

## The minutes of the 20<sup>th</sup> meeting of National Council of Mongolia Extractive Industries Transparency Initiative

**December 21<sup>st</sup> 2021**

The 20<sup>th</sup> meeting of the National Council, which was assigned to organize and coordinate the implementations of the EITI of Mongolia started at 10.00 a.m. on 21<sup>st</sup> December 2021, in the online format.

**The meeting was attended by:** Mr.G.Yondon, (Minister of Mining and Heavy Industry and chair of Mongolia EITI National Council); Mr.E.Batbold (Director of the Research and Investment department of MMHI); Mr.B.Buyannemekh (Senior Officer, Ministry of Environment and Tourism); Mr.Ts.Enkhjavhlan (Director of the 1<sup>st</sup> audit Department, National Audit Office); Ms.B.Surenjav (Officer of the Prevention and Awareness Department, Independent Authority Against Corruption); Ms.E.Erdenesan (Chair, National Statistics Office) and officer Ms.B.Tegshjargal; Mr.G.Tamir (Deputy Director, Ulaanbaatar representative office, Erdenet SOE); Ms,S.Enkhtuya (CEO, Monpolymet Group LLC); Mr.T.Munkhbat (Senior Manager, Oyu Tolgoi LLC); Mr.M.Boldbaatar (Lead specialist of Mongolroostsvetmet SOE); Ms.Z.Sugarmaa, (senior specialist of Energy resources LLC), Mr.L.Tur-Od (Coordinator, Publish What You Pay Coalition Coordinator); Ms.G.Urantsooj (Head, Centre for Human Rights and Development); Mr.N.Bayarsaikhan (Head, Step without Boundaries NGO); Ms.D.Erdenechimeg (Manager, Open Society forum NGO); Mr.D.Tserenjav (Head, Transparency Foundation); Ms,S.Tserenpurev (Head, Administrative New Initiation NGO); Ms.L.Bor (Head, Ikh Bayan Sharga NGO); There are 19 members out of a total of 33 members of the EITI National Council were present and the attendance was at 57.6 per cent.

**Also present:** Mr.B.Osorgarav (General Director, Grant Thornton Audit LLC); Mr.N.Erdenetsog (Partner) and other auditors of the BDO Audit LLC; by invitation Mr.L.Tseveenravdan, (inspector, General agency of Professional inspections); Ms.G.Bayarjargal, (executive director, center for Human development, research and training); Ms.Z.Bayarkhuu (coordinator, ADB TA for Improving Extractive Governance); Ms.Sh.Tsolmon (Coordinator, EITI Secretariat); Mr.V.Narmandakh (IT consultant, EITI Secretariat) Ms.Z.Tselmeg (Communication specialist, EITI Secretariat) and Ms.A.Otgontungalag (financial officer, EITI Secretariat) attended the meeting.

The 20<sup>th</sup> National Council meeting of the Mongolia EITI began as G.Yondon, Chairman of the EITI National Council and Minister of Mining and Heavy industry opened and delivered an opening speech.

G.Yondon: Dear Members of EITI National Council, I congratulate sincerely and cordially all of you on behalf of Mongolian Government, Ministry of Mining and Heavy industry and personally with approaching 99<sup>th</sup> anniversary of the Mining sector.

I am very glad to open 20<sup>th</sup> meeting of National Council, having functions to organize and coordinate the Extractive Industries Transparency Initiative implemented by the Government of Mongolia.

Through developing transparent and responsible mining in Mongolia, the Ministry of Mining and Heavy Industry within objectives to multiply reserves of minerals, create multi- column structure of balanced economies develops policy and legislation of the sector, medium and

long term strategy, projects and measures and organizes insuring organization phase by phase.

Extractive industries contribute largely to the Nation's social economies, and as of November 2021, the sector produced 24% of Gross domestic product, 68% of the industrial output, 94% of export, 76% of foreign direct investment and 29% of the State budget revenue.

The Constitution of Mongolia has been amendment the direction of state policy to use natural resources should be based on long term development policy, to guarantee the rights of citizens for healthy and safe living conditions, and benefits of natural resources should be collected in National Benefit fund, and would be accessed equally and fairly.

