

MONGOLIA EITI MSWG MEETING MINUTES

November 19, 2018

MSWG 48th meeting started at 10 am in the Conference Hall of the Puma Imperial Hotel on November 19, 2018.

Members attended: B.Delgerjargal (Head of Mining Policy Department of MMHI as a substitute for G.Nandinjargal, State Secretary of MMHI); D.Damba (senior Officer of MMHI); B.Saran (Senior officer of Ministry of Environment and Tourism); G. Oyuntuya (Officer of Mineral Resources and Petroleum Authority); D. Tserenjav (CEO of “Transparency Foundation” NGO); L. Tur-Od (Director of Transparency International Mongolia); D. Erdenechimeg (Manager of Open Society Forum); B. Narantsetseg (Head of NGO “Mongolian Mother Nature’s Saving Fund”); D. Sukhbaatar (Board chairman of “Responsible Mining Initiative” NGO); Ts. Tuyatsetseg (Member of Association of lawyers for Environmental right); D. Enkhbold (CEO of Mongolian national mining association); T.Munkhbat (Senior manager of Oyu Tolgoi LLC); B.Gantsetseg (Representative of Erdenes Tavan Tolgoi JSC and Baganuur JSC); Munkhzul (Vice director Boroo Gold LLC); Angela (Badrah Energy LLC); and Sh. Tsolmon (Coordinator of EITI Secretariat and Secretary of MSWG).

17 out of 33 members were present, the attendance is 51.5%.

Also present: N. Osorgarav (General Director of Ulaanbaatar Audit Corporation LLC); B. Erdenetsog (Senior Auditor); B. Delgermaa (Communication Officer of EITI Secretariat); A. Otgontungalag (Finance Officer of EITI Secretariat); G. Ganbat (IT Consultant of EITI Secretariat) and B. Badmaarag (Legal specialist of EITI Secretariat).

B.Delgerjargal (Head of Mining Policy Department of MMHI) opened the 48th meeting and said opening words:

Good morning. It is a pleasure to be a member of the MSWG and meet you all again. As a result of our long and hard works, we became a second country which has implemented EITI standard successfully. Our next validation is scheduled in January 2020, and I think that we need to intensify

our work regarding the fulfillment of the standard. We have the possibility and ability to achieve it. It is imperative that we coordinate our work correctly and cooperate.

The Prime Minister works as a Chair of over 20 national committees. Because of the working load, he could not participate in the National Council as he wished. Due to it, he transferred his duty as a Chair of National Council to the Minister. It is important to say that the National Council is still in focus of the Prime Minister, and it is possible to contact the Prime Minister's office if there are any problems. Owing to it, the Minister of MMHI and State Secretary of MMHI will provide the EITI with guidance and manage. In order to do it, there should be amendments in some regulations. The work in this regard has been started. The meeting is open. I wish you a most successful meeting. We should begin with the first topic in accordance with plan.

1. TOPIC DISCUSSED: EITI MONGOLIA 2017 RECONCILIATION REPORT

B. Erdenetsog: Good morning. The Consortium of Ulaanbaatar Audit Corporation and Hart Norse Ltd, UK, is working as an independent administrator for the 12th EITI Mongolia on the reconciliation report. From the 12 reconciliation reports we worked on seven of them. We sent to all of you a draft report and attachments.

The report is based on the payments, revenue stream types and information from the government agencies which received revenues that are included in the e-report of the EITI. 230 companies were selected based on the revenue information of the Government report. 219 of the 230 companies are private mining companies and 11 state owned companies. There are 20 Government organizations and 30 local government participated. As scope, it requires not only revenue information but also non-revenue information disclosure.

This is the 3rd report made in accordance with the EITI Standard since 2016. There are 2225 companies which hold 3708 licenses as of March 2018. The Government made a report consisting of 2091 companies reports. 1489 companies submitted an initial report and 230 were selected to participate in the reconciliation report. We researched companies which paid more than 100 million tugriks and found that some companies are not active in the extractive industry. For example, there are 23 companies like Magnai trade LLC and they were deleted from the list. These selected companies paid 98.6 percentage of the total government revenue. Which means that 1838 companies not selected for the reconciliation report paid only 1.4 percentage /32 billion tugrik/ of the revenue.

