

## **The minutes of meeting of Mongolia EITI MSG /2021-11-23/25/**

The 57<sup>th</sup> meeting of Mongolia EITI MSG was organized online, at 10.00 am, on November 23<sup>rd</sup> and continued on 25<sup>th</sup>, 2021.

The meeting was attended by Mr.B.Delgerjargal, chief of statistic and research section of Ministry of Mining and Heavy industry(MMHI) on behalf of Mr.G.Nandinjargal, State secretary of MMHI, Mr.D.Damba, senior analyst of Investment and research department of MMHI, on behalf of Mr.E.Batbold, chief of Investment and Statistics and research department of MMHI, Ms.J.Iveelen, analyst, Accounting Policy department of Ministry of Finance, Ms.P.Zolzaya, officer of Mineral Resources and Petroleum authorities, Mr.D.Enkhbold, executive director of Mongolian National Mining Association, Ms.T.Munkhzul, tax accountant of Boroo Gold LLC, Mr.T.Munkhbat, Ms.Ts.Enkhjargal, officer for public relations of Badrakh Energy 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.L.Tue-Od, president of Transparency International Mongol, 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 18, rate was 54.5%.

Also Mr.B.Osorgarav, director of Grant Thornton audit LLC, Ms.B.Delgermaa, partner, B.Erdenebat, auditor, Ms.G.Bayarjargal, executive director of center for Human development, research and training, Mr.Z.Bayarkhuu, coordinator pf 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.

D.Damba: Good morning, we have already heard the introduction of the Reconciliation Report on 23<sup>rd</sup> of November, at the beginning of the 57<sup>th</sup> meeting of EITI MSG. The postponement reasoned by the fact that members could not properly be familiarized with the draft, so today everything should be fine. So here is updated introduction and welcome to N.Erdenetsog, partner of Grant Thornton audit LLC.

### **Presentation one: Introduction about EITI 2020 flexible report.**

B.Erdenebat: Hello, good morning. Today we have prepared to make presentation on EITI 2020 Report. Presentation will be presented with following content, namely: introduction, results of reconciliation, contextual information and recommendations. Our auditor team is consisted of Mr.Osorgarav, general director, managing partner, deputy general director, partner Idshinrinjin, partners Erdenetsog, Delgermaa, auditors Erdenebat, Torjan and Mandalbayar.

In total 15 state bodies and 60 companies have participated in reconciliation, and of which 11 state bodies and 57 companies have replied to our enquiries, and the remaining did not do that.

Revenues collected at the state budget from mineral resources sector in 2020 were 3,2 trillion MNT, which is below from the previous year by 510,7 billion MNT or by 14%. The 60 companies, participating in this EITI reconciliation constitute 83.6% of the total revenue from this sector. It is constituting also 91,2% of all the tax revenue, 91.3% of tax and fee

revenue collected at local budget. The sum of not adjusted discrepancies is 11.7 billion MNT, and if we disaggregate them, under-reported sum of Company is 1,0 billion MNT, and the Government's constituted 12.8 billion MNT.

**Continuation from 25<sup>th</sup> November, 2021:**

N.Erdentsog: Hello, everybody, happy to meet you again, members of MSG at your proposal and please let me make introduction about reconciliation report. First of all, a few words about flexible report. The EITI International Secretariat has decided that either traditional or flexible EITI reporting is applicable before 1<sup>st</sup> of January 2023, and if both is not applicable then MSG can have consultation and agreement to amend reporting timeline. The flexible reporting should be agreed with EITI International Secretariat and documented, namely: if it does not consider projected information on COVID-19 pandemic and fall of commodity, and in accordance with EITI requirements, unilateral information either of Government, or Company can be disclosing basement (reconciliation can as much as possible flexible); latest data of production, export and revenue can be disclosed; also data summary, produced by EITI International Secretariat; and as EITI 2019 standard specified MSG can identify shortcoming and weakness, make assessment on comprehensiveness and reliability of disclosed information.

TORs for flexible reporting requires 1) collection of data should be done in such way, that risk to health avoided; 2) to simplify EITI reporting, to approach with flexibility to timelines; 3) Within flexible scoping, reconciliation covers 60 companies engaged in gold, copper and coal.

EITI MSG should have important role in this flexible reporting, to comment whether it is in line with the Standard, what is understated, have consultation and give feedback to IA for correction and have cooperation with IA.

