

## **Minutes of meeting of Mongolia EITI MSG /2020-01-29/**

The 1<sup>st</sup> for 2020 or 50<sup>th</sup> meeting of Mongolia EITI MSG was organized on January 29<sup>th</sup>, 2020 at 2.00 pm in the hall of MMHI.

The meeting was chaired by Mr. D.Damba, chief of department of Economics, Investment and researches of MMHI, attended by Mr. Ch.Chimidsuren, chief of Accounting policy department of MOF, Mrs.G.Oyuntuya, specialist of Mineral and Petroleum Authorities of Mongolia, Mr. N.Gankhuyag, N. Tsend-Ayush, officers of Anti-Corruption Committee, Mr. Zh.Battsengel, inspector of General department of Taxation, Mrs. N.Munkhtsetseg, senior inspector of Professional Inspection agency, Mrs .N.Och, specialist of LLC Badrakh Energy, Mrs. T.Munkhzul, specialist of LLC Boroo Gold, Mr. N.Battulga, specialist of LLC Erdenes Mongol, Mr. D.Enkhbols, executive director of Mongolian National Mining Association, Mrs. B.Erdenetsntseg, secretary of Coal Association, Mrs. N.Renchinpagma, specialist of LLC Oyu Tolgoi, Mr. D.Tserenjav, head of Foundation Transparency, Mrs. N.Bayarsaikhan, head NGO Steps without Borders, Mr. D.Sukhbaatar, head of NGO Responsible Mining, Mrs. D.Tserenpurev, head of NGO New Initiative of Administration, Mrs. L.Bor, head of NGO Ikh bayan sharga, Mr. N.Erdenesaikhan, member of Governing Council of Civil Council of Mongolian Environment, Mr. S.Tsolmon, coordinator of EITI Secretariat. There are 19 out of 33 members were present and attendance was at 57.6 per cent.

**Also present:** Mr. E.Enerelt, consultant, ADB, Mrs. 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.

### **Presentation 1: Plan of actions of the MMHU for 2020**

D.Damba: Let me introduce a plan of actions for 2020 in accordance with Master Plan of MMHI for 2016-2020.

Our Ministry published statistical data that preliminarily, the extractive sector in 2019 has represented 25% of GDP, 75% of industrial output, 90% of export and 73% of foreign direct investment. The industrial output reached 17,5 trillion MNT, and extractive's reached 12,3 trillion MNT, which was increased by 1,1 trillion MNT from the previous year. Output of coal and flour spar has increased by 1,6-54% and effected payment 2.9 trillion MNT as revenue. The Ministry was focused in 2019 to improve legal environment of the sector and infrastructure, speed up turning of strategic deposits into economic stream, insure stable prices and stability of petroleum products, implement heavy industry policy. In order to insure safe extractive operations, the integrated safety instructions of open pit, guidelines and requirements for enriching plants, integrated security instructions of explosives, closing procedure of the mine and some legal documentations had been developed and enacted. Also, it has cooperated with relevant organizations to establish order in artisanal mining and prevent illegal extractive activities, and made certain achievements.

As for the Plan of actions for 2020, the sector will remain as leading sector for next 20-30years. This requires cooperation of Stakeholders and policy implementing organizations. So, cooperation with EITI National Council and MSG is very crucial.

MMHI has been working in drafting plan of action, draft is ready, and there 2 aspects of activities in relation to EITI, one is to draft and enact a law on transparency in mineral resources sector, the other is to all round methodological advices to implement principles of EITI and insure transparency. As for law aspect, previous legal working group will continue, there will be submission of the draft to Government hearing and after to Great State Hural. All promotion activities will take place.

The second objective will the updating reporting templates in accordance with new EITI standard, enacting and organize reporting under new templates and monitor implementation. Also, we will work to produce EITI 2019 Report, and the ministry cooperates with NGOs and disclosed more than 500 contracts, which will continue to disclose.

