



TA 9752 MON Improving Extractive Sector Governance, Mongolia

# Progress report

the THIRD QUARTER of 2021



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## Brief introduction

In early 2019, Mongolia EITI Secretariat was finally transferred from the Prime Minister's office to the Ministry of Mining and Heavy Industry. The Ministry had taken all necessary efforts to secure adequate budgetary allocations. In July 2019 MOF, MMHI and ADB have agreed to fund EITI in Mongolia through TA 9752 MON Improving Extractive Sector Governance and signed a respective agreement.

As a result of these assistances Mongolia EITI activities had been normalized and so far, Mongolia EITI produced a Mongolia EITI 13rd Report-2018 by the end of 2019, and 14th Report-2019 by the end of 2020. The Reports are available in Mongolian and English languages at Mongolia EITI <http://www.eitimongolia.mn/p/33>. As well as, Mongolia EITI and project team successfully implemented a Work Plan for 2020/2021, despite complications created by the COVID-19 pandemic and lockdowns.

### **Innovative measures for the EITI in 2021:**

Mongolia EITI Secretariat will take actions to improve the implementation of EITI in 2021 and concentrate on issues given below:

- Systematic disclosure is introduced in 2021 and updated for coming years;
- Subnational councils are reactivated in 2021 and will be more capable;
- Cooperation with other organizations such as IFC, Open Society Forum, and Professional Associations have been more intense and impactful;
- Mongolia EITI E-Reporting portal sought to target a user-friendly and customer simpler approach.

In the first 9 months of 2021, the following activities have been implemented within the scope of each output in the Technical Assistance Report of ADB.





## Output I. Commitment to the Extractive Industries Transparency Initiative standard maintained and improved

### Updating EITI Reporting templates, Mongolia EITI website and social networks

Updating of EITI Reporting templates continued, and missing information on the expenditure of geological work, offsetting of individual income tax, capital expenditure, and paid stamp fee and charges to all Government organizations, or last portion of templates was included into E- Reporting templates. The work was executed with assistance from an Interactive IT firm that created and developed this system from the very beginning.

However, the visibility of the Companies' 2020 report is still not resolved, because the free system software is outdated. It is in process of repair under Contract with Leader Vision Group LLC, which is selected at the end of Tender selection. The contract is approved and ongoing.

The Secretariat with assistance from a former IT consultant renewed the existing Mongolia EITI Website, now the Secretariat is continuously updating published data on the website. Development technology issues have been resolved, as the problem was that it has not been updated since it was first developed. Besides, the user interface and speed have been improved. With the cooperation of the IFC specialist, we have been preparing several infographics and publishing them on the website and social networks.

A new Communication specialist administers Mongolia EITI website and social networks such as Facebook live and Twitter, and regularly updates posts.



## A renewal of MMHI official website

Early April 2021, MMHI requested ADB to upgrade its official website with support from ADB's TA-9752 MON on Improving Extractive Sector Governance.

In accordance with ADB approval, Mongolia EITI coordinated communication between MMHI and the development company for the renewal of the website. On April 8, the IT admin prepared the TORs for the renewal of the MMHI official website to make the website more user-friendly and faster, and MMHI has approved it. Open Soft LLC was selected from 5 bidders based on the evaluation made on May 5th, 2021, and the contract was signed on May 11. But MMHI has proposed some additional requirements, which are expected to be confirmed with the developer in written form. After resolving this issue, the work under the contract is ongoing and must be completed by July 30th, 2021 according to the contract, however, renewal of web has been planned to be complete in October 2021 due to providing comments from MMHI.

***We estimate the progress of activity with 90%.***

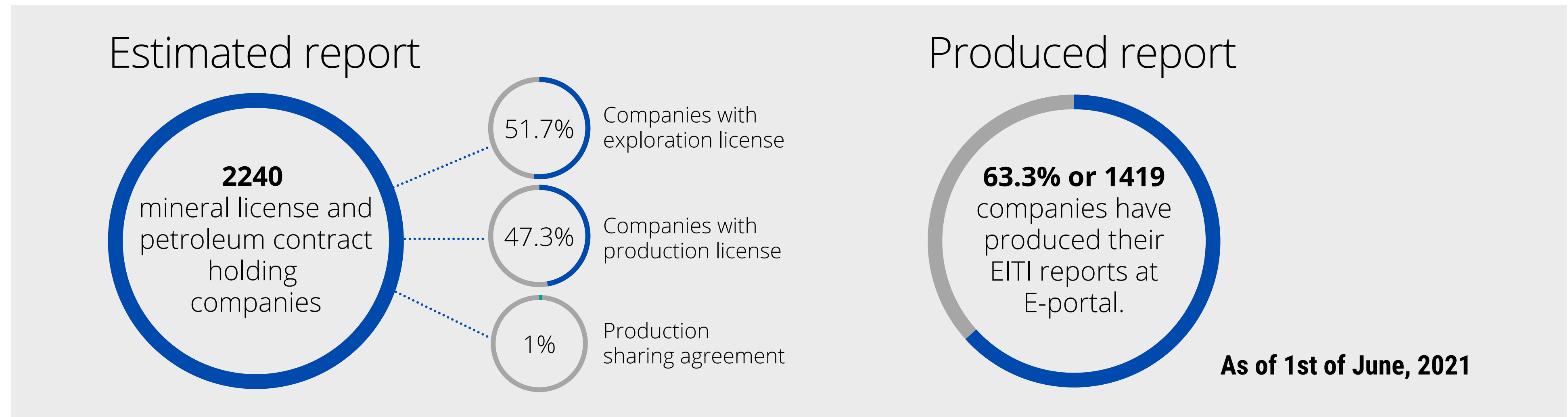
## Organization of EITI Reporting for 2020

It is estimated, 2240 mineral license and petroleum contract holding companies, or 1160 companies with exploration license, 1060 companies with a production license, 20 companies with petroleum production sharing agreements have to produce EITI report for 2020 under new reporting templates.

As of 1st of June 2021, 1419 companies have produced their EITI reports at E-portal. The project team has been communicated by phone, SMS, and E-mail provided methodological advice to companies in producing EITI reports, and received some visitors when it is complicated for them to produce EITI reports.