The flexible 2020 reconciliation is based on two side data and covers data of 60 companies. EITI Standard, requirement 4,1 covers payment and revenue data, and contextual information is in requirement 2-6 or, all together 25 requirements.

At the first reconciliation of payments and revenues of 60 companies, net discrepancies 27.9 billion MNT, which was disaggregated it was identified the total discrepancies 465.1 billion MNT. We have made adjustment of ascending 362.4 billion MNT into sum of Government data, also adjustment of 346.2 billion MNT into sum of company's data. As result, currently we have 11.2 billion MNT MNT as net discrepancies, 14.4 billion MNT as the total discrepancies. The major discrepancies are connected to royalties for mineral resources and then local payment. As for clarification of discrepancies we are waiting data only from General Customs Authorities, as all other Government entities have delivered.

As for company reporting, 1419 companies out of 2363 companies, which possess license and contracts did send report through EITI E-reporting portal. This is better than previous year, but still only 60% of companies have reported. As for contextual information required by EITI Standard, 25 type of information should be collected, and some is collected from E-reporting, other is from State organization by letters, and integrated into the Report. In total companies should put into 25 type of information to E-reporting portal. But there are 23 type of information is reported, and 2 is missing, without any data.

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. Please give your comments whether these are clear or not. /Presentation is attached/

N.Tserenpurev: Thank you, Erdenetsog for clear and comprehensive presentation, I assume I received answer for what was interesting. I have checked all attachments to the report, there was review on glass account law monitoring over companies. Is it possible to give recommendations to companies, which have not complied with glass account? As for data of beneficial owners, Mr.Osorgarav is member of Board of Directors of Baganuur shareholding company, also Mr. Nandinjargal, state secretary is also member of BOD of Baganuur, and also member of BOD of some companies, is public servant allowed, is it correct? Please pay attention to donations, some aimag have huge amount of donation, but some aimag have received anything, for example Selenge aimag received donation with value about 100 million MNT, and one place received several times. Mining wealth is under provision 6.2 of the Constitution belongs to us, and is it correct that donation is given to one place repeatedly? We need the law on donation in the nearest future, now it is based on provision 25 of violation law, but it seems there is violations are observed. Thank you.

D.Tserenjavar: I wished slightly different, but it is done in accordance with TORs, then what to do, so I understand. Just, let's have discussion what to do with the Report in the future. I heard introduction of Mr.Erdenetsog, thank you.

L.Bor: I have the opinion, same as Mr.Tserenjavar. How many gold companies did report, how many of them has been reconciled? The most of members of State Great hural did not know this report, therefore, it is needed to have report promotion, also we should have some study-work what progress was achieved after the report was introduced.

D.Sukhbaatar: This is very important work, people perceive and accept it by his knowledge and educational level. I would like to ask to consolidate questions from PWYP coalition, get answer in official format. Please integrate proposals of Mr.Tur-Od, and make as constructive list, thank you.

B.Delgerjargal: We have postponed this issue on the 23<sup>rd</sup> because the most members of MSG could not been familiarized with draft report. So, today we will not accept words that could not been familiarized. Last year, in 2020 a 23 tons of gold was delivered, this year, by 19.3 tons of gold is delivered.

L.Bor: If we make mining responsible, impact of EITI impact will be efficient and impactful. Every year, under EITI Report, reports of 200 companies are reconciled, but

now it is a flexible, reports of less than 100 companies are reconciled. This is very slow, and if we go with speed it will take 150 years to make open about 3000 companies. Whose interests prevail that license is granted in rural area without any selection? I think it is time to discuss this matter seriously. Benefits from mining are miserable. Out of 3000 companies 1700 companies have reported and only 200 of them are reconciled. All together generate some 1-3 trillion MNT, means very small amount, and if we take the materiality threshold 200 million MNT and compare, then it is price of SUV, this is tragedy, very curious where these money flows? This issue should be reviewed with in greater manner, it is now time, to discuss it. If Mongolia plans to be developed through mining sector, then it should have a few responsible and accountable mines. Our centuries life was sustained on animal husbandry style, but not mining, and nomadic life style is in danger. Why we are poor with such small population, I had served to this country more than 40 years, paid plenty of taxes but my pension is 100 dollar, please consider this in future, thank you.