The revenues of 7 Government agencies such as General Authority of Tax, Mineral Resources and Petroleum Authority, General Authority for Customs, General Authority for Social Insurance were verified.

42 companies from 230 did not submit an initial report. And this caused a discrepancy in the governmental report. In total, there was an adjustment of 122 billion tugriks. 61 billion in the Governmental and 180 billion in the company's reports were corrected. Total amount of discrepancy was 236 million tugrik. If we remove the companies that declined to give additional information, the total amount of the discrepancy is 49 million tugrik. The reasons for the initial amount of discrepancy are incomplete reporting, double reporting, accrual-based reporting, increased value reporting (example: Ministry of Environment and Tourism), revenue mixing, report advanced payments as a tax. We can see from all this, that reporting agencies need more training and information. We have a total discrepancy in worth of 49 million tugrik. We identified that revenues in worth of 112 million tugrik were not reported and an inexplicable discrepancy in amount of 63 million. We could not adjust revenues like custom service fee, foreign workers fee, donations from companies such as Eco Altan Zaamar, Petrochina Daqing Tamsag.

There are ten companies that paid the most revenues, such as Erdenet, Oyu Tolgoi, Petrochina Daqing Tamsag, Erdenes Tavan Tolgoi, Tavan Tolgoi, Mongoliin Alt (MAK), Energy Resource, Zairtminerals, Southgobi Sands, COAL. These companies made 85.5 percentage of the total revenues.

184 companies from 230 send information about beneficial ownership. Also, information about shareholders, shareholder dividend declaration and dividend in what amount was really paid etc. were disclosed.

38 companies were asked the reason why they are not disclosing information regarding beneficial ownership. Tax department of the Khan-Uul district, General Authority of Customs, Erdenes Mongol LLC, Agency for Standard and Metrology, and other agencies did not send information. Owing to not reporting of 42 selected company like Petrochina Daqing Tamsag, Monzement, Building Materials LLC, there was an initial discrepancy in worth of 248.1 million tugriks. Bayarsold and GPF LLC could not verify 188 million tugrik discrepancy. Because of the false initial reporting there is a huge discrepancy. We need to pay attention to the submission of correct initial reporting.

We think that financial statement of the companies is incomplete. For example, financial statement of Petrochina Daqing Tamsag LLC for 2017 shows that annual revenue was 39 billion tugrik. But this company paid to the government 235,9 billion tugrik. The report of General Authority for Customs has discrepancy issue regarding company's payment. The reports of the NGO are too short, general or data are incomplete and because of it, it is impossible to analyze. The information source is not included, and the officer, who submits the report, works carelessly or is absent minded. Due to it, it is difficult to analyze data.

Furthermore, information regarding water and waste are new addition to the report. Also, detailed beneficial ownership information is included in the report. In the attachment 21.1, we included information of the companies that did not report. /presentation is attached/

D.Damba: Thank you. Are there any questions or proposals?

D.Erdenechimeg: Is information regarding the licensing processes of radio-active and common minerals included in the licensing process information? How many new licenses have been awarded? In the previous reports, we gave guidance regarding transparency of contracts. This year's report states that contracts transparency and product sharing contracts transparency are being implemented. I am a member of this working group, and regarding the transparency of the PSC we have not reached solution. Also, the position of the ministry is not clear. Moreover, why are there no recommendations regarding to beneficial ownership transparency and project level reporting. Is this because of the implementation? Or have you thought that if there is a law it will be included?

B.Erdenetsog: Regarding the licensing processes of radio-active and common minerals, we will research and include this information. Because of working group, we thought that it is being implemented. If you could give us an official statement regarding the reasons, we will include it in the report. In regards of project-level reporting, we are doing research. We will speak with our foreign consultant and do some detailed research. Also, Bolormaa from the Boroogold LLC is doing a research in this theme and we have scheduled a meeting with her. It is not included in this report but it will be included later.