## Company reporting



The Secretariat updated the E-reporting portal with the missing section of templates as mentioned above and conducted 4 webinars for company representatives on instructions, how to produce a report under new templates. The reporting period is extended due to Covid-19 pandemic lockdowns and companies continued reporting at the end of May.

Similar activity has been conducted by the Secretariat in relation to EITI Reporting by the all-level Government organizations, including ministries, agencies, aimag, and districts, which have received revenue from the extractive sector and reporting process will last until the middle of July 2021.





## Government reporting

Delivered official request for reporting

1

Ministry

8

Agency

21

Aimags

1+9

City and Districts

Produced report

**(Received revenue from 1655 companies)**

1

Ministry

7

Agency

17

Aimags

6

Districts

The Secretariat had delivered an official request to 1 ministry, 8 agencies (taxation, mineral and petroleum, customs, state inspection, state policy, labor, and social care, standardization and measurement, and social insurance and benefits), 21 aimags, Capital city, and 9 districts to produce EITI reports on revenue from extractive companies through Mongolia E-reporting portal and provided relevant templates, guideline, and password.

As a result of these activities and the Secretariat 7 agencies such as General Taxation Department, Minerals Resources and Petroleum Authorities, General Customs Administration, General Department of Social Insurance, Department of social care and service, State agency of Professional Inspections, Assay control of department of National Standardization and measurement, 17 aimags except Bayankhongor, Umnugovi, Sukhbaatar and Khovd, 6 districts except Bagakhangai, Bayangol and Khan-Uul have produced EITI Report for 2020.

***We estimate the progress of this activity with 80% implementation.***



## The government procurement process for the 2020 EITI report

According to Work Plan for 2021, there would have to be the following activity related to the government procurement for the 2020 EITI report in the first quarter of 2021.

- Establish an evaluation committee in the Ministry of Mining and Heavy Industry under related laws;
- Produce terms of reference of tender and tender documentation;
- Approve terms of reference of tender and by MMHI;

The Evaluation Committee has been established in early March at MMHI, by order of the State Secretary of MMHI, consisted of 3 representatives of MMHI, 2 representatives from NGOs, and two from the Secretariat.

MMHI has approved the term of reference for 3 lots of consultancy services in early March.

The lot No.1 in the production of Mongolian EITI 2020 or 15th Report but the flexible format, Lot No.2 is upgrading Mongolia E-reporting system, and lot No.3 is study work of capacity of Mongolia EITI Subnational Councils, and production of the work plan to upgrade Subnational Councils.

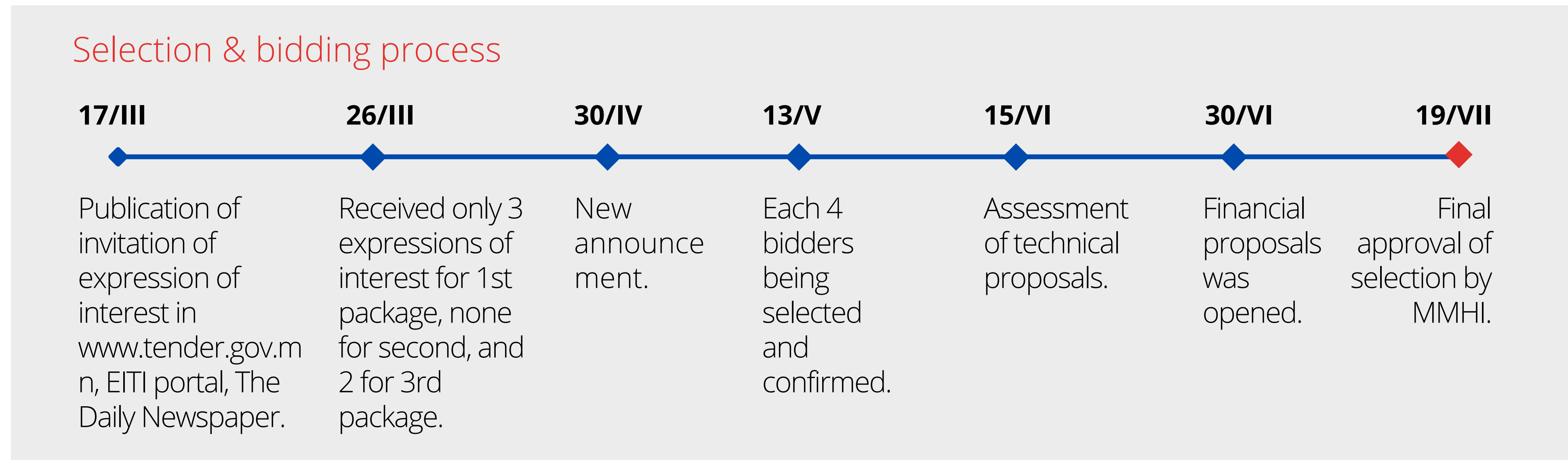
## Procurement process







## Procurement process



The Selection and bidding process has started on 17th March with the publication of invitation of expression of interest both at the Government Tender site, EITI portal, and one of the central newspaper “Udriin sonin” the same day.

By the 26th of March, the Secretariat has received only three expressions of interest for the 1st package, none for the second, and two for the 3rd package.

However, after reviewing of expressions, two of 3 in the 1st package had few of some relevant documents, therefore, the shortlist of all 3 packages could not be created, thus another announcement or extension is scheduled as the law required.



Under the re-announcement on April 30th, 2021, the final short was created for each lot on May 13th, and there were each 4 bidders being selected and confirmed by MMHI.

An assessment of technical proposals was conducted on June 15th, 4 bidders, namely 2 for lot No.1, each 1 for lot No.2 and 3 have received sufficient scoring and financial proposals was opened on June 30th, and recommendations had been delivered to MMHI.

