association Agiimaa E., Head of Secretary Office of the Association of Gold Industries, Bolormaa P., senior accountant of Boroo Gold LLC, Amartzul T., Deputy director of Petromatad LLC, Renchinpagma N., Tsolmon Sh., specialist of Oyutolgoi LLC, Secretary of the Working Group and Secretariat Coordinator. There were 20 members present out of 33 members and turnout was 60.6%.

Also, Osorgarav B., Director of Ulaanbaatar Audit Corporation, Erdenetsog N., Senior auditor, David Quin, Senior consultant of Hart Noirs Company of Great Britain, and other auditors, Battsengel N., specialist of General Customs Authority, Delgermaa B., Responsible specialist of secretary office, financial officer Otgontungalag A., and Information Technology Advisor Ganbat G., were present.

The meeting was chaired by the Head of Finance and Accounting Department of the Ministry of Mining, Enkhbayar N.,

Enkhbayar N., Good morning all! Let's start the 42nd meeting of the Working Group of EITI Mongolia. According to procedure, agenda of the 42nd meeting of the Working Group and internal procedure would be introduced the main issues which delivered you by internet for advance introduce. There was delivered posed resolution and drafted notice in every issue.

Thank you for your presenting in the 4nd meeting of working group. Also, I hope to express you thanks on behalf of the Prime Minister of Mongolia and Head of the National Committee of EITI Mongolia. I believe you will successful cooperate with us for active implementation of EITI in Mongolia.

After Perelman election of Mongolia, there was certified the action plan of the Government, and discussed and certified the work plan for next four years and the main budget direction of next year. You have taken understanding on difficult current situation of economy during the discussion of monetary policy. The economic growth is -1.6% as of 9 months in this year. The next year is regarded as overloaded to pay much amount of domestic and foreign debit. You have an observation that the mining sector gave much contribution for 17% economic growth of Mongolia. 40-45% of gross domestic product is industries by industrial enterprises and more than 90 percent industries by our mining industries but, it is directly depended from product cost ups-and-downs. The financing of the sector is mostly based on the foreign investment. Therefore, the main part of Government and Parliament policy of Mongolia to classify the economic situation at first and to stabilize the foreign investment to the sector at second. There is establishing the Committee to supply investors' interest under the Head of the Government Secretary office. In this direction, we working have paid an attention to stabilize the foreign inv

The EITI has been successfully conducting it is activity up to now with support from World Bank and have achieved special advance and achievement in operation. The significant of the project is not only to compliance report, calculation and digital data but also the main significant is to create the confidence between investors and Government of Mongolia. In other words, it is very significant that gives us opportunity to join cooperation between investor and Government. By the International meeting of EITI in Astana Kazaxstan in October 2016, the report EITI of Mongolia permitted well. Today, we are going to discuss the 10th report of EITI Mongolia which implemented since 2006. We have prepared and drafted our report for discussion how ever there were some state on date because of special reasons in the course of drafting this report became ready for discussion. It will be discussed by the National Consultative meeting in the December. As EITI, our further proposed objective is to draft work plan which will be done in the scope of the aim, to apparent the beneficiaries from the mining industries 2016-2019 in Mongolia, to apparent the beneficiaries from the 2020 to apparent the beneficiaries from the Mining industries and to compliance in standard requirement. EITI is working to get transparent in the industries of Mining industries.

As well as, we will work actively in the direction to sing the memorandum of mutual understanding between the Ministry of Mining and Heavy industry and Open Society Forum, to supply transparency of the contract. Also, we have mutual understanding to receive support from the European Bank and to get cooperate in this direction.

I wish you to take an active part in the meeting and further success.

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Let's verify the general rule of the meeting. There was introduced the general rule of the meeting and 100 members agreed with it.

1. Discussed: the project introduction of unification report of EITI Mongolia in 2015

D.Quin: Hart Group is been drafted the report of EITI for last several years. Hart Group locates in Great Britain. Our group has done unification and certification of EITI, has conducted our operation in the direction of initiative in many countries of the world. Also, we conduct retraining to strengthen potentiality of Civil Society Organizations, and to conduct certification cooperating with state organizations. Hart Noirs Group cooperates with Ulaanbaatar Audit Corporation of Mongolia, which is one of the biggest company in Mongolia and works in the direction of auditing, certification, and audit consulting service, as well as specialized by those directions. Ulaanbaatar Audit Corporation is a member of network organization Grant Toronto which is the biggest in the World and manages it operation in this direction.