G.Ganbat: There is nothing about the application date for license in the report. It is possible to get application date of new licenses from 2017 from the Mineral Resources and Petroleum Authority and this information should be included. In the EITI standard, there is a requirement regarding the

coordination transparency of the field. It is crucial to get the information regarding the petroleum block coordination and include it. Have you researched the licensing process? Are there any licenses awarded through deviations from the applicable legal and regulatory? It seems like you mixed the e-reporting system and information on the website. It needs to be corrected. Furthermore, you have concluded that license information is not publicly available. But all information excluding license application date and petroleum block coordination are open to the public. Recommendation in the page 131 needs to be corrected and recommendation about the two above mentioned information should be added.

B.Erdenetsog: In regards of license information, we send a letter to the Mineral Resources and Petroleum Authority and when we receive an answer, it will be included.

D.Damba: It is the seventh report made by the Ulaanbaatar Audit Corporation LLC and the second report in accordance with the EITI standard. This year's report seems to be a setback. I came to this conclusion based on the answers, comments and the inability to get information from other organizations. Our organizations are capable to give you information for every year. Could you tell us about the particularity of this year's reconciliation report? Have you found any specific solutions?

B.Saran: Why are there only information from ten companies in the in-kind revenues? it is not clear in the comment. Secondly, there is information about petroleum export in the EITI report. But nothing about fuel price change. It is possible to include this kind information in the report? In other words, people do not get all the information they want from the report. The report is more in official language and difficult to use. On the other site, information about companies' donations is incompletely.

B.Erdenetsog: According to the requirement 4.1.C of the standard, in-kind revenue means companies' donations not only in cash but also non cash form. In the report we included information of the ten companies which made the biggest non-cash donations. Those ten companies made 83.4% of the total donations. The information of the rest of companies which donated, are included in the attachment number 11.A. Fuel price change is not included in the report because it is not included in the work assignment. If it is required, we could include it.

D.Tserenjav: The information about the companies which have license for environmental rehabilitation anot complete. The addresses of the companies are given as Ulaanbaatar. Was the Ministry of Environment and Tourism unable to give you detailed information? Or were you not able

to include more detailed information? NGO's are interested in this type of information. There is issue in regards of extracting of minerals under the name of rehabilitation. Also, there is no information regarding artisanal mining. Will you include it in the report?

B.Erdenetsog: Answer to the letter about artisanal mining is not yet arrived. When it arrives, information will be added. All information regarding the environmental rehabilitation that we received from the Ministry of Environment and Tourism, are included. There is nothing else.

B.Saran: It is possible to give you a more detailed information about the environmental rehabilitation. There is information regarding which companies have a license, where these companies are working currently.

D.Tserenjvav: Because your Ministry said this information is available, we would like to get it in near future. Thank you

D.Damba: Thank you. Let's begin with the proposals. Is there anyone?

D.Erdenechimeg: Last year we talked about having unlimited time for report discussion. For this consulting work we spend a lot of money and this report is done just once per year. Because of it we must to discuss it profoundly. Members of TAN coalition sent information about licenses awarded through deviations from the applicable legal and regulatory electronically. For example, NGO "Huvsgul dalain ezed" sent two license numbers, and one other NGO one information. We will send that information again. According to the our MSWG meeting rule, documents to be discussed, shall be send to the members at least 3 days before the meeting. So that the members have enough time to read the materials. Because this time the draft report was sent on Saturday, there was no time to study it. In name of NGO's, I would like to remind you that what we could do previously should stay unchanged. And this should be included in the meetings minutes. Owing to the unpreparedness, I think we should give our comments and proposals in writing. NGO's gave many good recommendations during the work assignment, initial seminars and for the reconciliation. So, we would like to compare our recommendations with the report and then give our comments in writing. We need to do a lot ahead of the National Committee meeting. If not, we all face criticism.

B.Delgermaa: In this year's report, we have three new types of information which are water information, waste information and beneficial owner's registration number. In my opinion, it is not only our working groups achievement but also indication of importance given to the report by the

companies. Water information was in demand and there was nothing. Earlier, our reports had information about water payment but that did not include information about how much water was used. The website of the Ministry of Environment and Tourism contains information about water usage, but that information was not complete. The fact that 144 of around 200 companies, which extract minerals annually, have answered our template questions is very positive. We could use this information later. In the report, we all can see full beneficial owner's registration number. I thought, that we all concluded that last 4 numbers of the registration numbers will be hidden during the working and sub-working groups meetings. Shall it stay that way or not?

