

In the Minute of the 41st meeting of the working group “Extractive Industries Transparency Initiative” (August 04, 2016)

The 41st meeting of the working group was held in the meeting hall of the office “Integrated Mineral Resource Initiative” of the German Society for International Cooperation at 10:00 on August 04, 2016.

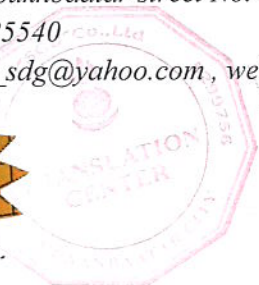
In the Working Group meeting were Dulamsuren D., Head of the Department of Enlightenment and Prevention of the Anti-corruption Authority, Zuunnast T., Senior Specialist of the Department of Strategic Policy and Planning of the Ministry of Mining, Oyuntsetseg N., Specialist Responsible for EITI of the Ministry of Mining, , Battengel Ch., Senior Specialist of the General Taxation Authority, Enkhbold D., Executive director of Mongolian National Association of Mining, Bolormaa P., Senior Accountant of Boroo Gold LLC, Oyunchimeg B., Specialist of Petromatad LLC, Renchinpagma B., Specialist of Oyutolgoi LLC, Bayarsaikhan N., Head of the Director Board of Responsible Mining NGO, Narantsetseg B., Leader of Wildlife safety fund Mongolia, NGO, Battuya on behalf of Bayarmaa B., Leader of Huvsgul dalai owners NGO, Batbold B., Board member of MBOIS, Altantsatsralt Kh., Board member of MBOIS, Dolgormaa L., Head of the NGO “Responsible Mining”, Tserenjav D., Executive director of Transparency Fund NGO, Boldbaatar B., Head of the Movement of Minii Mongoliin Gazar shoroo (Earth of My Mongolia), Tsolmon Sh., Specialist of Oyutolgoi LLC, Secretary of the Working Group and Secretariat Coordinator. There were 17 members present out of 33 members and turnout was 51.5%.

Also, Moffat P., Director of EBRD, Pell R., Director of Adam Smith Organization, Batbold O., Executive director of the program “Integrated Mineral Resource Initiative” of the German Society for International Cooperation, financial officer Ogtontungalag A. and Information Technology Advisor Ganbat G., were present in the meeting.

Tsolmon Sh: Good morning all! Nyamaa B., senior consultant of the Prime minister should chair the 41st meeting of the Working Group of EITI Mongolia. He asked me to chair the meeting because he has rush work at this moment. So, let's start meeting and the first issue.

Tsolmon Sh: At the beginning of the meeting there will be issued information on 2015 report of EITI. We have started to receive the report from June 2016 and 600 companies delivered their report right now. The Ministry of Finance, The Ministry of Natural Resource, Tourism and Social welfare, Ministry of Labour, Bayanzurkh district, Nalaikh Bagatur district, Dundgobi and Uvurkhangai province between all 40 state organizations have not delivered their report yet. By report of state organizations, there was report income statement at 1.59 trillion tugrugs which received from 1900 companies. Audit companies have started their work. Ulaanbaatar Audit Company elected and started the work in this year.

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Now, Moffat P., director of EBRD will deliver you information in accordance with the schedule.

1. DISCUSSED: introduction on support from EBRD to implement EITI in Mongolia, importance and purpose of experimental program which will be implemented in local area.

Moffat P: The first of all, I express you my greetings and I am happy to meet you again at this moment. I present here with Jonathon Pell, representative of Adam Smith Organization. We have prepared a project to implement cooperating with working group of EITI which is directed to improve distribution operation and communication of EITI in local area. EBRD has been cooperating with EITI since 2010. This is the third project which will be implemented with our cooperation. EBRD is always pretend to cooperate, provide support in the direction of EITI. It is very important to deliver information on EITI. However, there are many benefits from mining industry, but other side, there is solving expenditure and bad consequence such as natural pollution, people in local area lost their land. Also, it is very important to deliver information on EITI to local area because all income from mining industry is delivered to the centralized national budget. And we will have chance to reduce number of bad consequence as delivering real and true information to local people. We support to issue report at the frame work of EITI, and we have interest to provide support in the direction to deliver related information of local people and support their operation. We ascribe that to deliver information of EITI is important to be stabilize the EITI in local area. It is required to deliver information on EITI to special people using optimal message in defined period. Jonathon will introduce on the project. We regard that we have opportunity and method to implement the project such us work board, working group, electro-report and other recourses.