As the Constitution guarantees that Citizens within the right to live in healthy and safe living conditions have the right to know about impact on environment as result of use of natural resources from underground, the transparency initiative has important obligation and function to protect citizen's right, insure national economic growth and increase investment and constructions.

As Mongolia has moved to market economies since 1990, activities to explore and produce minerals have been possible for entities of private sector on basis of license and contract, as result, the sector expanded to the great extent and produces major part of State and local budgets. However, cases of to have open and hidden accounts, to avoid taxes are existing and phenomenon like reduction of budget revenue and incidence of unregistered cash flow is occurring.

I am pleased to highlight EITI annual reconciliation report, its findings, which was launched in 2006, to prevent and eliminate that phenomenon.

So, this meeting will debate the 15<sup>th</sup> Report. Furthermore, within EITI, specific activities such as improve communication and coordination of State organizations, disclosing beneficial owners. To do that, you, members of National Council, please make activities in 2020 Work Plan as much feasible, I am sure all of you will take active participation in the meeting and exchange of views. I wish good success in this meeting. All good deeds wish to happen.

### **Presentation One: Introduction about EITI 2020 Reconciliation report.**

N.Erdenetsog: Hello, good morning. Today we have prepared to make presentation on EITI 15<sup>th</sup> Report.

Mongolia EITI MSG selected flexible approach for 2020 Reconciliation Report. Let me explain a bit on flexible type of reporting. Because of Covid-19 Pandemic, EITI International Secretariat has issued procedure to prepare traditional and flexible report before 31<sup>st</sup> of December, 2022, and even neither type of report could not be produced, it was possible to postpone but with consent of MSG. The flexible reporting should be agreed and documented with EITI International Board. This includes information about Covid-19, fall of commodity price, present situation and perspective; data quality, if not include data related to certification, unilateral information of either Government or Company can be as basement of disclosure is allowed, (be as flexible as possible); disclose latest data of production, export and revenue; data summary produced by EITI International Secretariat; in accordance with EITI 2019 Standard to identify some shortcoming and weakness, and specifies assessment by MSG of data comprehensiveness and reliability.

ToRs of flexible reporting includes provision 1) there should be no health risk during collection of data and dissemination; 2) To make easier EITI Reporting, treat with flexibility on timelines; 3) MSG within flexibility to reconcile reports of 60 companies running gold, copper and coal.

MSG should have important role in flexible reporting, and after introduction with report, should give feedback whether it is complying standard, what provision is missing, should exchange views, give comments to IA, to make correction, and should cooperate.

The 2020 flexible Report covers 2 side report and 60 companies. We could not establish contact with one company and other 2 companies have refused to reply. We have mentioned at MSG meeting, but the situation has not changed since then. It means we could not discrepancies of 545 million MNT, related to these companies, which equals to 0.02% of The Government revenue.

EITI standard, only requirement 4.1 has related to payments and revenues, but there are 24 requirements from 2 to 6 related to contextual information. The majority or 70% of the scope is devoted to this part of work. Further, the most work will be concentrated on the contextual information therefore, we are proposing to amend ToRs respectively. We estimate that collected revenue of mineral resources sector at state budget reached 3.2 trillion MNT in 2021, but it is less by 499 billion MNT or 19% from previous year. The revenue paid by 60 companies, which have participated in the reconciliation was 2.6 trillion MNT, remaining companies have 0.5 trillion MNT.

As result of the first reconciliation, the net discrepancies between payment and revenue were 27.9 billion MNT, gross discrepancies 465.1 billion MNT. There was adjustment of 373.4 billion MNT ascending was made to Government sum, and 346 billion MNT was adjusted to the sum of Company. After all these adjustment, net discrepancies are 11.2 billion MNT, total discrepancies are 14.4 billion MNT. Major contributor of discrepancies are royalties of mineral resources, and next is local payment. So far, only Customs General office has not delivered the reply from state organizations.

As for reporting by companies, 1419 companies out of 2363 companies having license have reported through EITI E-reporting portal. This seems better than previous year, but it is 60% of companies, which should report.

As for contextual information under EITI Standard, we collected them from partly from EITI E-reporting portal, some is collected from Government entities by official letters, processed and integrated to the Report. All 25 type of information should be reported by companies at EITI E-reporting portal. But 23 out of 25 information was reported, and 2 had no data. These are one is about Production sharing agreement, and other is about transportation by state and local companies, both was filled out, probably there was such work was conducted.

