

The minutes of meeting of Mongolia EITI MSG /2021-06-30/

The 55th meeting was organized in online form on June 30th, 2021 and started at 09.30 am.

The meeting was attended by Mr.B.Delgerjargal, chief of Statistics and research department of Ministry of Mining and Heavy industry(MMHI) on behalf of Mr.G.Nandinjargal, State secretary of MMHI, Mr.D.Damba, senior analyst of Statistics and research department of MMHI, on behalf of Mr.E.Batbold, chief of Statistics and research department of MMHI, Mr.Ch.Chimedsuren, chief of Accounting Policy department of Ministry of Finance, Mr.B.Buyannemekh, senior officer of department of environment and natural resource of Ministry of Environment and Tourism, Mr.Ch.Battsengel, senior inspector of General department of Taxation, Mr.D.Tsend-Ayush, officer of Prevention and enlightenment department of Anti-Corruption Authorities, Ms.B.Erdenetsetseg, secretary of Governing council of Coal Association, Mr.D.Enkhbold, executive director of Mongolian National Mining Association, Ms.T.Munkhzul, tax accountant of Boroo Gold LLC, Mr.T.Munkhbat, senior manager of Oyu Tolgoi LLC, Mr.N.Battulga, chief of internal control and monitoring of Erdenes Mongol LLC, Mr.B.Davaasuren, manager of Rio Tinto Mongol LLC, Ms.B.Bolormaa, chief accountant of Petro China Dachin Tamsag LLC, Ms.D.Erdenechimeg, manager of Open Society Forum, Mr.D.Sukhbaatar, member of BOD of NGO Responsible Mining, Mr.D.Tserenjav, executive director of Transparency foundation, Ms.N.Bayarsaikhan, head of NGO Steps without Borders, Ms.D.Tserenpurev, head of NGO New initiative of Administration, Ms.L.Bor, head of NGO Ikh Bayansharga, Mr.E.Munkhjargal, manager of Transparency International Mongol, Mr.B.Batbold, member of Governing council of Mongolian Civil Council of Natural Environment, and Mr.Sh.Tsolmon, secretary of EITI MSG, coordinator of EITI Secretariat. The number of Members supposed to attend a meeting was 33, and actual attendance was 21, rate was 63.6%.

Also, Mr.N.Dorjdari, Mongolia manager of NRGI, Ms.N.Zoljargal, officer of NRGI, Ms.D.Tegshjargal, Mr.S.Borgil, researchers, Mr.Z.Bayarkhuu, coordinator of ADB TA for Improving Extractive Governance, Mr.V.Narmandakh, IT consultant of EITI Secretariat, Ms.Z.Tselmeg, Communication specialist of EITI Secretariat and Ms.A.Otgontungalag, financial officer of EITI Secretariat attended the meeting.

The meeting was opened and chaired by Mr.B.Delgerjargal, chief of Statistics and research department of MMHI.

B.Delgerjargal: Hello, to all, dear members of Multi-stakeholders working group. Today meeting will review execution of planned activities for 1st half of 2021. We have planned more than 50 activities under 19 objectives, but because of Covid pandemic, many activities have not been executed, especially activities in regard to production of draft of law on transparency in mineral resource sector, which is in slow process. Very recently, we have conducted along with EITI International Secretariat a webinar on Validation, had quite constructive understanding in this regard. Validation for Mongolia will start by January 2022, we should prepare templates and discuss this matter. We strongly believe that stakeholders will actively participate to make Validation successful. Today's meeting is planned to review implementation of EITI Work Plan for the 1st half of year, proposals to amend reporting templates, research work on tools to determine corruption risks in extractive sector. So, I declare the 55th meeting of EITI MSG is opened. I wish all success to meeting and sincerely hope our members will actively and constructively partake in this meeting.

Presentation One: Implementation of EITI Work plan for 1st half of 2021, direction of activities for remaining half of year.

