

Minutes of meeting of Mongolia EITI MSG /2021-03-31/

The 54th of meeting MSG was organized on March 31st 2021 in online format, and started at 15.00 pm.

The meeting was attended by Mr.E.Batbold, chief of Research and investment of MMHI and Mr.G.Misheelt, officer, Research and Investment department of MMHI, on behalf of Mr.G.Nandinjargal, State Secretary, MMHI, head of EITI MSG, Mr.Ch.Battsengel, inspector of General Taxation department, Mr.B.Gankhuyag, officer of Anti-Corruption Authorities, Ms. P.Zolzaya, officer of Mineral and Petroleum authorities, Ms. B.Erdenetsetseg, secretary of Coal Association, Mr.D.Enkhbold, executive director of Mongolian National Mining Association, Mr.T.Munkhbat, senior manager of Oyu Tolgoi LLC, Mr. Battulga, chief of internal control and monitoring of LLC Erdenes Mongola, Ms.D.Erdenechimeg, manager of Open Society forum, Mr.D.Sukhbaatar, member of member of BOD of Responsible Mining NGO, Mr.D.Tserenjav, executive director Transparency foundation NGO, Ms. N.Bayarsaikhan, NGO Steps without borders, Mrs.S.Tserenpurev, head of NGO New initiative of administration, Ms. L.Bor, head of NGO Ikh Bayansharga and Mr.Sh.Tsolmon, coordinator of EITI Secretariat and secretary of MSG. Attendance was 16 members of 33 members or 42.4% attended.

The meeting was attended also Ms.B.Delgermaa, consultant of IFC, Mr.Z.Bayarkhuu, coordinator of ADB TA 9752 Improving Extractive Governance, Mr.V.Narmandakh, IT consultant, and Ms. A. Otgontungalag, financial officer of EITI Secretariat.

The meeting was opened by Mr.E.Batbold, chief of Research and investment of MMHI and facilitated by Mr.Sh.Tsolmon, coordinator of EITI Secretariat.

E.Batbold: Hello, everyone, please excuse for late connection. I have parallel online meeting and Mr.Misheelt will join this meeting, very soon. Today's topic is to how continue Open Contract website, also organization of regional conference. Please participate actively in the meeting. Many thanks.

Topic one: Implementation of Open Contract, and further action to be taken

D.Erdenechimeg: Hello, everyone, dear members. First of all, many thanks to MMHI, MSG and secretariat for organizing this meeting for accepting our proposal to discuss implementation of Open Contracts. Open Society Forum and MMHI have concluded a memorandum of cooperation in 2017. Open Contract is one of core requirements of EITI and became as mandatory in 2019 and it was required that EITI implementing countries should make contract transparent by January 1st, 2021. We are operating under this requirement. As commitment, it is given by the Government within Open Government Partnership and MMHI is operating as implementing organization. In accordance with commitment, Open Contract site was developed, officially and publicly opened in April 2019. At the moment, there are 805 contracts posted at this site. The site connects Contracts with administrative unit on map, is capable to be run on small screen such as cellular phone and tablet, without changing structure, built with responsive design. It exchanges information with EITI E-reporting system, when it is designed if it inserts data on registration number of Company or license can be downloaded, also PDF and image can be formatted into text format.

The advantage of this Open Contract site is that it was used source code, which is applicable in many countries. Now there are 805 contracts of 14 types. The most of them was posted in 2019, in 2020 a few contracts had been posted. When we start participation of MMHI was great but in 2020 work to post contract was in stagnation, almost no Contracts had been posted. Furthermore, Ministries can upload contracts, now the most contracts are of local content. Though, there is information ongoing that because Covid-19 pandemic, a few contracts have been concluded, but it is not clear how many of them was uploaded. Officer in charge for mining sector at Aimag's Governor office is given a right to access to system with created password, this aspect is also included into annual agreement of cooperation between Aimag Governor and Minister of Mining and Heavy industry. The technical sub working group at MMHI has collected about 200 contracts in 2020, but because of reason, that there is restructuring of this group, that upload work of these Contracts is delayed. At the moment, Open Contract web site is located at server of Open Society Forum and Itools company.