Now, I am going to introduce the project of the instruction of our report. There is processing to clarify some issues and please take in your account that it will getting better in the further.

This report is involved information from 202 companies which conducted mining industries in 2015, 10 state organizations, and local administration organizations. The information of the companies was included charges paid for tax, incomes received from the government and other additional information. Also, there was used the electro-information for drafting this report. The report was done by check off method between paid tax and received income from the Government organization. Income circulation limitation was done for 191 companies and 11 State owned companies in the unification. The biggest companies were elected first which received 1.4 trillion tugrugs from the Government. There was difference at 3.3 milliard tugrugs before unification. It was getting down until 1.44 milliard tugrugs having conducted unification based on the received information, clarification from the stakeholders. We regard it is the biggest achievement. But there is a reason behind of the difference. And there was left un-explained difference at 200 million tugrugs after its regulation.

I express you my thanks to the State organization which cooperated with us. Also, there some interesting example that 88% of total tax has paid by the biggest 10 companies which paid tax and related charges, but 12% was paid by more than 2000 companies.

Now, I give you brief introduction on unification report by 2 directions: complex of the report and certification. We regard that the report become complex because there was involved 96.1% of the companies which issued the report. All organizations and State Owned Companies involved in this unification and issued their reports. The companies have to deliver certified report by the administration of the companies and annex the management responsibility letter or administrative representative letter. But, State organizations did deliver this letter yet. It is

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important to give us guarantee from the responsible staff which drafted this report which certified that the information included in the report is true. The unification report is not required to continue in case the received and paid amount is balanced. There is a letter from one organization. So, we requested to deliver us financial statement having certified by its auditors. 4 State Owned Companies were not issued us it now. 76% of all companies delivered us the management responsibility letters that certified trust of the information, as well as 46% of them delivered audited financial statements. There is good achievement that 50% of all companies have delivered the auditors' letter in this year; however there was not conducted audit conclusion last year. Why I am talking about those letters and audited financial statements? Because, it is require well from EITI at first, it is regarded that there is not required to conduct certification in case the report and statement of the companies met standard of EITI and annexed the management responsibilities letter, as well as the paid and received amount are balanced. As of today, ¼ of the companies did not deliver the administrative responsibility letter yet. Therefore, there is growing issue that who the companies could not adopt to draft administrative representative letter even there was passed 10 year since the period when EITI has started to draft the report. The State Owned Companies delivered the auditor's letter, but there is limitation on some issues. For example: there are some limitation on accountancy, rehabilitation and operational structure.

As for other issues related to the report, there was conducted the product share contracts in 2015, there was some requirements to get it transparent. For this reason, we asked to deliver the information but, still no answer for these issues. As well as it is required to get transparent licence changes of this current report year. Based on the released requirement, there was some difference on license changes involved to 2015. Maybe those changes caused from the mistake in drafting and registration process, as well as because of different information sources which were used for drafting. Therefore, we have left it for further studies. EITI has required to focus total industries amount and price of the product in the report in next report. For this reason, we have collected special information such amount of industries product, and price of sold product. (Annexed the introduction)

Zayabal B.,: Thank you for your information. Hart Group is the skilled company which has drafted unification report in 2013. There is some changes on standard and requirements of EITI. You can ask a question related to the introduction.

Batbold B.,: There was conducted an international confirmation in the course of drafting unification report of EITI. Have you introduced it, is the any advice or recommendation which useful for next unification operation?

D. Quin: We received the confirmation report before 4-5 weeks from now on. Thus, we did not have enough time to focus it in report. Thus it may be effective to include the advice and

recommendation of confirmation report in work plan of the working group and focus it in work task of next year.

Amarzul P.,: You said that State organizations did not deliver the administrative responsibilities letter. Who should be responsible for it, and who should confirm it and which measure will be taken for responsibilities?

Erdenetsogt N.,: Any state organization delivered this letter; we required to receive information related to basis information which not belonged to data of unification report. It was too hard to research to this information however there is the staffs who responsible for this information. The problem was caused because the staffs have changed related to the establishment a new government. We have included in the report the information which regarded most correct having compared much information. The senior and high authorities of the state organizations should certify that information, which delivered for this report, is correct and true. But state organizations do not work enough for this requirement.

