

Validation of Mongolia (2022):

Final assessment of progress in implementing the EITI Standard

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Acronyms

BO	Beneficial Ownership
CGA	Customs General Administration
CSO	Civil Society Organisation
EBRD	European Bank for Reconstruction and Development
EITI	Extractive Industries Transparency Initiative
ETT	Erdenes Tavan Tolgoi
GDP	Gross Domestic Product
GDT	General Department of Taxation
GFS	Government Finance Statistics
IA	Independent Administrator
IFC	International Finance Corporation
JSC	Joint Stock Company
GLDF	General Local Development Fund
GoM	Government of Mongolia
LDF	Local Development Fund
LLC	Limited Liability Company
MEITI	Mongolia Extractive Industries Transparency Initiative
MNMA	Mongolian National Mining Association
MNT	Mongolian Tugrik
MOF	Ministry of Finance
MRPAM	Mineral Resources and Petroleum Authority of Mongolia
MSG	Multi-stakeholder Steering Group
NA	Not Applicable
NGO	Non-Governmental Organization
NRGI	Natural Resource Governance Institute
NSO	National Statistics Office of Mongolia
OSF	Open Society Forum
PEP	Politically Exposed Person
PFM	Public Financial Management
PSA	Production Sharing Agreement
PWYP	Publish what you pay
SOE	State-Owned Enterprise
ToR	Terms of Reference
VAT	Value Added Tax
USD	United States Dollars

Executive summary

This draft Validation report presents the findings of the International Secretariat's Validation of Mongolia, which commenced on 1 January 2022. The draft report was finalised for review by the multi-stakeholder working group (MSWG) on 10 May 2022. On 6 June 2022, the MSG requested an extension on the period for comment on the draft Validation report, which was granted to 1 July 2022. Following comments from each of the three constituencies on the MSG received on 1 July 2022, the Validation report was finalised for consideration by the EITI Board. The assessment suggests that Mongolia has exceeded three Requirements, fully met seven, mostly met 17 and partly met three requirements. This assessment implies a moderate overall score for Mongolia's implementation of the 2019 EITI Standard.

Key achievements

- The EITI Mongolia open data portal provides a robust platform for systematic disclosures on the extractive industries. The portal builds on an eReporting data collection from companies and systematic disclosures from government. There is scope for further integration of Mongolia's EITI implementation and the government's broader e-government efforts, including automatic exchange of information underpinning the general e-government [portal](#). The integration of this data with a time series of 15 fiscal years of EITI data in open format provides a strong basis for analysis and input to policymaking.
- Mongolia has used its EITI implementation, primarily driven by the civil society constituency on the MSWG, to further reforms in contract disclosure, beneficial ownership transparency and quasi-fiscal expenditures. The constituency funded the development of websites to improve the accessibility of a range of [contracts](#), EITI data on [beneficial ownership](#) and [mining information](#) for herders.
- Civil society is a particularly vibrant constituency in Mongolia's EITI implementation and has often appeared as key driver for continued stakeholder commitment to the EITI process. Thus, civil society has played a leading role in the design and implementation of the EITI process, provided funding for implementation, led outreach and dissemination activities and proactively used EITI data to stimulate public debate on the extractive industries. The constituency is diverse, with representatives of communities affected by mining, and driven outreach and dissemination in key mining provinces (aimags) and districts (soums).

Areas for development

- Mongolia may wish to reconsider its "flexible" approach to EITI reporting and pilot more sustainable approaches to EITI reporting, such as those based on risk-based assessments of revenue transparency and revenue integrity. Rather than reduce the scope of companies included in reconciliation, there is scope for Mongolia to revise its eReporting system to expand the scope of data collected from all extractive companies. Disaggregating financial data disclosed by the EITI at a project level will improve the

usability of EITI data by stakeholders seeking to assess the contribution of specific projects to government revenues.

- The government should reinvigorate its senior officials' commitment and engagement in the EITI process, including proactive engagement by all relevant government entities. Opportunities for this include using the EITI as a tool to support reforms in the extractive industries, such as plans to revise the Minerals Law in 2022. The government must ensure that sufficient technical and financial resources be allocated to EITI implementation to ensure that it is a meaningful process that delivers outcomes that meet expectations of all constituencies. Mongolia should also accelerate its implementation of legal provisions related to beneficial ownership transparency in order to improve the transparency of ownership in the extractive industries. Its contract transparency efforts could also be strengthened by ensuring comprehensive disclosures of all contracts and licenses.
- The MSWG and National Council should ensure a balanced and meaningful dialogue that treats all three constituencies as equal partners. The EITI bodies should create space to discuss issues related to broader civic space surrounding natural resource governance, including any concerns regarding the legal environment for civil society participation in natural resource governance. The EITI should provide a transparency and accountability space for free debate on all aspects of natural resource governance.
- There is scope for using the EITI as an annual diagnostic of SOE governance, financial management, transactions and quasi-fiscal expenditures, which have grown considerably during the COVID-19 pandemic. This is not only relevant to the government's stated fiscal consolidation priorities but also to its disclosure commitments to international financial institutions and development partners. There is scope for Mongolia EITI to use its work on anti-corruption to drive more impactful EITI implementation, for instance by considering how EITI data could inform anti-corruption policies and practices.

Progress in implementation

EITI Validation assesses countries against three components – “Stakeholder engagement”, “Transparency” and “Outcomes and impact”.

Stakeholder engagement

Stakeholders' engagement in the EITI process appears to have weakened since the previous Validation. The EITI's transition from the Prime Minister's Office to the Ministry of Mines and Heavy Industry was broadly viewed as having weakened the government's engagement in the EITI, with gaps in senior engagement in the EITI, as well as the provision of resources for implementation. However, the impact of the COVID-19 pandemic also appears to have affected stakeholder engagement in the EITI, given seven strict lockdowns in the 2020-21 period. In its comments on the draft assessment, the EITI Mongolia Secretariat emphasised the impact of repeated strict COVID-19 lockdowns on both EITI implementation and the broader economy in 2020-21. While leading mining companies and industry associations have remained engaged in the EITI, there is little evidence of the broader constituency's participation in implementation, particularly from mid-sized mining companies and from the oil and gas sector. While civil society has remained proactively involved in the EITI process, there appears to have been some constraints on freedom of expression and access to public decision-making that are at least

partly attributable to the government, for instance in deviations from legal provisions requiring public consultations in the formulation of policy and legal reforms related to the extractive industries. This weakening stakeholder engagement has led to gaps in the National Council's and MSWG's oversight of the EITI process, as well as imbalances in the Mongolia EITI national bodies' internal governance.

Transparency

There are extensive systematic disclosures of EITI data through government portals in Mongolia. The EITI process has supported the diagnostic of government systematic disclosures but has not yet restructured the annual EITI reporting process to build on these systematic disclosures. The approach to "flexible" EITI reporting agreed by Mongolia EITI in 2020 does not appear to have been supported by civil society and led to a reduction in coverage of government extractive revenues disclosed in a reliable manner. In the context of broader e-government reforms, there is an opportunity for Mongolia to develop innovative approaches to EITI disclosures that build on systematic disclosures and the Mongolia EITI eReporting platform. Mongolia has made progress towards contract disclosure and beneficial ownership transparency. There is limited progress on project-level disclosures. More work is required with regards to disclosures on state-owned enterprise transactions, particularly related to their collection of extractive revenues not recorded to the national budget, quasi-fiscal expenditures and resource-backed loans, which is particularly relevant given the expansion in SOEs' expenditures during the COVID-19 pandemic. There is also scope for returning to previous practices of the EITI providing an annual diagnostic of practices in licensing, subnational transfers of extractive revenues and companies' social expenditures, which are areas of significant public interest in Mongolia.

