

## The minutes of meeting of Mongolia EITI MSG /2022-04-28/

The 58<sup>th</sup> meeting of Mongolia EITI MSG was organized in online format on April 28<sup>th</sup>, 2022 and started at 10.00 am.

The meeting was attended by Mr.G.Nandinjargal, State secretary of MMHI, Mr.E.Batbold, chief of Research and Investment department of MMHI, Mr.D.Damba, senior analyst of Research and Investment of MMHI, Ms.J.Iveelen, analyst, Accounting Policy department of Ministry of Finance, Mr.G.Battsenevl, inspector of General Department of Taxation, Mr.D.Dambasuren, officer of Ministry of Natural Environment and Tourism, Ms.P.Zolzaya, officer of Mineral Resources and Petroleum authorities, Ms.Dulamsuren, chief of department of IAAC, Mr.Gankhuyag, Ms.Erdenetuya, executive director of Mongolian National Mining Association, Ms.Erdenetsetseg, secretary of Mongolian Coal Association, Ms.T.Munkhzul, tax accountant of Boroo Gold LLC, Mr.T.Munkhbat, senior manager OT LLC, Ms.Ts.Enkhjargal, officer for public relations of Badrakh Energy LLC, Mr.Ts.Davaasuren, manager of Rio Tinto Mongolia LLC, Ms.Bolormaa, chief accountant of Petrochina Dachin Tamsag LLC, Ms.D.Erdenechimeg, manager of Open Society Forum, Ms.N.Bayarsaikhan, head of NGO Steps without Borders, Ms.D.Tserenpurev, head of NGO New initiative of Administration, Mr.L.Tue-Od, president of Transparency International Mongol and Mr.Munkhjargal, researcher, Mr.Byambajav, head Alumni association of Irkutsk university of National Economics, Mr.Beejin, member of Governing Council of Civil Council of Natural Environment of Mongolia, Ms.Tseren, chief Secretariat of Civil Council of Natural Environment of Mongolia 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 26, rate was 78.8%.

Also Ms.Sugarmaa, chief of office of Energy Resource LLC, and Ms. Suren, officer Mr.Z.Bayarkhuu, coordinator of ADB TA for Improving Extractive Governance, Mr.V.Narmandakh, IT consultant of EITI Secretariat, Ms.Z.Tselmeg, Communication specialist of EITI Secretariat and Ms.A.Otgontungalag, financial officer of EITI Secretariat attended the meeting.

The meeting was opened by State Secretary of MMHI Mr.G.Nandinjargal and greeted members.

G.Nandinjargal: Hello, everyone, good afternoon. Today, we are organizing a very first meeting of 2022 or 58<sup>th</sup> meeting of MSG. It is time now to restore economies, to shift to the regime onto economizing budget resources, and through amending the budget to take actions to ensure economic growth, which requires to work in new conditions. The materials of today's meeting were disseminated before and hope all of you have acquainted with them. Also, I am deeply convinced the meeting will be constructive and business-like.

It is declared in the Government plan of actions for 2020-2024, the following objectives will be achieved, namely:

- Will develop transparent, responsible mining and value-added industries, through increasing resources of mineral fund will create a diversified stable economic structure, implement the principle of fair distribution of the wealth.

- Will commence development of heavy industries such as petroleum, coal chemical, copper concentrate and metal, and implement relevant infrastructure projects.
- Will consolidate institutional framework of mining sector, develop a responsible mining, license granting will be publicly open and licenses will be revoked if they are granted in violation of the law.

From the other side, another aspect of our activities should be a full implementation of recommendations of ongoing Validation and meeting of each requirement of Global EITI standard. Therefore, we call all of you, EITI stakeholders to actively cooperate to implement objectives and coordinate activities. As for 2022, it is planned to enact a draft law on transparency in mineral resources sector and amend some laws in accordance with amendments to the Constitution of Mongolia. On top to that, our activities should focus on improving a public perception and knowledge about EITI and extractives industries, process a report in comprehensive way and disseminate, increase accessibility of information, and building capacity of Subnational councils up. So, let's have meeting started.