There is a reason why PSC are not transparent. We met with some companies official a few times and they said a partial transparency of the contract is possible. We have a working plan regarding the monitoring of PSC. The monitoring work shall be done by a team consisting of NGO, Anti-Corruption agency and Citizen's controlling board by the MMHI. We are talking about this with them. Currently, companies with PSC pay millions each year and this information is now open to public. Also, a template of the PSC is available to the public. Through our report the payment information of the PSC companies is now transparent. When Anti-Corruption Agency cooperates with the Citizen's controlling board and makes the information about how these payments are used publicly available, we could take this information to the MMHI and reason why PSC information should be transparent. Works done in this regards and information about the developments should be included in the report. I think that we should give recommendations for PSC, regional contracts separately. Also, you have mentioned Petrochina Daqing Tamsag LLC. The audited financial statement of this company states that the revenue was 39 billion tugrik. But it paid to the Government 240 billion as a tax. About this huge discrepancy, you should contact the company and clarify it. Thank you.

D. Sukhbaatar: I read the report. TAN coalition will give their recommendations in writing. You have mentioned about the difficulty to get information from the governmental agencies and private persons. You have to think about it from the other angle, like organizing a workshop or discussion with about the importance of reporting. As a recommendation, you have just written "approval of extractive industry transparency law". Your recommendation should not be ambiguous. We are working together to achieve a mutual solution. Your recommendation should be in line with it, and work toward delivering results.

D. Damba: Thank you very much to the members. The decision will be following: The members should deliver their comments regarding the report to the Secretariat before December 10, 2018.

B. Erdenetsog: We are planning to make a short report consisting of 80 pages infographic. Due to it, we need more time. Could you please extend the deadline a few more days?

D. Damba: The deadline could be extended for 5 working days in other words until December 15. Because of the end of the year and next work plan, budget etc., a longer extension is not possible.

B. Erdenetsog: it is good.

Topic one: Decisions

1. Draft report is principally supported. Ulaanbaatar audit corporation LLC and the Secretariat are tasked with the preparation, presentation and getting approval by the National Council meeting.
2. It is approved that the Secretariat shall pay 50¹ percentage of the fee to the Ulaanbaatar audit corporation LLC and Hart Nurse in accordance with timeline.

2. TOPIC: PRESENTATION ABOUT AMENDING THE GOVERNMENT RESOLUTION REGARDING EITI MONGOLIA

Sh. Tsolmon: According to the Government resolution #289, which was approved in September 2018, the EITI National Council chair was transferred to the MMHI. In accordance with resolution #190 from the year 2010 our budget was included in the Prime minister's set and because of the new resolution we proposed that our budget should be transferred. We are in contact with the Mr. Bold, referent in the Cabinet Secretariat of Government, and they said that we should bring a draft resolution. There is a regulation which says that before a Government resolution is passed, Ministry of Finance, MMHI, Ministry of Justice and Internal affairs, and other related ministries should give their comments. We have a draft resolution which was distributed to all of you. It consists of 3 parts. If this draft is supported, we will start with the next work. In accordance to the resolution, the EITI secretariat will be transferred to the MMHI, budget of 254 million tugrik will also transferred from the Prime Minister's set to the set of the Minister of Mining and Heavy Industry. This budget will be

¹ Error correction. During the meeting, they said 60.

used for salaries of secretariat, social security insurance, seminars, secretariat's activities and payment for audit consultation. Because the resolution #289 was passed directly, there is a possibility that the activities and financing of the EITI Secretariat could stop. In this regard, we have developed a proposal about when and what kind of reports should be submitted for government agencies such as Ministry of Finance, Mineral Resources and Petroleum Authority, National auditing agency, General Authority of Taxation, Customs General Administration, and Government Agency for Policy Coordination on State property.