D.Quin: Authority of the given organization should deliver us the letter, which confirms the information and report drafted by them, is correct and true, before delivering the report.

Amarzul T.,: The question is that which measure or method will be suitable for the state organization which does not deliver the management responsibilities letter? Who should require this letter?

Badral N.,: The Tax organization should supply the required information and report, but they refuse to give only information. In other words, it is prohibited to give name and telephone number of the taxpayer without his/her permission and but they give statistic information.

Sumiya E.,: It is required to inform authorities of the state organization that they should deliver the confirmation letter, which confirms the drafted report of state organization, before this report, and to establish mechanism for to demand responsibilities. This issue is not for only one company, but it is about the information and report throughout the country. In other site, some recommendations are not possible to be implemented. In other words, it is required to change some Mongolian legislation for this recommendation and if so, it will take much time. We have spent much time to be certified a new law and could not do it because of the some recommendations which are being barrier. The contract could become as transparent because it is related to the transparency of the company. But it is possible to conclude the contract implementation. Thus, the auditing companies should use correct words in their recommendations which are possible to follow it.

Oyuntuya G., specialist of Natural Resource Department. When I worked as a specialist responsible for the information of EITI in 2013, the confirmation letter was delivered by email or online tools. I do not understand why the confirmation letter is delivered in this year. Recently, I

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have appointed in this position. I did not receive any information from Ulaanbaatar Audit Company after this period. But other information was included in accordance with the requirement. The organization interested the issues on license should register in our organization and receive the right to enter and receive all necessary information. Currently it is impossible to enter everybody, because the capability of the site is very low, and receive many interested bodies in same time. Our head is working pay an attention for these issues. Soon, we will establish information data and unify all related information here. We did not take any measure to hide or close the information, we proposed to work open for all.

Zayabal B.,: So, State organizations have drafted and delivered the information and other part requires delivering the confirmation letter which confirms that the all information and report are correct and true. The report form is certified by both parts. It means both part agreed the report requirement. In other words it is administrative certification. But it is required to deliver the letter. It is not regarded as a problem?

Bolormaa P.,: Delivered information from state organization is very good in this year; there was no difference between information. Thus it is regarded that the state organizations have worked well. There was nearly difference in our company. Ulaanbaatar Audit Company worked well. The administrative responsibilities letter is form only. It is vetting few difference that 200 million from 1.3 trillion, it is not material amount. I think it is not influenced to the content that 5 organizations did not deliver the responsibilities letter however they have given correct and true information about this huge amount. For example: I have drafted and administrative responsibilities letter and then signed by our administration. . So, I think, the state organization worked much and good.

Tur-Od L.,: I have some issues for clarification. It is right, that I understated from the information David that there is no enough evidence for confirmation and it became not very good conclusion. Please, give me explanation about it. Also, responsibility issues related to the confirmation report. Which responsibilities will bear the companies and organizations which did not deliver the responsibilities letter and audited financial statement? It will be good if will discuss about it well. During the drafting period of the report or July, Ministry of Labour and Ministry of Natural Environment and Tourism neither have nor delivered the report. The State organizations have not delivered the management responsibilities letter during the drafting period of the report. Which responsibilities will be taken for these organizations? Some staffs from state organizations give speech related to the recommendation that the legislation becomes a barrier for fulfilling the requirements. But, I have more different stand on it. Audit companies should require their standard and give recommendation in implementation process. It is not good way to accuse the independent auditors or auditing organization that those organizations are giving recommendation which is impossible to follow. They should work by standard and give recommendation in accordance with this standard. But, state organization should pay attention to

the legislation which becomes a barrier for the operation and think about to regulate and change it for this direction. In the Parliament session on November 03, 2016, there was certified that “National programme anti corruption” and I have worked in working group of the project. There was article “To get transparent mining industry” in the article 4.1.6. And 5. The Parliament is being responsible to certify the related legislations, in other words the Parliament should certify that law related to the Mining Industry. Then, it is required to check again the laws on Confidentiality of the State Organizations and Confidentiality of individuals. I regard that we will cooperate in next year in the direction to supply the all standard of EITI. Thank you.