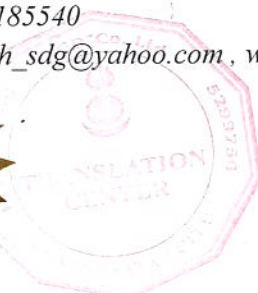
Pell J: Hello. There was passed solve period after my last participation of the meeting of working group. But I have thinking about EITI every day.

However, I am not always being in Mongolia, our project was implementing in Mongolia. I believe that you use information from electro-report. Electro-report operation will continue until December. Also, we have planned to conduct training for users and to start this project after finishing the electro-report. Now, I deliver you break information on the project. You vie and optioning is very important for us. The name of the project is Experimental project in information and communication in local area of EITI. We regard that people will learn much thing from the project and will improve our future operation as implementing this project. The main goal of the project is to strengthen the capacity. However, there will be finished our work which is directed to EITI, people will have capacity to continue it. Difference from our previews project is directed to implement it in local area. As implementing this project, I have personal interest to see reality of local area, but also EITI is not only the subject to issue report but also the information used by the report will became main base of the discussion to conduct in local area. Executive task of the project was previously delivered you. Soonest main purpose is to

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draft Information and communication strategy. There was formerly drafted the strategy of communication, but this time, we will draft information and communication strategy which will be implemented in local area. The work board and working group will cooperate in this part. We have listed must imported work of the project in the introduction and we hope to receive your view. The project of EITI which will implement in local area will continue for 12 months having calculated the election of local area, as well as winter period which is usually hardness to work in this area. Most important discussion will be held on the issue to choose 5 soums, which will be elected at the framework of the project. At first we will determine the election factor and will held discussion to elect soums. Having elected soums, we will discuss on burning issues of given soum and main conduct operation of the soum. We will work in soum in order to receive information on knowledge rate of local people on EITI. Based on this work, we will draft strategic plan which include speciality of the soum. The project does not start in five soums together. Because, we have planned to start the project in one soum, then continue it next soum having corrected our mistake in previous soum. In the course of the project, we will work in tendency to draw method based on the project, to use electro report as a discussion platform, to use more information of electro-report. To conduct our operation based on the experience and observation of the organization which conducted their operation in local area, to use knowledge of Mongolia specialists, such as companies conducting their operation in the direction of communication in Mongolia, to get participate and cooperate with Civil Society Organizations, to supply condition to stable continue after finishing the project. We have delivered the papers which include on the project and criteria to choose soum, and ask you to deliver us your view. For example which issue or problem is most important for soum. (Annexed the introduction).

Tsolmon Sh: Thank you Pell and Moffat for interesting introduction. There was delivered to the members of the working group information on the project and received their view. We have received view from Narantsetseg and Bayarsaikhan, members of Publish What You Pay Mongolia Coalition, Saran of the Ministry of Natural Environment, Tourism and Social Welfare and Munkhbat, Secretary of Executive Committee of Selenge aimag. Also, the representatives met Nyamaa B., Senior consultant of the Prime minister gave detail information on the project and exchanged their views last week. There was informed that the government will provide all possible support to the project. Present introduction was issued based on the meeting of some members of working group with representatives of the companies and focused their view. Now, you can participate in the discussion if you have question or view.

Bayarsaikhan N: Thank you. There is going to implement the project to solve the needs on local area while implementing EITI. We have determined this needs with Pall, representative of ESBXB in 2014. We have cooperated and communicate by email for 6 month in this issue. But it was getting down for more than last year. I understand that this project is going to implement now. The situation is being changed much after that period; in legal environment, political situation, as well EITI standard has changed. Initiate has implemented for last 10 years in

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Mongolia. During this period, all parts have some changes and development in their operation. Tan union has conducted discussion "let start EITI from local area" since 2008. We certified the opportunity to draft platform to conduct discussion. We have conducted work and experience in this field. Because, we have worked through aimags and soums. One of the biggest improvements of State organization is that the ministry of Mining issues open transparent information every months. Also, companies issue reports and deliver printed report to local area. It shows our experience and observations. Thus, we have to value this experience and observation. Have valued it? The researches have to be conducted and valued before starting the project. It is very challengeable the drafted platform for discussion, because there is much changes in tax environment, budget policy, there is no income to soum from mining industry, the report issue after a year. Therefore, you should value conducted work previously. Now it is not interesting to conduct introduction on notional information on EITI. There is much deference in report. Thus, people in local area are interested on taking measures in difference of the reports, and companies which did not issue report. Therefore, valuation is very important to determine condition, needs and requirement. Is it soum or aimag? For many years, we have worked in soum. Soum does not improve if aimag do not support the given soum. Therefore, valuation is important. We have drafted "National Communication Plan". How about the implementing of this plan? You should go on having valued previews work. What will you do if you drafted unimplemented strategy, How do you implement in soum?