And this meeting will chaired further-on by Mr.E.Batbold, chief of Research and investment department of MMHI.

E.Batbold: Thank you, chairman Mr.Nandinjargal for opening this meeting. So, now in accordance with the agenda of meeting, let's have a report from the Secretariat on 2022 EITI activities. This year's report should be produced in flexible format.

Presentation one: Introduction about implementation of Mongolia EITI 2022 Work plan.

Sh.Tsolmon: Hello, I will try to be brief, as the introductions was disseminated beforehand.

We have planned to implement 77 activities under Mongolia EITI 2022 Work plan. So, by now, 27 activities have been implemented or in implementing status, which means 35% out of all activities. We have prepared also to implement the Project for 2022-2023 for USD500,000 under World Bank grant. Also, we are negotiating with BGR from Germany on possible funding to improve EITI E-reporting system. We are organizing a selection of Independent Administrator for 2021 EITI Report.

We have organized work to assist extractive to produce their 2021 EITI report. As result, 1592 companies have produced 2021 EITI Report, which is historic high for Mongolia EITI. Of which, 15 companies are state owned enterprises, and 8 companies are with Petroleum sharing agreement. We have started work to assist State organizations to produce their 2021 EITI report. For the time being, Bayangol district had submitted their EITI Report.

The Secretariat organized 4 online training sessions for companies, and 4 webinars for local EITI subnational councils. The secretariat has updated data of own web site, which will be continued certainly as much data is collected.

A 2022 EITI Validation has started by January 1<sup>st</sup>, and the Secretariat managed to organize more than 10 online consultations between EITI IS Validation team and Mongolia EITI MSG and National Council Members. Also, together with EITI IS organized a Asia Pacific online conference on Beneficial owners. Also, drafted a plan of action to

advocate a draft law on transparency in mineral resources sector and had consulted with concerned parties.

For the rest of 2022, we have planned to implement the following activities. So, we will have Mongolia EITI Validation assessment (to complete remediation activities, there is a high probability of additional activities, therefore additional plan of actions may be drafted and approved).

Together with international organization Open Ownership and EITI IS to continue at MMHI a 5 year program on aspect of disclosing beneficial owners, to recruit a coordinator, activate EITI Communication activities, to organize a discussion on gender issue in extractive sector and draft a work plan, using EITI open data to disseminate data about paid centrally and locally taxes and payment, donations, job creation, production and sales of 5-10 responsible companies (in 3-5 selected aimags), to finalize a pilot project of transparent Gobi region, involve aimags of Central and Eastern regions, organize as tradition EITI Regional conferences but in new format. /A presentation is attached/.

Presentation two: Introduction about international project on “Opening the extractives.

Sh.Tsolmon: This project was introduced in 2021 previously to our members in online format, but attendance was so poor at the time, so does knowledge and information about it. Therefore, let me again to convey the information.

Since 2017 EITI International Secretariat and Open ownership international organization are working to on aspect of this aspect. So, since 2021, they have started this joint project, which will last 5 years and be funded by BHP foundation. Only shortlisted countries like Ghana, Liberia, Nigeria, Senegal, Zambia, Armenia, Indonesia, Mongolia, the Philippines, Ukraine, Argentina, Colombia, and Mexico are implementing countries of this project.

The core objective is through disclosing information of beneficial owners and improving utilization of disclosed information to support a creation of conditions for a maximum of benefits from extractive sector for peoples of rich natural resource countries, and there are several purposes of the project 1) to assist to Government and Companies in disclosing good quality data on beneficial owners, 2) to increase capacity of the relevant parties, 3) to improve benefits of disclosure and develop communication methodology. As for taken political commitment to reform of disclosure of beneficial owners and ensure involvement of all stakeholders to organize a consultation of State Organizations; organize lessons sharing seminar with peer countries; as for providing technical assistance in implementing disclosure of beneficial owners to create data base on beneficial owners (financial transparency, assets transparency and etc.) to deliberate a feasibility study.

