

**The minutes of 53<sup>rd</sup> meeting of Mongolia EITI MSG  
/2021-02-25/**

The 53<sup>rd</sup> meeting of Mongolia EITI was organized at 10.00 am on February 25<sup>th</sup>, 2021 in online form.

The meeting was attended by Mr.G.Misheelt, officer, Research and Investment department of MMHI, on behalf of Mr.G.Nandinjargal, State Secretary, MMHI, head of EITI MSG, and Mr.E.Batbold, chief of Research and investment of MMHI; by Mrs.M.Enkhjargal, chief of department of Mineral and Petroleum authorities, P.Zolzaya, officer of Mineral and Petroleum authorities, Mrs. B.Erdenetsetseg, secretary of Coal Association, Mr.T.Munkhbat, senior manager of Oyu Tolgoi LLC, Mrs. Otgonchimeg, on behalf of Bolormaa, chief accountant of Petro China Dachin Tamsag LLC; Ms.D.Erdenechimeg, manager of Open Society forum, Mr.D.Sukhbaatar, member of member of BOD of Responsible Mining NGO, Mr.D.Tserenjav, executive director Transparency foundation NGO, Mrs. N.Bayarsaikhan, NGO Steps without borders, Mrs.S.Tserenpurev, head of NGO New initiative of administration, Mr.L.Tur-Od, president of NGO Transparency International Mongolia, Mrs. L.Bor, head of NGO Ikh Bayansharga, Mr.B.Batbold, member of Governing Council of Mongolian Civil Council of Environment and Mr.Sh.Tsolmon, coordinator of EITI Secretariat and secretary of MSG. Attendance was 42.4%, or 14 members out of attended.

The meeting was attended also by Mr.N. Dorjdari, coordinator of NRGI, Mr.N. Zoljargal, consultant of MRGI, Mr. Byambajav and Mrs.Uugantsetseg, Members of PWYP Coalition, Mr. Tsendsuren, Member of member of BOD of Responsible Mining NGO, Mr. Batbayar, Bilguun, officers of NGO Transparency International Mongolia, Mr.Z. Bayarkhuu, coordinator of ADB TA 9752 Improving Extractive Governance, Mr.V. Narmandakh, IT consultant, and Mrs. A. Otgontungalag, financial officer of EITI Secretariat.

The meeting was chaired by Mr. Sh. Tsolmon, coordinator of EITI Secretariat.

Sh. Tsolmon: Good morning, expected attendance was 19 members, I have proposal to launch a meeting and hope missing members will join later, members expressed consent, the meeting was started with a presentation of Mr.N.Dorjdari, coordinator of NRGI.

**Presentation One: To establish sub-committee for tools of anti-corruption diagnostics.**

Mr.N. Dorjdari: Last year, Mongolia EITI 2021 Work plan had been approved, and a study work for corruption in extractive sector using tools invented by our organization was included into this plan. I want to highlight that Mongolia will be one of first countries to join this study work. The work comprises of 6 stages, and the most important is study work will be based on participatory approach and several systematic questionnaires. Firstly, following corruption study work there will be assessment report, and based on this report there will be a plan of actions, which will the end of work. This study-work will be implemented further on in EITI countries and as for Mongolia the pilot project will be implemented along with EITI MSG. Using these tools, we will define organizations prone to corruption and risk factors of corruption. Corruption may be classified as legal and illegal. These tools are devoted to MSG of EITI implementing countries. The pilot project will be funded by German International cooperation agency.

The tools had been created in cooperation with EITI International Secretariat and representatives of big companies and with some other organizations. Last year, in 2020 we have developed methodologies of study work, and reviewed that tools and will complete in some days. We will complete this pilot in June and introduce actively internationally. We expect active involvement of sub-committee and Secretariat, expected greater coordination and active cooperation. We proposed to select members from MSG for the sub-committee. /A presentation is attached/

Sh. Tsolmon: Many thanks for a presentation, please raise your question and forward comments and proposals.

N. Bayarsaikhan: We should approach to this work with great responsibility. The Secretariat has to have active coordination, liaise with this year's Work Plan and strategy plan, and that is my proposal. We will have a consultation in our coalition to give names of members for this sub-committee, and I will participate actively in this work and support.

D.Sukhbaatar: First, many thanks to Dorjdari. This work is quite time relevant work, I support and am ready to join this committee. The work should be expanded further on. Is there any opportunity to be acquainted with a final version of this pilot?

N.Dorjdari: A scoping of this pilot may be defined by MSG. And further on, it can be implemented periodically. A methodology has included several proposals, will be translated and in 14 days we may be able to present. After that we will recruit a researcher.

