

Minutes of meeting of Mongolia EITI MSG /2020-08-31/

The 1st online or 51th meeting of Mongolia EITI MSG was organized on August 31st, 2020 at 11.00 am.

Mr. D.Damba, chief of department of Economics, Investment and researches of MMHI, Mr. Ch.Tsogtbaatar, senior expert of MMHI, Ms.G.Oyuntuya, specialist of Mineral and Petroleum Authorities of Mongolia, Mr.D.Tsend-Ayush, officer of Anti-Corruption Committee, Ms .Ts.Enkhjargal, director for public relations of LLC Badrakh Energy, Ms. T.Munkhzul, specialist of LLC Boroo Gold, Mr. N.Battulga, head of monitoring and control department of LLC Erdenes Mongol, Ms. B.Erdenetsetseg, secretary of Coal Association, Ms. N.Renchinpagma and Mr.T.Munkhbat, managers of LLC Oyu Tolgoi, Ms.B.Otgonbayar, chief accountant of LLC Petromatad, Mr.N.Davaasuren, manager of LLC Rio Tinto Mongol, Ms. Erdenechimeg, manager of Open society forum, Mr. D.Tserenjav, head of Foundation Transparency, Ms. N.Bayarsaikhan, head NGO Steps without Borders, Mr. Bayaraa on behalf of D.Sukhbaatar, head of NGO Responsible Mining, Ms. D.Tserenpurev, head of NGO New Initiative of Administration, Mr. S.Tsolmon, coordinator of EITI Secretariat attended this Meeting. There are 17 out of 33 members were present and attendance was at 51.5 per cent.

Also present: Mr. Z.Bayarkhuu, coordinator of ADB TA project improving governance of extractive sector, Ms. A.Otgontungalag, Finance Officer of the EITI Secretariat and Mr. O. Munkhbat, IT Consultant of the EITI Secretariat.

The meeting was chaired by Mr. D.Damba, chief of department of Economics, Investment and researches of MMHI.

D.Damba: Hello, everyone, today we are conducting online meeting of EITI MSG, the 51st meeting. I am pleased to introduce Mr.Bayarkhuu, Project Coordinator from Japan. Because of Covid-19 pandemic, all public activities have been banned by National Emergency Commission. Therefore, all our activities with the Secretariat were carried out in online format. Since 50th meeting of EITI MSG it took plenty of time. Today we will hear ongoing progress of implementation of EITI 2020 Work plan, and also presentation about EITI training module. If somebody has something else, please welcome.

D.Erdenechimeg: It seems attendance is not enough, maybe some are coming. Coalition TAN(PWYP) proposed to hear on progress of this year's EITI reconciliation. Will you?

D.Damba: We have overviewed and agreed the agenda of today's meeting, Mr.Tsolmon's presentation will cover this topic, today meeting is more hearing, than decision making. As the meeting progresses we expect more people will join. If someone has proposal to postpone, we can vote and do so.

D.Erdenechimeg: If it is more hearing on ongoing activities, I would prefer to conduct this meeting. Hope more people will join. So, please as usual disseminate the minutes of meeting.

Z.Bayatkhuu: Let's start the meeting.

Sh.Tsolmon: As usual, we have phoned all members, 26 of them confirmed to join this meeting. By far, there is only 12 members. Hope some will join during meeting, as

this is online, whoever, if wish, can reach by cell phone, all linkages and guidelines are provided. I foresee the meeting is very regular one, no big decision is expected, but the last word whether to conduct belongs to you, chair of the today's meeting.

The Members agreed to conduct the meeting and have hearing of presentation¹.

D.Damba: Today's meeting was supposed to be chaired by Mr.G.Nandinjargal, State Secretary of MMHI, and secretary of EITI National Council, however, he is unable due to workload and authorized me to chair it.

As the agenda, let's have Mr.Tsolmon, coordinator of EITI Secretariat to make a presentation on progress of implementation of 2020 EITI Work Plan.

I. Presentation: Progress of ongoing implementation of Mongolia EITI 2020 Work Plan

S.Tsolmon: Hello, everyone, We are implementing EITI under TA -9752 MON of ADB project and introducing activities have implemented since January 1s, 2020:

The Secretariat had rendered support in form of methodological counseling to companies- mineral license holding, communicated them via phone and online. As a result, 1458 companies have produced 2019 EITI report under older template out of 2101 companies.