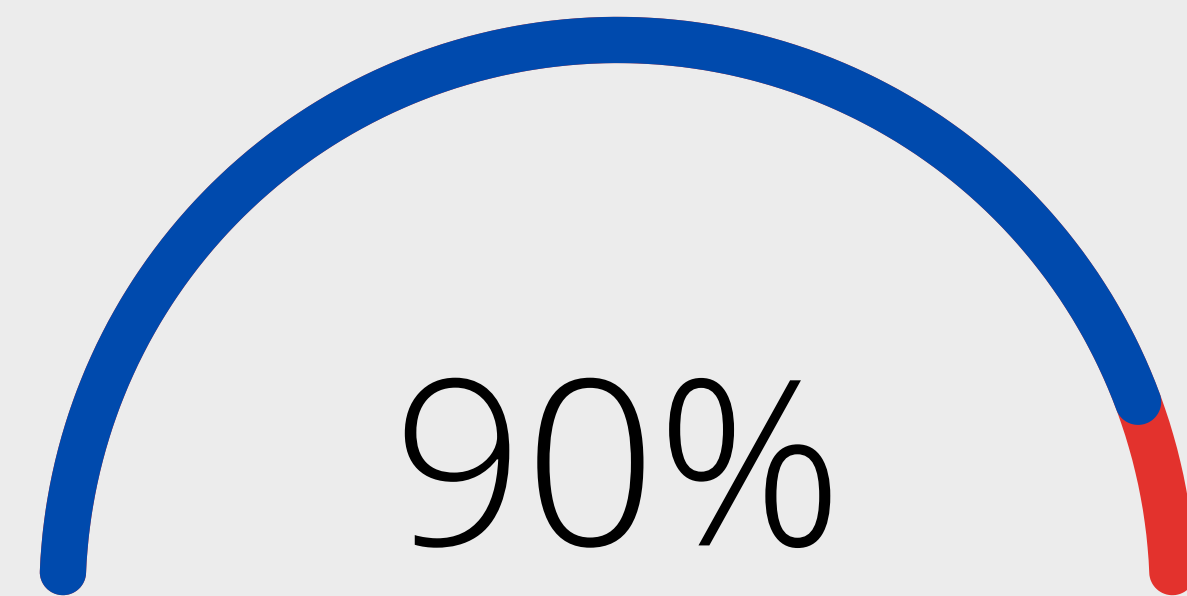
But the law required to extend the tender duration, therefore, there was an official request from MMHU to MOF, which later had confirmed the extension.

As result, 3 contracts or Contract with Grant Thornton audit LLC, Leader Vision Group LLC, and Human Development Research center are signed and approved by MMHI and Contractors entered into work by the end of July of 2021. Progress of Contract was reviewed in September, at EITI MSG Meeting and Inception webinar.

The Tender Committee met 14 times, and meetings were online and minutes are recorded.

***We estimate the progress of activity with 100%.***

## Progress of implementation of Output I



### ***The highlight of the progress of achievement of Output I:***

The EITI Reporting by 1419 companies, and 7 agencies, 6 districts, and 17 aimags for 2020 is considered relatively high as a result of the Secretariat's efforts in providing assistance to companies and state bodies. Improving and being simpler for E-portal has started through the bidden process. The tender achieved its target, and approved and finalized.



## Output II. Legislation to improve transparency in the extractive industry identified

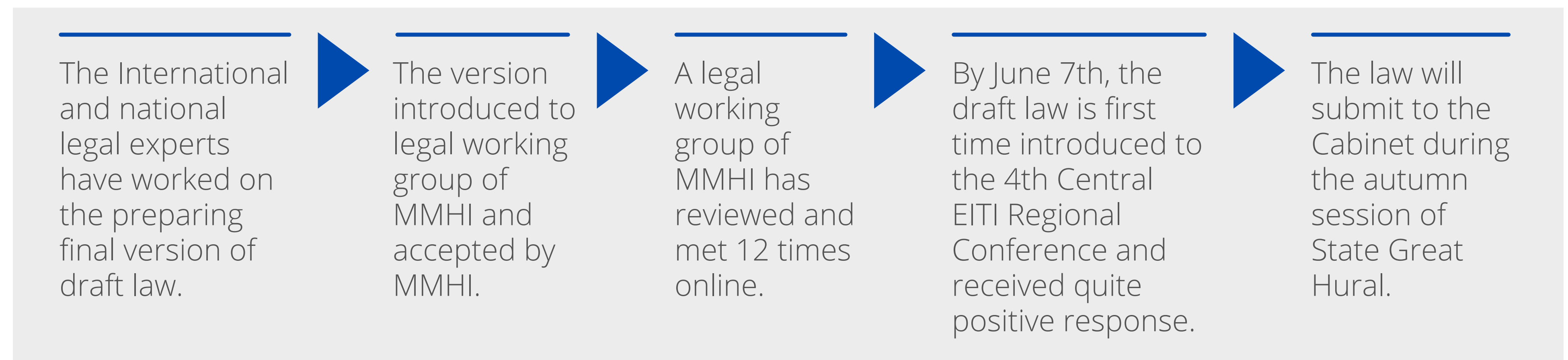
### Work of legal Consultants in finalizing of Law on transparency in MRS

The International and national legal experts have worked on the preparing final version of the draft law and introduced their version to the legal working group of MMHI.

Their version was accepted with the notion that there would be a small legal team, which would merge old and new versions, and create a final version within the shortest possible time and then MMHI would proceed with it for Cabinet review.

The International legal expert conducted research of international experiences in the Transparency law in order to improve the draft of the law on transparency of Mongolia and he presented it to the legal working group of MMHI.

### Work of legal Consultants in finalizing of Law on transparency in MRS







A legal working group of MMHI has reviewed and met 12 times online and finalized the last version by June 7th and the draft is now under internal review of MMHI. MMHI has revised the timeline of this law process and will submit it to the Cabinet during the autumn session of State Great Hural, which is usually started by early October.