S. Tserenpurev: How is this study-work connected with EITI standard? Why does not your organization implement this work? This spring, we will submit a draft law of transparency in mineral resources sector. Parallel to this, to discuss a corruption may have impact on passing this bill? May this work be coordinated with outside world?

Dorjdari: The standard has defined which would be disclosed. The work will use information disclosed under standard, and on top, relevant officials will be interviewed during. Therefore, it is quite coordinated work with the standard. I guess there will more progress in using disclosed information in prevention of corruption. We will cooperate with MSG and Secretariat, be responsible from beginning to the end. Yes, our organization may independently to execute this work, but it needs more independency and neutral assessment. If we cooperate with MSG and Secretariat, there will be more benefits to define national issues, and also internal issues. Our organization conducts a study-work for index of governance of natural resources, and now we are busy with Mongolian study. Question is corruption study-work may have negative impact on passing bill of transparency, I should say, no. As EITI is an organization with multilateral character and own standard to implement EITI. Therefore, it even has more opportunity to have leadership in disclosing corruption. Even it would be contrary, a positive impact may prevail for passing law of transparency, that there is ongoing initiative and work in respect to combating with corruption. But I will not neglect a possible fact that different people may interpret differently. But, if we work using benefits of transparency, there will no obstacle to this law.

L.Tur-Od: We have tentatively discussed this introductory before amongst members of PWYP coalition, and members fully support it. This work is in line with idea and concept of EITI. NGRI has issued a declaration of natural resources. The provision 4.9 of this declaration says that any Government of independent countries must use

opportunity to increase benefits of revenue of natural resources. Or, reducing and eliminating corruption will create equal opportunity to benefits of natural resources. All this is in line with 5 principles of PWYP coalition. Sub-committee should be established at triparty equal participation. Is there any need for technical work and financial support to execute these tools?

N. Dorjdari: I support an idea to sub-committee established on equal triparty representation. I have a proposal to include one member from Anti-corruption agency. Until next June, our expenses will be funded by finances from German Cooperation agency. It includes consultancy, workshop, printing, publication, dissemination and independent researcher, and all is secured. If there is later, additional work is needed, financially it is not estimated and planned, but it depends more on scoping of this work.

Sh. Tsolmon: We have received instructions from MMHI to establish a sub-committee, for the chairperson of the committee Mr. Dorjdari, coordinator of NRGI and for secretary I was recommended. Please give your names, who wish to join the team. It would good to include Mr. Tsend-Ayush from Anti-Corruption agency, today he has another meeting overlapped. So, please next week please give your names.

N. Erdenetsetseg: Mongol Coal association will join.

L.Tur-Od: Today, this afternoon, Coordination Council of PWYP Coalition will meet again and send names to Secretariat.

T.Munkhbat: Companies should have own consultation in this regard and will give feedback later.

B. Batbold: It would be correct to fix number of representatives from Stakeholders.

Sh. Tsolmon: It looks like a three from each stakeholder. Done, good.

T.Munkhbat: Is there any salary or incentives for whom, who participates in pilot and study-work?

N. Dorjdari: Any member from MSG, even not in sub-committee, is welcome to this work. As researchers will be probably paid, but member of sub-committee as member will not be paid.

### **Presentation Two: Instructions and recommendations for producing 2021 Work Plan for Mongolia EITI Subnational committee**

**N. Bayarsaikhan:** To all happy Lunar new year. We have declared 2019,2020 as year for capacity build-up of Subnational councils, but due to some certain reasons, we could not do sufficient work, therefore we have again declared 2021 as year for build- up capacity of subnational councils. On February 5<sup>th</sup> 2021, the Secretariat had organized a meeting with Subnational councils and there were representatives from 14 aimag subnational councils and they have presented their report on what was conducted for last year. There was 6 aimags, which conducted overview of cooperation agreement, and Hovd aimag had conducted a Public hearing and overview of agreement, which are quite good positive moments.

They have presented what is ongoing activities, but there was no open public discussion and information dissemination activities. These 14 aimags except reporting what was conducted, proposed some certain activities to resolve issues. Namely, participation of organizations with vertical management such as taxation, customs is very weak. So MSG and National Council are recommended to communicate their central management to assign low level organizations participate in Subnational activities.

As 2021 was declared as the year to make Subnational Councils more responsible, and therefore it was recommended that Subnational councils met regularly at scheduled time, had frequent workload, make Subnational council as one of most favored and expected event for citizens, accumulate expertise, let Subnational councils to produce quality and accessible product in line with EITI, let EITI National Council and MSG to review activities of subnational councils, let Subnational councils to contribute in production of statistical data, and improve participation of Subnational councils in production of EITI Reports.