D. Sukhbaatar: Does it mean that the budget of 2019 is still in the Prime Minister's set?

Sh. Tsolmon: Yes. We submitted our budget proposal in August 2018 and this resolution was passed at the end of September 2018. Starting January of 2019, the Secretariat will be without any financing. Also, The EITI international secretariat recommended that it is better if our Secretariat is under the authority of one of the ministries. Due to above mentioned reasons we have drafted an amendment of this resolution.

D. Sukhbaatar: I think that the transfer of EITI Secretariat from the Prime Minister's authority is reducing the significance of the EITI. If the budget is still in the prime Minister's set, we could talk about the Secretariat staying unchanged. Where is the issue?

Sh.Tsolmon: We have asked an audition with the prime Minister through the senior council but it is not possible. Maybe later there will be a possibility. Before that we have to do our work, which are scheduled. If we do not do it, there will be nothing.

D. Tserenjv: Does it mean that the governmental agencies will submit the report per template or through the website? Also, there is nothing about the companies in this resolution. What will happen to the e-reporting system?

Sh. Tsolmon: According to the EITI standard, the governmental agencies are required to submit only non-revenue information to their own websites. As usual, revenue related information will be reported through the e-reporting system by the agencies and companies. In this regard there will be a government resolution.

D. Tserenjv: This recommendation disseminates information instead of improving the reporting system. It will be inconvenient.

G. Ganbat: There is a probability that information will be disseminated and information usage is going to be difficult. The links will be on the website of the secretariat collected in one place. It will make finding information easier.

B.Saran: This draft resolution needs a lot of improvement. The Government does not think that EITI report is unnecessary and insignificant. I thought, the intention of the transfer to the related ministry is the qualitative improvement of the work of the Secretariat. Principally, regarding the content and phrasing, the draft resolution needs to be revised. For each responsibility must be a responsible person. Minister of MMHI and other related ministers should be responsible for the quality of the EITI report, reconciliation report must be presented in December each year.

Our ministry has a department called “Ozone office” which has 4 employees. Just like that, in the second part of the draft resolution, you have to write the reasons why the secretariat should be independent department. The justifications must be thought through and well-phrased.

Also, third section of the draft resolution should be directed toward the government agencies and private sector and have an attachment. In the attachment, you should list the responsibilities for each agency which submits the EITI report so that each responsibility has a responsible person or organization.

Moreover, the expenditures should be precise. Like adding a new department to the structure of the ministry. It will do no good if you write it like you are doing it to save workplace, to be able to pay salaries. You have to write it in coordination with the Action program of the Government, State Policy for the Mineral Sector.

D. Erdenechimeg: EITI should function with the equal participation of the three parties and it functioned in the past just like that. This initiative has been working for over 10 years successfully and in this time of huge changes and transitional process NGO’s should participate equally. Because of it, we made our position clear during the meeting on October 23. For example, the EITI secretariat should be located at the Cabinet Secretariat of the Government and not at Ministry. Action plan for the Transition period should be developed and implemented by the multi stakeholders’ group. The reason is that this initiative is located at the cross road where the responsibilities of many ministries and authorities intersect. The government should be responsible for the coordination of government agencies. We have spoken about this during the meeting on October 23 and all parties have agreed.

Also, the transition action plan should not be rushed to secure workplace of the secretariat employees. Firstly, there should be a discussion with all stakeholders and then based on the result of this discussion we should plan and work together. All parties agreed on this. It is very sad that today's draft resolution did not include any of our positions. We decided to have audition by the prime Minister and the Minister of MMHI and speak with them. Due to it, today NGO's are not supporting the draft resolution and protesting it. Even if you vote, we will not vote. Furthermore, according to the working group regulation the participation of the all parties shall be equal. Any issue that needs approval, must be supported by the equivalent of two thirds of the one party. Today, here are only 15 people in this meeting hall. Because the attendance is lacking, there will be no decision. Thirdly, according to the working group regulation, a sub-working group must be established and it should discuss the issue again. My proposal is that we should work in accordance with the working group regulation.

D. Sukhbaatar: I support the proposal of revising the draft resolution. We should really understand the significance and work together by teaching each other.