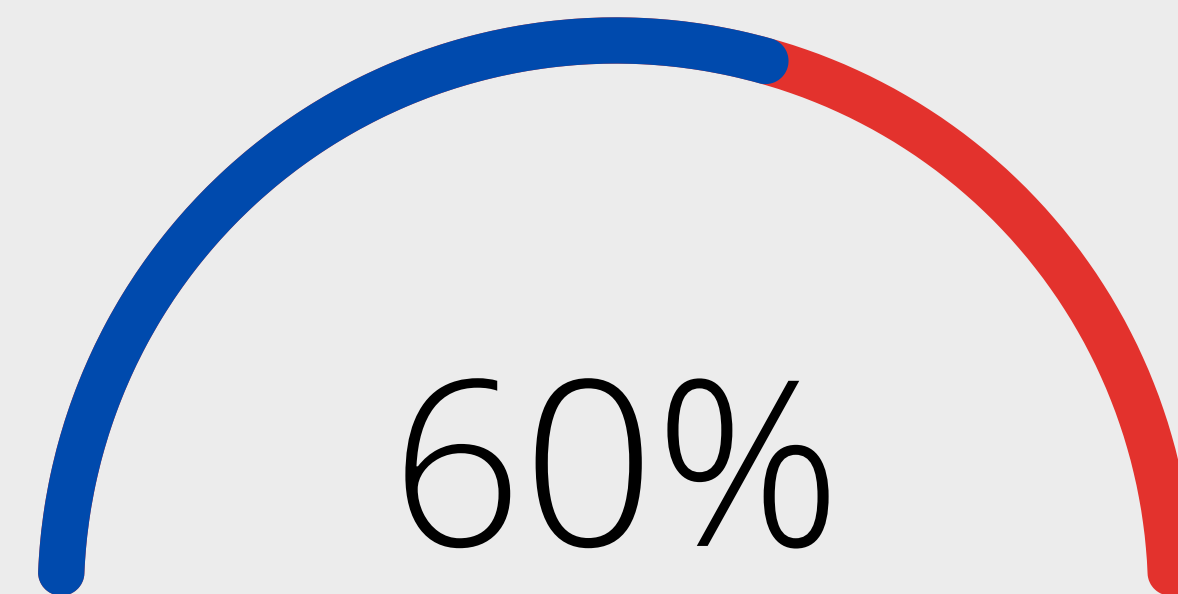
A draft law is first time introduced to the 4th Central EITI Regional Conference and received a quite positive response.

There was a new discussion on this law that Minerals law, which is also under new redaction, has provisions of transparency, and therefore basics provisions of transparency law may be incorporated into this draft. But MMHI still considers this option and has not issued a decision yet.

***The highlight of progress of achievement of Output II:***

The international and national legal experts have produced a new law version, which is merged with the old version, and conducted research of international experiences in the Transparency law, and MMHI has completed drafting a final version for discussion.

Progress of implementation of Output II





## Output III. Review of opportunities for better information dissemination and public monitoring of extractive sector activities conducted

### Communication with Subnational councils

The Secretariat had consulted with all aimag Subnational EITI Councils and agreed to have a regular online meeting at least once every 2 months.

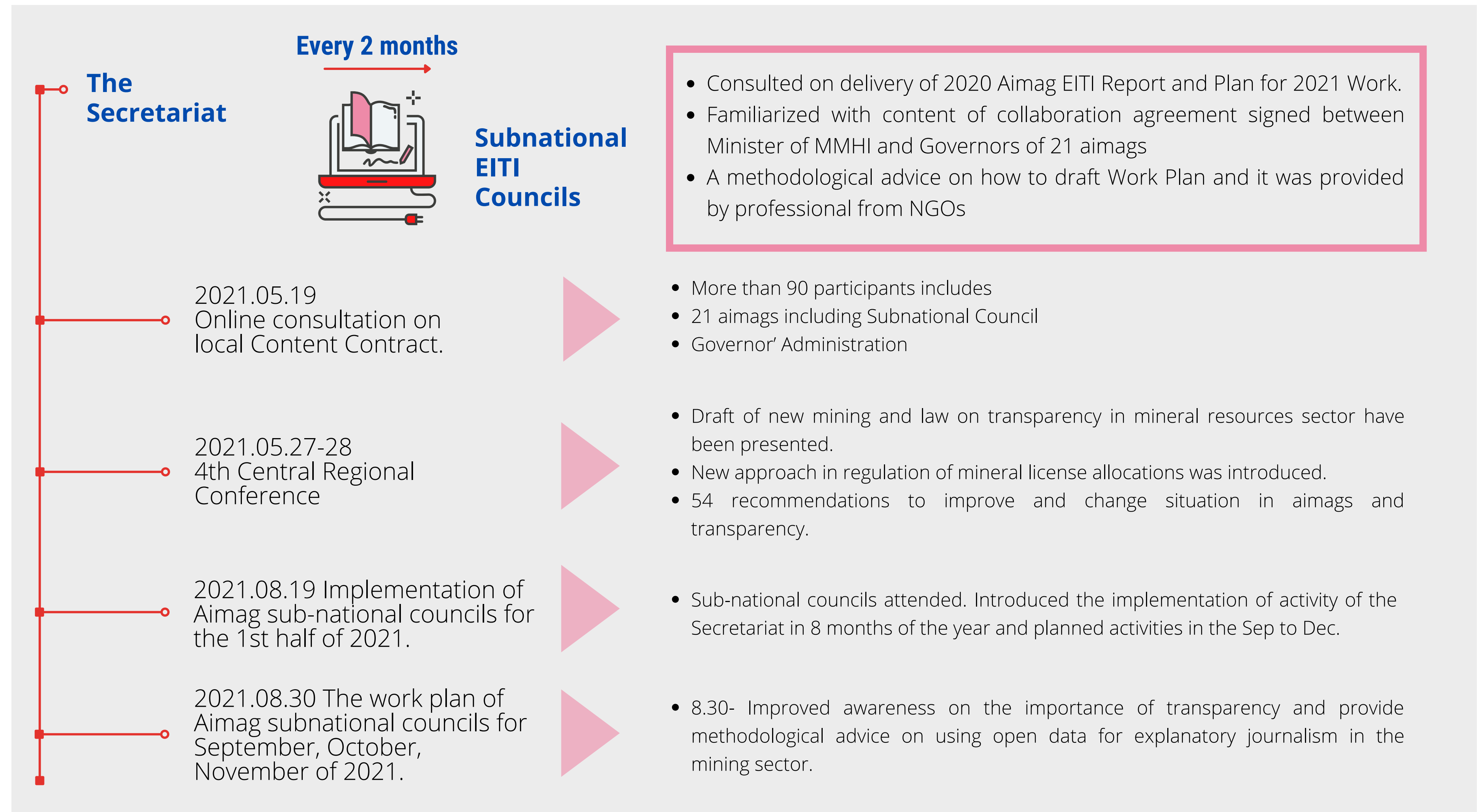
So, in February, the team met with Subnational councils, consulted on delivery of the 2020 Aimag EITI Report and Plan for 2021 Work, also familiarized with the content of the collaboration agreement signed between the Minister of Mining and Heavy Industry and Governors of 21 aimags, specifically with EITI related provisions.