Subnational Councils should be formed on equal representatives of Tripartite, which should be included into 2021 EITI Work Plan. It is recommended that Aimag Subnational council should invite Sum Subnational councils for training activities, extract own aimag's data from the Reconciliation Report, and prepare summary, disseminate to local community and advocate, let discuss by Citizens Hural and Governor's Council, and include subnational council budget proposal into 2022 aimag budget draft.

Also let's give directions in terms of activities directed at public, including organizing multilateral discussions, preparing summary by EITI report and infographics, using information billboard, TV and media channels, also social media. Members of PWYP are recommended to participate in Subnational Councils. There is an observation that some aimags like Dornod, Hovd do have members from PWYP do have better activities. /A presentation is attached/

Sh. Tsolmon: Many thanks for a presentation, please raise your question and forward comments and proposals.

S. Tserenpurev: There is guidelines for EITI Subnational councils, and provision 32.2 says that Subnational Council shall discuss and disseminate EITI Report every year. It looks that there is a clear division of duties of Subnational councils, is it important to participate and monitor their activity, seems we take too much burden. So, Subnational Councils should observe guidelines thoroughly, learn to work independently. I heard some our members were in Aimag Subnational Councils. Ms. Narantsetseg is in Uvs aimag subnational council, Ms. Bayarsaikhan is Dornogovi aimag subnational council. Of course, it is advantage to be in aimag subnational council. It would be better work in subnational councils in terms of give direction, conduct control and monitoring, rather than to be involved in training and etc. which are work of the councils. We should advocate EITI and conduct control and monitoring. When we go traveling to rural area we got printed materials from Secretariat and disseminate them to local citizens, we also should materials to local councils, citizens Hural. In other words, we should operate as guidelines do require, not intervene too much into Council's work.

L.Tup-Od: We should work within EITI, implement these activities, and within objectives specified. EITI Standard, 2.1 and Protocol on Civil Society require that active participation of Civil Society in EITI activities implementation, control and assessment should be insured completely and comprehensively with relevant opportunity.

To capacitate Subnational councils is a core mandate of MSG and Secretariat, but mandate of PWYP coalition to make Subnational Councils more responsible. Our Coalition is creating a Mining Watch web site, which will our face, through which there will a mechanism coordinated with Open Contract and EITI website and allow to overview activities towards to aimag and rural area. We will introduce this platform at the first week of April to public. There is a guideline approved by EITI International Secretariat in 2018. The guidelines have clearly instructed how to establish multilateral working group. If we take global example, then there are Multi-party councils in provinces of Philippines, also in Kazakhstan as type of public council, we should learn from their expertise and there is a such opportunity to share. Therefore, PWYP Coalition has set forward objectives from side of responsibility and control.

N. Bayarsaikhan: The Governmental Resolution to establish a subnational council was approved in 2012, afterward, charter of subnational council was necessary, I myself prepared a draft and submitted to the National Council, then it was endorsed. There were 5 basic directions of activities, so far, there was no instructions given from National Council, or MSG to Subnational councils. We did travel to rural area and advocated EITI, but never have a counseling to Subnational Councils. Therefore, it should not be considered as job of the Council. We do this job without any paid money, so it would be good to give counseling to Subnational Council how to work. What situation now we have, after being admitted to MMHI? Next year we will have a Validation, which will not assess how we report, but what was impact of EITI. Therefore, we have to provide Subnational Council with guidelines and methodologies. So far, we have not provided any guidelines and methodologies, so it would be correct to do so, we are advocating issue of capacitating Subnational Councils for 3 years. We see now this has less impact when we go there and assemble local people, it would be much better that local Subnational Councils should work themselves.

L.Tur-Od: If we plan to insure equal representation when establishing Subnational Councils, it is not necessary for members of PWYP Coalition to join, but representatives from other NGO like Trade unions, or media can join, which is allowed by the 14<sup>th</sup> guidelines of International organizations.

D.Tserenjvav: But I have a different proposal from the coordinator. In this MSG our NGOs are most dominating speakers. But in rural area activities and participation of our NGOs is very poor. It is very important to have members of PWYP Coalition to act in subnational council. We have discussed this issue and gave proposal in this regard in 2021. We are advocating EITI at local level, and work towards contracts become disclosed. We propose to have mandatory membership of PWYP coalition in subnational councils. I recommend to the Secretariat if necessary to amend a relevant document that PWYP Coalition has a membership and render support in this regard. It was necessary to have consultations on scope of work of Communication Consultant, as we have a professional organization worked in this field more than 10 years. Our Bayarsaikhan and other Members have proposed very important ideas, so implementation needs definitely involvement of members of PWYP Coalition in aimag and soum Subnational Councils from area where mining sector is ongoing. EITI Subnational council is not a council where any NGO can participate. Because our PWYP coalition is a member of International Coalition, and implementing professional organization. Therefore, the Secretariat has to work to let into Councils.