D. Quin: There are some questions related to the confirmation of information. The responsible staffs for information of state organization deliver the information questioner. We did not regard that the report and information is not correct. But, we require that there should deliver the management responsibilities letter in accordance with the resolution which was issued from the working group. Also, it is required to deliver management responsibility letter from for state organization which was drafted by the senior specialist and signed it by administration of the organization. By this letter will certify that this information and report is not only delivered by responsible staff, but it is certified by whole agency or ministry. From other side, it is required to confirmation document confirmed by independent auditor. In other words, the person who receives this report will directly understand that this report has certified by the independent auditor, and like this document can be more reliable for others. Not only ministry and state organizations but also local administration organization should delivered confirm report. It is very important step. It is required to company to deliver the letter which certified that the information is correct and true or audited financial statement. It will be evidence that the information in the report is correct and true. It is very significant that 50% of all companies have delivered the confirmation letter, but we have change to improve it. In the speech of K. Short, a secretary of EITI “It is requiring the reported statement and information to insert to online page”. Mongolia has started this work and unifying the report and information in online. In the Standard of EITI was noticed that if the digital information issued by the given state is in standard requirements, also, if the information unified in online, if it is regarded enough the audit report, it is not required the independent auditor’s inspection and does not unification. The management responsibilities letter and audit conclusion show that the report of this year could not satisfy this requirement however we receive the report by online. Thus, it is required to improve and promote this action.

Battsengel N., the report difference was 3.3 billion tugrugs. It was regulated until 0.2 billion in accordance with the mutual agreement. I hope to express my thanks to working group of EITI and Ulaanbaatar Audit Company and other organization which have cooperated for this achievement. We have cooperated to regulate this difference in more than 100 companies and enterprises. It was huge work. Our organization issue form 1 and clarification 5. Now, we use online page for it however we have used paper form before. We did not hide information and all

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report and information are transparent and correct. We are discussing about the system to enter and find all interested information whenever. Thanks for Ulaanbaatar Audit Company and director Osorgarav and his colleagues.

Saran B.: There was included the information on the deposit for Natural Environment and rehabilitation in the report unification in 2015 of EITI. The main proposed issue is not only to reach information in the ministry but also the information and responsibilities related to rehabilitation process of the given companies and organization, register the places which was damaged place which required rehabilitation. By every company, and include this information in the report. I am happy that we have reviewed our purpose in the meeting of the working group of last year and achieved special result in 2015 report. I hope this work will be continued in 2016 and include all noticed issues of every company in the report.

At the result, the further information on rehabilitation will be transparent. Currently our ministry and Natural resource department could not give digital information on rehabilitated place. The amount is increased every year. The information on rehabilitation will be transparent if the companies inform about the places required rehabilitation and information on places where conducted rehabilitation. I f could work by this priorities; we could reach good achievement on report of transparency. I hope to take in your further consideration. Our ministry have official information rehabilitation and deposit assets in this year. The Deposit asset is belonged to the law of confidentiality. Therefore, it is impossible to get transparent information of deposit assets in accordance with this law. But, it will be good influence for the reputation, image and business operation of the company if the company get became the information on damaged place and rehabilitated place. It is possible for all to receive required information from online and use it in your report in 2017.

Osorgarav B.: I hope to express you my thanks to all organizations, companies and its colleagues for cooperation of report unification in 2015. The process of the report unification has started so late. We received the report of those companies at the of July. But, the processing was very successful however the period was so short for us. So, now, I am very happy reporting.

We required specially the management responsibilities letter from you because it was included the requirement of independent auditors and International standard. But some organizations did not delivered it because they do not understand it well, maybe some staffs has changed there. There were many different reasons for this year. There was certified the Parliament decree 222 in 2012 to share product. The companies do not work well in the issues of transparent because there was noticed to implement it by experiment at first. It may be included for further attention of the Government. We will introduce it in the Meeting of National Committee. And will receive you recommendation. Thank you.

Ganbat G.,: there was included introduction related to issuing license in the report 2015. I have view that if you have time to include in the report the information that How many request have you received in 2015, how many of them cancelled and how many of the you have issued the licence and how many of the left for further decision in the article 7.2.7 of the report recommendation was pointed that it is required to omit before drafting report the companies which is not related to the mining industry. It is not belonged to the work direction of the working group. Thus in accordance with the mutual agreement working group, the independent auditor should choose the companies which will be included in the unification report, which information will be collected for this. Therefore, the working group is not possible to do this choose. When we receive the report, we choose the companies based on the licence information issue by the Mining Resource Department.