Last year, in 2019 there was amendment to the Constitution, which was enacted and declared Resource fund. The Ministry is busy now to implement this amendment, established several working groups. Prior law functions, some sectoral laws should be also amended. Law on resource fund is under deliberation, core provision is to distribute revenues from natural resources in accessible and equal principle. Recently a new version of draft law is released and introduced to directors of the Ministry and all procedure will follow.

He read the agenda of meeting.

## **Presentation 2: Introduction about Mongolia EITI 2020 Work Plan**

S.Tsolmon: Mongolia EITI 2020 Work Plan had been overviewed by MSG, National Council and ADB also commented in this regard. So, at the end National Council has endorsed the plan with 14 objectives and 59 activities.

A Slogan of 2020 of Mongolia EITI is to promote 2019 EITI Standard and Capacitate subnational EITI Councils.

As for the first purpose of the 2020 Work plan, there 14 activities are planned and as result of implementation, we will have templates complied with new Standard, knowledge and capacity of managers and specialists of Government entities and Companies will be improved, and reports will be produced in timely manner. New templates and updating are in under development together with National Statistical Committee and expected to be completed within this January.

Also, date of application of licenses, certain details of Production sharing agreements will be disclosed, there will more data on State owned enterprises and thus their activities will much more clear to the public. In accordance with new EITI standard, EITI E-portal will be expanded. So there is already far going progress in Contract Disclosure, that mentioned by Mr.D.Damba.

We need take a plenty of efforts this year to forward with mainstreaming though issuing relevant Government decisions. Yesterday we were told that we might expect technical expert for this subject in March from EITI International Secretariat. At the same expert is planning to meet Government experts in IT field to know and understand circumstances.

As for the second purpose of the 2020 Work plan, there are activities related to a law on transparency in mineral resources sector, to deliberate it and submit to State Great Hural and have passed, so it was just presented. The most important activity is to submit the draft law to State Great Hural by April, and the MMHI also looks this way.

Under the third purpose to insure implementation of Road Map on Disclosing Beneficial owners, ratified in 2016 by National Council, 2 objectives and 6 activities have been planned. The core in 2020 Work Plan will updating reporting template on private interest and assets, and there is information that working group is established at ACC to amend the mentioned template, which was approved long ago in 2012, by legal standing committee of SGH, resolution No.5.

The fourth purpose is a production of Mongolia EITI 2019 Report in good quality and timely, which will be the main basic document of Validation, scheduled in February 2021.

The fifth purpose as 6 objectives and 20 activities, aimed at activation of information, communication activities of EITI at national and local level, promotion of impact and benefits, and these activities have been planned with that all should be implemented with cooperation of professional associations, NGOs, local authorities and community, media people. ADB advised to check what form might be applied in regard to exchange of experience between subnational councils, but there should not be difficulty to organize regional conferences.

If you have comment and proposal, you can propose for 2020 Work plan, and we are planning to organize 2 meetings of National Council and 5 meetings of MSG.

During his recent official visit to Norway, H.E.Mr. Battulga met high ranking officials of EITI Board and International Secretariat, seems there was discussion on law on transparency in mineral resources sector, disclosure of beneficial owners, also possible organization of Board meeting in Ulaanbaatar, next October. Our responsibility will more on organizational aspect of this meeting.

So, we are planning many activities for 2020 and hope there will be certain results. We hope that there will be all round cooperation in implementation of 2020 Work plan.

D.Damba: So, please ask your question and give your proposal in accordance with agenda.

N.Bayarsaikhan: When does Validation start? Is there a separated plan? Please explain 13.5 work in accordance with recommendations given by 2018 EITI Report. 2020 is considered to be the year capacitate subnational council, for that what kind of activities should be conducted, and how much of budget will be disbursed for it, what is expected results, which is not yet defined. To reach definite result, there should be smaller work plan, this is like list of activities. The Work plan should have action plan that what activities will be implemented step by step, and what impact is expected.