N.Bayarsaikhan: We have consolidated suggestions and proposals, delivered, this afternoon, will deliver some more. The page 8 of this Report says that this Report is dedicated to MSG and National Council. We consider this Report as dedicated to public and research documentation. There is some discrepancy between what we wish and understanding of Reconciler, which maybe creates some misunderstanding, therefore, I wish correct this one. I should say that this report is devoted to the public, report dedicated to owners of natural wealth. This is vision for production of this Report. There are state organizations like Ministry of Mining and Heavy Industry, Ministry of Finance, Customs General Authorities, which have not replied. There are also Umbrella organization of Artisanal mining, 3 companies, which have not replied. Because of this non-replying there is such biggest discrepancy like 11 billion MNT. So, how to work for MSG and Ministry to get information from these organizations? Probably, because of the fact these organizations have not provided information, there is such big number of discrepancy. It looks that Umbrella organization of artisanal mining has delivered 9 tons of gold to Mongolbank, therefore, here should their reply. MOF is supposed to provide 5 type of information related to Covid-19, but it has not, then there will be question how it will be possible to produce a comprehensive report, this meeting needs to pass decision how to get full information, and reduce discrepancy.

Data of the Report is improved from the last year, but data for special account for protection of natural environment is outdated, it is data of 2012. That's why IA should focus on obtaining data for 10 years, and include into the Report. It should show 60 companies which are participating in the reconciliation by type of mineral, and there is standard to report by project.

There was Top 15 mining companies, which have produced 95-98% of budget revenue for last 10 years, but this account dropped this year. Here we have to make some conclusion whether it is because the fact that profit of company dropped or revenue from other sector increased?

Also, in the page 26, there is some information on compensation payment, but please explain what sort of compensation is talking about, it should be clarified and this would my suggestion.

We do disclose procurement of SoEs, but seems there is no data of company Erdenes Oyu Tolgoi, and so please include reason, otherwise, there will be misunderstanding that

all companies disclose but this is not. Salaries of members of BOD of SoEs should be disclosed, but only Baganuur is available, but what other SoEs.

There should data on foundations, but seems no data about foundation of Dornogobi aimag, please check whether they did not provide this data or IA did not contact them, and I see here that IA need help in this regard.

It is needed to have decisions from National Council. Therefore, clear recommendations, recommendations of policy character are needed, so please included such recommendations to the Report. During research work several information has been identified but if it is not included into conclusion and recommendations, then it will not be sufficient work.

N.Erdenetsog: Data for special account for protection of natural environment is available for 2012-2020, is in the below table. We will add into recommendations as per members of MSG have expressed opinions.

B.Delegerjargal: Information about Government entities should be included into recommendations. Some information is not provided by MRPAM, in 2017 there was some tie-in ground provided, since no more was granted, we will check some information was not provided, will contact implementing agency.

N.Bayarsaikhan: To write into recommendations is a next topic, but now topic should be how to get information from organizations, which have provided information in order to get better Report. For example, to get information from MOF, whether MMHI is strong enough to get information? Also, it is written that to get information from Ministry of Social protection, data on labor force will not be obtained from there, this year we writing recommendations, next year we read again them.

D.Damba: MMHI is one of Government organizations, which have not replied. MMHI is firstly a client of this consultancy work, and it is not prudent to deliver a letter to client on related or unrelated subject. As for information on employment, jobs, they will be taken from Ministry of Social protection, at the same MMHI received this letter. We have talked to financial department, told there could be some information given, in coming days.

B.Delgerjargal: Employment information can be collected from us, we should discuss with IA what information, what company, it should not be that there is no information. MMHI will provide this information, also can talk with Ministry of Social Protection.

N.Erdenetsog: The issue that MMHI has not provided information is discussed because when we specify and categorize information by provider, then it leads to MMHI specifically any amendments to policy documents of mining sector, which should officially addressed, therefore we have officially submitted a letter. This is nothing to do with client.

B.Delgerjargal: Alright, will deliver information in accordance with letter.

N.Bayarsaihan: How to get information from MOF and Umbrella organization of artisanal mining?

B.Erdenebat: We have asked from MOF to give 25 type of information, 9 out of them is related to Covid-19, and other is related with EITI Standard requirements. From Umbrella organization we have asked officially 6 type of information related to artisanal mining.

Chair of the meeting read draft decisions and members approved them.

Sh.Tsolmon: This 2021, we organized 5 MSG meetings. The first meeting was about 1) to establish sub technical group for defining risks of corruption using EITI and established, 2) to give guidelines on planning of annual plan to EITI Sub-national Council, which was done. In accordance with this, new approach to have online meeting every 2 months with Sub-national Councils, give information, have consultation and give directions is applied.