Outcomes and impact

Mongolia has continued to review outcomes of EITI implementation and its planning on an annual basis, although the link between these two key monitoring and evaluation tools has remained tenuous in recent years. There is an opportunity for Mongolia EITI to undertake a dedicated impact assessment with a view to strengthening annual work planning. Broader consultations in the development of these documents will be important to ensure that they reflect the views of relevant stakeholders. While Mongolia EITI has made efforts to overcome the impact of the pandemic through online outreach and dissemination, insufficient engagement by government and industry compared to civil society's proactive engagement has weakened the Mongolia EITI efforts to generate public debate on the extractive industries. A more robust mechanism for follow-up on EITI recommendations, combined with rejuvenated engagement from all constituencies, would strengthen the contribution of EITI implementation to reforms in the extractive industries and public finance management. This would further help leverage Mongolia EITI's open data efforts to inform public debate and policy-making.

Validation scorecard

Component & module	EITI Requirement	Progress	Score
Outcomes and impact		Moderate	75.5/100
Extra points	Effectiveness and sustainability indicators		3.5
Outcomes and impact	Work plan (#1.5)	Fully met	90
	Public debate (#7.1)	Mostly met	60
	Data accessibility and open data (#7.2)	Fully met	90
	Recommendations from EITI (#7.3)	Mostly met	60
	Outcomes & impact (#7.4)	Mostly met	60
Stakeholder engagement		Fairly low	67.5/100
Multi-stakeholder oversight	Government engagement (#1.1)	Mostly met	60
	Industry engagement (#1.2)	Mostly met	60
	Civil society engagement (#1.3)	Fully met	90
	MSG governance (#1.4)	Mostly met	60
Transparency		Fairly low	67/100
Overview of the extractive industries	Exploration data (#3.1)	Exceeded	100
	Economic contribution (#6.3)	Fully met	90
Legal and fiscal framework	Legal framework (#2.1)	Exceeded	100
	Contracts (#2.4)	Mostly met	60
	Environmental impact (#6.4)	Not assessed	-
Licenses	Contract and license allocations (#2.2)	Mostly met	60
	License register (#2.3)	Fully met	90
Ownership	Beneficial ownership (#2.5)	Mostly met	60
State participation	State participation (#2.6)	Mostly met	60
	In-kind revenues (#4.2)	Not applicable	-
	SOE transactions (#4.5)	Mostly met	60
	SOE quasi-fiscal expenditures (#6.2)	Partly met	30
Production and exports	Production data (#3.2)	Fully met	90
	Export data (#3.3)	Fully met	90
Revenue collection	Comprehensiveness (#4.1)	Mostly met	60
	Barter agreements (#4.3)	Partly met	30
	Transportation revenues (#4.4)	Not applicable	-
	Disaggregation (#4.7)	Mostly met	60
	Data timeliness (#4.8)	Exceeded	100
	Data quality (#4.9)	Mostly met	60
Revenue management	Distribution of revenues (#5.1)	Partly met	30
	Revenue management & expenditures (#5.3)	Not assessed	-
Subnational contributions	Direct subnational payments (#4.6)	Mostly met	60
	Subnational transfers (#5.2)	Mostly met	60
	Social and environmental expenditures (#6.1)	Mostly met	60
Overall score		Moderate	70/100

How EITI Validation scores work

Component and overall score

The three components of EITI Validation – “Transparency”, “Stakeholder engagement” and “Outcomes and impact” – each receive a score out of 100. The overall score represents an average of the component scores.



Assessment of EITI Requirements

Validation assesses the extent to which each EITI Requirement is met, using five categories. The component score is an average of the points awarded for each requirement that falls within the component.



- **Exceeded** (100 points): All aspects of the requirement, including “expected”, “encouraged” and “recommended” aspects, have been implemented and the broader objective of the requirement has been fulfilled through systematic disclosures in government and company systems.
- **Fully met** (90 points): The broader objective of the requirement has been fulfilled, and all required aspects of the requirement have been addressed.
- **Mostly met** (60 points): Significant aspects of the requirement have been implemented, and the broader objective of the requirement is mostly fulfilled.
- **Partly met** (30 points): Significant aspects of the requirement have not been implemented, and the broader objective of the requirement is not fulfilled.
- **Not met** (0 points): All or nearly all aspects of the requirement remain outstanding, and the broader objective of the requirement is far from fulfilled.
- **Not assessed**: Disclosures are encouraged, but not required and thus not considered in the score.
- **Not applicable**: The MSG has demonstrated that the requirement doesn’t apply.

Where the evidence does not clearly suggest a certain assessment, stakeholder views on the issue diverge, or the multi-stakeholder group disagrees with the Secretariat’s assessment, the situation is described in the assessment.

1. Effectiveness and sustainability indicators

The country is awarded 0, 0.5 or 1 point for each of the five indicators. The points are added to the component score on Outcomes and impact.

1.1 National relevance of EITI implementation

This indicator considers the extent to which EITI implementation in Mongolia addresses nationally relevant extractive sector challenges and risks.

Most of the objectives for Mongolia's EITI implementation, as reflected in its annual EITI work plans, are more narrowly linked to EITI implementation than to addressing national priorities for the extractive industries (see *Requirement 1.5*). Nonetheless, there are links to national priorities of improving the availability of information on the extractive industries for stakeholders at the subnational level, building the capacity of subnational multistakeholder platforms and improving beneficial ownership transparency as a means of curbing corruption. The level of consultations with the broader constituencies in the development of these objectives is questionable however, given the short timeframe for EITI Mongolia stakeholders' review of a draft work plan circulated by the national secretariat (see *Requirement 1.4*). Several of the work plan activities related to beneficial ownership transparency, contract disclosure and SOE governance link to broader extractive sector challenges, although the way in which these planned activities are expected to address broader challenges is not articulated in the work plan.

Successive EITI work plans and minutes of the National Council's and MSWG's discussions indicate that the MSG has considered opportunities to go beyond the minimum requirements of the EITI Standard, particularly in planning concrete activities to strengthen systematic disclosures of EITI data, extend the scope of EITI disclosures to coal processing companies and sub-contractors, as well as in disclosing additional information relevant to social expenditures such as the publication of over 200 Local Cooperation Agreements (LCAs). With regards to systematic disclosures in particular, EITI Mongolia has sought to complement other reform efforts such as the implementation of the Glass Accounts Law requiring disclosure of material transactions involving public-sector entities as well as Mongolia's broader [e-government](#) efforts. Records of the National Council's and MSWG's meeting minutes as well as stakeholder consultations provide little evidence of the MSG's discussion of other issues related to extractive industry governance beyond those covered by the EITI Standard, with the notable exception of EITI Mongolia's work with the Natural Resource Governance Institute (NRGI) to pilot a [corruption diagnostic tool](#) to produce a diagnostic of corruption risks in mining operations, including in the implementation of the regulatory framework and procurement rules. However, evidence including Mongolia EITI's annual progress reports indicates that outreach and dissemination activities at the subnational level have facilitated discussions around nationally-relevant extractive industry issues such as local content, local development agreements and mining licensing practices among others. Mongolia's EITI Reports have also disclosed information beyond the minimum requirements of the EITI Standard in areas such as environmental impacts of the extractive industries, including in water and waste management. The MSWG has also devoted significant

efforts to drive improvements in contract transparency since 2018, including the publication of many contracts concluded prior to 2021 on a contracts portal.