Zayabal B.,: Thank you. Thank you for independent auditor who introduced the first issue. Now we will draft to project for resolution related with our discussed issue. Have agree the project of the resolution?

Sumiya E.,: The issue to organize the National Committee is not possible to be discussed by the working group, but it maybe conducted by the working group having introduced in the meeting and to obligate to the working group.

The members agreed the project of the resolution.

Resolved:

1. It was regarded that unification report of EITI in 2015 is satisfied having introduced the project of the unification report
2. It is required to prepare the unification report of EITI in 2015 to introduce to the National Committee
3. There was decided to conduct the regular meeting of National Committee of EITI in December, and charge the working group of EITI to supply the preparation of Meeting of National Committee.
4. Viewed to the working group to transfer the 50% of the payment of the contracted job.

Discussed: introduction on the scheme and programme of directives to get transparent the owners of beneficiaries of the companies of mining industries

Damba D.,: I have worked as a head of the working group since April 2016. There are 16 embers including the representatives from the state organizations, civil society and representatives of the companies. During the past period, sub-working period is conducting special duties; For example: conducted the advance research on legal environment issued from Open society forum and distributed it. There was conducted the training from Institute of “Orchuulagch” center, a member of the Mongolian Translators’ Association
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National Resource Committee on thesis to become transparent the beneficiaries. The most important is that the sub-working group has drafted then scheme and plan to get transparent the beneficiaries of mining industries. For this reason, the sub-working group has conducted meeting twice and drafted the project. In other to draft the project, we have conducted research in the practice of 11 countries which could gain experience in this direction. At the result was successful, the closed information could become transparent in special level. The members of the National committee paid attention, understand the significant, and discussed the issues to renovate the legal environment, state registration system. In the course of the working period, we faced some difficulties. For example: it was so hard to reach reliable and complex information, also, there was confusing between the meaning of the words owner of beneficiaries and legal owners. And there was caused understanding mistake. Besides of it, we have special opportunities, such as: there was find the direction of the National Policy Strategy and established institution work scope however it is not complex. In the scheme and plan on 2020, there were focused 7 objectives and 33 operations. Also, we have planned to conduct our operation by 5 objectives: to link the National Policy, to determine institution scope, certification of terms and vocabulary, material standing, report period, and priorities, full report and influencing operation of the State Budget Policy Inspection Department in 2017, to collect information by experience and certification of information in 2018, to get transparent the information to public in 2019. To get transparent the owner of beneficiaries will make good contribution to improve the responsibilities of the company, grow the mutual confidence,, reduce corruption risk, establish environment of fair competition, as well as, the business separate from politic will be establish health and effective business environment. (Introduced the introduction).

Zayabal B.,: Thank you. The line is open for the members want to say your opinion.

Tur-Od L.,: I have seen and introduced the experimental evaluation report which was drafted in 2011. Also, Maybe you have seen EITI management directive 22. Have you received suggestion in the project from the participants which responsible for this issue and representatives of Civil Society Organizations?

Damba D.,: The working group has discussed twice and drafted the project by 7 objective and 33 operations. There was viewed the suggestion of the organizations which involved in the working group however the suggestion was not received by written form.

Sumiya E.,: It means quite long period that noticed as 2020. There are some non-related issues however there are many issues on policy. We should classify it, omit some terms like resolution from this work and include to the plan. The Ministry of Mining industry should be the organization which is responsible for policy issue. In the works scope of the prime minister is being working the National Committee and working group. There is no issue related to the Government Implementing Agency. I was responsible for this position before when i got pension

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in 2015 If you believe me, it would cause the problem, because different people are being responsible for this issue not me. Maybe this part will be left as vacant having noticed GIA as a responsible part. Therefore, the policy issue should be under control of Ministry of Mining.

Damba D.,: It is possible for the Ministry of Mining and Heavy industry to be responsible for the policy issue. The Minister of Mining and Heavy industry works as a Head of the National Committee too. We agree with your suggestion.

Delgermaa B., in accordance with the International Standard, there was appointed to get became the owners of beneficiaries from 2020. Before this period, we receive the beneficiaries.

Batbold B.,: 300.000.000 tugrugs planned for the project. Some of them focused as from donators.

It is required to determine the period of this operation having discussed in the meeting of National Committee and certified and clarified the financing of the operation. Thus you take it in your consideration. Maybe this standard could not be implemented because of financial difficulties.