Sh.Tsolmon: Hello, everyone, please let me to introduce progression of implementation of activities for the 1st half of year. We have estimated that 2240 companies having mineral license and production sharing agreement should report for 2020. As of the June 1st of 2021 1419 companies have produced EITI Report. The Secretariat had provided counseling on EITI Reporting to companies over e-mail, phone, even received representatives in own office to help in production of report. In overall 4 webinars had been organized on how to report and representatives of about 100 companies partook in these trainings. The secretariat had officially through formal letter communicated with all level relevant State organizations with reporting duties, provided appropriate counseling and guidelines, and rendered assistance in production of EITI Report. By far, 7 agencies (for taxation, mineral resources and petroleum, customs, professional inspection, social insurance, labor and care service, and alloy), 17 aimags (except Bayankhongor, Umnugovi, Sukhbaatar and Khovd), 6 districts (except Bagakhangai, Bayangol and Khan-Uul) have produced EITI Report on revenues from 1655 companies through Mongolia EITI-E Reporting portal. A report from Ministry if Environment and Tourism is in waiting status.

The Secretariat prepared in accordance with EITI 2021 Work Plan a TORs for 3 Consultancy service on production of Mongolia EITI 2020 flexible report, upgrading EITI E-Reporting portal, study-work on improving operation of Subnational Councils, capacity and needs, conduct monitoring and prepare strategy and work plan for improvement. TORs had been approved by MMHI in March and the Tender for 3 lots of work is in process of organization. Namely:

A relevant plan and information of procurement had been published at central daily newspaper and at www.tender.gov.mn. The Evaluation committee was established in compliance with law at MMHI, which has already met 13 times online and performs quite well. The Committee has created a short list, covering 12 bidders, delivered relevant invitation and provided necessary clarifications and answers. The evaluation of technical proposals had been made on June 15th and today afternoon, Financial proposals will be opened and it is scheduled to conclude contracts by July 30th.

The last portion of EITI Reporting template, approved by the order No.A/37/2020 of the Minister of Mining and Heavy Industry had been included into the system and was tested, and reporting under this section has become possible.

The Secretariat has been working with EITI Subnational Councils actively and in innovative approach, meeting every 2 months online, coordinating own operations. The main direction of Subnational Councils is production of 2020 Report, jointly organize Regional EITI Conferences, exchange information and expertise between each other, and implement Aimag 2021 EITI Work plan. The Secretariat has met Subnational Councils twice online, provided methodological counseling on preparing 2021 Work plan, introduced relevant provisions from 2021 Collaboration Agreements concluded between Minister of Mining and Heavy Industry and Aimag Governors, focused on production of Aimag EITI report for 2020.

The Secretariat organized online consultation over Local Content agreement and methodologies invited all 21 aimags respective officials from Governor office and

Subnational councils, at the same provided training how to and gave directions for future activities.

The 4th EITI Central Regional Conference was organized and information about new Mining law draft, draft law on transparency in mineral resources sector, allocation of mineral licenses in rural area, local development fund and other subjects was given to Conference participants and there was discussion and recommendations had been formulated.

As for the direct cooperation, the following activities have been executed, namely: EITI MSG met twice and discussed Open Contract and project to make EITI data as tools of definition of Corruption risks and issued relevant decisions. There was decision to transfer Open Contract web site to the Secretariat and now a procedure how to handle and update the website is under deliberation. Sub technical group to handle a project to make EITI data as tools of definition of Corruption risks was established, which has met 3 times and first outcome will be presented today. A special work plan was agreed with International Financial Corporation, which covers Data Hackaton, Expertise sharing consultation of South Region and cooperate in training of trainers. The Secretariat has consulted with Professional Associations engaged in extractive sector and agreed to cooperate for assisting companies for EITI Reporting, also to select most responsible and open company, drafted a procedure, submitted to MMHI for approval. Also, it agreed to cooperate with Mongolian Chamber of Commerce and Industry on selection of most complied companies with EITI Standard.