The public launch of this Project is scheduled for May 20<sup>th</sup> and we are preparing for this event. The event will be organized in hybrid format online and in-person. Also, we have to select lawyer for short time of period to ensure implementation of this project. You can see other activities and information from the introductory materials. As for TORs for this consultant, it will be delivered by Email, please give your comments then. Thanks. /A presentation is attached/.

Just a few words about upcoming activities. In May we are planning to organize EITI Eastern Regional conference, and also along with Mrs.Bor former member of PWYP will organize Sukhbaatar aimag meeting and consultation. Also in accordance with

instructions given by Vice Minister of Mining and Heavy industry we are preparing to conclude MoU with Economic Research Institute on joint activities in direction to improve utilization of EITI produced data. I should mention that it is also open for those who also is interested to cooperate with this direction.

E.Batbold: Thank you, please your question, dear Members.

D.Erdenechimeg: I have some questions regarding implementation of Work plan. Chairman Nandinjargal in his opening greeting told that we were working on draft law on transparency in mineral resources sector, but it is stuck at this stage. This spring session has not included this law. What action will MMHI take to move forward the law? In accordance with amendments to the Constitution, there is new provision on utilization of natural resources and right to know. What action will MMHI take to ensure this, and what is wrong that there is no action? From the other hand, there is ongoing version of draft law on minerals, and a transparency law is not progressed as standalone law, that what aspect can be included into the Minerals law? In general, I know that aspect is not included.

Activities about to have a standalone law on transparency are included into the 3<sup>rd</sup> National Work plan of Open Government Partnership, and we have received a critique from international partners for not implemented these activities. Therefore, this task is again included into the National 4<sup>th</sup> plan of action by December 2021. Mr.Damba from MMHI participated in working group to approve plan of actions of Open Government Partnership. So, when will this commitment before internal community be accomplished? And how? In May we are expecting an international day. We understood in connection to this day, there will be a high ranking summit in Mongolia, so there will question. I want to get answer from MMHI, hope chairman Nandinjargal will be able to answer this question.

E.Batbold: The draft law on transparency is ready. But so-called Minerals law should be submitted and enacted firstly, after then a transparency law is planned to be submitted and enacted. There are no other reasons, not to refuse this draft.

D.Damba: The law drafting is completed as mentioned by chairman Batbold. Relevant introductions about the law were made at EITI Regional conferences. The mineral law is under revision and this revision compatible with the transparency law is delayed. Also law on transparency of information has been enacted and has some provisions connected with law on transparency in mineral resources sector, therefore, it should not be considered like there is no law. We understand as global standard requires the law should be enacted. But we have own specifics. It should relate to minerals law.

D.Erdenechimeg: What does it mean whether standalone law will be enacted or not enacted?

D.Damba: A standalone law was drafted, which was introduced at the previous meeting and seminar. The Minister of Mining and Heavy industry is chairing EITI National Council due to this position, so I suggest MSG should meet him on aspect of draft law, reach a common understanding.

T.Tseren: Understood that now, minerals law is drafted and in position to receive some feedback. Can we take part? We have not received any information in this regard. Our Civil Council of Mongolian Natural Environment is a union of more than 200 NGOs. We have not received any information to give feedback to this draft. You should aware that

there are some frictions between citizens in mining area and companies. What plan has MMHI to resolve this issue? Various citizens from like Mandal soum, Selenge aimag, Shinejinst soum of Bayankhongor aimag, some soums of South Gobi aimag are contacting us. They say, please come, please help, please provide information. Is there any opportunity for Working group or MMHI to participate in these activities? We should mention that we are able to take part in Eastern and Gobi regional conferences.

E.Batbold: A draft law on minerals is at open site, it is quite possible to give feedback. Please, Secretariat, Mr.Tsolmon, deliver the draft and get feedback.