S.Tsolmon: Validation is expected to begin in February 2021, and in general there are about 10 countries will have validation in 2021, and we should conduct self-assessment as EITI Standard requirements. We should discuss this assessment and if we can, based on consensus should submit to International Secretariat. As for 13.5, it is

the recommendation of BDO. Action plan is under consideration, and verified by ADB project coordinator Mr. Bayarkhuu, and whenever it is ready, will circulate and ask you feedback. Also, we are drafting evaluation methodology.

D. Damba: Starting from this year, if state organizations are initiating certain objectives to achieve, then they will define activities with measuring quantity and quality indicators. This year, there should be 2 meetings of National Council, and 5 meetings of MSG.

N. Tsend-Ayush: We assume that it is quite ok to implement planned activities, there is work for production of report for 2019, mentioned in plan of actions of National anti-corruption program. Recently, we organized a Government organization discussion on implementation status of this program, and we will submit recommendations to the Government. We will provide methodological assistance in implementation of this plan and have cooperation further on. As reporting template on assets, this is under consideration, if any proposal, please welcome, will integrate. First time, in 2012, the template was endorsed by resolution of the Government.

D. Damba: Many thanks, we will cooperate with ACC and Mr. Bayarkhuu, coordinator ADB project will liaise Ministry and Secretariat, he works at the Ministry and we are happy and will have cooperation.

L. Bor: Mining companies have very low knowledge about EITI, particularly, uranium transnational companies, where I have engaged, they do not know EITI, Responsible mining, Open society forum and Publish what you pay. We should propose to top managers of these companies a suggestion of collaboration.

Contract are in general becoming open, but some is still, because they are considered to be confidential. So, there should be activity to disclose such contracts. Also, we should have own specialists, who can work international contracts.

If foreign donors are not able to fund subnational councils, then we should mobilize from own internal resources, including state budget, as we have received assistance for many years, but could not move forward subnational councils.

I do not think mining policy is different from EITI. EITI is way that countries become real owners of natural wealth and disburse revenue for benefits of society. EITI is not covering all extractive, but EITI is part of the State policy.

There are ongoing discussions on amending other laws following amendment to the Constitution. Some law like Mining law has shortcoming, for example by the law the exploration license duration is 12 years, but MPAM is extending up to 17 years, legally it should be amended by SGH. Some companies having production license are just missing, nobody can find them, so we have talk internally all these matters. For example, we should have thorough discussions over wealth fund, and other related laws.

D. Damba: We accept what you have said and proposed. I disagree with judgement that not enough activities are done at local level. As for the wealth fund, it has been decided.

C.Chimidtsereen: The 8<sup>th</sup> objectives of the Work plan is about selection of IA for 2019 EITI Report, and selection should be executed as early as possible. If it achieved like this, it would have positive impact on collection of data and reconciliation. By plan, it takes 5 months. For example, today in 2020 we are talking about 2018 data, which is outdated, so selection time should be reconsidered for the sake of time value of data. During reconciliation and data collection, an audit firm is frequently considered as a private company, and response is often very slow, therefore, for this purpose, there might involvement from Cabinet Secretariat or some State organization. Sometimes, it was considered like confidentiality of the organization, thus they can not provide data. So, could be any possibility to make it more official, but quicker data collection and without any complications. As per the activities under 13 of work plan, it should not delay to implement recommendations given by Audit firm, it should even advance the timeline of implementation. Also, in accordance with recommendation, it is necessary to give decisions with time- line.

D.Damba: Many thanks. Last year, the selection had been prolonged, that is true, so this time now we are establishing the committee.

D.Sukhbaatar: We should work to update EITI E-portal, many data is obsolete, like 2016 or 2017, and updating should be done in operative way.

S.Tsolmon: Yes, we have this shortcoming, and we will work correct it.

N.Bayarsaikhan: The 7<sup>th</sup> activities, which is about organization of training at State Registration authorities and MPAM, should be amended with as discussion and consultation. Now we have to go to the mainstreaming. The Secretariat has been funded many years by foreign financing, now MMHI should mainstream the Secretariat's financing.