The April meeting was about counseling to Subnational Councils, methodological advice on how to draft Work Plan, and it was provided by professionals from NGOs.

The two meetings on August 19 and 27 were about the implementation of the work plan of Aimag subnational councils for the 1st half of 2021, consulted and agreed on organizations of EITI Regional conferences, but because of restrictions caused by Covid-19 Pandemic in several aimags and Ulaanbaatar, they have be organized online.



# Communication with Subnational councils







In May, the Secretariat had organized online consultation on local Content Contract, where all 21 aimags including the Subnational Council, Governor' Administration participated and received counseling on how to conclude the contract, what should be focused on before concluding and what kind of monitoring should be after the conclusion and over the implementation of contracts. There were more than 90 participants and it was shared live online through Facebook. Pre and Post consultation assessments of the knowledge of participants by questionnaire had been carried and findings were published on the website and Facebook.

In May, the Secretariat and subnational Councils of 8 aimags of the central region organized a 4th Central Regional Conference, but it was the first time in online, because of the Covid-19 pandemic lockdown. The following contents were introduced at the central region conference.

- Draft of new mining and law on transparency in mineral resources sector have been presented by MMHI.
- A new approach in the regulation of mineral license allocations was introduced by Mineral Resource Petroleum Authority.
- MOF presented a detailed view of the Local Development Fund and had a constructive discussion on this aspect

At the end of the conference, participants have agreed on 54 recommendations to improve and change the situation in aimags and transparency. Pre and Post-conference assessments of the knowledge of participants by questionnaire had been carried and findings were published on the website and Facebook.



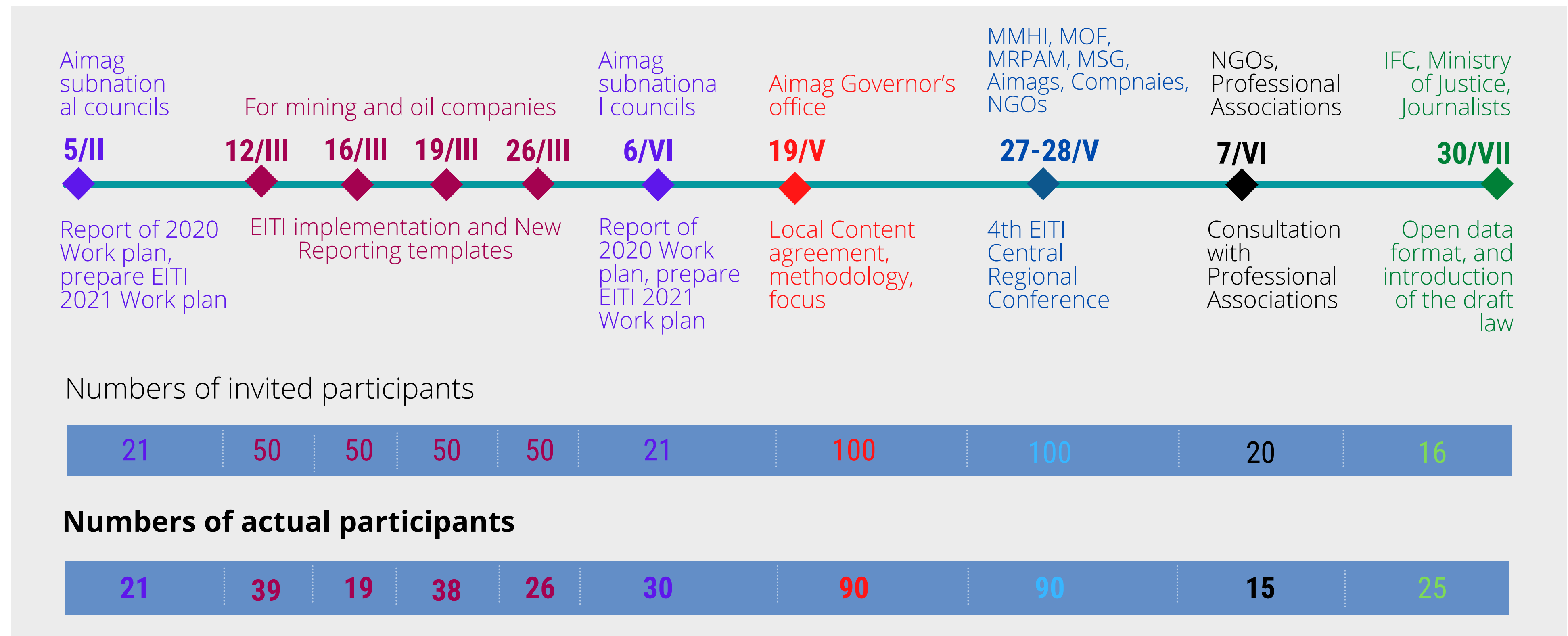
# Training activities

The training activities for the time being, are all halted due to Covid-19 precautions in Mongolia. Therefore, Secretariat had organized 4 Webinars for companies to help them to produce EITI 2020 Reports, using Google Meet platforms.

Companies are more participating on the trainings than last year.

The Secretariat in cooperation with IFC, Ministry of Justice and Internal affairs training of journalists on August 30th, the main topic was open data format, and introduction of the draft law on the information of public under which about 60 types of information, including beneficial ownership.