The second meeting in March was about Contract transparency, to transfer Open Contract website to MMHI and organize EITI Central regional conference. The meeting decided to transfer Open Contract website to EITI Secretariat, to develop procedure to administer this web site. In accordance with decision, MMHI order was enacted in September 14<sup>th</sup> 2021, a relevant training was conducted for aimag sub-national councils. The Central regional conference was organized online in May.

The third meeting was organized in June 30<sup>th</sup>, which discussed progress of Work plan implementation for 1<sup>st</sup> half year, report from Central regional conference, amend EITIO reporting templates and progress of work of defining risks of corruption using EITI data. It decided and established sub technical group for amending EITI Reporting templates. The group did the job as result official request from MMHI was submitted from MMHI to National Statistical Committee for approval. It decided to have final report for next meeting the work of technical group on defining risks of corruption using EITI data.

The fourth meeting was organized in September 30<sup>th</sup>. It reviewed final report of the group on defining risks of corruption using EITI data and approved the report. Also it approved Work plan associated with that report, which will be included in EITI 2022 Work Plan. The second topic was progress of work to improve Mongolia EITI e-reporting portal by selected company Leader Vision group. We hope as result of this upgrading the system will able to inform collected data, show to public and will useful data for further research work. The third topic was progress of 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 was discussed. This topic again overviewed by this 57<sup>th</sup> meeting, today. Findings of study-work are given MSG and stakeholders as recommendations and strategy to improve performance of sub-national councils. It was decided to include suggestions and proposals of MSG members and improve accordingly and to submit to the National Council.

So, this year, MSG has met 5 times, discussed issues, within own capacity had good cooperation. Thank you.

D.Damba: Thank you. The reference number of MSG meeting should be coded, it would be easier to identify which year and which meeting, so let's have separate consultation. The Secretariat works quite well. PWYP coalition and other members do have good cooperation, especially actively participate in MSG meeting. So, thank you all of you for active participation in today's meeting.

## **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 and Western 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 NRG1, 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.

So, remaining period of this year, the following activities will be conducted, namely: to organize together with State Great Hural a discussion of the extractive sector transparency bill, organize a National Council meeting, to discuss an issue of companies, which have not produced EITI Report, to publish a 2020 EITI Report, organize a press conference, conduct a selection best transparent and responsible company, organize online EITI Regional conference in Eastern Region, make sure that Mongolian National Mining Association and PWYP Coalition have filled out Stakeholders engagement template and deliver to EITI International Secretariat consequently.

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, to carry out remedial activities of Post- Validation and Assessment. The World Bank funding will be a bit different from previous experiences. Our expectation is that the Extractive Sector Transparency bill will be enacted in 2022 and from the 1<sup>st</sup> of January, 2023 everything will be in good order. So thank you /A presentation and plan of actions is attached/

D.Damba: The draft law related activities on the 2021 Work plan are with delay, and maybe some activities. We have ongoing discussions with World Bank on 2022 project funding, and we should plan activities very correct. So, the floor is yours, please proceed with questions, comments an proposals.

L.Bor: I had a quick review of Work Plan, but it has not sufficient planning of participation from Civil society. As for study-work of EITI sub-national councils, I am curious about what organization did this work, what was budget and why it selected Gobi region. Also I am ready to participate in EITI Eastern Regional Conference, I had organized several times training there, but I did not have chance to speak out.

Sh.Tsolmon: As for South region, it was decided to organize the most transparent aimag from Gobi region. So far, only one online consultation was organized and no more expenditure was disbursed in this regard. To save resource, it was chosen one region from several regions where the disbursement can be taken place. If you have any proposal to amend the Work Plan, please welcome, there is still time to the National Council meeting. As for Eastern Conference, if you wish you can make presentation definitely, no problem.

L.Bor: I have consulted with chairman of Aimag Citizens' Hural to organize discussion there, as many members of Subnational Council are renewed and the most does not know EITI.

D.Damba: Yes, it is okay, thank you.

L.Tur-Od: We understand the situation that many planned activities have not been implemented for 2 last years because of Covid-19 pandemic, sincerely hope next year the situation will be normalized. Therefore, we should make activities mentioned in Work Plan more precise, make sure stakeholders have participated equally. The National Program within Open Government Partnership is under preparation, so this should be included into Work Plan. Also, National Program "Far sight- 2050" says that mining shall be developed as much as possible less harmful to environment, and it will be development generator sector, the Work Plan should be developed into more flexible plan, closely linked with long and mid-term development plan of Mongolia. Especially, from procedural part it can be developed and renewed based on circumstances. As for the content, hope members of our PWYP coalition do have say, thank you.