Why have you chosen foreign organization but not cooperating with Publish What You Pay Mongolia Coalition or much non government organization which work in this direction?

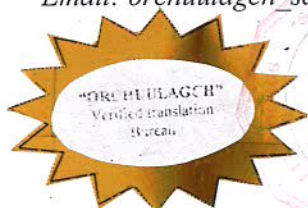
Dolgormaa L: I encourage the project. It is important to conduct right choice for soum, where will be implemented the project. It will be good if you choose soums in long distance with mining industry if the project budget is enough, and confirm to do list.

Moffat P: We have viewed to implement project in local area before 2-3 years. But we could receive the resolution to finance the project because we could get round the needs and requirement of the project. This project was issued based on the experience from implemented 2 projects and discussion during the period. In order to answer your many questions, we need to implement this project. We conduct operation to hear your view and focus you view in the project. Some operations were focused in our drafted project. The issue on project budget is not finalized yet. The final solution of the budget will issue after determination of all needs and requirements. We do not think to choose soum in long distance because of high expenses.

Soum will be chosen by election criteria. Now, we will conduct value on the previously drafted communication, then will conduct discuss on the issue "is it required to change or continue in the future. Therefore, it is important for us you view. .

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Pell J: I give you some explanation. Exact to do list is not finalized yet and we are drafting work plan. We will work to have close communication with Mongolian companies, participants and working group. Now, based on the communication strategy which was drafted previously, we will issue last value. Thus we need you value in this issue.

Bolormaa P: I encourage the project. It is very important to deliver to local people information on investment to local area from Mining companies. Local people are usually interested following questions such as: "How many work places have you created? Have you concluded the contract of local development? Which kind of project was implemented? Local people do not have information however Special representative and information centre of our company work in local area, inform about conducted work and investment by newspaper. Local people from Bayangol soum of Selenge aimag do not have any information however our company has invested much investment in this soum. For example, construction in the center of soum, extension building of the First maternity house of Ulaanbaatar. Even, it causes much incomprehension when Mining companies give by themselves information on their conducted work in local area. Therefore, it is important to deliver information by third part. At the frame work of the project, our company can provide support and encouragement in certain works.

Dolgormaa L: I understand that the project is directed to improve information of local people and strengthen their capacity. Thus, this project is very important. We work in the direction of responsible mining in soum for last years. Now, Local people permit the mining industry because there are much unemployment in local area and people want to be hired and need to live. But, all parts should understand each other and needs of other part. We hope to give optimal information to local people having chosen soum with mining industry. This work should start from governor, teachers, bank officers and then to deliver citizen and children.

Boldbaatar B: For more than 20 years, there is implementing different kind of foreign projects in Mongolia. I do not know the project in mining industry which achieved good result. Therefore, it is required to improve the project and get visible achievement. You should cooperate with Publish What You Pay Mongolia Coalition and hear their view. As of today, the purpose and duty of the project is not clear for us. We should cooperate with companies and establish work group, choose soum, and work in local area and deliver information to public.

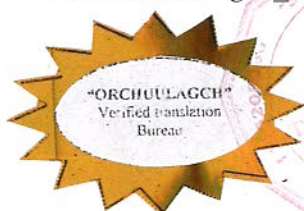
Bayarsaikhan N: Who did initiate this project? How did you calculate 12 month even you did not certify the exact operation and did conduct value? And, even did not confirm and did not choose the implementation organization what will be done at the frame work of the project and where will be conducted the project. Even, I do not understand, why do you conduct this meeting of working group using the project which discussed by the financer before several years. Also, I do not understand what will you do? European Bank for Reconstruction and Development (EBRD) have financed to several projects. Do you have interest to choose soum by this project? It seems that, EBRD conducts survey in the direction that who and where have needs and

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requirement. It seems me that you have conducted research required needs cooperating with Civil Society Organization in 2014, but now you conduct survey with working group on required needs.

Moffat P: The Work board issued the project view firstly. The resolution to implement this project was issued based on our several times discussion. There was focused planned works and purposes of the project in this introduction. We will be criticized even we draft the project and introduce prepared project here. Today, we hope to hear you and receive you view. I regard that there is focused all planned work here. The research work was included in project operation. Main requirement of your view is to choose soum.

Bayarsaikhan B: It is not right that the project financier draft the project. I think you should establish the work board and draft the project if the project was created by the work board. We should stay in the principle that the project creator should draft the project and the project financier will finance the project. It is un-understandable that the project financier drafts the project and choose the project implementer and asks us where and what we will do? Therefore, I have view to focus it in the resolution of working group, and establish sub-working group, draft the project cooperating with work group and introduce it in meeting of working group. The working groups are not facility of the organization which wants to implement the project. We should determine the project frame work if you receive our view.