The Secretariat also rendered support in form of methodological counseling to State administrative organizations obliged to report for EITI, communicated them via phone and online. As a result, 5 agencies, 19 aimags and 6 districts have produced 2019 EITI Report on revenues from 2423 companies.

Open Contract web site www.iltodgeree.mn is functioning quite well, up to now 797 contracts are scanned and uploaded at this site.

The evaluation committee with task to select Independent Administrator for Mongolia EITI 2019 Report has met 5 times, however could not complete the task, as one of bidders had submitted a complaint, solution of which took longer time at Ministry of Finance, and evaluation was wrong, and so an expiry period had ended. Then Evaluation Committee was reformed, and the tender is again announced. It is scheduled to complete a process within September and conclude a Contract.

The legal working for law on transparency in mineral resources sector, established at MMHI met 3 times, and the concept note of law was approved by MMHI, Ministry of Justice and Internal affairs, and Ministry of Finances. Following approved concept, the draft law and other laws to be amended was updated. Now there is the new Government, as procedure, the draft and concept note are in consideration by new administration.

¹ Later attendance has reached 51.5 percent.

The 50th meeting of Mongolia EITI MSG was organized at the end of January, 2020 and finalized and approved Mongolia EITI 2020 Work plan.

In accordance with decision of Mongolia EITI National Council, working group was established and developed new reporting template for company in compliance to new EITI Standard, and submitted to National Statistical Committee, which approved on February 21, and then endorsed by Ministerial Order of Mining and Heavy industries on March 5, and registered at the Ministry of Justice and Internal affairs on April 21, and published at www.legalinfo.mn, become effective.

The new template was uploaded and became available to function by August 17th, 2020 after many technical and operational solutions.

Because of Covid-19 pandemic many public events had been banned, therefore the Secretariat was forced to organize online webinar type of activities, therefore, 4 webinars on how to apply new reporting template to representatives of more than 50 companies.

There are planned 55 activities, and 28 activities under implemented or implementation status, 25 activities are in expected status. The Secretariat proposes to cancel 2 activities and to transfer to next year's Work plan. The Secretariat asks all stakeholders to have active cooperation to implement these 25 activities in the remaining time frame and expresses faith that we will manage all these activities in this time, with cooperation of all parties.

D.Damba: Many thanks, we have heard progress on ongoing implementation of Mongolia EITI 2020 Work Plan. So, there are almost 800 contracts are published, new EITI reporting template is approved, and introductory webinars have been organized, and etc. Please raise your question in regard to this presentation.

D.Erdenechimeg: So, first, appreciate for organizing online activities because of this complicated period of time. The Secretariat is moved to MMHI, and funding is financed by ADB. So, until when, the Secretariat's fund and duration of agreement will continue, so after that, is the state budget fund is reserved?

S.Tsolmon: ADB funding is provided from August 2019 till October of 2021, which will cover the Secretariat's salary and some training costs. Our 2020 Work plan has clear breakdown of indication of funds per each activity, but as there is ongoing restriction, we have received only salaries but no other funding for activities. We are not hurrying to cancel or postpone 25 expected activities as mentioned before, if restriction is lifted off, after local elections activities of training and conferences planned in rural areas, can be organized. As for ADB funding, that is till October 2021, but we can not say anything what would be after, it is a bit too early. If the draft law is passed, hope financing will be resolved. But anyway, we are planning to receive 136 M MNT for disbursement this year.

Z.Bayarkhuu: We understand that state budget fund even after recent re-budgeting is reserved, as there was no information in terms of exclusion. ADB funding will be over by October 2021. UN has expressed some interest to MMHI, we have submitted some

estimations. Also, we will give proposal to ADB to continue. New Minister of Mining and Heavy Industries is planning to meet officials from Country office of ADB in coming days.

T.Munkhbat: Are there any planned activities, which have not been implemented, to be done before end of the year? What if they could not be done? The year marked with General elections, therefore there was some approach to create bad reputation about mining. What activities are expected in terms of public outreach?

S.Tsolmon: We foresee there is plenty of opportunities to implement in coming and remaining time. Hope that there will be strong support from stakeholders and their members, and kind contribution. We are planning to organize Western and Central regional conferences, and during which we should introduce the contribution of sector, and so relying on joint efforts of all stakeholders. Also, there should contribution of companies in terms of reporting by new template.

T.Munkhbat: We should introduce benefits of the sector, and relevant information at the Central regional, otherwise, there will be no good evidence of all our activities.