Within implementation of work under a memorandum of cooperation, it is recommended that MMHI should authorize Open Contract with law, make clear functions and responsibilities of Government organizations, legal entities, a procedure to assess implementation, connect this site with Government database, EITI secretariat should ensure proper administration of this site, and Open Society form would upgrade development of the site, produce notes and explanations, conduct study-work and disseminate to public. /A presentation is attached./

Sh. Tsolmon: Thank you for presentation, welcome to questions and proposals to this presentation. MMHI has instructed to hand over this site to EITI Secretariat by the July 1st.

N. Bayarsaikhan: This is very appropriate time to discuss aspect. On top to what is presented by Ms.Erdenechimeg, I would like to say that our organization have studied Open Contract situation in 4 aimags of strategic importance in 2020, and only 4 contracts had been uploaded. So, 2 are Contract with local content, and other 2 is contract on water use. We know that there must be more contracts concluded. If they did not upload them then it is more probable that Contracts have not been evaluated. We aim at flexible EITI reporting, and develop it is as mainstreaming. But it is very much, whether MMHI can handle as own site, for which much work and resources had been spent. Therefore, on top to draft decision for 1st topic I propose organize a meeting of National Council, to include into agenda issue of handling of Open Contract web site by MMHI, how consolidate and run other project works within basic functions, also coordinating international projects engaged other aspect of governance improvement, I wish a decision of meeting, do not like to have ordinary weak decision. There should not only scanned contracts uploaded, but also assessment of performance of Contract should be uploaded. There should be a clear distinction, if MMHI then which department will be in charge, of if MRPAM then, this policy must very clear. At the national level, there should be one understanding, integrated management, or decision on very clearly coordination should be issued.

L. Bor: Open Society forum has worked for contract for many years. It would be correct that MMHI administers Open Contract web site, but it is very complicated to cooperate with MMHI. There should be uploaded not only cooperation agreements, but also greater strategic agreements. The greater agreements are in English with many pages, so how to upload them? Petroleum Contract are also to be uploaded, now even it is hard to find company, which concluded contract.

It is often said that NGOs are always criticizing, but we should say for the future of our kids and children. If we talk about contracts, there are other many issues related, our youth should work establish law and order in mining sector. If you want your country as country, it needs to establish law and order in mining. Many thanks.

D.Erdenechimeg: Member N.Bayarsaikhan proposes to upload not only contracts but related other documents. There is a solution in the system to upload related documents, but we were focused on uploading Contracts, therefore part on uploading information on contract performance, report on assessment of impact of natural environment is not done. As Government level agreements such Investment, Production Sharing agreements, they all are uploaded, one contract related to radio active mineral mine is not uploaded as it is classified contract. There is information that 3 such contracts are existing at MRPAM. Also, basic condition of Production sharing agreement is deleted when it was uploaded to this site, which is also classified. But this is arguable, when in 2015 template of PSA was approved, classified part was considered not classified, there is ongoing work to update this template at MMHI. So, as new agreements are concluded, they supposed to be disclosed, but there is still caution from Government is existing, therefore, basic conditions remain classified.

G.Misheelt: Good afternoon, everyone. Thank you to Erdenechimeg for this information. We have consulted within MMHI especially with legal department, reported to top managers. If it is handed-over to MMHI, it may be as NGO warned neglected to some extent. If it comes to MMHI, legal department shall be in charge, but they do not have any function to run. We guess if a law on transparency in mineral resources passes, legal environment becomes clear, it will go to the Secretariat, but if company ignore request of the Secretariat and do not follow its requirement, then it will be really issue. Now we are speaking to hand-over by 1st of July, 2021, before that time let's have another discussion, in terms of procedure, what procedure can be between Secretariat and MMHI. Our preference shall be that Open Contract site is handed to Secretariat, they will update data, and further-on everything shall be regulated by procedure, so we prefer this type of decision based on this rational.