Most stakeholders consulted considered that there had been progress towards the objectives for EITI implementation, particularly in the disclosure of extractives data, but that the objectives were not yet considered fulfilled. Civil society stakeholders in particular considered that objectives related to ensuring extractive companies' social licenses to operate, particularly at the subnational level, and efforts to curb corruption were still far from being achieved. Stakeholders from all constituencies noted that there were still frequent opposition to mining, oil and gas activities from host communities, grassroots civil society activists and local governments, many of which were considered to pursue anti-mining agendas. There also appeared to be a broad recognition from stakeholders consulted from all constituencies that insufficient technical and financial resources were devoted to EITI implementation, which hindered progress on Mongolia's broader objectives for EITI implementation. Although some stakeholders consulted considered that the slowdown in EITI engagement was due to the impact of the COVID-19 pandemic, others considered that it predated the pandemic and coincided with the transfer of the EITI from the Prime Minister's Office to the MMHI. In its comments on the draft assessment, the EITI Mongolia Secretariat emphasised the impact of repeated strict COVID-19 lockdowns on both EITI implementation and the broader economy in 2020-21. While government officials consulted expressed optimism about the prospects for EITI implementation in Mongolia, including in the government's provision of resources in future, several industry and civil society stakeholders consulted expressed frustration with the process, with industry noting fatigue among companies asked to report data annually and civil society questioning their participation amidst a perception of insufficient engagement in the EITI process by the other two constituencies. In its comments on the draft assessment, the EITI Mongolia Secretariat argued that EITI implementation had contributed to government resolutions on open data, including to the development of the new law on public data disclosures. Several industry and civil society stakeholders consulted called for the transition from EITI disclosures to more use of EITI data to assess the efficiency of current governance mechanisms for the extractive industries.

The Secretariat proposes that 0.5 additional points be added to the score on Outcomes and impact for this indicator.

1.2 Systematic disclosures of extractive industry data

There are extensive systematic disclosures of data required by the EITI Standard through government and SOE websites and portals, although not yet by private companies in the extractive industries. These systematic disclosures range from license information on the MRPAM cadastral [portal](#) and the EITI Mongolia open data [portal](#), to the full text of contracts on an open contracts [portal](#), data on SOE transactions on the Glass Accounts [portal](#), extractive production data through MRPAM monthly [reports](#), export data through the Customs General Agency's data [portal](#), information on the [budget](#), [procurement](#) and [audit](#) practices, and disclosures of subnational transfers through a dedicated Ministry of Finance [portal](#) on the General Local Development Fund. While tax and non-tax data on the government's extractive revenues and company payments is collected through the EITI Mongolia [eReporting portal](#) and disclosed through the open data portal, this data collection system has not yet been integrated in the broader [e-government](#) efforts led by the new [Ministry of Digital Development and](#)

[Communications](#), as the automatic exchange of information between government entities and the EITI Mongolia data portal has not yet been established. These systematic disclosures were reviewed in a [mainstreaming feasibility study](#) in February 2018. Many of these portals have developed innovative ways of improving the accessibility of data, although not all have yet developed options for download in open data format. Further work may be needed to strengthen stakeholders' use of systematically disclosed information, in particular at the subnational level.

Mongolia has used its EITI reporting to work with government agencies to develop disclosure channels such as the open contracts portal and the eReporting system. However, the online reporting platform continues to require manual input and has not yet been integrated to existing inter-connections with other government databases, such as those of the General Department of Taxation, MRPAM and the National Statistics Organisation. Mongolia opted for “flexible” EITI reporting for 2020 data, although it reduced the number of companies in the scope of reconciliation rather than piloting alternative approaches to ensuring the reliability of government and company data disclosed through the eReporting platform. This should be considered in the context of the impact of the COVID-19 pandemic in Mongolia however, with seven strict lockdowns and movement restrictions in the 2020-21 period. In its comments on the draft assessment, the EITI Mongolia Secretariat emphasised that over 1500 companies annually disclosed information through the eReporting portal, which rose to 1700 companies in 2021. There is an opportunity in coming months for EITI Mongolia to leverage the broader [e-government](#) efforts to integrate the EITI Mongolia data portal into the government's existing database connections. The MSWG and National Council could consider joining the EITI's pilot on alternative approaches to reporting with a view to developing a new risk-based approach to data reliability that builds on the important investments in the eReporting platform to date. The ongoing and planned legal reforms in the mining sector present another opportunity for enshrining legal disclosure requirements for license-holders and public-sector entities engaged in the extractive industries, including in planned amendments in 2022 to the Minerals Law, the Law on Sovereign Wealth Funds, the Law on Commodities Exchanges, the Law on Transparency in the Extractive Industries, the Law on State Property and others.

The Secretariat proposes that 1 additional point be added to the score on Outcomes and impact for this indicator.

1.3 Environment for citizen participation in extractive industry governance

This indicator considers the extent to which there is an enabling environment for citizen participation in extractive sector governance, including participation by affected communities.

The legislative and regulatory environment appears to support the participation of citizens, including affected communities, in decision-making about how extractive resources are governed. There are several laws requiring comprehensive public consultations in policy and law making, including the Law on Public Hearings, the General Administrative Law and the more recent Law on Law-making. These legal provisions require public consultations and hearings around any policy or legal reforms. However, there are concerns over the implementation of these laws in practice. Several CSOs consulted expressed significant concern over what they considered were deviations from statutory consultation provisions, particularly in the past few years. They considered that public consultations often consisted of a relevant ministry or agency

posting the draft law or regulation on its website, with little follow-up. Other CSOs considered that the government was selective in choosing specific CSOs to consult, and that civil society input to public consultations tended to be disregarded by authorities. The example was cited of the several legal reforms related to mining and state property that had not yet been circulated in draft, which had prompted the government to postpone their submission to Parliament from the spring to the autumn session of 2022. Some government officials conceded that there had been delays in public hearings on some draft laws but that this had been due to the pandemic and repeated lockdowns, and that hearing on the draft laws had been postponed as a result. With support from donors, a [portal](#) was developed to provide information on mining projects and citizen participation in public hearings. Commitment 2 of Mongolia's 4th (2021-23) National Action Plan for the Open Government Partnership focuses on access to information and transparency, including strengthening the Law on Public Hearings. Civil society in Mongolia has successfully used public interest litigation, including class action lawsuits, as a tool for influencing the public decision-making process related to the extractive industries. Mongolia was the first country to enact legal protections for human rights defenders, through the Law on the Legal Status of Human Rights Defenders in 2021, although several stakeholders consulted considered that the legislation had not yet been meaningfully enacted. In its comments on the draft assessment, the EITI Mongolia Secretariat considered that extractive industry knowledge of citizens and affected communities was increasing and highlighted the amendments to Mongolia's Constitution in 2019 that strengthened the role of the Parliament (Great Khural) in policy-making.