We do not use data created, both neither ministries and other organizations use it. Data should be used for research work of the sector. Recommendations says EITI Report should be presented to the Budget committee of GSH, but this work is never done, so we should do this. Government authorities should instruct local authorities to use EITI data for their study and planning. We have passed two times Validation, and now we should some lessons. The Secretariat has to review previous validations, draft a work plan, review previous reports, judgements and recommendations. Based on these work, we should finalize plan of actions for Validation.

Let's forward a letter to International EITI Secretariat and ask for technical assistance in Government Data mainstreaming. So, please this work.

Transparency law was quite well developed with funds from EBRD, now ADB seems to provide some fund for this work. Somebody receives money for initiating law, it should not continue like this. Now there are promotion work is planned and covering 36 million MNT.

Now we have plan for 5 meeting of MSG, Mr.Nandinjargal should focus on this work. I have proposal to conduct study work on how capacitate subnational councils. For this activity, may ask from ADB a budget, if yes, then PWYP (TAN) gets funds and makes study work on methodology and assistance might be needed for subnational councils, then to write proposals accordingly. During upcoming training activities, we can get

feedback and include into proposals. Therefore, if subnational council gets methodology and financing channel, then this slogan for 2020 is feasible.

D.Damba: Many thanks, it would be good if our State organizations are taking these ideas and include to their work plan.

Z.Battsengel: Of course, instead of training, discussion is better solution, Last year, in October we together with Secretariat organized the training for tax inspector, and understood that the training should be combined with discussions, like after the training there will these and these activities. Also, it is better to add some work to 2.1 of the Work plan, about license transfer and movement.

G.Oyuntuya: This is available at our website, and updated regularly on monthly basis, anybody can see.

N.Erdenesaikhan: About monitoring and introduce study work on implementation of Contract, which is objective 3. As for time breakdown, at first recommendations should done and then after, monitoring should be carried out. So, please correct.

N.Munkhtsetseg: As for the reporting time, it should be once a year.

N.Bayarsaikhan: I have proposed this activity, that is to have work for monitoring over Contract governance. Because, every year there are plans of actions, but monitoring over implementation is often not done.

D. Tserenjav: The core of EITI is a Report. What we have not changed for these 13 years, is the time, when the report is ready, then data is already outdated. So, we should improve EITI secretariat's capacity, increase staff, and have to work to produce EITI data in timely manner.

Open Contract website was created to convey data as quick as possible, and through improving the Secretariat's capacity especially with functions of monitoring, and make it as information center. It will not consider signed Contract as disclosed, but there should be continuous monitoring and assessment activity. There are many young people, who are conveying data very quick, but Report is slow like dinosaur. So, this should be focused.

D.Damba: We are thinking if can, complete this year's report by the first half of the year. This time, we will produce 14<sup>th</sup> EITI Report since 2006. The Report is getting better and better every year, conveying data is just a question of the time.

I agree with suggestions on improving capacity of the Secretariat, which is now under direction of Minister of Mining and Heavy industry. This year is the year of General elections, so after elections, we are thinking the Secretariat as independent apparatus in new Ministerial structure, and we expect to propose like this. Furthe on, annual budget will be in Minister's package. Till October, 2021 ADB will cover the financing, so we have almost year, should plan how to fix in the Minister's package. Every year, the Ministerial Plan od actions will have this activity, consider it will improve from year to year, very thankful for active participation in this meeting.

The meeting ended at 16.30 pm

Meeting minutes

Verified by:

State Secretary of the MMHI,  
Secretary of the EITI National Council  
and Head of the working group

G.Nandinjargal

Meeting minutes reviewed by:

Director of the Department,  
MMHI

D.Damba

Coordinator of EITI Secretariat

Sh.Tsolmon

Meeting minutes recorded by:

Finance Officer, EITI Secretariat

A.Otgontungalag