The following activities have been planned for remaining half of 2021, namely: to finalize drafting of law on transparency in mineral resources sector, and submit to Government, consequently to the State Great Hural, create circumstances to be passed; to prepare and publish a Mongolia EITI 2020 Report in flexible format, in timely manner; to get study-work on improving operation of Subnational Councils, capacity and needs, improving capacity, organize planned expertise sharing training and regional conferences, partake actively; upgrading EITI E-Reporting portal; to activate website of Open Contract, upload new concluded contracts from aimags and hand-over to the Secretariat; to intensify training and advocacy activities through activating communications work; to activate planned work of beneficial owners, organize International webinar on August 26th on this aspect; to be well and responsibly prepared for International Validation, starting from 1st of January 2022; to set up a sub technical group for Validation and put it into operation; to create conditions for organization of selection of best open companies in order to increase EITI reporting by companies; to create segment for better use of Mongolia EITI historical data, provide with news and information.

So, this is a brief about activities to be carried for remaining half of 2021, believe that we will have constructive and fruitful cooperation in coming months. (A presentation is attached)

Presentation Two: Recommendations of EITI Central Regional Conference

Z.Tselmeg: Hello, everyone. The 4th EITI Central Regional Conference was organized in May 27-28, 2021. This is very first online conference, was successful. There were about 90 persons partook in this Conference and they were representing MMHI, MOF, MET, Governor's office of 8 aimags, IFC, 30 companies, 10 NGOs and citizens. The Conference outlined 54 recommendations, which were updated for finalization before publication. Recommendations have been rated by significance, there are 10

recommendations are given to MMHI, 7 to MOF, 5 to MET, 3 to MRPAM, 18 to Aimag Governors, 3 to Projects and Programs. As for the Secretariat, there were recommendations given that Secretariat should create conditions enabling to fulfil without delay planned activities, focus on quick responding proposals and initiative from Subnational councils and take necessary actions. All participants were recommended to learn working in online regime, provide recommendations on what should be included into draft laws, training and consultation should be improved, share recordings of parallel meeting. Thank you for your attention. (A presentation is attached)

Presentation Three: Update Reporting template of Mongolia EITI

Z.Bayarkhuu: Good afternoon, to all of you. With this presentation, I am proposing to make transparent the following data. Namely, annual plan of mining company for 1-2 year, export related data, procurement size, information of donation disbursement, impact of extractive sector to national economies and information of employment. Justification of update of EITI reporting template will be as follows: International requirements, draft of law on transparency in mineral resources sector, 2021 Work Plan of Mongolia EITI Secretariat, and objectives to develop EITI produced information and reporting needs into needs of users, and improve reporting in accordance with recommendations given by users of reports. The first objective of this update is to make transparent output and quality data of extractive sector, secondly, to make transparent necessary data to calculate socio- economic and local impact of the sector, and lastly, to increase usage of EITI data and report, make more efficient work.

It considered that 1-2 year plan of mining company will include production, enrichment, export, and foreign and domestic investment. Rational why this plan should be disclosed, organizations engaged in economic policy and planning like Cabinet of Government, MOF and Mongolbank do consider plan of mining companies when they calculate economic plans. In order to collect information, they communicate via phone and official letter, and if it is not provided they assume that Oyu Tolgoi will do that most probably or price for copper will be like this, which makes calculation a bit unrealistic. When a plan is disclosed, economic plan will be more realistic and increase of use of EITI report, also understanding of Mongolbank and MOF of EITI significance. So, I am introducing this presentation to get your feedback.

Also, export data is including export quantity, average unit price, type of product, received revenue, name of buyer, nationality, and procurement contracts of state ownership. As result of disclosure of this data there will be disclosed export price and contract, and payment will increase. This data will be disclosed by all companies holding production license in the extractive sector.