Civil society engaged in the EITI process and working on natural resource governance at the national level appears relatively well capacitated, and often financed by international sources. Capacities of civil society at the subnational level vary significantly however, as stakeholder consultations noted that members of the PWYP coalition were usually more capacitated than grassroots organisations that were not members. While there have historically not been particular government constraints on civil society in Mongolia, there has been significant concern among local and international civil society over attempts to reform the legal environment for NGOs on repeated occasions in 2011, 2014 and 2019, although none of these attempts had been successful. Engagement of civil society organisations representing communities hosting mining activities presents an opportunity for Mongolia EITI to provide a platform for discussing all issues related to natural resource governance, including the environment for civil society participation. Review of EITI Mongolia documents and meeting minutes does not indicate discussions of the policies and practices related to the participation of citizens, including affected communities, in decision-making about how extractive resources are governed, nor efforts to strengthen such mechanisms. Mongolia EITI outreach events have fostered discussion of the management of extractive activities at the subnational level and have given rise to recommendations for strengthening transparency and avenues for citizen engagement in extractive decision-making at the provincial level. However, some industry and government stakeholders consulted considered that issues related to civic space were not considered to be part of the EITI process. In its comments on the draft assessment, civil society argued that it was the only constituency to lead efforts to create space for discussion on natural resource governance issues.

EITI implementation appears to have created space for discussion of natural resource governance issues at the subnational level in practice, through the operation of subnational

councils (in all 21 aimags and 13 soums) and EITI outreach and dissemination driven largely by civil society. In consultation, civil society stakeholders explained that these forums had provided space for free and critical discussions about the management of natural resources, particularly given significant anti-mining sentiment among some host communities and local governments. Several civil society stakeholders highlighted the value of EITI data on subnational revenue flows and social expenditures, as well as the portals on contracts and licenses to respond to questions about ownership of licenses and benefits accruing at the local level. While the COVID-19 pandemic had forced the EITI outreach and dissemination to move to online channels, this had both broadened the audience given that most Mongolian citizens now had Internet access, but also made the outreach less personal according to several CSOs consulted.

The Secretariat proposes that 0.5 additional points be added to the score on Outcomes and impact for this indicator.

1.4 Accessibility and use of extractive industry data

This indicator considers the extent to which extractive sector data is accessible and used for analysis, research and advocacy.

Documentation provided for this Validation and stakeholder consultations indicated particular public interest, reflected in consultations with civil society, in issues of property rights in the extractive industries, including licensing activities, ownership of mining companies and the terms of operating contracts, in subnational revenue flows, including both direct payments to aimags and soums as well as subnational transfers, and in social and environmental contributions of extractive companies. There has also been growing interest in extractive SOEs' financial management in recent years, particularly since the start of the IMF's latest extended fund facility (EFF) in 2017. There appears to be a commonality of interests between industry and civil society stakeholders consulted in expanding EITI disclosures of the government's extractive revenue management and related expenditures. Mongolia's recent EITI reporting has increasingly built on government entities' systematic disclosures in these areas, albeit focusing more on describing statutory procedures rather than providing annual diagnostics of any deviations from these procedures in practice. Mongolia's EITI reporting has disclosed significant amounts of data on extractive company operations but has not yet transitioned to publishing annual assessments of companies' compliance with legal and contractual obligations in practice.

Mongolia's [EITI Reports](#) have continued to be published in PDF format, with accompanying appendices and summary data files published in open format. The Mongolia EITI [data portal](#) provides EITI data download functions in open data format (.csv, .xls, .json). The publication of EITI data is timely, with companies' submission through the eReporting platform published on the data portal shortly after the deadline of 31 March of the year after the end of the fiscal period covered. Mongolia has continued to produce EITI Reports within one year of the end of the fiscal period covered. However, stakeholders consulted from all constituencies considered this to be insufficiently timely (despite being published within one year of the period covered) to inform public debate and policymaking in a country with one of the highest per-capita Twitter use in the world.

There is evidence of use of data that has come out of the EITI process by both national and international stakeholders. Nationally, there is extensive evidence of media use of different EITI datasets, including on mining companies' [donations](#), extractive revenues and [local development funds](#), [beneficial ownership](#), [economic impacts](#), and on license data of companies that did not [report](#) in the EITI among other coverage. The [Economic Research Institute](#) has published reports drawing on EITI data, including annual commodity market [studies](#), [studies](#) assessing the impact of mining on household incomes, and a report on the effective royalty rates paid by coal mining companies. There has also been use of EITI data in [local newspapers](#) in the aimags and soums. Investigative journalists and civil society organisations have cooperated on many investigations related to the mining sector, cross referencing different government databases for procurement and legal ownership for instance in the recent non-performing loan [scandal](#) involving the Development Bank of Mongolia. Internationally, there has been use of EITI data in academic research (e.g., on [environmental impacts](#)), international media, and by partners like the [IMF](#), [UNEP](#), [OGP](#) among others. Mongolian and international civil society have used EITI data in their international advocacy, including in their civil society [report](#) on the implementation of sustainable development goals. In its comments on the draft assessment, the EITI Mongolia Secretariat argued that extractive industry data was accessible and frequently used by NGOs and professional associations for analysis and advocacy.

There is some evidence that EITI data has led to public debate in Mongolia, although it is still limited compared to the vibrant daily public debate on extractive projects in Mongolian media that draws on other data sources. There are several topics of significant public debate that Mongolia EITI has not discussed, including the negotiations around the second phase of the Oyu Tolgoi project or the issuance of bonds by Erdenes Mongol for instance. Most stakeholders consulted did not consider that the EITI data had generated public debate at the national level in Ulaanbaatar, but most also highlighted the importance of subnational councils and EITI outreach events as forums for consultation and debate. The Secretariat's view is that the growth of Mongolian EITI data use is welcome, but still shy of its potential to inform public debate and policy making. Most stakeholders consulted called for timelier publication of EITI data, which could be possible by building on the government's systematic disclosures of EITI data and the Mongolia EITI eReporting platform that collects financial data by the end of the first quarter following the end of the year under review. under an alternative approach to EITI reporting. There are calls from civil society stakeholders consulted for additional disclosures on encouraged aspects of the EITI Standard, such as voluntary social expenditures and environmental management by extractive companies. The government, through the Environmental Information Centre ([EIC](#)), provides public access to a database of environmental impact assessments and audit reports. Mongolia has yet to start using its annual EITI disclosures as a diagnostic of the government's disclosures of required reports on extractive companies' adherence to their environmental obligations.

The Secretariat proposes that 1 additional point be added to the score on Outcomes and impact for this indicator.

1.5 EITI-related changes to extractive industry policy and practice

This indicator considers the extent to which EITI has informed changes in extractive sector policies and practices.