As for Validation, it is conducted under contract between EITI International Secretariat and Validator. The purpose is to make assessment on which level Mongolia is implementing EITI Standard. EITI International Secretariat had made preliminary assessment based on Mongolia EITI 2019 Report, and identified 97 cases of underreported and unclear reporting, and gave recommendations to correct and improve. The recommendation was to fill out a Transparency template for Validation, to make amendments to 2020 Report on improvements based on 2019 Report, to clarify from Government entities and to make agreement with the Secretariat. Namely: 1) Unclear status of materiality threshold, including revenue from transportation, non-cash revenue, quasi fiscal expenditure, revenue streams

of the Government, 2) All revenue streams are not reported on project level, therefore, it should be agreed with MSG, and include into the Reconciliation Report. Also, we gave replies to emails from members of MSG commenting and clarifying 2020 Report.

We have replied and clarified to emails from members of MSG on 2020 EITI Report. We have supposed to include information on enriching sector, we have received no information. As for complications related to 2020 Reconciliation report, there were some Government agencies, which did not deliver information, some delivered incomplete data, were losing time in delivery of such information, do not estimate highly, data was contradicting to each other, and data of some Ministry and agencies was wrong and underreported at E-reporting portal.

The Reconciliation Report is recommending that data at E-reporting portal should be improved, and all needed information has to be loaded, database of mineral license holders should be verified, gender balance in MSG composition should be consulted, and relevant measures should be taken, there should be actions to insure implementation of respective Government Resolution on resolving funding issues of EITI Sub-national Councils, EITI Reporting template and beneficial owner data have to be improved.

We have studied implementation of recommendations from previous 2019 EITI Report, implementation and notes are included into this Report.

We are recommending through 2020 Report the recommendations, namely: To enact draft law on transparency of Extractive sector, to insure completeness of EITI E-reporting, to reduce discrepancies between Government revenues and Company payment, to improve section for a Project reporting in EITI Reporting template. So, thank you for attention. /Presentation is attached/

E.Batbold: So, thank you to Erdenetsog for this presentation. What was feature of this Report from previous Reports, and what is new element?

E.Erdenesan: You have mentioned that some state organizations do not report. Is possible to deliver the report to National Audit Office?

N.Erdenetsog: There are requirements of the Standard that all reported data should be correct and reliable. As Independent Administrator, we work to reduce discrepancies after overview of reports from two sides. Step by step, as long data becomes correct there will be no need of Independent Administrator, even the Reconciliation can be carried out by the Secretariat. Therefore, we would like ask MNAO to review a Government report, rather this Report. There are about 15 state organizations report electronically 40 type of data. So, the most i.e. revenue of more than 1 billion MNT is reported by General Taxation department disaggregated by type of tax. The report is signed off by management certifying all is correct, but it still should be reviewed and adjusted. There is usually always discrepancy, over or less in the reporting. Therefore, MSG is recommended to make assessment to improve quality of data, issue respective decision.

Ts.Enkhjavlan: When will your 2021 Report be available? What month of next year?

Sh.Tsolmon: We plan that 2021 Report should be published in October 2022, which is in 2022 Work plan already.

Ts.Enkhjavlan: We are submitting to the Government in June 2022 financial audit report and budget execution report. There is my end that Tender should be launched earlier and before submitting budget execution report, to complete EITI Report, then can make some conclusions where what discrepancy is existing.

N.Erdenetsog: This work can be achieved as Government entities submit EITI Report before that budget execution report.

Ts.Enkhjavlan: We should work on discrepancies from Reconciliation and develop system that there was no discrepancy of data. We are not interested in correctness of data. We should study discrepancies and take action to eliminate them in following reports.

N.Erdenetsog: Every year, when we do reconciliation of reports discrepancies, we collect explanations and clarifications, as results, there is less and less discrepancies do remain. In order to minimize discrepancies from the initial reconciliation, we have proposed to National audit office to conduct financial audit verification, which was also propose to be included into TORs.

Ts.Erdenejavkhan: I favor this proposal. Please deliver the report and this presentation to my Email. I will read this Report and check if there is any possibility to include into TORs.