Sh. Tsolmon: So, thank you, let's have voting on draft decision.

N.Bayarsaikhan: I have a proposal to have meeting of National Council in order to have one common understanding based on what policy MMHI is conducting. There must integrated policy and understanding how to administer EITI for future. Vice Minister Batnairamdal is talking a lot of nice things, making various presentations, but state secretary is doing other thing, expressing other positions, some are in principle different, so there should be integrated one policy and understanding. As chair of National Council, responsible for this sector MMHI should introduce policy, make clear functions and responsibility of those who in charge at all level, so this is proposal and formulation of proposal. I can formulate a proposal.

B.Gankhuyag: Hello, everyone. I am in charge of mining sector since 2020 and have received understanding on EITI in 2021. We have planned to organize a discussion of draft law on transparency in mineral resources sector jointly with MMHI and Secretariat. In general, we will continue to have cooperation in this direction.

D.Erdenechimeg: It would be correct that a procedure is produced by MMHI. I have certain hesitation what was said by Misheelt.

N.Bayarsaikhan: A procedure shall be administrative decision mandatory for all parties therefore, it is not compliant with law, if the Secretariat drafts and MSG approves, subsequently, my proposal would be that MMHI should take care of it.

L.Bor: Officials from MMHI should be deeply involved into EITI. More than 10 years have spent for production of EITI Reports. There are about 3000 companies, and they pay almost nothing, what they pay less than one vehicle price, is it because of law weakness, or something else. It is estimated that mining is 20% of GDP and about 20% of State budget. But no company picks phone, address is wrong, MRPAM can not find, many corruption issues, MMHI should focus on this aspect.

Z.Bayarkhuu: Is it possible that before law I passed, to have Government resolution is enacted? Procedure can have described what functions MMHI will have, what participation will be for companies and locals, that all should be included, my suggestion.

G.Misheelt: There is no need for Government resolution. There is agreement of cooperation concluded in 2021 between Minister for Mining and Heavy Industry and Governors of Aimags and Capital city, there is one provision that EITI related report and information shall be regularly provided, I passed it to the Secretariat, so please share with MSG.

Topic two: Preparatory work of organization of online Mongolia EITI Central Regional conference

Sh.Tsolmon: We were preparing to organize a 4th Central regional conference in November last year, it was postponed because of Covid-19 lockdown. So, we come back and plan to organize it in May. From Ulaanbaatar, participants shall be from MMHI, Taxation, MOET, PWYP, CCME and companies. In total 8 aimag, their 5 soums shall be invited and will have 2-day training and conference agenda was produced and presented for your attention. Beginning section shall be about license and local contracts. As companies, we kindly ask MRPAM and MNMA jointly act which companies can be invited. As first time we are organizing such a big online event with participants, we would like ask to establish sub group for organization. Also, we would like to hear your comments and suggestion. /draft agenda is attached/

B.Delgermaa: Good afternoon, to all members of MSG. We as IFC organized Datacon on how use open data. Open data is based on EITI data. We are planning to support EITI in 2021-2022. Data in appendixes of EITI reports is a bit complicated for use by local community, therefore, data should be integrated, be standardized, open data format should be located in open database, be amended for easy use, secondly, our purpose is that each aimag have format of production of infographics. Also, we will have cooperation to have 4 regional conferences. As regional conference, we aim to amend from meeting type into workshop to learn working on data, to put forward what is local challenge, into different organizational formats. Before conference we will organize capacity improving training on how to use existing data to members of subnational councils. On top, in September we are planning to organize training of trainers to teach how use existing data, which will have 40 participants. So, some members from subnational councils, each 2 persons from MSG and Secretariat shall be invited for this capacity improving training. Furthermore, capacity improving training shall be organized in Southern region. IFC will render support at the end of year based on expertise provided to MSG and National Council, in organizing national seminar how to use open data, how to learn at policy level to use open data. Also, we will work to produce booklets with MMHI,

and next week we will have a meeting. As Member Bayarsaikhan mentioned, that MMHI should work actively to make projects and programs, working and directed to improve Governance to have integrated understanding and direction, and I support this suggestion. I can give some explanation and examples on some cases how data can be used for meeting of Subnational Councils. Thanks.