There is some evidence of EITI Mongolia input to policymaking and reforms as part of follow-up or recommendations in the period under review. Stakeholder consultations indicated that there had been a focus on ‘core’ EITI reporting functions since the onset of the COVID-19 pandemic, yet the lack of recommendations to reform appear to predate this, with the transition of the EITI from the Prime Minister’s Office to the Ministry of Mining and Heavy Industries (MMHI) in 2018. In its comments on the draft assessment, the EITI Mongolia Secretariat emphasised the impact of repeated strict COVID-19 lockdowns on EITI implementation and the resulting focus on the EITI e-Reporting portal given the constraints on in-person contacts. The notable exception is on beneficial ownership transparency, where EITI Mongolia has led the process of disclosures and contributed to the development of laws and regulations, although there appear to be challenges in intra-agency coordination on key issues such as thresholds for ownership disclosure. This has led to EITI Mongolia establishing an open data portal that centralises much information on the extractive industries from other government sources, but that operates in somewhat of a silo from other government agencies. A draft law on transparency in the extractive industries (the so-called ‘EITI law’) has been under development since 2014. The draft law features as a priority of successive Mongolia EITI work plans and is expected to be submitted to Parliament in 2022. The draft law, to which Mongolia EITI has provided extensive input, includes provisions related to systematic disclosures of EITI data that would have a significant impact on the comprehensiveness and timeliness of EITI disclosures if implemented. In its comments on the draft assessment, the EITI Mongolia Secretariat argued that the EITI had informed changes in extractive industry governance, noting the Parliament’s current deliberations on draft laws on mineral exchanges and sovereign wealth funds as well as the government’s preparation of a new Mining Law and the law on transparency in the extractive industries.

The Secretariat proposes that 0.5 additional points be added to the score on Outcomes and impact for this indicator.

2. Outcomes and impact

This component assesses EITI Requirements 7 and 1.5, which relate to progress in addressing national priorities and public debate.

Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in annex to this report.

EITI Requirement and assessment	Summary of progress in addressing the EITI Requirement
Work plan (Requirement #1.5)	The Secretariat’s assessment is that Requirement 1.5 is fully met. Most stakeholders consulted from government and industry did not express any particular opinions on the annual EITI Mongolia work plan. However, civil society expressed significant concern about the way in which the work plan

Fully met	<p>was developed and did not consider that it ensured that the annual planning for EITI implementation supports implementation of national priorities for the extractive industries. Nonetheless, the Secretariat's view is that weaknesses in the development of the work plan have been offset by the MSWG's regular review of the work plan throughout the year, which ensures that the objective of the annual EITI work plan constituting a key accountability document for the MSG vis-à-vis the public has been fulfilled.</p> <p>Mongolia has consistently updated its EITI work plan on an annual basis and ensured that a current work plan is systematically published on the EITI Mongolia website. Most aspects of Requirement 1.5 have been addressed in EITI Mongolia's annual work plans in the 2018-22 period, although there are weaknesses in the work plan objectives, in ensuring broader consultations in the work plan's development, in the consistent costing of activities and in ensuring that all planned outcomes are measurable. Mongolia's 2022 EITI work plan sets six goals and 21 objectives for implementation, although these replicate a lot of activities from 2021 and are more narrowly focused on process and EITI implementation, rather than linking to broader national priorities. Nonetheless, the work plan includes several activities under the second objective to strengthen systematic disclosures by government entities and SOEs, including updates to the cadastral portal, upgrades to the contract transparency portal and routine publication of all SOEs' annual reports. In addition, work plan activities related to anti-corruption work clearly relate to national priorities for the extractive industries. This ensures that the work plan is closely aligned with national priorities for the extractive industries.</p> <p>The work plan was discussed by the MSWG at its November 2021 meeting and approved by the National Council in December 2021. However, stakeholder consultations and civil society's 'stakeholder engagement' template for this Validation highlighted that the draft work plan was only circulated to MSWG members one day ahead of the November meeting, which did not leave time for consultations among MSWG members or with the broader constituencies. Several stakeholders explained that the COVID-19 pandemic had created challenges in the advance circulation of documents by the EITI Mongolia Secretariat. In its comments on the draft assessment, the EITI Mongolia Secretariat emphasised the impact of repeated strict COVID-19 lockdowns on both EITI implementation and the broader economy in 2020-21. However, other stakeholders considered that the lack of sufficient time for consultation with the broader constituencies in developing the annual work plan pre-dated the pandemic and that this had been a consistent challenge for civil society in particular since 2018. Nonetheless, based on the review of the National Council and MSWG meeting minutes and the annual progress reports, it appears that the work plan is regularly discussed as a reference tool by the MSWG in particular, which appears to create opportunities for the MSWG to update the work plan as and when required.</p> <p>Specific (monthly) timeframes are associated with all activities in the work plan, although each activity is not consistently linked to a measurable output and intended outcome. However, the work plan does outline plans to address capacity constraints, the scope of EITI implementation through systematic disclosures, plans to address legal and regulatory obstacles and follow-up on</p>
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	<p>recommendations from EITI reporting and Validation, albeit only in general terms with regards to follow up on recommendations from Validation. Activities related to strengthening contract and beneficial ownership disclosures are included. The work plan includes activities related to Mongolia's adoption of "flexible" EITI reporting but does not plan activities related to the inclusion of forward-looking EITI disclosures. While the work plan indicates the relevant sources of funding and technical assistance from development partners, it does not consistently provide costings for each planned activity, particularly for those funded by the MMHI. The Secretariat's view is that the assessment of Requirement 1.5 borders on mostly met and fully met. Therefore, the majority of technical aspects of Requirement 1.5 appear to have been addressed, while the minor technical gaps appear to be offset in practice. In its comments on the draft assessment, the EITI Mongolia Secretariat stated that recommendations from this Validation would be included in Mongolia's 2022-23 EITI work plans.</p>
<p>Public debate (Requirement #7.1)</p> <p><i>Mostly met</i></p>	<p>The Secretariat's assessment is that Requirement 7.1 is mostly met. Most stakeholders consulted considered that the objective of enabling evidence-based public debate on extractive industry governance through active communication of relevant EITI data to key stakeholders is mostly fulfilled. Stakeholders from all constituencies noted that government and industry engagement in EITI outreach and dissemination could be strengthened. Civil society stakeholders noted their proactive efforts to generate public debate based on extractive data but called for greater engagement in outreach efforts from the other two constituencies. Mongolia EITI itself has been self-critical in its assessment of the outcomes and impact of its outreach, with successive Mongolia EITI annual progress reports highlighting the need to further disseminate EITI data in soums in rural areas and communities hosting extractive activities. In its comments on the draft assessment, civil society argued that the preliminary assessment of Requirement 7.1 should be downgraded to 'partly met', but only provided comments related to Effectiveness and Sustainability Indicator 3 on citizen participation in extractive industry governance. While noting the constituency's perception that it was the only party leading efforts to establish a space for discussion on natural resource governance issues, the Secretariat's view is that the objective is mostly met despite weaknesses in government and company engagement, which are also covered in the assessment of those constituencies' engagement in the EITI process (see <i>Requirements 1.1 and 1.2</i>).</p> <p>The MSWG and National Council have taken steps to ensure that the EITI Report is comprehensible, actively promoted and publicly accessible. The EITI Mongolia data portal, which presents both data from EITI Reports and data collected through the eReporting platform, has significantly improved the accessibility of EITI data, both through summaries of data, downloads in open format and data visualisations. However, several stakeholders from different constituencies called for greater effort in publishing summaries of EITI findings and data in simple formats that are easy to understand. Mongolia EITI regularly updates its website and operates active Facebook and Twitter accounts. The Mongolia EITI Secretariat has developed different and innovative communications products, including infographics (such as here,</p>