N.Bayarsaikhan: Hello, everyone. So I understood net discrepancies under EITI 2020 Report is 527.0 million MNT, can you discrepancies under previous reports like this? Payment of labor force of job is 379 million MNT, but soums can not get this amount. The provision about that, that is art.43 of Mineral law is not implemented, so would like us to include recommendation about this situation. What kind of sanctions can be taken against State organizations, which do produce report? Also, 40% or 944 companies out of mineral license holders have not produced EITI report, or in other words, they have not fulfilled art.48.10 of Minerals law, this should be included into the Report. Let me ask MMHI what sanctions will be taken against these 944 companies. Also, it was mentioned 2 appendixes have not been filled out, so, please clarify why they have not produced.

E.Batbold: There is no sanctions for not reporting, so we are working the law was passed.

L.Bor: I propose a recommendation to take sanction against a company, which has got license, but has not produced report.

N.Erdenetsog: There are 2 appendixes, which have not been filled out, first appendix about Production Sharing agreement, presumably, no PSA was agreed in 2020, and that's why no data. Other one is related to transportation by state owned company, there is again no such work was handled, probably. As for proposal of Member Bor, every year we recommend this into the Report, but it is not executed because the law is not passed. That's why, law on

transparency in Mineral resources sector should be enacted. We hope there is a progress as plenty of training, information and promotion activities are done. It can be considered as success because 60% of companies do report for EITI without legal regulation. Over there, there are companies, which did not operate, produce X report and paper company holding licenses. The majority of companies paying tax and fee, operating actively do report and there is relevant data and information.

Ts.Urantsoozh: Transparency law is objectively critical, we should submit the draft law. I have proposal to submit from National Council to the Minister request to submit the law in 2022. Why MMHI and MRPAM do not produce report, and request should be submitted. Thanks.

B.Buyannemekh: Our Ministry supports EITI Secretariat, which organizes often conference and webinars, works to improve transparency. Our ministry has only one official specialized in mining. As for me, I do all my best, often times I am not able to attend meetings. Our Ministry is engaging companies for rehabilitation of environment and 1 billion tree program. If there is opportunity I would like to propose additional officer, who will be in charge for mining in our Ministry. Thanks.

### **Presentation two. Progress of implementation of Mongolia EITI 2021 Work plan and draft of Mongolia EITI 2022 work plan.**

Sh.Tsolmon: We have plan for 2021 that 76 activities would be implemented and 68 activities are executed or in process of execution, and success rate is about 82%.

Highlights of the 2021 Work Plan will be drafting Extractive Sector Transparency bill, and preparations for submitting, organized a 2020 EITI reporting by companies and state organizations and aimags, and districts, a 2020 EITI reconciliation report is in process of production by Grant Thornton audit LLC, which now is submitted to MSG and will be prepared to be submitted to the National Council, and Leader Vision group company is updating EITI E-reporting portal, also findings of study- work, deliberation work of activities of strategy had been conducted and submitted to MSG, and procedure to handle web site of Mineral resources was approved by Minister of Mining and Heavy industry, and appropriate training was conducted in this regard, and a sub-technical group was formed by decision of MSG for amending EITI Reporting templates, which produced a relevant amendments and it is now submitted to the national Statistical committee for approval.

Now, EITI Secretariat has meeting with aimag EITI subnational councils, every 2 months and have good constructive cooperation with them. Along with sub-national councils, in form of online, Regional EITI conferences such as Central, Western and Eastern region was organized, a training for Gobi regional subnational councils also has been organized and pilot project to promote most transparent aimag was launched with participation of IFC and PWYP, which will deliver the first findings in the 1<sup>st</sup> quarter of 2022. Also had consultation with sectoral professional associations and agreed to select the best transparent company, and along with EITI International Secretariat, organized series of Pre-Validation webinars of MSG. Also along with NRGI, organized a study-work for diagnosing risks of corruption in extractive sector and relevant recommendations with draft of Action plan for coming year. On top, along with EITI International Secretariat and Open Ownership have launched 5-year project for Opening extractives at MMHI.