A procurement data will include foreign and domestic procurement, purchase from local area, imported products and their category, procurement from local area and product category and contract of state owned companies on procurement over ... mln MNT. Once procurement information is disclosed economic assumption, calculation and planning will be more realistic, also usage and consumption of EITI reports will increase, it will be helpful to local community and small, medium enterprises to expand business with respective companies, idea for which will be taken from EITI reports, and that will be beneficial.

If disbursement of donations is disclosed, then there will be disbursement details such category, purchased goods, service, unit price and total amount will be disclosed.

At moment, EITI Report does have data of donation, data on disbursement is missing. As donations are disclosed, there will be more opportunity for better and efficient disbursement. The state organizations, which received donation will disclose this data.

As for data on assumption of impact of extractive sector into national economies share in GDP, industrial production, State budget, export and labor force will be disclosed respectively. If these data are disclosed, then usage and consumption of EITI report and public perception on extractive sector will be increased.

We propose to disclose information of employment and jobs created. Some data of this aspect is in EITI report, but average salaries are missing, though gender data is included. So, this will cover salaries of foreign and national employees, local employees, engineers and technicians. As labor force data is disclosed, there will be more opportunity to calculate socio economic impact of mining sector, compare salaries of foreign and national employees, furthermore, data needed for equalizing salaries of workers will be disclosed.

We plan to disclose these data and moreover plan to deliver on regular basis to local community and people. So, we have presented and ask you to give feedback on these proposed items. Please comment, and thank you for your attention. (A presentation is attached)

B.Delgerjargal: Thanks to Mr.Bayarkhuu for presentation. So, let's have comments and questions, dear members.

D.Tserenjav: Good afternoon, everyone. There is good organization of today's meeting, good presentation and agenda. This may seem slight thing, but demonstrates some change as new staff in the Secretariat. Presentation on Secretariat's activities and recommendations from Central regional conference are well prepared and presented. There are good new ideas, here we have to find what will be our focus.

As for presentation on updating Reporting templates, the proposal is more about information on more macro level. I think we should go more towards basic information and data. There is some appetite, that is important, this is important, as result the report becomes as big research product. The core purpose of Report is to show that mining sector plays important role in Mongolian development, economies and export. It tends to be more to be used by researchers rather people.

The presentation says that information of companies with sales of more than billion and greater contribution to national economies will be disclosed. To my mind, small mines, artisanal mines do have important impact and economic impact to rural area. The Report Is needed to show that contribution and impact to people of local community. I wish not to go greater macro level of report information.

Nowadays, frequently we talk about data. Ordinary people from rural community use information of EITI report, which should be basis for conclusion and then researchers conclude their findings. As Mr.Tsolmon mentioned there is ongoing tender, which will renew EITI E-reporting portal. I wish developers to hear more from people, because they develop as technology allows, and feature how it will be used by ordinary citizens. So, please pay attention to this aspect.

B.Delgerjargal: Many thanks, any other question?

D.Enkhbold: What decision will be concluded from this meeting; I have not seen yet draft decision. As for update of reporting template I agree with comments of Mr.Tserenjav. It includes information to be disclosed and to be study material of researchers. If we look at some justifications, it refers to draft law, and if the law passed, it will be automatically applied. Also, some provisions are already applied ones. Namely, as for procurement, companies present to citizens' Khural at soum or bagh level, is it necessary to make paperwork or what else? As for economic impact, both Statistical Committee, and Mineral Resources and Petroleum Authorities regularly publish these data, it may be some overlapping? And etc. so there are such unclear topics, and I understood it is like proposals. Thanks.

Z.Bayarkhuu: Our people understand that as more macro level and oriented for researchers. Maybe, I worked in macro field and explained this kind data is needed and made such kind of perception. Frankly speaking, macro level information should have mining plan for 1-2 years. Also, information related to export should be included, certainly not all information will be included. So, please Mr.Tsolmon say something in this regard. Any citizen from rural area will be interested in procurement information, for example, I will be interested what that company does buy, what we can supply to that company. Member Enkhbold says it is not needed, because companies have already reported this information. To my mind, it should be formalized. As some companies do report, but the most do not report.