N.Bayarsaikhan: Good morning, to everybody. From the recent time, information of MMHI is becoming closed. It is informed that license selection procedure is renewed, but the law on legislation requires feedback on draft procedure, which has not been done. Or, is process of feedback ongoing? But there is information that the procedure has been already approved by the Minister and delivered to registration at law data base. Some license is granted at local level while the procedure is not approved. For example, Dalanjargalan soum of Dornogobi aimag has 106 licenses, after new year they received 3 more licenses with substitution character. Therefore, how this procedure and regulation is organized, it is very unclear. It is necessary to ask question and discuss, there is no equal information access. Please MMHI answer, shall we receive procedure draft, what is now progress?

E.Batbold: As I know the procedure draft was posted at MMHI website for feedback for more 6 months and then in April there was a day seminar, and was introduced and delivered to the Ministry of Justice and Internal affairs.

N.Bayarsaikhan: So, is it registered at legal data base, become disclosed?

D.Damba: My understanding is that it is on the stage of registration, I will check from Geology policy department and let you know.

T.Tseren: There is complaint from us, CCMNE. First, we did not know the procedure is under review, secondly no feedback is taken from us. Now we see there is ongoing process of granting license without asking citizens. EITI should have a leadership and provide NGOs, which are members of MSG with information and make it transparent. They are disseminating notification, but not collecting any feedback.

D.Damba: Any State organization, Ministry and Agency are running own website, which is used for legal discussion and getting feedback from public. Especially MRPAM notifies legal entities and collects feedback on major documents and legal acts. Therefore, please visit our website and receive information.

T.Beejin: I am agree with the statement of Tsolmon's presentation to increase involvement of CSOs, especially to provide local community with correct information. I am originally from South Gobi aimag, engaged more than 30 years in natural environment sector. The mining has the impact on natural environment. Therefore, to develop the mining we should involve the local community and it is considered positive to have connections with them. Therefore, we have joined the Civil Council of Natural environment of Mongolia/CCNEM/. I assume that CCNE is quite capable to have collaboration to implement EITI activities related to disseminate information to the citizens. Our organization is integrating more 200 organizations and 21 aimag branches. Therefore, we suggest cooperating in this regard, which is quite feasible.

Also, there was mentioning on hidden ownership, which we support. The presentation said that a pilot project of transparent Gobi region is implemented not so well. Which is true, South Gobi aimag is considered to be a strategic region as there are strategic deposits such as Oyu Tolgoi, Tavantolgoi, Nariin Sukhait and Gashuun Sukhait. These are big 4 strategic deposits, and there will more companies, which are engaged in many other branches like exploration and exploitations. Because of that this aimag has faced some bigger issue incomparable with aimags. Therefore, we should consider specifics of each aimag and coordinate all these aspects in implementation of the Work plan.

Secondly, the Gobi regional EITI subnational conference is planned in May, so we see CCNEM is quite capable to organize this conference.

For me, I have several study-work and research related to mines operating in Gobi aimags and other aimags. For the very first time, I was a member of inspecting working group over Oyu Tolgoi company, nominated by MMHI. Oyu Tolgoi has both takeaways and throwaways. As individual I have expertise, therefore suggest engaging us to organize this Gobi regional conference.

There is no mentioning about Ministry of Natural Environment and Tourism, Ministry of Road, Transport development in the joint action to be organized in May with international organization, so think over this. Please the note that the mentioned organizations are very much connected with the mining sector.

There are some serious logistical issues to bring mining products to border ports. Transportation is organized on unpaved road, which is serving delivery of explosives, foodstuff, fuels etc. It is observed that there is necessity to coordinate between sectors. Therefore, EITI should have cooperation with MONET, MRTD. Thanks.