As for 2022-2023, there is ongoing negotiations with World Bank on financing. With its funding, we are planning to conduct activities to enact the draft law, make sure preparatory activities to execute law, upgrade EITI-E reporting portal, create BO reporting portal, transfer those activities, which have not executed in 2021 into 2022, update Information Communication activities, organize 2021 Report in flexible format, which will cost 50 million MNT, to carry out remedial activities of Post- Validation and Assessment.

Within updating Information Communication activities in 2022, we planned and will organize prepare and disseminate data of EITI Report summarized by aimag, region and national level, produce footage on highlights of 2020 EITI Report and disseminate publicly, to produce newsletter about information about soums with mining, to document best aimag and soum, to produce and publish booklets on best cases, to conclude pilot project of transparent aimag, ongoing in Gobi region, to organize EITI regional conferences with new approach. So thank you /A presentation and plan of actions is attached/

E.Batbold: How plan for 2022 is prepared.

Sh.Tsolmon: The State Budget funds for 2022 are approved. ADB extended contracts with staff of the Secretariat. Preparations for World bank grant are ongoing, two times instruments of the Grant was placed at the Secretariat website for public feedback. Soon MOF probably will sign the Grant agreement and all activities shall be funded by World bank.

**Presentation three:** Introduction on Strategy to capacity build-up Sub-national Council within research work for baseline study of EITI sub-national councils;

G.Tserenjargal: Our research center team has concluded the Contract and works on this task. The main purpose of this research work is to conduct baseline study capacity needs of EITI sub-national councils, to improve performance, conduct monitoring, develop strategy to activate performance and outline work plan and hand over to Mongolia EITI MSG.

Our work consists of individual interview, group discussion, questionnaire, field visit and analysis of documentations, based on findings of these work to outline conclusions and develop strategy plan. As for field visit, we have visited Dornogovi, Selenge and Tuv aimags, and Bor-Undur soum. Members of 21 aimag EITI sub-national councils had participated in questionnaire and relevant conclusions are made. We have reviewed work plan of Sub-national councils for 2021. Altogether, 253 works have been planned, which means each Council planned 13 works per year. Out of which, 48 works were for development of cooperation and partnership, capacity build-up of stake-holders, 119 works were for production of research, introduction and reports, 31 works were about informing in transparent way citizens report and introductions, organizing discussions of multi-stakeholders, some are truly related to functions of state organizations, a few not related to duties of sub-national councils. Average number of members of the Sub-national councils is 10.5, and of which state organization is 57%, CSO is 23% and Private sector is 20%.

Annual work plans of EITI Sub-national councils have different structure of direction of activities of each aimag work plan, activities planned to be implemented or name is not clear, there is no measuring indicators over implementation of activities, form of disseminating

information to citizens is limited by website of local authorities, prime duties of public servants are included into work plan.

The research work has covered in total 46 persons, of which 11 are decision-making level, 23 are from state organizations, 1 is from the private sector and 11 are from Civil society organizations. Subnational councils in Sukhbaatar, Zavhan, Umnugobi, Orhon aimag and Bor-Undur soum, Hentii aimag have relatively balanced activities.

Governance in Sub-national councils is not well established, methods of operation and progress are not sufficient, and transparency of information is not satisfied. Based on findings of the research we are suggesting the following recommendations, namely:

To clarify scoping of activities of EITI sub-national councils, to appoint secretary of the Sub-national council from CSOs, provide salary and operational budget, to resolve funding of subnational councils as the Resolution of Government directed and enable and support mobilization of some funds for specific activities of subnational councils, to coordinate EITI Sub-national councils with methodology, other initiative and projects and programs, which can be linked with the EITI Secretariat, to create EITI Regional sub-national council module in order make more permanent and active structure, and test this model.

The strategy has three sections to assessment improve performance of sub-national councils. Methodological proposals to implement each section were developed with relevant strategy. The strategy is consisted of sections, like structure and organization, insuring transparency, and assessment of promotion. To improve structure and organization, it is recommended to insure tripartite equal participation, clarify with executive status of official position, as impact, performance of sub-national council and capacity of members will be improved. In order to insure transparency, it is needed to promote benefits of EITI and its standard, clarify certain product and its channel, and as in overall, public understanding and knowledge will be improved. Within the work to improve public promotion assessment, it is recommended to approve methodology, promote to public, test assessment work, based on research findings it is needed to work to improve promotion activities, reduce any possible negative impacts, and there will proper assessment of impact.