	<p>here, here and here) and animations. Mongolia has continued its EITI related outreach and dissemination efforts, albeit with a lower overall implementation budget in the 2019-21 period. Since 2020, EITI Mongolia has partnered with the International Finance Corporation (IFC) and the Open Society Foundation (OSF) on designing and delivering outreach and communications activities, including regional conferences, capacity building for subnational councils, hackathons and ‘training of trainers’ sessions. This has enabled a more inclusive approach to the consideration of information needs and access challenges in EITI Mongolia outreach efforts since 2020. A significant part of the World Bank’s support for Mongolia EITI in 2022-23 is devoted to enhancing systematic disclosures and promoting public dialogue through public outreach.</p> <p>Mongolia EITI has traditionally focused on subnational outreach and dissemination, in aimags and soums, leveraging the subnational EITI councils established by Government Resolution 222 in 2012 that have been established in 21 aimags and 13 soums hosting extractive activities. These councils have served primarily for dissemination of EITI data relevant to their location and to hosting discussions on extractive issues. The EITI Mongolia Secretariat has adapted its outreach efforts online since the pandemic, holding bi-monthly online consultations with the subnational councils on issues including presentations of draft amendments to the Minerals Law and licensing procedures. Each consultation session drew between 50 and 70 participants, from subnational governments and civil society and yielded concrete recommendations for reform from stakeholders at the subnational level. Some aimags have started disclosing relevant summaries of EITI data on their own websites, such as in Zavkhan aimag. Stakeholders consulted considered that the online meetings with subnational councils had been effective in ensuring coordination between Mongolia EITI and the subnational bodies, although some civil society stakeholders noted that online consultations were less personal and meaningful. Some civil society members consulted were dissatisfied with the level of outreach at the subnational level despite the designation of 2021 as the ‘Year of the Subnational Councils’. Mongolia EITI launched an annual competition of transparency in subnational governments in 2021. The Secretariat notes the proactive efforts by both the EITI Mongolia Secretariat and civil society to adapt outreach efforts online during the COVID-19 pandemic, which caused a total of seven strict lockdowns in the 2020-21 period, but also acknowledges civil society frustrations. In its comments on the draft assessment, the EITI Mongolia Secretariat emphasised the impact of repeated strict COVID-19 lockdowns on both EITI implementation and the broader economy in 2020-21. Further work is planned to ensure preparation of information tailored to the needs of communities.</p> <p>Beyond this subnational outreach, the EITI Mongolia secretariat has also convened capacity building sessions for key stakeholder groups such as companies, journalists, civil society organisations and other target groups. However, with all in-person training suspended since the onset of the pandemic in 2020, EITI Mongolia has migrated its capacity building online, reducing it to only trainings for companies and subnational governments on the technicalities of EITI reporting. Several civil society stakeholders consulted</p>
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	<p>expressed frustration at the reduction in online communication and outreach activities over the course of the pandemic.</p> <p>Stakeholder consultations and documentation provided in the templates for this Validation provide evidence of use of EITI data and innovative development of tools to improve the accessibility of data from civil society, rather than from the other two constituencies of government and industry. Civil society appears to have been the key driver in some of Mongolia EITI's more innovative uses of EITI data, such as the corruption risk diagnostic tool developed by NRG, OSF's development of Mongolia's open contracts portal and a beneficial ownership portal using EITI disclosures. Civil society has also developed several other relevant tools related to extractive governance but not within the framework of the EITI, such as the miningwatch.mn website aimed at facilitating feedback from the broader constituency, particularly at the subnational level and an online application for communities and herders in the Dornogobi Province with information on key mining projects and their rights.</p> <p>There is evidence of use of EITI data both by national and international stakeholders. A review of press coverage of EITI Mongolia available online indicates that around 5-10 articles are published annually in the 2018-22 period covering EITI findings, although this under-estimates the media coverage of EITI data given that several national newspapers do not publish articles online. Nationally, there is evidence of media use of different EITI datasets, including on mining companies' donations, extractive revenues and local development funds, ownership, economic impacts, time series analysis of large mining taxpayers' payments to government, and on license data of companies that did not submit EITI reporting among other coverage. The Economic Research Institute has published analysis of the mining sector on local households drawing on EITI data. There has also been use of EITI data in local newspapers in the aimags and soums. Internationally, there has been use of EITI data in academic research (e.g., on environmental impacts), international media, and by partners like the IMF, UNEP, OGP among others. Mongolian and international civil society have used EITI data in their international advocacy, including in their civil society report on the implementation of sustainable development goals. The EITI Mongolia Secretariat and members of the MSWG and National Council have also provided input to other relevant government initiatives such as the Open Government Partnership and the Opening Extractives programme.</p> <p>The Secretariat's view is that Mongolia EITI's efforts to mitigate the impact of the pandemic through online dissemination and outreach should be welcomed. However, the outreach efforts to date at the subnational level, both prior and during the pandemic, appear to have included primarily stakeholders from the Mongolia EITI Secretariat, civil society and the MMHI, rather than from the broader industry and government constituencies. While there is extensive documented use of Mongolia's extensive EITI data set for research and analysis, there is scope for more steps to enable evidence-based public debate on extractive industry governance through more targeted communications products and broader participation from industry and government. There is an opportunity for Mongolia EITI to strengthen its efforts</p>
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	to promote the use of EITI data in public debate and policy-making, including in areas such as extractive contract negotiations, reforms of SOE oversight, public officials' asset disclosures and others.
<p>Data accessibility and open data (Requirement #7.2)</p> <p><i>Fully met</i></p>	<p>The Secretariat's assessment is that Requirement 7.2 is fully met. Most stakeholders consulted appeared to consider the objective of enabling the broader use and analysis of information on the extractive industries had been fulfilled, with several researchers highlighting the value and use of Mongolia EITI data published in open and interoperable format.</p> <p>Mongolia EITI has agreed and published a clear open data policy covering the terms of release, use and reuse of EITI data. Mongolia's EITI Reports have continued to be published in PDF format, with accompanying appendices and summary data files published in .xls format. The Mongolia EITI data portal provides EITI data download functions in open data format (.csv, .xls, .json) in accordance with the open data policy. The publication of EITI data is timely, even if stakeholders consulted had greater ambitions for further improving the timeliness of EITI disclosures, with companies' submission through the eReporting platform published on the data portal shortly after the deadline of 31 March of the year after the end of the fiscal period covered. The Summary Data Files (SDF) for Mongolia's EITI Reports have been completed in a timely manner, with the 2020 SDF being finalised for publication at the commencement of Validation. However, the appendices to the two latest EITI Reports have been published in .xls format pending completion of the SDTs for those two years. The Mongolia EITI 'Outcomes and impact' template submitted for this Validation was self-critical in identifying the gaps in user-friendliness of the bulky reports as a key challenge in the accessibility of EITI data. However, the template also highlights the capacity building sessions for key target groups such as journalists as means of improving the accessibility of EITI data, although these appear to have slowed significantly during the COVID-19 pandemic.</p> <p>There are extensive systematic disclosures of EITI data through government and SOE websites and portals, although the open data bulk download features vary from portal to portal. These systematic disclosures range from license information on the MRPAM cadastral portal and the EITI Mongolia open data portal, to the full text of contracts on an open contracts portal, data on SOE transactions on the Glass Accounts portal, extractive production data through MRPAM monthly reports, export data through the Customs General Agency's data portal, information on the budget, procurement and audit practices, and disclosures of subnational transfers through a dedicated Ministry of Finance portal on the General Local Development Fund. While tax and non-tax data on the government's extractive revenues and company payments is collected through the EITI Mongolia eReporting portal and disclosed through the open data portal, the automatic exchange of information between government entities and the EITI Mongolia data portal has not yet been established. However, there are some gaps in the availability of open data in bulk download feature on the EITI Mongolia data portal, including nationally collected tax revenue data, which appears only accessible by individual taxpayer report rather than as bulk download. There is scope for improving the functionality of data bulk download features on the portal.</p>