T.Tuyatsetseg: Since recently, I was appointed as member of Governing Council of Mongolian lawyers engaged in natural environment and coordinator of Coalition of Publish What you pay/TAN/. The coalition TAN has the first meeting just yesterday, on May 10<sup>th</sup> we will organize another meeting on which we will review work plan. We support the activities to organize a consultation of Government organizations, which was suggested by Mr.Tsolmon's presentation. It should be clear what discussion will be held, what is expected, then it will be more impactful.

Therefore, preliminary activities should be conducted thoroughly, and several urgent discussions should be organized. It should be well organized through preliminary dissemination of information about Eastern, Gobi regional conferences, open days to peoples, ensure participation, involve more and more people. I see the Gobi regional conference is urgent one. There is another activity about future fortune of aimag with active mining, in example of 3 aimags, so understood that Dornogobi aimag, Dalanjargalan soum is already selected and which aimag and soum will be selected for the other two unselected ones? I expect this kind of program about aimag where interests of stakeholders are affected will have some real effect, therefore 2 aimags should be selected on contest, on scoring and on real documentations, and I wish to do so.

The law on legislation stipulates that it should ensure participation of local community, and implemented on means of assessment of implementation, so it should be based on that provision. However, now there is ongoing selection process of mining licenses, which is eased because of resolving economic crisis and increase hard currency reserves and about 400-500 licenses will be granted per annum, which will create many risks in the

future. Draft procedure specifies that time for feedback will be 30 days, and approved by Minister of Mining and be registered at the legal department of Ministry of Justice and Internal affairs, and put into data base. On that aspect there was no information was given to such umbrella organizations like TAN and CCNEM, which do not aware accordingly. What information we have is information, which is available at social networks. If this is approved by the Minister of Mining then there is a threat that he or she will be called to the court.

Council of Mongolian lawyers specialized in natural environment issues are engaged many years in administrative disputes. The Cadaster department is a defendant in administrative cases. The knowledge of department representing the State, proxy representative or lawyer of chief of the department should be improved. It should be changed that the same position is expressed with license holders in the court room. Therefore, discussion with participation of broad community should be organized together with Mineral Resources and Petroleum Authorities of Mongolia.

There is a big discrepancy between what is talked today and what is said in the court room. All illegal affairs are tried to become legal one.

If we incorporate what we are talking that would be issue of right of citizens. This right is limited with visiting website of ministries. Mining data base is not full of information, we try to obtain information as much as possible. The cadaster data was before much better, now lesser, and lesser. There are plenty of engineer, technicians of information technology in ministries and agencies, who administer all these data base. Who will bear responsibility for the fact that they have published the data? You say, please visit the data base, but there is no data as required by rule and law. Therefore, the data base should be updated and operated well.

TAN Coalition now reviews issues of open data platforms. Namely, "Mining watch" platform – pilot one, which was administered by Open society forum, which captures violations is not well operated because of manpower and financial resources. This is task of CSO. This platform really is needed. Today, there are issues, violations and disputes in soum of Khurmen, Nomgon of South Gobi aimag, in their port Tsagaan del, disputes over water well in soum of Mandakh of Dornogobi aimag. There are issues of 6-7 licenses related to owners at port of Tsagaan del. A 10 km land is under fence and all animal corridors, pastures and other important lands are blocked. In the past, the pasture is marked by trenches excavated, now it is fence with metal wire, so is this correct or not, so such violations are occurring.

Today, we need to run platform for legal counseling and general counseling, which is not limited by EITI and TAN, so this should work quickly.

International PWYP coalition is organizing A transparency week in coming days. So, with what integrated plan will we participate? What demand should we convey in order that Government of Mongolia fulfils international commitments? What common positions will we share during Global Summit of Open Government Partnership, and is there any joint plan of actions? So, today we are announcing these issues, there are opportunity to have good progress in resolving issues regarding to be owner of natural wealth, transparency of this wealth, and all this should be on the principle of Publish what you pay, so this is our proposal, Thank you.

E.Batbold: Thank you, there is no other suggestions. Let's have next presentation.

Presentation three: Mongolia EITI Stakeholders mapping and possible amendments to charter of National Council and Working group.