Furthermore, there should be big interest over information about donations. If donation is received, it should indicate for what it was disbursed, it can be a bribe under name of donation. In general, I think there should a law on donation, there should be integrated data about who got what donation, disbursed for what. Impact of extractive sector to national economies is the issue of macro economies, and it is in the EITI Standard. So, we can follow this provision, or stop that it is too macro, I am looking forward your proposals.

We do have data of employment, but information on salaries is not reported. Not only researchers and also local workers are interested to know it as at least average salaries. Therefore, it is more macro level information from economic impact issue. Our aim is to disclose more digital information. Global standard has already required to disclose, but there could be some option whether we or any other organization will consider this issue.

Ch.Chimidsuren: Thank you for presentation. I support update of reporting templates. How reporting about mining rehabilitation aspect is regulated? Should this update cover this issue? There is package of issue like to recognize costs of rehabilitation, assets of fund, disbursement and control. Starting from this year, expenses related to rehabilitation under 13.4 under the law on corporate income tax and mining closure are recognized as deductible from taxable revenue. This is very important aspect of State policy of Mongolia.

Any business entity every year accumulates costs for rehabilitation and mining closure, and mining operations are over, rehabilitation can be executed and nature and ecology can be restored almost as pristine. So, this is issue. There is procedure in regard, how this was reviewed? How EITI will work in this direction? We are organization to operate starting from this brand name. There is procedure of closure of mining and enriching plant, and rehabilitation, so how it was reviewed? There is also procedure of

special account in connection with law on assessment of natural impact. This is a deposit of assets, sometime it seems disbursement right is belonging to aimag and soums. So, how it will be regulated, how it is now, what will be included into reports?

Z.Bayarkhuu: Please give your proposals whether to include into EITI reporting template or exclude. Probably, Mr.Tsolmon will give some answer on information of rehabilitation, how it is specified in the report and what additional information. We have developed this proposal based on international standard and draft law on transparency in mineral resources sector assuming that it will be passed. So, please give your proposals include or exclude.

B.Delgerjargal: We have met representatives of MOF and MNET. Companies did place deposit of rehabilitation at special account of State Treasury, there is issue to consult with MNET on how to use, and classify fields rehabilitated or not rehabilitated. MOF supports this issue. If MNET has say, please go ahead.

B.Buyannemekh: There is ongoing discussion of placed assets at special account of rehabilitation. We have met Taxation Authorities, MOF and MMHI. That special account has 17.9 billion MNT from 1100 companies accumulated between 2016-2020. There is no new procedure how disburse these deposit assets, procedure No. A/04 from 2014 is still valid. Money placed in special account of State treasury of MNET is 50% of annual natural environmental management plan of license holder. This is wrong starting from name, which called as guarantee of rehabilitation. This is not guarantee of rehabilitation.

Gold mines do plan expenditure of natural environmental restoration and do restoration work. But coal mines do not plan expenditure in management plan and do restoration work. The law requires to place funds for restoration work at special deposit, and when the mine is closed restoration is done by these expenses. But a procedure from 2014 had conflicted and annual placing at deposit has decreased. In 2020 2,5 Billion MNT had been placed, now the balance of this deposit is 17,9 billion MNT. Again this is not expenses, as it is understood as expenses for restoration.

Last year we had dispute on deposit assets for restoration. The license of company, which operates in soum of Tsenkher of Arkhangai aimag was revoked and 40,6 hectares of land had been destroyed. The company deposited 86 million MNT at special account, Governor's office of Arkhangai aimag had organized tender at the 84 million MNT out of this amount, and selected company, which managed to restore 10 hectares of destroyed land. It was very first case of rehabilitation work for 14 years. So like this, we are reviving these assets. Now, the law provides if destroyed land is not rehabilitated deposit funds will be used for restoration work, and if the funds are insufficient, the balance will be mobilized from respective company without any dispute.