L.Tur-Od: Mr. Tserenjvav has expressed what I wanted to tell. We have agreed at least 1-2 persons in the councils. The main work would be control and monitoring. Our

Members are quite well trained as per EITI and so we will implement expertise and capacity.

Z. Bayarkhuu: We have a consultation online meeting with Subnational councils on February 5<sup>th</sup>, which was attended by Ms. Bayarsaikhan and Mr. Otgonmunkh, member of Dundgovi aimag subnational council. A Subnational council consultation was quite constructive and efficient meeting. We have pretty much work planned for 2020 in regard to capacity build-up of Subnational Councils and we are very grateful to Ms. Bayarsaikhan, she also made a presentation today. Also, we are planning to implement several actions to capacity build-up of Subnational Councils in cooperation with International Financial Corporation. Namely, to organize training activities to capacitate Subnational councils, activities to disseminate information to rural areas are included into our Work Plans and IFC's. Within this plan, we will organize training of trainers in next June. It is agreed that this training is planned to have 2 representatives from South Gobi aimag Subnational council, 2 representatives from other region, and from MSG and Secretariat. The funding will be provided from ADB Project and IFC. Trainers trained will receive grant at the rate of 5 MIO tugrug for outreach training activities. Recently, IFC and Open Society forum jointly had organized a Hackathon, and next autumn, we will organize with them a rural Hackathon as consulted and agreed. Also, we will jointly produce a printed comic and disseminate together with IFC. I support proposals initiated by our NGOs, and appreciated readiness to join Subnational Councils. We have planned many activities in 2021 Work plan, but a Secretariat lacks in manpower, and we are talking to resolve this issue, but our NGOs proposed this idea, which is very much appreciated. So, today's meeting is quite fruitful, and we appreciate Ms. Bayarsaikhan very much for production guidelines and instructions for Subnational councils. I observed that aimag subnational councils did not know how to draft Work plan, or some was hesitating, I made judgement it was necessary to give them certain counseling and approach, so made myself some guidelines. Again many thanks to members from PWYP for active cooperation in this regard.

D.Tserenjav: Previously, some feedback was got from us study-work over Subnational Councils, so what is situation with this work?

Z. Bayarkhuu: TORs are prepared and delivered to MMHI for comments, after feedback of MMHI it will be more and less ready. The evaluation Committee was established, which will conduct evaluation work.

D.Tserenjav: Is there opportunity for our organization to participate in this study-work? Is it announced?

Z. Bayarkhuu: There is requirement in TORs that it would advantage to be experienced in EITI, it is open for you, and tender will be called. As agreed at the Inception, the study-work is mostly based on proposals made from your side. You all can participate in here.

Sh. Tsolmon: Generally, TORs are prepared and brought to MMHI for approval. Evaluation committee is established and the tender will be called. Hope our NGOs will participate in this tender.

D.Erdenechimeg: I support a proposal set forward by members from PWYP to capacitate Subnational Councils. Hope that recommendation and proposals by Ms Bayarsaikhan will be in decisions of this meeting. In other words, there are will official

letters to aimag on guidelines to Subnational Councils as agreed in the decision of this meeting. In accordance with proposals of the Members I propose 1/ let members of PWYP Coalition participate in local, aimag subnational councils, monitoring over implementation shall be carried out by members of PWYP Coalition and provide relevant guidelines. 2/ I understood its implementation shall be reviewed every 2 months. There are a lot of activities to improve capacity of Subnational Councils in 2021 Work Plan. PWYP Coalition can organize those activities, funding of which is secured. 3/ Especially, we prefer to be in charge for organizing seminar and workshop of improvement of capacity such regular regional conferences. 4/ The charter of Subnational Council does not have provision on disclosing contract locally concluded, because when it was establish contract disclosure web site was not functioning. For time being, there is nobody in charge for implementation of local contracts in MMHI, and work to collect contracts from local area is quite time consuming job. At the beginning, we were posting local contracts at web site, but now we have other tasks, thus the work tends to be lost. 5/ Therefore, I support idea of Ms. Bayarsaikhan to assign Subnational Councils to be in charge for contracts concluded with companies. Contract disclosure is not job only for one or group of NGO, it is also job of Secretariat, which needs to work with initiative. Several times we have communicated MMHI to make the work more official, but there is now progress. So, our suggestion would be that next meeting of MSG 6/ should address Contract disclosure. Next meeting should review what activities have been achieved, now why activities are stuck, what is needed to implement to advance this aspect and make more official. We, Open Society Forum is able to prepare a presentation and submit, only wish is to have it official by MMHI and get direction.