D. Damba: NGO's said that they are not going to vote if draft resolution stays unchanged as it is. Because of it, we should vote about supporting or not the draft resolution firstly. Secondly, we should vote about the revising the draft resolution. This draft resolution really needs a lot of improvement. For example, the justification of the resolution is unclear. And term like 'mentioned organizations' does not exist.

G. Oyuntuya: We have reached to a decision during the last meeting. That decision was not presented. If we really cannot meet, we could write a letter to the Cabinet Secretariat of the Government.

Sh. Tsolmon: The resolution was drafted based on the direction given from the Prime Minister's office and Cabinet Secretariat of the Government.

D. Damba: I think that we should meet the Minister of MMHI and get a direction like the NGO's suggested. Drafting a resolution without speaking with the main subject is flawed.

D. Tserenjav: I suggest to put in the decision draft "postponed due to impossibility to reach a joint solution". The first reason is the impossibility of voting. Secondly, there is issue with the voting rights of the attendants who are representing government agencies and private sector.

D. Damba: The meeting must have a joint decision and that decision should be in the meeting minutes to make it official.

Sh. Tsolmon: Each party has 11 members. Majority means two third of these members. It is not general majority of the voting.

D. Erdenechimeg: It means that the attendance of the NGO's is reaching not this measurement.

B. Delgermaa: There is only 3 representatives from the Government agencies.

D. Sukhbaatar: What is the Government resolution #289?

Sh. Tsolmon: It was passed at the end of September 2018. During the last MSWG meeting it was presented.

D. Erdenechimeg: The resolution 289 states that the Prime Minister is chairing about 20 National Councils and Secretariats. Due to workload he could not contribute to them concretely. Because of it some National Councils and Secretariats are being transferred to the relevant Ministries. The chair of the EITI National Council was transferred to the Minister of MMHI. Although this resolution is passed, it needs some amendments.

B. Saran: I did not know about this resolution. If this resolution is really passed, it could be amended. We should suggest, how to work in accordance with this resolution.

D. Erdenechimeg: I do not see the resolution #289 as a final decision. We should present a draft resolution with the amendments.

D. Damba: My suggestion for today's decision is that the suggested resolution draft cannot be supported, it needs to be revised in accordance with suggestions of members and should be discussed again.

Sh. Tsolmon: Transition plan was distributed and the members should give their opinion.

D. Erdenechimeg: About this plan we should discuss today. If it is sent per e-mail, nobody reads it and gives its opinion. Because of it, we should discuss it at the working group meeting. Important issue cannot be sent per email and then say nobody sent its opinion. In the previous meeting we agreed on what should be included, and we would like discuss it after revision.

D. Damba: We understand that the Secretariat is in difficult situation. From January it does not have the financing and whether the Secretariat exists or not is unclear. It needs to be decided before the end of the year.

B.Osorgarav: I know the EITI from the beginning and we participated in 7 reconciliation reports. I think that you should build a committee with all three parties and that committee should draft the resolution and project. This committee should begin with the work as soon as possible.

D. Erdenechimeg: All parties should give the named of their members now so that we can organize the committee.

D. Damba: I suggest for the decision, that a working group will be organized for above mentioned issues and this issue will be discussed by the MSWG meeting again. In my opinion, working group should be chaired by the secretary of the MMHI or Mr. Deldergjargal. And Sh.Tsolmon, D. Erdenechimeg and other members. There shall be a clear defined deadline and obligation.

L. Tur-Od: Firstly, in this official letter we should include the recommendations from the previous meeting. Secondly, before the resolution #289 was passed, there should have been a consultation meeting with all stakeholder parties. But there was nothing. The motivation for this resolution is clear but in regards of EITI it is irrational. The benefits of EITI is plenty. Not only the economical scope is broad but also it covers many sectors. It was possible that the Prime Minister could chair only the EITI National Council. In my opinion, the Prime Minister and the Government were not sufficiently informed about the benefits and effects. The EITI transparency was included in the “State Policy for the Minerals Sector” and “Anti-Corruption National Program”. It is stated clearly that the Government is responsible for it. The fact that the EITI is being transferred to the Ministry is not small issue. Does the Minister of MMHI have a right to give a task to the members of the Parliament and other ministers? No, he doesn't have the right. MMHI is not one of the general direction ministries, it is sector ministry. I think that we should reason based on this. We could meet Mr. Zandanshatar directly and speak about the issue.