D.Tserenjvav: Hello, everyone. We have talked about Work Plan for many years and each year. Since 2006, it is passed 15 years from the first Report. For these years, there was many issues and challenges. Now the situation, methods, technology are much different. So, let's have overview these 15 years and discuss what to do with EITI. I propose after new year celebrations to organize stakeholder meeting and express each stakeholder's prepared view and vision how to develop EITI in the future and exchange views. Let's have discussed how to use created materials for these years and put into circulation. So, I wish to include my proposal into Work Plan. Thank you.

D.Erdenechimeg: The draft bill is in preparations since 2020, stakeholders should take strong measures in respect to enactment of this draft. Until today, this is like consultancy work, and work of CSO, and other stakeholders do not take part. We should work together for promotion and influencing. Companies participating in EITI National Council and MSG should express their stances on this draft bill, and there is ongoing online polling in this regard. During pandemic lockdowns, there were several discussions in the club house, and the most companies do not our activities. We should convince them why transparency should be supported. Maybe, their stance will support this draft bill and will have certain impact. We have talked about law for many years, NGOs are hoping and hoping, but expectation that the law will be passed seems miserable. As for



the mainstreaming, Government entities should update their publication data on daily basis, there of course, some technical preparations are needed, and also training needed. And if there is another possible donor, it can join. Training is needed for what is open data standard, and how it can be published, and for capacity build-up of relevant staff. As for Contract web site, there are more than 800 contracts are uploaded, some additional contracts shall be uploaded in coming days. As for the national scale, there was no such contract is concluded. PSA are in form of template and disclosed, but contract on deposit for radio- active minerals, their contracts are considered as confidential. But they should not be confidential, both National Council and MSG should express strong voice to cancel confidentiality clause, I am sure it is quite possible to advance. So, I will email my notes on the Work plan to the Secretariat.

L.Tur-Od: Starting from the 1<sup>st</sup> of January 2022, the new law on territorial, administrative and self-administrative unit of Mongolia becomes effective. In accordance with provision 29,31 of this law, participation of the citizens is expanding. In accordance with law, those company operating in local area has to involve local people, ask their opinion in its operation, make sure this approach, therefore, the Secretariat should consider this new moment in their activities.

D.Damba: Thanks to all members for proposals and comments in respect to the Work Plan, please deliver any other proposal not mentioned directly to the Secretariat, and it will be possible to discuss next time. Thank you.

**Presentation three:** Introduction research work for baseline study capacity needs of EITI sub-national councils, to improve performance, conduct monitoring, develop strategy to activate performance and outline work plan;

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.

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.

Also, the largest council in terms of members was EITI sub-national council of Dornod aimag, the smallest was Bayankhongor, where only 4 members joined and average rate of number of members was 10,5. The stakeholders balance was equal, state organizations are represented dominantly. 56% of members of Subnational councils were appointed following the result of local elections in 2020. We had studied expertise of some other countries on top to our sub-national councils.

Though, most of sub-national councils in Capital-city, aimags are established 8 years ago, operations are not consolidated, knowledge of members and local community about EITI is unsatisfied, impact at the local level is poor, therefore, we have commended to pay attention to the following aspect. Namely, 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 to improve operations of EITI Sub-national councils shall consist of following 3 components: 1) structure and organization, 2) to insure transparency, 3) assessment of impact. Each component has own proposal with methodology to be implemented, initial strategy is drafted.

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)

D.Tserenjjav: What purpose to hearing this introduction? Shall we approve this report?

G.Tserenjargal: We guess, you can accept activities and include into your Work plan, from that we have offered and also can give direction to sub-national councils.

L.Bor: Ok, we have been introduced with this research work, the work is quite reasonable, fits to reality, and good work, I see that the work to improve capacity of sub-national council can be executed permanently without any big financial burden. In the past, I had used to have opportunity together with previous staff of the Secretariat Ms.Delgermaa and Mr.Ganbat to organize this kind of training. First is to brief about EITI, easily made introduction about EITI E-reporting portal, at that time there was no online platform for training, there were some easy way to organize, and that is my experience. Thank you.