D.Erdenechimeg: It would necessary to advocate to public what was done for EITI, then it will have good leverage push for passing the law. So far, the independent administrator still not selected, it is necessary to engage media to convey all possible information. As first action, it is good to disseminate video materials, produced recently. Also, to provide people with linkages and routes for deeper viewing and understanding. Local areas have some accesses for cheap posting videos. From the other side, most aimags and soums created own online groups, where locals are active, so information can be posted in such groups for better dissemination for local areas.

Z.Bayarkhuu: I am quite okay with your suggestions, we have previously discussed how to convey these messages. Furthermore, we will develop certain proposals. In this regard, we agreed with our information technology consultant Munkhbat to have more work for this direction.

D.Damba: Thanks. MMHI. Secretariat, and other Governmental organizations do cooperate for more transparency in EITI and sectoral activities. From MMHI, online report about activities of past 4 years carried by MMHI of previous Government was produced and disseminated to public accordingly.

N.Bayarsaikhan: So, online trainings had been organized, which is good, it means there is some sort of saving of training budget. So, there is suggestion to exclude activities 3.2 and 7.4 from 2020 Work plan. My proposal is opposite, to implement them. This can be initiated by Members of TAN (PWYP), specifically, about why Contracts are not disclosed often time, what obstacle is existing, what type of contract, what opportunity is available to use disclosed Contract, and develop recommendations accordingly to improve. Some activities can be funded by these saved amounts. Last year MMHI had awarded subnational Councils from aimag and soum with acknowledgement letter. So, I propose to create video about these councils, and document their achievements and promote publicly. Question to MMHI, it is written that MMHI has delivered EITI reports to standing committees of State Great hural, to whom and what was official letter?

S.Tsolmon: The mentioned 2 activities of the Plan were suggested to be cancelled and moved to next year's plan. But if it needs, they, of course can stay for implementation. So, please provide proposal how to implement them.

N.Bayarsaikhan: The 2020 as year is declared as year of capacity building up of Subnational Councils. So, saved amounts can be used for the mentioned work, have cooperation with members of Coalition TAN, based on their knowledge and expertise to train Subnational councils. So, about budget and funds? Still available? Is funding completely available? As elections are approaching, funds are collected. So, people are gathering for this elections. So, therefore, I am proposing to have activities to reach rural areas.

S.Tsolmon: Of course, mentioned activities can be conducted in coming period of time. It 's preferable to be done in November and December, as September and October will be spend for selecting company for Independent Administrator, concluding Contract, organizing inception report, more concentrating on reconciling report.

N.Bayarsaikhan: When we organize regional seminar with Government entities, because of space, members of Subnational Councils, representing NGO or Local community are most often unable to attend, as each is occupied by high ranking officials, so this should be changed. Local Elections campaign starts by September 28th, the day of voting is October 15, and already by the end of October some activities can resume.

S.Tsolmon: Yes, September and October are fully booked with this selection of audit company, conclusion of Contract, and scoping. Subnational activities are quite possible after the elections.

D.Erdenechimeg: We will check what could be possible to use saved amounts as some activities are not conducted, and based on this check, we TAN coalition will submit proposal for work plan.

D.Tserenjav: Member Munkhbat proposed to disseminate mining information to public, and promote the sector. I do not think that there is not enough mining information, but what information delivered by Government entity and company is useless for public. Statistical information is dominating. As EITI Report is produced once a year, and it is more academic, big report with many digits. Because of this, there is certain gap, misunderstanding between EITI and citizens. Therefore, it would be wise not to run after for each training activities, but to check and find next step how convey EITI useful information to citizens.

I think that we have to create substantial platform integrating information produced by Government entities, EITI and CSOs. Namely, what Open Society forum created in terms of Open Contract, has gigantic pool of information, work is big, our organization is also created big site on Beneficial ownership, so in other words, every organization has created own big database. All these are diversified and posted in various sites, and creates some shortcoming that promotion is not good enough especially for citizens. So, it would be wise not once a year produce EITI Report, but to upgrade whole year around. And I see that is quite possible.

So, I would propose to organize discussions all about this topic.

B.Bayaraa: I am quite happy with these proposals of Mr.Tserenjav. Information should be prepared for each aimag, and disseminated accordingly. We must have inter connected, and our joint efforts should be like bridge between mining and citizens.