	<p>Mongolia is a member of the Open Government Partnership (OGP) and has made commitments to data transparency in several areas over the course of its four successive National Action Plans. The government's 2018 Open Data Readiness Assessment provides a useful overview of the status of open data efforts at the time. Since then, the new Ministry of Digital Development and Communications has launched an e-government initiative (e-Mongolia) that includes a data and services portal. There is significant scope for integrating Mongolia EITI into the broader e-Mongolia reforms to further improve the accessibility and inter-operability of government and EITI data sets.</p>
<p>Recommendations from EITI implementation (Requirement #7.3)</p> <p><i>Mostly met</i></p>	<p>The Secretariat's assessment is that Requirement 7.3 is mostly met. Opinions of stakeholders consulted were split over whether there was an effective mechanism for follow-up on recommendations, with several civil society representatives arguing that the decline in the seniority of government engagement in the EITI process had reduced the effectiveness of Mongolia EITI's follow-up on recommendations. While government and industry stakeholders consulted conceded that more senior engagement would improve the level of follow-up, they considered that the implementation of certain EITI recommendations reflected that the existing mechanism was sufficient. The Secretariat's view is that the mechanism for consistent follow-up on EITI recommendations has weakened in the period under review, reflected in the slower progress on recommendations linked to broader reforms, combined with the declining seniority of government engagement in the EITI process and capacity constraints within the Mongolia EITI Secretariat. However, the COVID-19 pandemic also appears to have had an impact on the consistency in follow-up on EITI recommendations and is a factor beyond national stakeholders' control. Thus, the Secretariat's view aligns with those of many stakeholders consulted that the objective of ensuring that EITI implementation as a continuous learning process that contributes to policymaking is mostly fulfilled. In its comments on the draft assessment, civil society argued that the preliminary assessment of Requirement 7.3 should be downgraded to 'partly met', given weaknesses in follow-up on past EITI recommendations. However, the Secretariat's view is that there are mechanisms in place for following up on EITI recommendations, even if these only appear to be effective in practice with regards to recommendations narrowly related to EITI reporting.</p> <p>Mongolia's EITI Reports have contained a mix of recommendations related both to EITI reporting and to broader sector reforms. Thus, two of the four recommendations in the 2020 EITI Report appear linked to broader challenges in the extractive industries, while four of the nine recommendations from previous EITI Reports reviewed in the last cycle of reporting were related to broader issues in the sector. However, review of Mongolia EITI meeting minutes indicates MSWG discussions of recommendations for strengthening EITI implementation from stakeholders, particularly civil society, including in terms of enhancing outreach and dissemination at the subnational level.</p> <p>There is little evidence of a robust mechanism for following up on recommendations from EITI reporting and Validation, beyond ad-hoc MSWG discussions and delegation of follow-up to the Mongolia EITI Secretariat.</p>

	<p>Stakeholder consultations confirmed that the mechanism for follow-up on EITI recommendations consisted of MSWG and National Council discussion and agreement on the recommendations in EITI Reports, which led to their reflection in the annual Mongolia EITI work plan (e.g., follow-up on the 2018 and 2019 EITI Report recommendations are reflected in the 2021 Mongolia EITI work plan) and follow-up by the Mongolia EITI Secretariat. In its comments on the draft assessment, the EITI Mongolia Secretariat emphasised that activities related to follow-up on EITI recommendations had been included in annual EITI work plans in 2018-20, with progress reviewed in successive annual progress reports.</p> <p>Mongolia’s annual EITI Reports provide an overview of progress on following up on recommendations from previous EITI Reports, while Mongolia EITI prepared a standalone matrix reviewing progress on follow-up on recommendations from the 2018 and 2019 EITI Reports. Mongolia’s annual progress reports provide additional information on activities to follow up on EITI recommendations, although these are not presented as follow-up on recommendations but rather as part of the general overview of activities. Thus, the more recent annual progress reports (for 2020 and 2021) demonstrate progress in following up on recommendations related to systematic disclosures, improving transparency of subnational revenues and institutionalising the EITI.</p> <p>As reflected in the majority of recommendations related to strengthening EITI reporting as well as in minutes of Mongolia EITI meetings, there is evidence that the MSWG and National Council have taken steps to act upon lessons learnt and to identify, investigate and address the causes of information gaps and discrepancies. These recommendations related to ensuring the comprehensiveness of disclosures from companies and government as well as taking steps to improve the reliability of EITI disclosures, although these recommendations are all marked as “requiring further action” in the 2020 Mongolia EITI Report.</p> <p>Available evidence suggests that the MSWG and National Council have prioritised follow-up on recommendations more narrowly related to EITI implementation than on those related to broader reforms, such as recommendations to enforce legal provisions requiring SOEs to publicly disclose their financial statements. Thus, only three of the nine previous EITI recommendations reviewed in the 2020 EITI Reports are marked as either ‘implemented’ or ‘under implementation’, all of which are related to annual EITI reporting while those recommendations related to broader reforms, such as strengthening SOE disclosures, are marked as “require[ing] further action”. The only past EITI recommendation marked as “implemented” relates to the timely appointment of the Independent Administrator. In its comments on the draft assessment, the EITI Mongolia Secretariat noted that past EITI recommendations to commence procurement of the IA in a timelier manner had been implemented in 2021-22, which it cited as one example of a fully-implemented past EITI recommendation. The Secretariat’s view is that the assessment of Requirement 7.3 is borderline between partly met and mostly met. While the lack of tangible progress on a majority of EITI recommendations is a concern, the Secretariat’s view is that the mechanism</p>
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	<p>for following up on EITI recommendations has been weakened due to gaps in stakeholder engagement in the EITI process, particularly from the government (see <i>Requirement 1.1</i>), and due to challenges in the MSG's oversight of all aspects of implementation (see <i>Requirement 1.4</i>). While the COVID-19 pandemic appears to have further weakened the mechanism for following up on EITI recommendations, these gaps appear to pre-date the pandemic with challenges in following up on recommendations identified in Mongolia EITI's 2019 annual progress report. Thus, the Secretariat's assessment is that Requirement 7.3 is mostly met.</p>
<p>Review the outcomes and impact of EITI implementation (Requirement #7.4)</p> <p><i>Mostly met</i></p>	<p>The Secretariat's assessment is that Requirement 7.4 is mostly met. Most stakeholders consulted did not express views on whether the objective of ensuring regular public monitoring and evaluation of implementation had been fulfilled. However, some development partners and government officials highlighted Mongolia EITI's regular reporting on its activities. Several civil society representatives considered that Mongolia EITI had not undertaken a comprehensive impact assessment to date and that this was overdue after 15 years of implementation. They also noted that the short period to provide input to the review of outcomes and impact predated the pandemic. The Secretariat's view is that weaknesses in consultations with the broader constituencies in the development of Mongolia EITI's annual review of outcomes and impact, combined with consistent calls for a dedicated impact assessment by one of the three constituencies on the MSG, imply that the broader objective of monitoring and evaluation is mostly fulfilled.</p> <p>Mongolia has continued to publish annual progress reports on its website at the end of each calendar year in the period under review, covering 2018, 2019, 2020 and 2021. These annual progress reports cover all aspects of Requirement 7.4.a, by providing a summary of EITI activities, an overview of the MSG's responses to EITI recommendations and an assessment of progress in meeting work plan objectives. While the reports do not explicitly provide an assessment of progress in meeting EITI Requirements, they describe activities related to progressing on specific EITI Requirements and addressing specific weaknesses identified. The reports also provide a narrative account of efforts to strengthen the EITI's impact, primarily in efforts to support the enactment of legislation to institutionalise the EITI process. They also describe efforts to strengthen the outcomes and impact of the EITI, including through engagement on issues ranging from local content to identifying environmental impact of the extractive industries, identifying unpaid taxes and identifying corruption risks. The EITI Mongolia quarterly reports to development partners such as the Asian Development Bank (ADB) also provide ongoing reviews of outcomes of EITI implementation. The annual progress reports identify constraints on EITI implementation, including the availability of financial resources and the need to deepen subnational outreach and dissemination efforts. However, several civil society members considered that an impact assessment was needed for Mongolia EITI in order to address civil society concerns over weaknesses in outcomes and impact despite 15 years of implementation. They noted that civil society had repeatedly called for an impact assessment to be undertaken, but that the</p>