N.Bayarsaikhan: The Secretariat is organizing a series of online meetings to improve capacity of Subnational Councils. During a previous meeting some subnational Councils suggested that those authorities with vertical management system should have given instructions to below standing officials to proactively participate in activities of Subnational Councils. Subsequently, Anti-Corruption authorities, State Registration Authorities and General Taxation department are recommended to do so. Also, we should know what have in mind those official in aimags in charge for mining, and discuss what challenge is faced, it would be useless to talk about legal environment and procedure, or 2050. Let's talk about more life close real problem, about what participation will be for CSO, what involvement is expected from companies, what role will be for MMHI, and MMHI is also participating and expressing their policy and stand on company's obligations. Also, MOET should participate with a presentation about what they do and what policy is guided. New EITI standard requires gender balance, so it would be very impactful, if there is representative from National Gender committee. Perhaps, it is not possible to cover all topics in one place, but we have to learn to work ensuring standard before taken international commitment. Thanks.

D.Enkhbold: The association will work towards companies get involved in the event.

D.Erdenechimeg: Please let us to inform member organizations and give our suggestions later.

Sh.Tsolmon: Is there anybody, who wishes to join this sub group, maybe not now, but later. Ms. Delgermaa is understood to be involved in process.

B.Delgermaa: I am able to join the sub group, will prepare a presentation on how data can be used.

Z.Bayarkhuu: A draft of program of meetings is available at the Secretariat, seems it will be amended much more. Let's finalize a program and maybe, will draft plan of action for organization.

T.Munkhbat: We will introduce to a Conference what activities our company is doing.

N.Bayarsaikhan: It will be more impactful to speak out about what OT is doing in South Gobi aimag's Council. Close to themes of conference, expertise and lessons should be presented, then it will assist for people to resolve their issues at local level. Specifically, MMHI supposed to lead organizational work for this Conference, not the Secretariat, it may be understood work organized by Secretariat and CSOs. So, suggestion would be either MMHI or MRPAM should lead this working group to organize Conference.

B.Delgermaa: I support a suggestion of Member Bayarsaikhan on presentation about expertise of OT company with aimag Sub-council and activities of Gobi Oyu Foundation.

N.Bayarsaikhan: I will join myself this working group, voluntarily, let's make clear themes of conference and organizations supposed to participate.

L.Bor: How aimags and soum for conference was selected?

Sh.Tsolmon: It was classified by regions, you can present your expertise of Subnational activities. Thank you for your active participation in this event. Today's meeting was quite constructive and businesslike. Thank you.

Decisions:

1. Based on presentation of implementation of Open Contract requirement and further actions to be taken, and well prepared activities to recommend to Open Society Forum (P.Erdenejargal) to hand over Open Contract web site to EITI Secretariat by July 1st, 2021.
2. It is instructed to EITI Secretariat (Sh.Tsolmon) to produce a draft of procedure to run Open Contract web site and get approved by July 1, 2021.
3. It is assigned to EITI Secretariat (Sh.Tsolmon) to ensure preparation work and organize a Mongolia EITI Central conference in online format.
4. MMHI is requested to organize a meeting of National Council in the nearest future, overview issue to coordinate implementing projects and programs, and get clear decisions.

The meeting ended at 16.55 pm.

The minutes are approved by:

State Secretary of Ministry of Mining and Heavy Industry,
Secretary of EITI National Council,
Head of MSG

G. Nandinjargal

The meeting chaired and the minutes are reviewed by:

Chairman of Investment and Research department of Ministry
Of Mining and Heavy industry:

E.Batbold

Coordinator of EITI Secretariat

Sh. Tsolmon

The minutes are taken by:

Finance officer of EITI Secretariat

A.Отгонтунгалаг

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А.ОТГОНТУНГАЛАГ