A 2019 procedure on Mine closure and rehabilitation defines how closure will be conducted and create special fund for simultaneous rehabilitation deposit, but a location of this fund is not defined yet so far. We have met MOF and established joint working group and the issue is in process of settlement.

Ch.Chimidsuren: I see EITI as an entity liaising between Ministries. Therefore, we have to make restoration aspect, procedure as much precise, draft joint work plan and other documents, in other word we should have collaboration on this aspect. Thank you.

L.Bor: We are producing EITI reports for more than 10 years. Our NGO partakes actively in this process. I think we are not working sufficiently to deliver reports to public. There is no clear policy on how many mines Mongolia should have. There are about 3.000 mines, but 1/3 of the country is already decertified, and this should be regulated. Our country has so much wealth, has over-burden of debt and loans. Mining revenue creates 30% of the State budget. We should discuss this situation and find solution, rights of local authorities are diminished, and there is no policy based on reality.

Sometime ago I attended a conference in London, where one lady delegate from one of African countries mentioned in her speech that EITI implementing country does not develop, more than 10 years her country implements EITI but children still have nothing to eat. Also, one lawyer mentioned that the fact that there are many off-shore company it may indicate worst time is ahead.

So, I am not saying reports are bad, it should be delivered to decision making level and peoples. The media alarms that investment decreased, therefore fields for bid selection should be increased. 50 out of 200 companies participated in reconciliation are companies with exploring license, Erdenet, Oyu Tolgoi represent 50% of revenue. So, where are 1,700 companies? They should be accountable, work to implement the law.

Bosses are lying and playing spectacle of responsible mining. There is no responsible mining in rural area, no benefits, only damages. Clear example is I am living with pension of only 100 dollars. My idea is to organize open discussion over mining.

N.Bayarsaikhan: We have heard 3 presentations. Work for monitoring was included into 2021 Work Plan, when it will be implemented, on which level it is. Recommendations of Central Regional conference was introduced, and there is one aspect, discussed many times, role of MMHI, which should coordinate or liaise on policy level ministries and state organizations, it should be focal point to insure inter-ministerial cenose. So, this aspect should be included into recommendations to MMHI. MMHI should enter deeply into work, it seems that MMHI is chairing meeting, approving agenda of meeting, which is not enough, there are many talented staff in MMHI, they should work.

On what stage, the 2020 Reconciliation report? When will be Inception seminar? We have not discussed to establish working group for monitoring of implementation of annual work Plan, please check whether it is included into plan.

Mr.Bayarkhuu presented six type of information would be disclosed, I understood that they are disclosed but not in sufficient way, now they should be in more detailed and specific way. Some members say that information for people is needed, but quality information is needed. For example, there is information on labor force, but no salaries, so to compare, it should have detailed relevant templates.

Now we disclose contracts, it shows that contracts are not made completely, so contracts should be made more completely. MMHI does not know what is ongoing with minerals of wide spread, because local Governors do know. Therefore, MMHI and MRPAM should contact them to make that information disclosed.

Furthermore, information of processing plants is closed, we are working many years and disclosing, real needed information could not be disclosed, could not create real needed template. So, I fully support the idea to update reporting templates. But this process may take long time, and therefore, it will apply for next year's reporting.

Maybe, we have required to disclose general information and when reuse of that data we should reprocess, but could not, so template should be very specific, then it will be easier to process.

Information of rehabilitation of natural environment is important information. But a procedure approved by Ministerial Order A/04 is never implemented, we did sue to Administrative Court on that case, and concluded agreement of reconciliation of MNET.

The agreement requires MNET to provide us with data on how much deposited, when and to whom deposit returned starting from January 2021 but it is still not performed as Contractual obligation defined. We guess probably the reason may be related to Covid-19 pandemic.

Now, the decision of Administrative Court will be insured by July 1st. MOF should take part in this process. I fully support Mr.Chimidsuren, and he is right.