Within proposal to improve performance of sub-national council, we have proposed create sensitivity, stakeholder mapping, introduce best cases, social impact assessment and audit over online accessibility. Also, for the first 1-2 years, work plan with timelines have been proposed, thank you for your attention. Thank you. (Presentation is attached)

E.Batbold: So, thank you, as procedure of meeting requires please give your proposals to decisions of the meeting. The draft decisions were disseminated beforehand.

Z.Tselmeg: I have the proposal to submit draft law to Cabinet meeting by February 15<sup>th</sup> 2022 and include into decisions of meeting.

E.Batbold: If we put specific date, it is unlikely to be succeeded. It will take more time to circulate among Ministries and then to conclude to the Government, let's have discussed how to formulate the proposal.

N.Bayarsaikhan: I favor Tselmeg's proposal, we know why it will be not successful to submit it to autumn session, and how long it takes. Also, I propose to organize next meeting of National Council in January or February, 2022 in face to face format, and please include this proposal to minutes of meeting. The PWYP coalition has submitted a letter, which has



mentioned to discuss the issue and decision. I do not consider the today's meeting of National Council as National Council, by its content or by principle. I am surprised by words of person from MMHI, who there was no mandatory sanction for not producing report. If the Ministry does not take sanction for non-compliance with law, then who will take actions? There are sanctions for non-compliance with Mineral law, and violation law is existing, I do not understand when somebody is saying there is responsibility, it sounds like jokes. That's why, let's decide issues of the principle by the meeting of National Council, let's have next meeting of National Council in the first quarter, as ordinary indoor meeting. Strategy of Sub-national Council was developed by research team, but MSG should discuss the issue. Therefore, I propose to next meeting to discuss and approve this strategy. Today's meeting was very irresponsible one.

E.Batbold: I consider draft of the minutes of meeting was approved with added proposals given by members. If any other proposals, it is allowed to deliver in writing.

Z.Bayarkhuu: The Secretariat contacted with official letter to General agency of professional inspection, and asked what sanction was taken against those companies, which have not produced report. The Government Resolution states that General agency of professional inspection is assigned to submit introduction on what sanctions are taken against companies have not complied with obligation. Nobody participated in today's meeting.

### **Discussed: Introduction about actions taken against companies, which have not produced EITI 2020 Report**

L.Tseveenravdan: Hello, General agency of professional inspection has delivered letter on December 17<sup>th</sup>, and provided information. 22 companies were fined under provision of 7.11.2.2 of Violations law for not complying with provision 48.10 of Mineral law. The total amount fines paid by these 22 company was 119.4 million MNT.

N:Bayarsaikhan: How much is fine per company? What action is taken to push company to report, and to correct violation in the future?

L.Tseveenravdan: Per company fine is 10 million MNT. We do advise and give information to companies to produce report in timely manner.

Z.Bayarkhuu: Information shows there are 3 companies were fined in 2020, but there are about 400 companies that has not reported. So, what happened to other, we have asked detailed explanation, in the future how push companies that they would have reported, and your proposal. Are you able inform on companies, which have been fined on annual basis?

E.Batbold: Please give explanation in writing, this topic is not related to the meeting, please give your comments for minutes of meeting.

L.Bor: This topic is very critical in terms of producing EITI Report and output. We are talking about some figures and standard, but the majority does not report. Today we are excited that there is no benefits from mining, living conditions of ordinary people are not improving, which related to this issue. That's why, today's discussed issue is in reality connected.

E.Erdenesan: As Project coordinator said General agency of Professional inspection did not make their job. Therefore, this issue should be included into minutes of today's meeting. Also, it should be introduced in detailed way how many company, how much of fine, to verify

whether that company still continues activities despite fine, and what is taken against company which has not reported.

L.Tseveenravdan: Every year, we deliver with official letter information to the Secretariat.

E.Erdenesan: We have not got.

Z.Bayarkhuu: The Government Resolution requires General agency of Professional inspection to give introduction about actions taken against companies, which have not reported and we asked just to introduce this material.

L.Tseveenravdan: It is clear, will inform top management, and coordination between Secretariat and other organizations should be improved, thank you.