Z. Bayarkhuu: Let's have issue discussed at the next meeting of MSG and have decisions.

D.Erdenechimeg: The next meeting should be organized as soon as possible, possibly within March. MoU state that Contract Disclosure site shall be transferred to Secretariat, we would like to hand over, but by far it is still handled by Open Society Forum. Is this a State work performed under initiative, or work of NGO? So, this should be resolved and advanced. We should not wait when a next meeting is scheduled, but let's organize it within shortest time.

Z. Bayarkhuu: Before discussing at MSG, let's have discussion between MMHI, Secretariat and MSG, prepare decision draft, and suggest to discuss it at MSG meeting. In other words, it would be correct to present a coordinated understood position.

D.Erdenechimeg: Let's have a general decision of the today's meeting of MSG that next meeting will review Contract Transparency, and preparations can be done by the Secretariat or our organization.

L.Bor: Local contracts and land contracts are not of great importance. But agreements of strategic character and investment are those contract confidential and are not disclosed yet. Investment agreements are signed by high ranking officials and get bonus for contract. I do not know a contract bonus is mandatory or not. So, if MMHI is in charge further on then it should disclose those greater agreements, this is not only job for NGOs.

D.Erdenechimeg: I support suggestion of Ms.Bor, we have included the most greater agreements. But those contracts related to uranium exploitation are not, as they are classified, so next meeting should discuss what to do in this regard.

B. Batbold: Let's have notes on contract issue and include into agenda of next meeting. To jump to everything is time consuming. This year I will not join Evaluation Committee, my A3 certificate is expired.

Sh. Tsolmon: So, let's attach today's suggestions to draft decisions and include it as proposal.

D.Erdenechimeg: I suggest to decide on decision of next meeting today, a decision shall be made by MSG.

Sh. Tsolmon: Also, let's ask opinion of management of MSG.

D.Erdenechimeg: There is a majority of members, and we shouldn't ask anybody's opinion, and let's have decision now, as regulation allows.

L.Tur-Od: Please do not understand suggestion of Ms. Erdenechimeg is not suggestion of only one member, that is suggestion of PWYP Coalition. So, let's include this suggestion into meeting's decision, agree on the date.

Sh. Tsolmon: Ok. alright.

N. Bayarsaikhan: Many thanks to members for supporting this proposal. I suggest to deliver to members of MSG today's proposals with guidelines and recommendations to Subnational Councils. Secondly, there was no suggestions given in terms of what role may be for companies. I understood association Coal would join, we are going to join to processing and enriching plants. What participation will be from association of enrichers and Mongolian National Mining association? I prefer from MMHI an official letter how it will participate in improving capacity of Subnational Councils. I would suggest to include participation of organization and relevant suggestions into guidelines and methodologies of Subnational Councils. Is it possible to be done, is possible get opinion to official letter?

T.Munkhbat: I support fully guidelines to improve activities of Subnational Councils, proposed by Member Bayarsaikhan. As our company's activities are in South Gobi aimag, therefore, we have delegated a manager in Dalanzadgad to join Subnational Council. As we observed from other companies, they are delegating their representatives to local area, where company is operating. It is also necessary for NGOs to delegate their persons too. As we do not operate in other aimags, no need to be in other subnational councils, we have delegated our representatives to South Gobi aimag council. We will have inetrnal consultation, if any other proposal occurs, will forward.

Sh.Tsolmon: Many thanks, will prepare draft decisions in detailed format and send you for comments. A next meeting will be probably at the end of March. Today's meeting is over.

Decisions of 53<sup>rd</sup> meeting of Mongolia EITI MSG as follows:

1. To support a presentation on tools of diagnostics of corruption risks and establish a sub-technical group with head of group, Mr.N.Dorjdari, coordinator of Natural resources governance institute, members: Mr.B.Gankhuyag, commissar, officer of department of Prevention and enlightenment of Anti-Corruption Authorities, Mr.D.Enkhbold, executive director of Mongolian National Mining Association, Ms.B.Erdenetsetseg, secretary of Coal Association, Mr.L.Tur-Od, head 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;

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

The meeting ended at 12.20 pm.

The minutes are approved by:

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

G. Nandinjargal

The meeting chaired and the minutes are reviewed by:

Coordinator of EITI Secretariat

Sh. Tsolmon

The minutes are taken by:

Finance officer of EITI Secretariat

A.Otgontungalag