Deposit assets are actually placed in Ministry of Finance, right to release belongs to MOF not to MNET. Therefore, MOF should take part.

We have reviewed bank accounts of this deport for 2014-2019 and found out that some big companies like Oyu Tolgoi had not placed deposit asset of rehabilitation for last 6 years. Some companies do not place deposit and says previous one will be for this year deposit, even some companies have received back deposit but have not placed in respective year. For example, Mongolia Gazar Company operating in Orhon soum of Arkhangai received back about 600 million MNT in one day, two times. There is such not well coordinated inter- ministerial communication, and now liability belongs to one Ministry. So, it is always needed to be well-coordinated communication, this MSG can be very site for this, but not Secretariat. Therefore, I propose to talk often times policy related issues in this MSG. Thank you.

Ch.Battsengel: So, we have heard today's presentations, they are quite time relevant. Has aspect of royalties for mineral resources included into transparency law, how precisely?

Z.Bayarkhu: Probably, included into draft law. Those who is in legal working group will give some explanation in this regard.

B.Delgerjargal: Ms.Bayarsaikhan from PWYP has made very important proposals. For nearest future, we will include some organizations, which supposed to be in.

Sh.Tsolmon: Disclosure of export data is very clearly and in detailed form defined in EITI Standard, and we should comply with it.

As for Work Plan, there is no such activities to establish working group, we will check, during back and forward updating Work Plan drafting it may be lost.

As for information of rehabilitation of natural environment we are disclosing data on size of rehabilitated field, biological, dump rehabilitation, substitutive rehabilitation, size of assets deposited at special account of protection of natural environment, and disbursed amount from this account.

Bidding process for consultancy service for 2020 EITI report is ongoing, today this afternoon, we will organize opening of financial proposals, if no complaint, it is contract is scheduled for June 9th. So, after contract is concluded an Inception seminar will be organized hopefully by the end of July, where we will finalize the scope of 2020 Report.

As for template update, there is no distinctions between macro or micro, this is information required by EITI Standard. People of the country where mining is dominant supposed to know this information. Therefore, it is necessary to form sub-technical group for this task, ask you to give names for this group. Thank you.

Presentation Four: Introduction of results of assessment work to use EITI in diagnosing corruption in extractive sector

Borgil: NRGi has defined methodology to diagnose corruption in the extractive sector and we have followed that instruction. Under this methodology, countries will not detect case of corruption, take preventive actions against corruption in the future. Me, researcher Ms. Tegshjargal and Mr. Munkhjargal have carried this work. The final product of this research will be an action plan.

This research will be done in 6 stages. The first stage is a selection of sector, so mining was chosen. Criteria for choice is present and future economic impact of the sector, impact on other sector, socio-natural impact, spread of corruption and other factors have been evaluated.

Assessment of risk of corruption is aimed to define segments most vulnerable to corruption direction, related sectoral issues, define opportunities to consolidate sectoral governance and control, to eliminate conflict of interest in the sector.

Methodology developed by NRGi consisted of 7 components, we have reviewed in 3 section, first was about seriousness of corruption risk, time relevance to resolve, second was about implications of corruption risk and last was opportunity to change.

We have carried a brief research as for content, and prepared a 30-page report. Assessment was based on 4 answer option, like, yes, no, partially and not significant. The subject, which received the most yes and no have been deeply studied.

The study was done as per each component defined by NRGi such as decision making, granting license and concluding contracts, operation, revenue payment, revenue allocation, state owned enterprises, energy transfer and irrelevant relations occurring in politico-economic surroundings, on 3 vulnerability rate, high risk, time relevance, probability of harmful impact and opportunity to change, and finalized conclusions.

From summarizing conclusions, 3 directions have been chosen based on most replies on important, most critical and yes, sub technical group has recommended for deeper study of these directions.