## Information of the training and seminars





## Expanding cooperation with International Finance Corporation, Open Society Institute, and Professional associations

The Secretariat has an ongoing consultation activity with IFC and Open Society Institute to jointly implement some communication activities such as regional conferences, training of Subnational Councils and some activities such as Hackathon and training of trainers this year in order to systematic disclosure. Some cooperation activities are planned in IFC 2021 working plan through Mongolian EITI requests. Some online meetings with these organizations have been organized for planning.

The Secretariat has organized a consultation with the Chamber of Commerce and Industry, Business Council, Transparency International, Mongolian National Mining Association on coordinating activities for better governance and agreed with the Chamber of Commerce to cooperate on the aspect of selection of best open transparent company along with Annual Award ceremony.

The Secretariat under the instruction of MMHI participated in a seminar of Open Government Partnership in deliberating the draft of the Annual National plan for 2021-2023, included Beneficial ownership into this plan.

## The meetings of the Multi-Stakeholders Group (MSG)

The National Secretariat under the direction of MMHI organized very 1st of 2021 or the 53rd meeting Mongolia EITI Multi-Stakeholders Group on February 25, 2021, on which agreed to establish a sub-technical group for implementing a pilot project for diagnostic tools of Anti-Corruption.

The group was established out of 6 members of Mongolia EITI MSG with the following composition:

- Mr.N.Dorjdari, coordinator of Natural resources governance institute, members:
- Mr.B.Gankhuyag, commissar, an officer of the department of Prevention and enlightenment of Anti-Corruption Authorities,





## Meetings with Stakeholder groups and jointly activities



- Mr.D.Enkhbold, executive director of Mongolian National Mining Association,
- Ms.B.Erdenetsetseg, secretary of Coal Association,
- Mr.L.Tur-Od, head of NGO Transparency International Mongolia,
- Mr.D.Tserenjav, head of NGO Transparency Foundation,
- Mr.D.Sukhbaatar, chairman Governing body of NGO Responsible Mining Initiative for Sustainable development, and

- Mr.Sh.Tsolmon, coordinator of EITI Secretariat;

The sub-technical group has already contacted once and agreed on the selection of an independent researcher to study the issue, his/her TORs, and draft a work plan for further intervention.



A 53rd meeting also discussed and agreed on the following:

- To deliver guidelines and recommendations on producing 2021 Work Plan to Subnational Councils;
- To assign to EITI Secretariat a duty to conduct monitoring over implementation of 2021 Work plan by Mongolia EITI Subnational Councils;
- It is agreed to organize a next meeting of the EITI Working Group between March 22-26, 2021 and the agenda would cover web site of Open Contract and its functioning.

The Secretariat under the direction of MMHI organized another or the 54th meeting Mongolia EITI Multi-Stakeholders Group on March 31, 2021 and agreed to hand over the Open Contract website to the EITI Secretariat, which will also produce procedure to administer the website, ensure preparation work for the organization of EITI Central regional conference and recommended to organize a National Council meeting and discuss on coordination of ongoing projects.

The Secretariat under the direction of MMHI organized another or the 55th meeting Mongolia EITI Multi-Stakeholders Group on June 30, 2021 and where the Secretariat had presented a progress report of activities for 1st half of 2021, and recommendations of 4th EITI Central Regional Conference.

Also, it presented a package of amendments to EITI reporting, namely to disclose an operation plan for 2 years, details of export, procurement, information on donation disbursement, information of economic impact, and assumption of the extractive sector, and additional information on employment. The MSG has agreed to establish a sub technical group to elaborate more details of these amendments.

The meeting reviewed the introduction of the ongoing pilot project for diagnostic tools of Anti- Corruption and agreed to hear the progress of work for the next meetings.



The Secretariat under the direction of MMHI organized another or the 56th meeting Mongolia EITI Multi-Stakeholders Group on September 30, 2021, and where the Secretariat had presented an introduction on companies and state organizations, which have not reported for EITI for the last 5 years.

The meeting also reviewed and approved report and findings of the consultant of NRCI on methodologies on diagnosing risks of corruption through EITI data, the progress of Contract work of Leader Vision Group Ltd, and Human Development Research training center NGO.

The Secretariat jointly with EITI International Secretariat had organized pre-validation consultation with Mongolia EITI MSG, launched preparatory work for Validation, which will resume on the 1st of January 2022, also webinars on Open Contract, Anti-Corruption tools, through which MSG has obtained necessary knowledge from the international community.

The Secretariat jointly with EITI International Secretariat organized webinar of Mongolia EITI MSG on beneficial ownership on August 9 and updated international community what is status of Beneficial ownership in Mongolia.