Tsolmon Sh.,: Ulaanbaatar Audit Company has conducted the research on report of 2015 including 53 companies. This information maybe introduced now.

Erdenetsog N.,: information on the owner of beneficiaries is received by online report. We have drafted research form and included in the online system. There will be discussed in the first report on directive to get become the kind of beneficiaries and received information by online report in order to determine the last owner of beneficiaries. But companies understood the report incorrect and short. Then, we drafted again the form and unify the information having received the information. As of today, 51 companies from 202 companies became transparent. The 47 citizens have announced that they are last owner of beneficiaries. 10 companies is working stock exchange market. This work will process well in the future.

Sumiya E.,: it is completed before the members of Sub-working group start their work. Therefore it will be good to make amendment to the law. This is not required the some research, precious money!

Osorgarav B.,: we have conducted training jointing with the working group. But some of them do not understand and some of them want this training. It is difficult to get transparent. We proposed to conduct this training because it is required by the International standard.

Zayabal B.,: Thank you. Work paying attention to suggestions of the member having clarified it. Let me introduce the project of resolution.

100 members agreed with it.

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Resolved:

Damba D., the senior specialist of the Ministry of Mining and Heavy Industry have introduced the introduction on the scheme and programme of directives to get transparent the owners of beneficiaries of the companies of mining industries. In the course of the meeting, there was charged the working group of EITI to introduce it to the meeting of the National Committee.

Discussed: Implementation of work plan in 2016 of EITI Mongolia and project of the work plan in 2017

Tsolmon Sh.,: Implementation of the work plan in 2016 of EITI Mongolia and project of the work plan in 2017 were distributed to you. Thus, I give brief introduction. There was implemented 27 operations from 53 planned operation totally in 2016. There was conducted 3 meeting of the working group and 2 meeting sup-working group. The main reason is the project financing of the World Bank was delayed and the preparation of the contract was delayed until August 20. The following is the implemented biggest operations: Mongolia was awarded with the prize of the Head of EITI for “improving information distribution” in the International Meeting held in Peru in February 2016 and Mongolia became a country with double awards. Because, Mongolia was awarded with this prize in 2011 for ‘good report improving report quality’. The representative leading by Jigjid R., minister of Mining of Mongolia have taken part in this meeting, showed the exhibition of EITI and discussed the issues to cooperate with Peru and Columbia. Enkhbayar N., head of the Economic Department of the Ministry of Mining have taken a successful part in the election of managing committee of EITI and became member on behalf of Mongolia. But, there is some pause because there is not finish the structure changes of the Ministry. Also, we have conducted the election of Audit Company to conduct the report EITI and elected Ulaanbaatar Audit Company of Mongolia and Hart Noirs organization of Great Britain, and concluded contract and now introduce you the work. In accordance with the standard of EITI, there was conducted start seminar, agreed the work scope of contracted work. The Ministry of Mining organized the sub-work group involving huge scope which will organize the research transparency of owners of beneficiaries of mining industries, and held related meeting and introduce you the introduction on the scheme and programme of directives to get transparent the owners of beneficiaries of the companies of mining industries. The second scope of online report system, the ministry of Mining conducted public introduction, renewed and published the handbook and brochure. There was improved the statistic analysis and its result of online report system. We have worked in the working group of the law draft “Transparency of Natural research sector” which was organized in the Economic Stable Committee of the Parliament, conducted discussions, and prepared the project for the first discussion, but it is not discussed by the Parliament. GTZ and Mining Magazine have jointly prepared a book on transparency of north and west zone and published it. The Open Society forum and Ministry of Mining organized website for contract transparency of EITI and finished it, the official representatives of working group have worked in Thailand and Miyanmar with financing of those country at the frame work to share experience on EITI and scope of experimental work of GTZ and shared work experiment. Mongolia has conducted the International confirmation of EITI at the beginning of July 2016 and introduced the related result and the last resolute and summarize will be delivered in December. In order to improve the international cooperation and communication, the

preparation work for to conduct the research and experimental project by related organization has started already.