Batbold B: Introduction and to do plan is clear for me. Thus, we need to encourage and to cooperate. Let's vote to choose soum for the project. We have used to cooperate. It will be good if we choose the soum for the project from western aimags. I understand that is the biggest chance for us. Thus, let's directly start to choose soum.

Narantsetseg N: Have you received electro-view on the project and how many view have you received?

Tsolmon Sh: We have received electron view. For example: Bayarsaikhan of Publish What You Pay Mongolia Coalition, Saran B., Senior Specialist of the Ministry of Natural Environment, Tourism and Social Welfare, and Narantsetseg N, Leader of Wildlife safety fund Mongolia, NGO and there were active parts from members. Narantsetseg expressed her view to choose Bukhmurun soum of Uvs aimag, Bayarsaikhan asked that is it possible to choose soum in such short term. Saran B delivered view that the number of soum is very few. Most part of participants encourage the project and therefore additional issue may be solved later.

Battsengel Ch: It is possible to cooperate in works of the report. We charge the organizations which did not report, but does not inform it to people yet.

Tsolmon Sh: 11th of July and August, there will be held starting seminar of EITI Mongolia of 2015. You can deliver your view here.

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Battuya N: The numbers of soums are little bit few. It would be good if there is 10 soums. Is it possible to classify soums by kind of mining resources?

Oyuntsetseg N: I encourage the project. It is required to refine upon the criteria to choose soums. We will cooperate and deliver our view to choose 5 soums.

Dulamsuren D: It is not required more than 5 soums for this project. But, it is required to finalize the criteria to choose soums. Because, there is some understandable issues here For example: Will choose soums with mining industry or will choose soums which previously conducted project? This issue may come in the next meeting if we do not finalize it now.

Moffat P: It is showed in the work instruction that it is possible to choose operation, the main operation will continue but need little bit changes. It is not required more than 5 soums, because of experimental project.

Bolormaa P: 5 soums are enough for accumulating experience and work in quality standard.

Batbold B: will be EBRD a sole implementer of the project? Has take part work board here? Which criteria is for internal consultant company? Is it possible to cooperate having establish team from working group?

Pell J: EBRD is the project implementer and work board is a customer, and will cooperate with working group. It will be introduced the beginning report and work plan in next meeting. Then we will choose the consultant company.

Tsolmon Sh: We have decided to cooperate with professional organization of communication however we have offered to cooperate with Civil Society Organization.

Dolgormaa L: I promote view from Batbold. I hope to conduct the seminar having participated governors of all soums, and aimags, Head of the Citizen's Representatives Khural and Government of the aimags and soums.

Batbold B: It is possible to cooperate with state organizations, Civil Society Organization and companies. We have practice to work in soums.

Moffat P: Civil Society Organization have a right to take part here. But, we should supply balance in 2 things. There was issue to be conducted communication work by state organization. But, it causes to lose information autonomy. Therefore, we should include additional revaluation to cooperate with Civil Society Organization. At the end, the professional organization of communication will work here and improve participation of Civil Society Organization.

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Tsolmon Sh: Today's meeting is ended now. Thank you for your active participation in the meeting.

Resolved: It is about to charge the representative of EBRD and Adam Smith Organization to unify the view issued by today's meeting and introduce it in the next meeting.

Bayarsaikhan asked that his view is not focused in the resolution of the meeting. Have you conducted the vote to focus or not focus this view in the resolution of the meeting. And he asks include an explanation about it.

The meeting ended at 12:25.

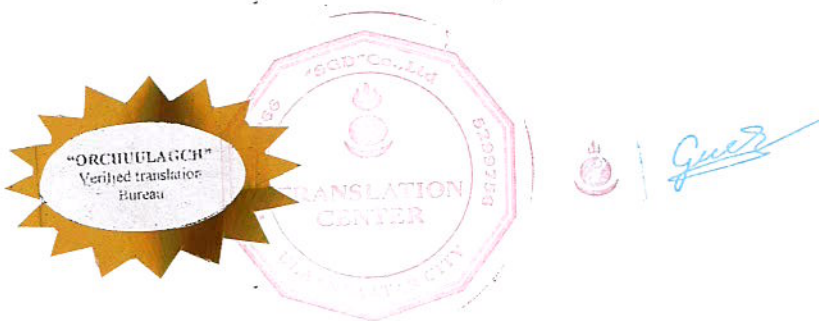
Members agreed with it.

Meeting minute was introduced by:

Tsolmon Sh. (signed)
Secretary of Working Group

The minute was drafted by:

Otgontungalag A. (signed)
Officer of the Financial Service



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