L.Tur-Od: I assume this study-work is good assessment from the point of materiality and process, meets to our needs and requirements,

N.Bayarsaikhan: I have been introduced with this study-work 3 times, it is the good work. I recommend to add some aspects like using information, creating capacity of sub-national councils, supporting them to recommendations of this work. The recommendation that Soum's Citizens hural, Sub-national Council should use open data when they are deliberating policy and decisions should be added. The study-work has provision on disclosing open data, but if it specifies exactly what level information should be disclosed, we will have some future orientation that what information should be clarified and easy to be understood. Therefore, it would be preferable to have specific proposal on focus on quality of open information and its use, and include to Work Plan.

Apart to that, aspect of capacity of Sub-National Councils was actively touched at the EITI Western regional conference and we as PWYP Coalition need some recommendations on aspect of capacity of Civil society organizations. It would be very good to give us some recommendations on what be done make sure that members of MSG and National Council have worked constantly and improve their capacity. Organizing open discussions in rural are becomes quite beneficial method, is this method proposed, in other words, please give some revolutionary recommendations and activities.

D.Damba: Thanks, this study-work is quite reasonable and interesting work, please include some suggestions in accordance with proposals given by members and prepare for introduction to The National Council.

Z.Bayarkhuu: It is very important that we have this report, and if it is too general it would be complicated to be used. The study-work has work on financing and it concludes that some aimag has no funding, other has own initiative on financing using funds from Governor's resources. So, this should be clarified, that which aimag had funds, which aimag not. We have the Government Resolution that financing of Sub-national councils should be provided from certain amounts of state and local budget, and we are searching for some possibilities to resolve this issue next year, so for that aspect we would need some recommendations in this study-work. If needs and requirements are clarified by each aimag, we will use that in our training plan.

G.Tserenjargal: We made notes on comments and proposals of members of MSG during meeting, and will deliver where we have integrated them, and other information will be delivered as a separate attachment. Thank you.

D.Tserenjav: This research is good research as required by TORs. We should have discussed how other EITI associated mechanism are implemented, and there is no representative from companies, and only members of Civil society are talking and talking. Meeting of MSG is becoming imitated meeting, meeting of National Council is like formalizing one. So, we should change and correct this kind of situation. As before I have suggested let's have meeting or discussions of all stakeholders, of the participation should be insured, discuss again the Work Plan. Otherwise, every year this kind of research work is concluded with plenty of funds disbursed, but there will be no impact, for sure, I repeat. I did not criticize, but it good study-work. Thank you.

D.Damba: Thanks a lot, please give your feedback on draft decision, which were disseminated before.

N.Bayarsaikhan: In overall, I support these draft decisions. My proposal will be to have separate, individual plan on activation of Sub-national councils in 2022 and include into the Work plan.

T.Munkhbat: So, I heard this introduction and discussions. It would be good to have separate plan of action on call to companies to support draft law. Also, MMHI should participate in its participatory status, participation of chairing of meeting is very poor, so please inform high ranking officials on this.

Sh.Tsolmon: Thank you all for active participation in this meeting and proposals.

D.Damba: Many thanks to you all for active participation in today's meeting. See next meeting.

The meeting ended at 12<sup>50</sup> 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:

Senior analyst of Investment and Research department of Ministry  
Of Mining and Heavy industry:

D.Damba

Coordinator of EITI Secretariat

Sh. Tsolmon

The minutes are taken by:  
Finance officer of EITI Secretariat

A.Отгонтунгалag

FROM THE MINUTES OF 57<sup>th</sup> MEETING OF MONGOLIA EITI MSG

Into minutes of 57<sup>th</sup> meeting Mongolia EITI MSG, organized on November 25<sup>th</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 support in principle draft of Mongolia EITI 2020 flexible report, add proposals and recommendations of MSG and submit to Mongolia EITI National Council for endorsement;
2. To allow the EITI Secretariat (Sh.Tsolmon) to effect payment of 30% of value of Contract No.24 and under its provision No.4 concluded with Grant Thornton Audit LLC to its bank account;
3. Progress of implementation of Mongolia EITI 2021 Work plan and draft of Mongolia EITI 2022 work plan should be amended with proposals and recommendations of Members and submitted to National Council for review and approval.
4. Draft of strategy based on baseline study of capacity of sub-national councils on capacity build-up capacity needs of EITI sub-national councils should be amended with proposals and recommendations of Members.

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

G. Nandinjargal