The operation has very broad scope, covering donation, procurement and subcontractors, which will under study work. The work consists of 6 stages, 3 stages have been covered, now the time for the fourth stage. At the end of study-work, there will be action plan. Please your questions, Thank you. (A presentation is attached)

N.Bayarsaikhan: So, I heard this presentation, the issue is very critical. Revenue and assets declaration of top political figures is disclosed, is there possibility to disclose sources of revenue?

Borgil: Sub technical group has decided on scope of the operation and our study-work is limited within this scope, shortest period of time. Maybe, for future, there will be such opportunity.

N.Bayarsaikhan: I asked this question because a person who worked whole like in public service has such multi-billion assets, on that public is becoming a bit angry and worried, thanks.

L.Bor: Since more than 10 years ago, any wealth can be discovered, so now even more developed. I think granting license through online system is totally wrong. UN Charter and the Constitution of Mongolia has declared that "every citizen has the right to owner of natural wealth", and "living environment shall not be deprived". So far we are not owner of wealth, act by the mouth of others.

Any company, which got production license concludes investment agreement, ownership agreement. Investing company does not run extraction and hiring other company. We do not know what we gave to whom. The law requires to conclude a contract 34% but contract is concluded on 15%. Why MRPAM does grant a license to entity, which can not carry extraction? The State still can not oversight this mechanism.

D.Tegshbayar: Proposal of Ms.Bor on operations related to sub-contractors, possible corruption risk in this regard, will be covered in the third stage of this research. Next time detailed research work will be done, also hope there will be opportunity to have detailed research work. That third stage will cover operation including procurement, supply and sub-contractor, and their related corruption risks, your proposal will be considered, we will do all the best.

Our organization joined with participation of MOF the initiative of prevention of tax evasion and income transfer. Under this initiative, there will exchange of data on beneficial owners of transnational corporations between countries, that is 197 countries. If this initiative has implemented, at first there will definition of revenue sources, at the first stage the work is ongoing in branches of banks, nowadays all is digitalized one country lonely can not fight crimes, that is why there must be cooperation, and hope there will be progress in next 5-10 years, thank you.

B.Delgerjargal: I ask members of this research team to include proposals given by Members into their study-work, expect very comprehensive research work and read loudly draft decisions of the meeting of MSG.

“- Into the minutes of 55th meeting of Mongolia EITI MSG, dated June 30th 2021:

Discussed:

Implementation of Mongolia EITI 2021 Work plan as of 1st half, targets of activities for the final half, update of EITI reporting templates, additional details, Progress report of research team on definition EITI as diagnostic tool for anti-corruption had been presented.

Decided: It was agreed from 55th meeting of Mongolia EITI MSG to issue the following decisions:

1. Implementation of 1st half year 2021 Mongolia EITI Work Plan is considered as sufficient.
2. It is assigned to EITI Secretariat (Sh.Tsolmon) to renew Mongolia EITI 2021 Work Plan with new proposals given by Members of EITI MSG and introduce them in electronic way and get approved.
3. It is assigned to EITI Secretariat (Sh.Tsolmon) to forward recommendations of EITI Central Regional 4th Conference, organized in May, 2021 to respective organizations.
4. Sub-technical group is established for updating EITI Reporting template and Members of MSG are requested to deliver names to join this group before July 7th, 2021 to the EITI Secretariat.
5. It is assigned to Mr.N.Dorjdari, manager of NRGI to introduce to next meeting of MSG a detailed study-work on chosen subjects, proposed by MSG members, drafting work plan under EITI by independent experts under oversight of sub technical group established for project define risks of corruption in extractive sector. --”

Welcome some more proposals after this meeting. Today, the meeting has been successfully organized. Many thanks for active participation in this meeting.

The meeting ended at 12⁴⁰ am.

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 Research section of IRD of Ministry
Of Mining and Heavy industry:

B.Delgerjargal

Coordinator of EITI Secretariat

Sh. Tsolmon

The minutes are taken by:

Finance officer of EITI Secretariat

A.Огтонтунгалag