E.Batbold: So, today meeting is ending by here, many thanks for active participation in the meeting.

The meeting ended at 12.10 pm.

The minutes are approved by:

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

G. Nandinjargal

The meeting chaired and the minutes are reviewed by:

Chief of Research and Investment department of Ministry  
Of Mining and Heavy industry:

E.Batbold

Coordinator of EITI Secretariat

Sh. Tsolmon

The minutes are taken by:  
Finance officer of EITI Secretariat

A.Otgontungalag

Comments in chats:

N.Bayarsaikhan: MMHI chairs EITI National Council since 2018, so the Minister himself should chair meeting.

L.Tur-Od: PWYP expresses its sincere gratitude that Mongolia EITI National Council, MMHI and EITI Secretariat take not so bad actions to implement EITI in last 2 years affected by Covid-19 Pandemic and in its complicated situation. Our country has accessed to EITI in 2006 and implemented relatively successful, but since 2018 the political leadership was reduced from Head of Government- Prime Minister's level to jurisdiction of MMHI, and as results it is pity there are less positive but negative implications. It is evident and observed that MMHI is facing not a few complications in giving instructions directions to the same level Ministries, regulatory and implementing agencies, forward request and take consecutive actions. This is also evidencing that active involvement, responsibility of ministries, agencies sitting in National Council and MSG sharply reduced. But from other hand, global EITI Standard and its requirements became stronger and expanded, complemented with the tasks to improve Governance of mineral resources sector, directions from Mongolia's long term development policy Far sight-2050, objectives of UN sustainable development, to improve support of this important sector, reduce corruption risk significantly, support investment friendly environment, make mineral resources sector responsible and open, reduce poverty and improve living conditions through increasing revenues of state and local budget.

N.Bayarsaikhan: My proposal will be that Minister of Mining and Heavy Industries, chairman of National Council Mr.Yondon should chair meetings, this proposal should be included into minutes of this meeting.

L.Tur-Od: Mongolia EITI 3<sup>rd</sup> Validation starts in January 2022 and we should participate and preserve our previous successes, and this is very important year coming. So, National Council and MSG should have meeting and consult over solutions to resolve gaps in management, organization and policy issues to insure requirements of newly adopted 2019 Standard and find out consensus of decisions.

N.Bayarsaikhan: My conclusion is that this meeting was poorer meeting than MSG meeting.

L.Tur-Od: My proposal is to discuss the following topics. Namely: to resolve current status to implement conclusions and recommendations from the annual EITI Reports, resolve funding issues of EITI Sub-national councils now and forever, take actions against top management of ministries, agencies, which do not participate and participate poorly, state owned enterprises should have showed a leadership among mining companies. PWYP coalition is Civil society coalition of 36 non-governmental organizations associated with purpose to insure implementation of good governance, transparency and law in mineral resources sector. Since 2006 PWYP Coalition is representing Civil Society in EITI implementation and actively participating in activities of EITI National Council and MSG until now.

FROM THE MINUTES OF 20<sup>th</sup> MEETING OF MONGOLIA EITI NATIONAL  
COUNCIL

Into minutes of 20<sup>th</sup> meeting Mongolia EITI National Council, organized on December 21<sup>st</sup> , 2021:

Topics:

Progress of implementation of Mongolia EITI 2021 Work plan and draft of Mongolia EITI 2022 work plan, draft of Mongolia EITI 2020 flexible report produced by Grant Thornton audit LLC, and other relevant issues have been introduced:

DECIDED:

Decided to issue following decisions from 57<sup>th</sup> meeting of Mongolia EITI MSG, namely:

1. To endorse Mongolia EITI 2020 flexible report, add proposals and recommendations of MSG;
2. To allow the EITI Secretariat (Sh.Tsolmon) to effect payment of 10% of value of Contract No.24 and under its provision No.4 concluded with Grant Thornton Audit LLC to its bank account;
3. To endorse Progress of implementation of Mongolia EITI 2021 Work plan
4. To endorse Mongolia EITI 2022 work plan with proposals and recommendations of Members of National Council.
5. To endorse strategy based on baseline study of capacity of sub- national councils on capacity build- up capacity needs of EITI sub-national councils with proposals and recommendations of Members.

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

G. Nandinjargal