We have planned to work by 5 main aims and 16 objectives in 2017. Including 5 following aims 16 objectives; to improve data which was valued down by international confirmation of EITI, to draft unification report of 2016, inform it to public, to supply the implementation of EITI in local area, to improve capability of sub-structure, to the scheme and programme of directives to get transparent the owners of beneficiaries of the companies of mining industries, and to supply the contract transparency. There was drafted the project of work plan in 2017 and introduced related work, result, posing product, responsible part, term, amount of cost and source. Also determined work motto of 2017 as “let strengthening the sub-committee” which was a motto in 2016. We will introduce the operation plan of 2017 to the National Committee in December. It impossible to enter additional suggestion and changes if have idea. The financing will be from the World Bank, European Reconstruction Bank and State Budget. We believe there will not be caused the pause like 2016. Thank you for your attention (annexed the introduction)

Zayabal B.,: Thank you. The introduction shows that Mongolia was awarded 2 times. So, it means we understand well each other. The staffs that work in State organizations is a Mongolian, and officer of Civil Society organization is a Mongolian too. We could have good understanding each other. The staff that is representing the state can represent the civil society. Mongolia could receive 2 awards it means Mongolians have good understanding each other. We are following a new development step that is online reporting system. Out taxation organization became an online. We enter and change all required information. It is possible to work in online for private sector too. They could reach in required information. Do you have suggestion to work plan of 2017.

Saran B.,: I have suggestion to add the work “to include in the report the information on damaged place, rehabilitated place” in the part of the objective 2 or to supply the transparency of licence. As well as, to enter our organization in the work team which will be responsible for the 3.2. of the objective or the work part “To draft and certify the directive to confirm the report of the company”.

Bayarmaa B.,: the contract transparency would be transparent of the work will be conducted by the planned work in the 5th objective to get contract transparency. There are 20 contract of petro oil being under secret which could not become transparent by the report of 2015. It is required to conduct some operation to become it transparent. The contracts of petro oil are always being under secret and could not get transparent. There was drafted the sample of Investment contract, Contract to develop the local area and those are became transparent. This we need to pay more attention to get transparent the contract conclusion process. It is not important talk about it after conclusion of the contract. Thus it is very needful for us we could evaluate on implementation of the contract, then discuss the evaluation and introduce it to public after conclusion of the

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contract. There is conducting monitoring in total paid and received amount or in contracts. I ask you to include in the work plan followings; to enter this information in online site and to deliver it to public. There were conducted public discussions. Have you included this work in the work plan? 3 parts have used to meet once a year and checked and discussed about implemented or completed the works of the State, company and civil society organization. It was only chance to ask the company following questions and receive answers: How much donate to the local area, how much land was damaged and how much a place was rehabilitated by the company. Thus, we want to include in the work plane this successful traditional work in the work plan. Also, we hope to get Zaamar soum as a sample soum. The Government has given to somebody 5000 hectare land secretly. Thus it is needful to implement the experimental project in the sample and conduct observation to determine the secret operation and situation which may cause corruption. We have worked since 2006 to transparent this issue, but we could not do it. This soum is suffered by corruption. At the end, we have proposed to prevent from corruption and to get transparent the income from mining industry.

Tsolmon Sh.,: European Reconstruction and Development Bank will elect the staff who will work for 10 months. They will work having elected the sample soum. In my opinion, Zaamar soum will be involved in this list.

Tsolmon Sh.,: The implementation report of work plan in 2016 shows that the implementation of work plan is 50% in this year. The reason is clear that is financing issue. Do have chance to finish the un-completed work until end of the year? How many percent could be implemented? Or do you include it in the work plan of 2017? Or do you leave all work which was not completed yet? So, next suggestion is related to the motto of "Operation scope". This year was to strengthen the macro structure. And special operations were conducted. The motto of 2016 will continue in 2017. There was planned bigger operation or 25 measures which were directed to get transparent the owners of beneficiaries of the companies of mining industries in 2017. Of course, there is conducting monitoring in the implementation of work plan of 2016. It will be more real, if you get suggestion from stakeholders on implementation of work plan in 2016 and unify it, and conduct observation. In other words, it is required to realize the implementation and planning of work plan. Thank you.

Tur-od L., Mongolia takes a part as a member state Open Government Partnership. There will be conducted high meeting in Paris on 7-9 December of this year. In accordance with this meeting, Mongolia has been working in the working group of Mining industry which will issue the policy document. There is opportunity to include our suggestion and include additional notification. There was verified the National programme anti-corruption by The Parliament of Mongolia, and the Parliament obliged to draft implementation programme. I hope you to take active part to supply the relationship member of working group and stakeholders in the issue related to transparency of mining industry.