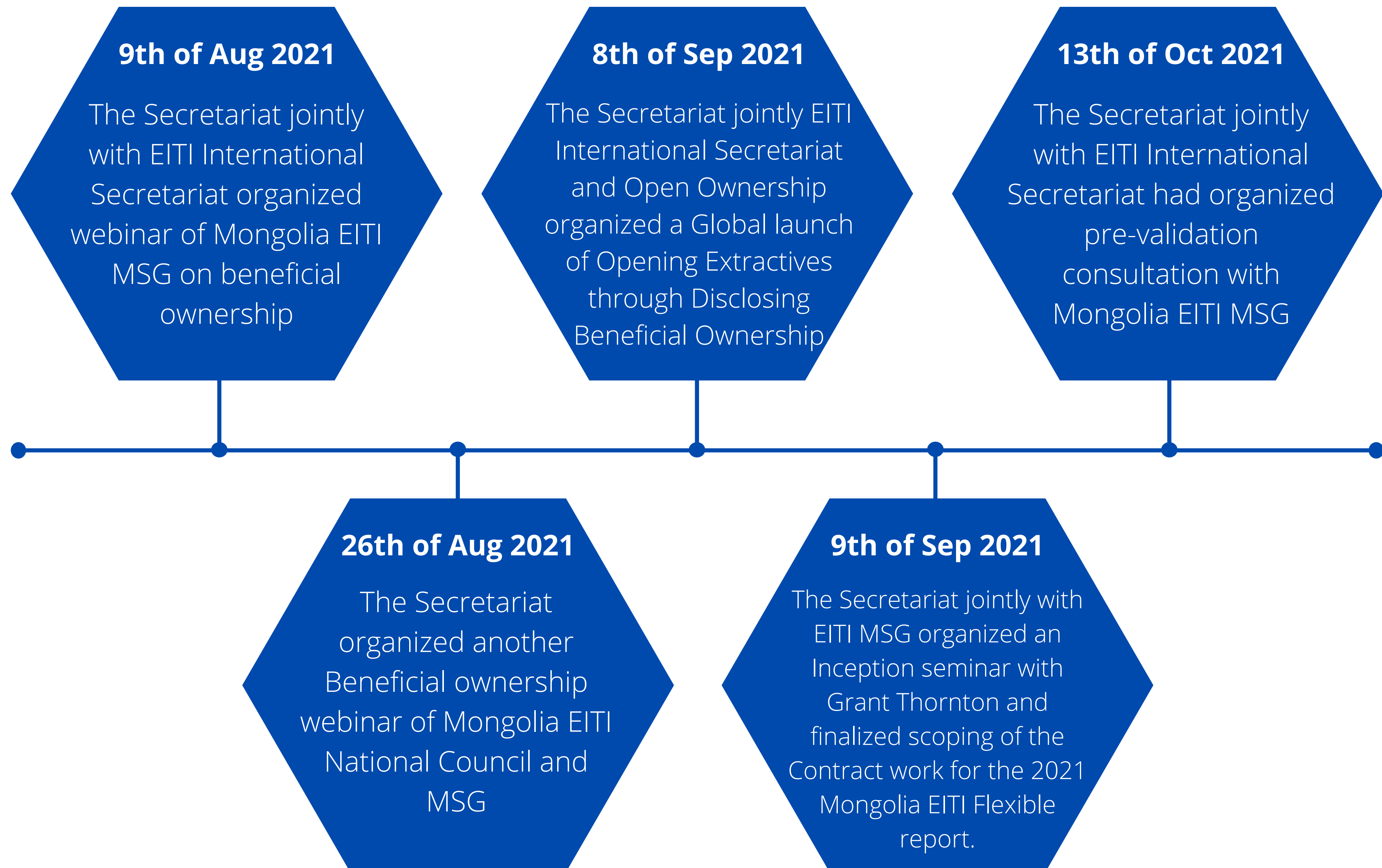
Also, the Secretariat organized another Beneficial ownership webinar of Mongolia EITI National Council and MSG with EITI International Secretariat on August 26, but with broader participants including representatives from Ministry of Justice and Internal affairs, General department of State Registration and agreed to coordinate activities for joint efforts.

The Secretariat jointly EITI International Secretariat and Open Ownership organized a Global launch of Opening Extractives through Disclosing Beneficial Ownership on September 8th, and disseminated relevant information and interview through media.





## Webinars with International EITI Secretariat and National Sub-council





The Secretariat jointly with EITI MSG organized an Inception seminar with Grant Thornton and finalized scoping of the Contract work for the 2021 Mongolia EITI Flexible report.

## Recruiting Communication specialist

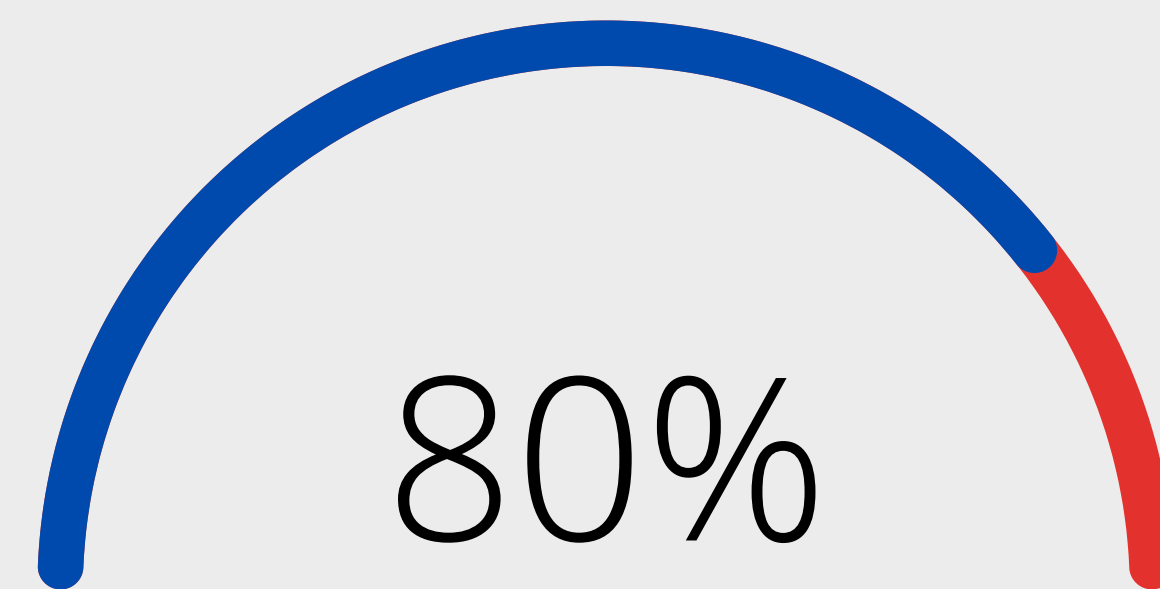
Ms.Baigal, the communication consultant, drafted Mongolia EITI Training module, Stakeholders mapping, Communication strategy, and communication platforms.

The Secretariat had completed a selection process for a new communication specialist, and Ms.Tselmeg launched her duties and updated Communication Strategy, which will be introduced to EITI MSG.

## Financial and procurement reporting of Mongolia EITI Secretariat

A financial report on 2020 state budget financing has been produced and published on the Glass account website and delivered to the National Audit Office in the first quarter of 2021.

### Progress of implementation of Output III





The Disbursement plan activities to be funded by ADB in 2021 had been submitted to ADB for approval. Plan for World Bank funding for 2021 and 2022 had been submitted to MMHI and MOF.

The Report on Procurement activities under State budget funds for the 1st half of 2021 is submitted to MMHI.

The Secretariat organized efficiently a procurement of 3 laptops for office needs within allocated funds, as result, it has the better technical capacity to run daily operations.