D. Damba: Thank you very much for the suggestions. Although the resolution #289 was passed, it is possible through an amendment to make sure that paragraph stays. In other words, “The EITI National Council shall be chaired by the Minister of MMHI will be deleted” stays. Because of it, firstly revise

and amend the resolution #289, secondly develop proposals regarding resolution implementation. Formulate the needs, negative impacts and positive outcomes.

D. Tserenjav: We discussed on 23 October and now there is no time. Due to it, we should develop our proposals, meet Mr. Zandanshatar and explain the issue so that he understands.

D. Damba: I would like to ask the members vote regarding whether the resolution #289 shall be amended or should we develop new proposal.

B. Saran: The Secretariat financing is stopped. There will arise problems like whether they should get a salary according to TU or TZ?

D. Damba: If the secretariat will work at the ministry, there will be a regulation.

Ts. Battengel: Because we are speaking about an amendment of governmental resolution, the members of working group should be lawyers. This draft resolution has words that are repeated many times. Generally, the government resolution should be short.

D. Damba: D.Erdenchimeg is a lawyer. We have spoken about it previously. Let's talk about the third topic. Please send the names of the people who will be in the working group. This group should begin with the work this week.

D. Erdenechimeg: the sub working group should meet as soon as possible.

Topic two: Decision

1. The Secretariat is tasked with the development of the draft resolution in accordance with the suggestions of the MSWG members and submitting it according to relevant procedures.
2. The working group's members are: Mr. Delgerjargal as a chair (Head of Mining Policy Department of MMHI); members are D.Damba (senior officer of MMHI); T. Munkhbat (Senior manager of Oyu Tolgoi LLC); D. Enkhbold (CEO of Mongolian national mining association); D. Erdenechimeg (Manager of Open Society Forum); D. Sukhbaatar (Board chairman of "Responsible Mining Initiative" NGO); and Sh. Tsolmon (Coordinator of EITI Secretariat). If there are members, who would like to be in the working group, please give your names as soon as possible.

3 TOPIC: Miscellaneous

Sh. Tsolmon: Mongolia is a member of the EITI since 2007 and achieved Compliant status by the transparency standard EITI as a result of the 2009 validation. We were validated again in 2017 and was found to have made satisfactory progress in implementing the EITI standard. Owing to it, we are the second country in the world which achieved the implementation of the EITI standard. Our country has improved its reports since 2011. In 2016, we implemented the e-reporting system successfully and received award from the EITI Chair. The staff of the Secretariat and members of the MSWG worked hard and played an important role to achieve these successes and increase the reputation of Mongolia, and due to it we are proposing to give them a certain incentive to them. Incentives are following: for each participation in the meetings of the National Council and MSWG 50000 tugriks, in sub-working group 40000 tugriks, in evaluation committee 150000 tugriks, also MSWG, National council and the staff of the secretariat shall receive 30 percentage of their salaries.

D. Damba: Thank you. All members are supporting this proposal. In my opinion, this new sub-working group will carry out a work in the same scope like the evaluation committee and because of it, it should receive incentives in worth of 150000 tugriks like them. Shall we include it in the meeting minute?

Topic three: Decision

1. The participation in the meetings, conferences, evaluation committee, sub-working group shall be evaluated and the calculation of the incentive shall be presented to the working group members electronically. The secretariat is allowed to submit it to the relevant department.
2. Based on the previous example of the incentive calculation, incentive shall be for each participation in the National Council and MSWG 50000 tugriks, sub working group 40000 tugriks, evaluation committee 150000 tugriks.
3. It is supported that the staff of the Secretariat shall be awarded with 30 percentage of their salaries.

The meeting is finished. Thank you very much for your active participation. Today's meeting was very productive. Thank you.

The meeting ends at 2.00 PM.

Meeting minutes reviewed by:

State Secretary of MMHI,
EITI National Council Secretary
and Head of Working group

G. Nandinjargal

Secretary of the Working Group

Sh.Tsolmon

Meeting minutes was taken by:

Financial officer of the Secretariat

A.Otgontungalag