Z.Tselmeg: Hi, everyone. A Mongolia EITI Stakeholder mapping was developed previously by communication specialist Ms.Baigal. I will brief about this introduction, and possible amendments to the charter of National Council and Working group.

A purpose of mapping is through disclosing revenues from mineral wealth to the public, increase responsibilities of stakeholders and consolidation of good governance to disburse revenue for public goodness and make it as one of factors.

The mining sector will remain as a leading sector at least until 2050 and develop into responsible sector and processing level will be upgraded. The Government plan of actions for 2020-2024 states that transparent mining and value-added mining will be expanded, natura wealth fund reserves will be increased, multi-column economic structures will be established, the principle of fair distribution of wealth will be implemented.

The Action plan stipulates that mining sectoral institutions will be consolidated, responsible mining will be developed, license granting will be open for public and license, which are granted illegally will be revoked. Granting of license for exploration is more and les digitalized.

The plan specifies that interest of foreign investment will be protected, foreign investments will be injected into leading economic sectors such as infrastructure, mining, energy, food, agriculture, tourism and mega projects, and also there will be support for soft loan and grant.

From this side, it is considered that local development is out of focus, public right to know is also out of attention, therefore there is misunderstanding from the public is existing. Because of that issue, maybe, less and less companies do report for EITI.

We have studied to improve involvement of local community and participation of stakeholders, other countries involvement, leadership of state organizations. We have studied Philippines, Germany, Nigeria, and Armenia on EITI aspect. /study-work is attached/

We have conducted assessment of participation of members of Mongolia EITI National Council and Working Group. The assessment shows that participation of CSOs is quite good, but participation of State organizations and companies is quite weak. Specifically, nobody from the Budget standing committee of the State Great Hural participated in meetings for last 2 years. Representative from NGO Bugant Zaamar, CCNEM have just once participated in meetings. Some meetings of Working Group were without representatives of Government, including local government representative, and companies. Company Baganuur missed several times, organizations of Civil Society did not miss meetings. But it is worth to note some NGOs like Bugant Zaamar, Association of Mongolian Gold producers, Association of alumni of Irkhutsk Institute of National Economies had very weak participation. /Presentation and documentations are attached/

Here are proposals into amending a procedure of Mongolia EITI National Council, having duties to organize and coordinate EITI implementation which was amended at the meeting No.16, namely:



1. There will be a representative from local government within Government Constituency and will be endorsed or stripped by Chairman of EITI National Council.
2. Proposed candidatures for membership should meet requirements of membership approved by meeting of National Council.
3. If a member has not personally attended meetings two and more than two times or has not delivered written comments in case of non-attending, then his or her membership will be suspended automatically.
4. The EITI National Council should list and discuss issue of utilization of EITI open data, especially on local level, and include into next Work plan.

Here are proposals into amending a procedure of Mongolia EITI Working Group, having duties to implement EITI, at the meeting of November 15<sup>th</sup>, 2017, namely:

1. Proposed candidatures for membership should meet requirements of membership approved by meeting of Working Group.
2. If a member has not personally attended meetings three and more times, and if he or she has delivered written comments in case of non-attending, then his or her membership will be preserved.
3. If member of Working group becomes vacant, it is possible to appoint a person as member if he or she meets requirements.
4. If he or she meets requirement, 20-30% of each Constituency can be as independent member. If independent member is representing rural community, then it will be prerogative.

Also, rights and duties of members will have some aspect of ensuring EITI implementation, advocating significance of EITI, and leader of Constituency shall report once a year. Thanks /presentation is attached/

E.Batbold: So, thank you, Tseltmeg for presentation. Please raise your question, dear Members.