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Sumiya E.,: the objective of work plan in 2017 is clear, and it would not be changed. But I have question related to motto. Is it directed to sub-committee or 3-parts stakeholders of local area? Civil society organization, Government, and companies are contacting and sharing suggestion by all issues. I hope this mechanism would be established in local area. There is meeting and training of central area. This events are conducting every, but there is low result. Clarity the planned work in scope of the motto and get become open all operations. It is important to choose the method. We have been working open from the first period. Even our country and secretaries of international organizations are inserting their information. There is some issues that our country implemented at first and then included in the international standard. So, nowadays, our country is implementing online report firstly. The extra cost for independent audit is not required again, if we prepare online report and make independent audit inspection. We are working by this direction. We need to improve our work method. This plan is being vacant, shall notice the responsible staff. For example: the Ministry of Mining will be responsible for policy issues and General Taxation Department for financial report.

Batbold B.,: There was left the work to be verified a law in the work plan of 2017. The members of working group need to take activation measure cooperating with National Association of Mining like the operation initiated by Oyu Tolgoi. Also, the responsibilities of every action should be clear. For example TAN will be responsible for plan. Dear Gombojav issued the suggestion in the meeting of the National Committee that the National Committee must be responsible for this issue.

Zayabal B.,: Thank you very much. I agree the suggestions of the member. I suggest that I will send work plan again having focused the new suggestion of the members, deliver to all members and receive the suggestion again from other members. Let's verify the resolution of the meeting. The General Taxation department provide much support to our meeting and supplied the meeting hall. Let activate the participation of State organization in the next meeting.

Resolved:

Tsolmon Sh., introduced the implementation of the Work plan of EITI in 2016 and project of work plan of 2017. The project of work plan in 2017 will be re-drafted having included the suggestion issued by the meeting. It was charged Secretary office (Tsolmon Sh.) of EITI to introduce to the National Committee.

The meeting end at 12:40.

Meeting minute was introduced by:

Senior consultant of the Prime Minister
Secretary of National Committee of EITI

And Head of the working group
Deputy Head of the General Taxation Department
Secretary of Working Group

Enkhbayar N., (signed)
Zayabal B., (signed)
Tsolmon Sh., (signed)

The minute was drafted by:

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Otgontungalag A., (signed)

In the Minute of the 42nd meeting of the working group “Extractive industries transparency initiative”

November 18, 2016

Ulaanbaatar

The 42nd meeting of the working group was held in the meeting hall in the office building of the General Taxation Authority at 9.30 AM on and finished at 12.35 on November 18, 2016. Enkhbayar N., The meeting was chaired by the Head of Finance and Accounting Department of the Ministry of Mining opened the meeting and managed by the Zayabal B., Head of the General Taxation Department.

The discussed issues and resolution from the meeting:

1. Erdenetsog, a senior auditor of Ulaanbaatar Audit Company and David Quin, a senior consultant of Hart Noirs Company have introduced the project of the unification report of EITI in 2015.

Resolved by the meeting:

- There was introduced the project of the unification report of EITI in 2015 and in regarded that is satisfied.
 - It is regarded to introduce the project of the unification report of EITI in 2015 to the meeting of the National Committee.
 - It is regarded to organize annual meeting if the National Committee in December. And charged Secretary Office of EITI to prepare to meeting of the National Committee.
 - It is suggested to the secretary office of EITI to transfer the 50% of the payment of the contracted work.
2. Damba D., the senior specialist of the Ministry of Mining and Heavy Industry have introduced the introduction on the scheme and programme of directives to get transparent the owners of beneficiaries of the companies of mining industries. In the course of the meeting, there was charged the working group of EITI to introduce it to the meeting of the National Committee.
 3. Tsolmon Sh., introduced the implementation of the Work plan of EITI in 2016 and project of work plan of 2017. The project of work plan in 2017 will be re-drafted having included the suggestion issued by the meeting. It was charged Secretary office (Tsolmon Sh.) of EITI to introduce to the National Committee.

Senior consultant of the Prime Minister
Secretary of National Committee of EITI
And Head of the working group
Deputy Head of the General Taxation Department

Enkhbayar N., (signed)
Zayabal B., (signed)

The minute was drafted by:

Secretary of Working Group
Officer of the Financial Service

Tsolmon Sh., (signed)
Otgontungalag A. (signed)