D.Erdenechimeg: Please keep communications with the Members before organizing training for state owned entities. As Glass account law requires that all and each transaction of 5 M MNT and over should be disclosed, but this is not well complied according to our observations. So, for upcoming training, we would propose to develop whole section in this regard.

Also, the Natural Resources Governance Institute has created guidelines for state owned enterprises, and they have cooperation with Erdenes Mongol LLC on governance issue of SoEs. So, it would be necessary to invite them for such training, make it as training package.

Open Contract site nests uploaded and scanned 797 Contracts as of late June 2019. That database has big contract like investment and construction agreements, also all local Contracts. For this year, about 200 contracts are scanned and prepared, which are handled by Mineral Regulatory authorities. As for local Contract, an official in charge for mining sector at Aimag's Governor's office should upload contract each by year in accordance with performance agreement concluded between MMHI and Aimag Governor. But this work is a bit delayed. So, we will check what is matter. But simultaneously would like ask both MMHI and the Secretariat to push local authorities do so.

There is another work to endorse the Concept note of law on transparency in mineral resources sector, and have discussion of it among public. MMHI could not work faster, members of legal working group and NGOs had good contribution to producing draft law. Now, would like to ask MMHI and Mr.Damba to post a draft law, start receiving comments and proposal of the public, also we are planning to activate this work.

The Working group is established at MMHI for issue of article 6.2 of the Constitution. But activities of this Working group is stuck since last year. We see this article is quite relevant to EITI. This article states as a public property, under which right to get information enables transparency of information, which is already in the Constitution means in following laws there should be provisions about transparency an environment impact, therefore we expect our involvements in these upcoming drafting various legislations. Up to now, this Working group has representative from Open society forum, on behalf of Civil Society, but further-on, the Secretariat may have representatives, would like to ask MMHI to push forward the work of this group. So, would like to have some answer on questions like, what is progress of the work of this group, how can we cooperate with working group, which develops draft of state public property?

D.Damba: So, many thanks, member Erdenechimeg was quite actively involved in developing the concept note last spring. So, about 700 contracts concluded in mineral resources sector are disclosed, and additionally we expect another 200 contracts are prepared to be disclosed.

Last Friday, the Action plan for 2020-2024 of the Government was endorsed. We managed to include major laws of the sector. So, law on transparency in mineral resources sector is in there. Within this framework, we are working on coordinating plan of actions of MMHI with the amended State budget, structure of the Government and renew as new Ministerial direction. These activities will be coordinated with prime directions of activities to develop Mongolia for period of 2020-2025. So as proposed by Member Erdenechimeg, will activate activities of law on transparency in mineral resources sector.

You know that Mr.Nandinjargal, State Secretary of MMHI works as secretary of Mongolia EITI National Council and head of EITI Working group, and we will continue this cooperation, consolidate achieved successes.

Quite soon, we will have local elections, we will organize meeting with new local leadership after elections, will discuss with them how to direct EITI to local community, introduce Ministerial and Agency activities aimed at local area, also consolidate those activities in this regard.

Because of Covid-19, certain planned activities have not been implemented. I will brief the Minister and State Secretary on today's meeting. Will brief them with proposal, all you have raised and outcome of this meeting.

We see that we should cooperate in promotion of mining information and what was achieved by EITI, to make them understandable.

The core of this year's Plan of Action is certainly a production of Mongolia EITI 2019 Report, but selection process was initially in quite timely manner, then is delayed because of complaint, and tender was annulled. The previous Evaluation committee was demolished, new one was established last Friday, did re-announcement of the tender. So we expect this work to be done in very tight time frame in order complete meeting law requirements. So, we ask all of you to cooperate actively in accomplishing this task.

Second agenda of today was a presentation of EITI Communication training module, which was scheduled to be presented by Communication specialist of the Secretariat, but some health issue do not permit do so, and we will hear this presentation and postpone.

In coming days, we will meet new Minister and high ranking officials and brief them about ongoing EITI.

So, today's meeting achieved its target and is over. Thank you for participation.

The meeting ended at 12.50 pm.

Meeting minutes Verified by:
State Secretary of the MMHI, Secretary of
the EITI National Council and Head of the
working group
Meeting minutes reviewed by:

G.Nandinjargal

Director of the Department,
MMHI
Coordinator of EITI Secretariat

D.Damba

Sh.Tsolmon

Meeting minutes recorded by:
Finance Officer, EITI Secretariat

A.Otgontungalag