D.Erdenechimeg: I support proposed amendments to procedure of National Council and Working group. Each member all represents own organization, coalition TAN expresses position of 35 NGOs unified under TAN, and CCNEM represents interests of more than 200 NGOs. These members shall convey information about passed meeting to own organization, and if there is need to get issue of decision making character, they are convening a meeting at own organization, then introduces issue, gets decision, and this is a kind of feedback system, so this should be introduced. In general, let's have applied this procedure in TAN coalition, especially on such issues like Annual Work Plan, all comments are collected and then it will be as official document. We see that some information does not reach state organizations, which can be amended in the procedure. Proposal may be formulated and disseminated by emails. Thank you.

L.Turmunh: Hi, everyone. I support amendments to the procedure. I have one suggestion that guideline of EITI Subnational Council has provision that the Council is chaired by deputy of Governor, should be changed, about which I also mentioned at regional conference. I understood the most of participants were supporting and it is remaining. I propose three parties should have consultation over who will chair the Council, then it will be out of stalemate. In case of Hovd, our deputy of Governor does nothing, stall all transparency work. When we have worked out Work plan, he does not approve and even

disappeared. So, again remind this situation. Please be focused on full involvement of parties, ensure equal accessibility of information.

Recently, the law consultation took place, but I missed as was out for trip, during trip I was called and invited to participate, but could not attend it, as I was not preliminarily informed. Please make better registration of NGOs operating in rural area, ensure preliminary informing on any event. Thanks.

Z.Bayarkhuu: I consider this study-work has quite good rationales, and good work. The fourth proposal of amendments to procedure of the Working Group should be a bit specified. Literally, there should be description about participation of stakeholders including state organizations, NGO, Companies, and there should be a monitoring list how duties are fulfilled, there should be some assessment work.

Independent authorities against Corruption, which State organization is represented by a department of prevention and enlightenment, which is understood as department of convincing transparency. Transparency means direction and activities against corruption. It would be very good if IAAC informs how EITI data is used and provides sort of report. According to information from international workshops, seminars EITI data is used often by organizations like IAAC or Financial Regulatory Commissions.

EITI data shows financial flow, whether donations have need disbursed as per designation, or misused for personal favor, therefore, state organizations should work use the data as much as possible, also member companies have to be leading companies in data use and dissemination.

As for General Agency for State Inspection, it has the duty to report to National Council, but this is not fulfilled still. About 400-500 companies per annum do not produce EITI Report, but there is no information on legal sanctions taken by the agency, though they are obliged to report to the National Council, so this duty should be specified more and more. Thank you.

Ts.Tuyatsetseg: I support to amendments to procedures of National Council and Working Group, assume quite acceptable proposals. I prefer that the National Council should be chaired by the Prime Minister. It seems quite unwise and complicated, has shortcomings, a line Ministry gives tasks to other even central ministry and goes beyond them to the State Great Hural. Therefore, we should work hard to restore the previous structure that the Prime Minister chairs the National Council.

I see that MOF should be in the Working Group. Why MOF, because MOF verifies how besides, donations given by companies under local cooperation agreements, fee for license, payment for land and water are collected and disbursed.

Also, issues for utilization of natural resources, damaging, ecological damage, damage to natural environment are resolved administratively and as criminal cases, billions, millions of tugriks have been settled. For example, the submitted case of ecological damage about 468 million tugriks by Criminal police, administrative case of 180 million tugriks for natural environmental damage were settled by our team. But that values are collected at climate change fund of MOF or State budget, and used to close some budget gap, are not used to rehabilitation work. Provision no.7 of the Special fund stipulates for which these resources should be used.

Especially, the law has provisions on incentives to citizens and legal entities, organization of training and workshop, and improve education, all these are in the law. Also, revenues collected from extractive companies at this special fund are not disbursed for designated activities. Therefore, MOF should be presented in the working group.

There are ongoing discussions on inclusion of local authorities from mining affected areas into Working group. The local authorities are generally under Prime Minister's jurisdiction for quite some time. When the Prime Minister himself runs the management, then there is own regulation on accountability. We see from today's angle it is not considered as duty, but liability, therefore accountability regulation should be established well organized.

There should be indicator, the foremost and critical criteria should be reporting, informing. When we are in the working group and obtain much information, still we can not receive and see reports, which are like property of the organization.