***The highlight of the progress of achievement of Output III:***

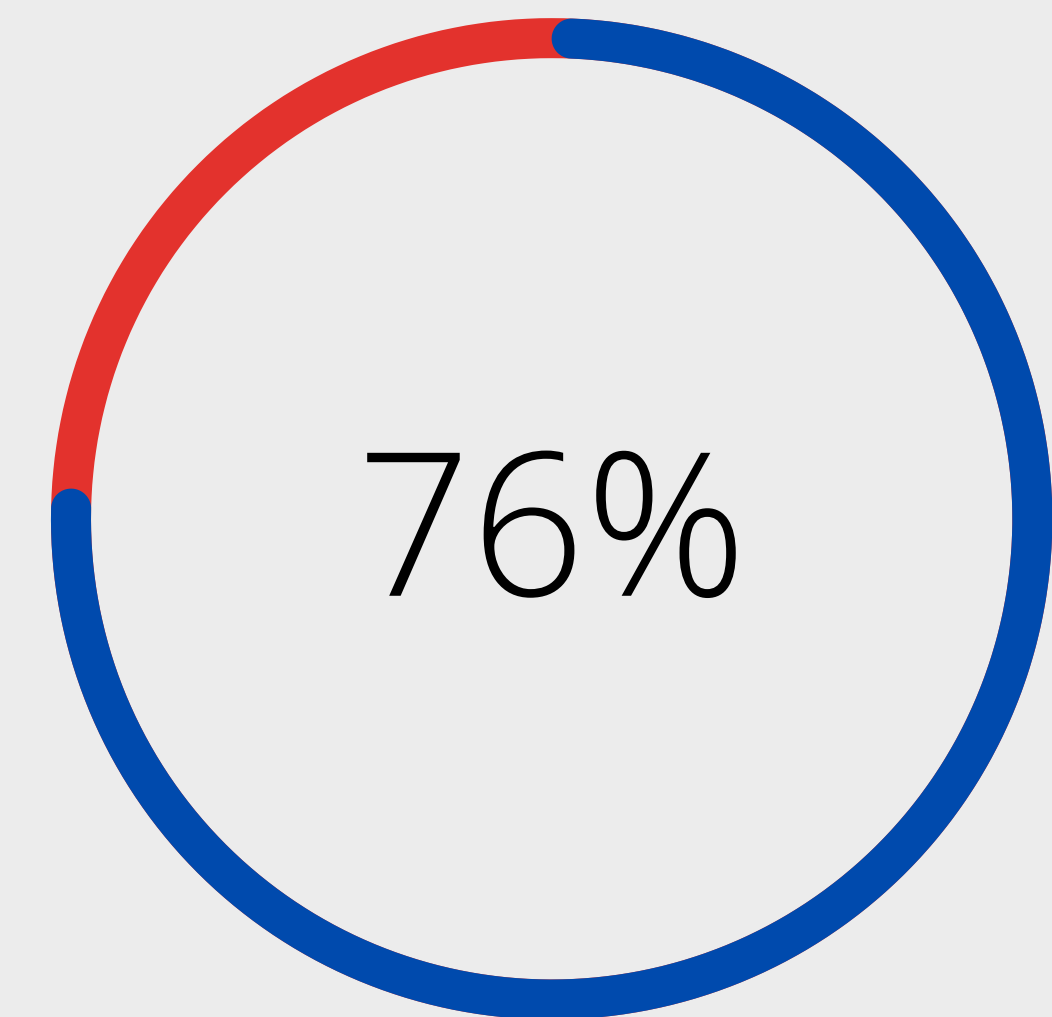
Most Subnational councils are actively involved in the implementation 2021 Work Plan. The online training courses for companies were successfully organized even though having restrictions reasoned by the Covid-19 pandemic. Cooperation with other organizations has been activated and the meetings of MSG have been organized by online successfully. A new communication specialist has already created some output.

## Overall Progress Rate of the Project

The EITI Mongolia implemented successful actions in the 1st half of the 2021 Work Plan even though some restrictions are occurring due to Covid-19.

The total estimation of implementation

In the 9 months of 2021.







# Total evaluation for the first 9 months of 2021



Highlights of progress

- The EITI Reporting by **1419** companies for **2020** is considered quite high as a result of the Secretariat's efforts in providing assistance to companies.
- Tender for Selection of Consultancy firm for **EITI Integrated Report 2020** is completed in timely manner over.
- Improving and being simpler for **E-Reporting** portal is ongoing under the Contract work.
- The website of Mongolia EITI has been renewed and updated some **main data**.
- The **renewal** of the website of MMHI is completed around 90%.



# Total evaluation for the first 9 months of 2021



Highlights of  
progress

- The international and national legal experts have produced a **new law version**, which is merged with the old version.
- Legal consultants conducted research of **international experiences** for the Transparency law.
- Final version of the draft law was prepared by MMHI and **ready for discussions**.



# Total evaluation for the first 9 months of 2021



Highlights of  
progress

- Most **Subnational councils** are actively working to implement the 2021 Work Plan.
- The online training courses for companies were **successfully organized** even though having restrictions reasoned by the Covid-19 pandemic.
- Cooperation with other **supporting organizations** have been activated and the meetings of MSG have been organized by online successfully.





## Planned Activities for the Fourth quarter of 2021

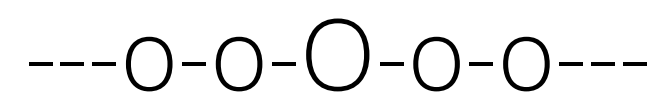
If the current complicated situation, caused by Covid-19 eases in Mongolia, certainly EITI Mongolia will keep implementing normal activities.

Completion of Contracts for 3 consultancy works are scheduled in coming month. The EITI National Council shall meet finalize Contract works, Work plan for 2021 and draft 2022 Plan of actions.

The discussion of the draft law on transparency in the mineral resources sector is expected later this year in the Cabinet.

Implementation of outreach communications activities should be intensified but EITI Regional conferences shall be organized in online format.

Preparatory activities for Validation shall be activated with the support of EITI MSG and EITI International Secretariat.





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