It is not visible both written and electronic minutes and reports. I see such shortcoming about TAN coalition. Therefore, there should be critical indicator is reporting and informing feedback. Of course, EITI should be positive, visible, active and should ensure participation, for this therefore should criteria. Thank you.

T.Tseren: It is correct that the Prime Minister will chair, as mentioned in amendment to procedure. Important thing is how to authorize and enact this, how quickly to enter office.

I have suggested to include General Agency of State inspection. There is no publicly available data about whom and what violated, what was liability. A liability system is of course correct, but what motivation leverage should be applied. For example, there is a judgement that Subnational Council do work not sufficiently. There are several reasons for the fact that Subnational Council do work insufficient, but the most scored reason is funding is lacking. That's why, National Council should consider whether the funding was stable, any other funding source is possible, what motivation can be for members, and increase participation? If a member has not participated three times, then there will be consideration about excluding. From the one side it is correct, but from the other side for future to work stable, there may be some division, which will have effect on smooth activities, we should consider, thank you.

D.Damba: EITI was moved to MMHI in 2018, and our Ministry is line ministry. There can be suggestion it should belong to MOF. MMHI chairs EITI National Council and it is like a side attachment, for which nothing is paid, one officer is responsible.

MOF is one of the first 5 aimags, and a structure is stable. Therefore, my suggestion would that MOF as central ministry would be better to chair EITI. However, there may be deputy chair of National Council, which can be attached to minister for mining, or economic, or natural environment, and responsible for core business, and which is resolved by meeting of National Council, thank you.

S.Tsolmon: As for GASI, they are present at the Working group, they do know what to do, they are just passive, not open minded in here. Their current management is newly appointed and let's deliver a letter and ask to report to the National Council.

There is no requirement that attendees of meeting and leaders of Constituency, to provide information, and introduce feedback, which is advised to be included into regulation.

The regulation has requirement that each Constituency will have a leader at the working group and leader of company constituency is represented by executive director of Mongolian National Mining Association, at the National Council by president of this association. It would be advisable to have a consultation between TAN and CCNEM to define who will lead a Constituency.

As for aspect of chairmanship of EITI Subnational EITI Council, the relevant resolution of Government says it belongs to deputy Governor, but there is guideline of operations of Subnational council on how to implement this resolution, which allows to the Governor to designate other persons to chair, especially through consultation with local Hural. So, Constituencies have the right to follow this guideline with own specific initiatives. In other words, it is allowed not strictly to stick the Government resolution, have possibilities to elect and nominate leader of the Constituency in shifting format.

In general, I assume the amendments should be made in accordance with draft law on transparency in mineral resources sector. Otherwise, if the law is passed, then regulation may contradict, and another act may be needed.

As for the draft law, it is advisable to meet Minister of Mining and Heavy Industry on issue of this draft law. I met assistant of the Minister and was told to wait until appointment. So, when the appointment with the Minister is fixed will ask to join other representatives to join, and therefore should be common understanding of the draft. That's why it is recommended to resolve in compliance with decision of upper instance on who, which ministry, and minister to lead. Thank you.

T.Davaasuren: I support all suggestions. Constituency of Government is very busy, engaged in various Working groups, therefore, the Secretariat should build capacity and handle this issue. Performance agreement, which is concluded with Aimag Governor should have included some tasks on transparency, and then it will be more stable and good motivation.

Ts.Beejin: Every aimag has a Civil Hall, and so does soum also, usually in office of Governor. I suggest placing information on transparency and provide local community with information, for that we should cooperate.

Z.Tselmeg: Please give your feedback from private sector, company constituency.

E.Batbold: Today's Working group 58<sup>th</sup> meeting was very constructive and businesslike, members participated actively and discussed issues and agenda. If somebody missed, it is okay to deliver in writing. Today's meeting okay, over by now. Thank you all for active participation.

The meeting ended at 12.00 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