	<p>MSWG had postponed follow-up on these proposals pending recovery from the COVID-19 pandemic.</p> <p>The process for developing the annual progress report appears to provide only limited scope for consultations with the broader constituencies. The Mongolia EITI Secretariat develops a draft of the report in the fourth quarter of the year, which the MSWG then reviews in November and the National Council approves at its annual December meeting. Several civil society stakeholders consulted expressed significant dissatisfaction at the process for developing the annual progress report, noting that the draft report for 2021 had only been circulated to the MSWG one day prior to its meeting to agree on the draft in November 2021, which had not provided sufficient time for consultations with the broader constituency. They considered that the circulation of draft work plans only shortly before their formal approval had been exacerbated during the pandemic, but that this was a trend before 2020 as well. There was considerable dissatisfaction from civil society about the timeliness of circulation of EITI documents (see <i>Requirement 1.4</i>), although government officials explained that delays were due to the impact of the COVID-19 pandemic. In its comments on the draft assessment, the civil society constituency called for discussion of an assessment of the governance and effectiveness of both EITI reporting and legal reform at the level of the EITI Mongolia National Council. The comments also called for an annual review of the outcomes and impact of EITI implementation, with attention to including the views of the broader constituencies.</p>
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New corrective actions and recommendations

- To strengthen implementation, Mongolia is encouraged to regularly consider the EITI implementation objectives as set out in its annual EITI work plan to ensure that they are linked to the EITI Principles, the EITI's strategic priorities and reflect national priorities for the extractive industries. Stakeholders engaged in the EITI process are encouraged to broaden the consultations with key stakeholders in the development of the annual EITI work plan, not limited to those directly involved in EITI implementation. To strengthen implementation, Mongolia is encouraged to explore innovative approaches to extending EITI implementation to inform public debate about natural resource governance and encourage high standards of transparency and accountability in public life, government operations and in business. Mongolia is also encouraged to undertake efforts to link the work plan to a monitoring framework.
- In accordance with Requirement 7.1, Mongolia should ensure that representatives from all three constituencies, including government and industry, are proactively engaged in outreach events to spread awareness of and facilitate dialogue about governance of extractive resources, building on EITI disclosures across the country in a socially inclusive manner. To strengthen implementation, Mongolia is encouraged to strengthen capacity-building efforts, especially with civil society and through civil society organisations, to improve understanding of the information and data from the reports and online disclosures and encourage use of the information by citizens, the media and others. The MSG should take steps to ensure that EITI data is informing discussions on extractive sector governance at the national and subnational level.
- To strengthen implementation, Mongolia is encouraged to ensure cooperation between Mongolia EITI and relevant government entities and companies to make systematically disclosed data machine readable and inter-operable, and to code or tag EITI disclosures and other data files so that the information can be compared with other publicly available data.

- In accordance with Requirement 7.3, Mongolia should ensure that there is a robust mechanism in place for consistently considering and following up on the recommendations resulting from EITI implementation, with a view to strengthening the impact of EITI implementation on natural resource governance.
- In accordance with Requirement 7.4, Mongolia should document its annual review of impact of EITI implementation in a publicly accessible document. All stakeholders should be able to participate in reviewing the impact of EITI implementation. Civil society groups and industry involved in the EITI, particularly, but not only, those serving on the MSWG and National Council, should be able to provide feedback on the EITI process and have their views reflected in the annual review of impact and outcomes. The annual review of outcomes and impact should include a narrative account of efforts to strengthen the impact of EITI implementation on natural resource governance, including any actions to extend the detail and scope of EITI reporting or to increase engagement with stakeholders. To strengthen implementation, Mongolia may wish to consider undertaking a dedicated assessment of the impact of EITI implementation over the past 15 years, as advocated by civil society representatives engaged in the EITI process.

3. Stakeholder engagement

This component assesses EITI Requirements 1.1 to 1.4, which relate to the participation of constituencies and multi-stakeholder oversight throughout the EITI process.

Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in annex to this report.

EITI Requirement and assessment	Summary of progress in addressing the EITI Requirement
<p>Government engagement (Requirement #1.1)</p> <p><i>Mostly met</i></p>	<p>The Secretariat’s assessment is that Requirement 1.1 is mostly met. Several stakeholders from industry and government considered that the Ministry of Mining and Heavy Industry (MMHI) had provided operational engagement in the EITI process but considered that the entire government constituency had not been fully, actively and effectively engaged in the EITI in the period under review. Several members of all constituencies attributed the decline in government engagement to be at least partly attributable to the EITI’s transition from being housed by the Prime Minister’s Office to the MMHI in November 2018. None of the civil society stakeholders consulted considered that the government had provided the high-level political leadership and operational engagement required to facilitate EITI implementation.</p> <p>There is little evidence of public statements of support for the EITI from senior government officials in the period under review. The last public commitment to the EITI was during the period reviewed by the previous Validation, in Government Resolutions 263-2017 and 308-2017. Deputy Minister of Mines and Heavy Industry D.Zagdjav reiterated the government’s commitment to the publication of extractive contracts at the launch of the ResourceContracts.mn contract portal in April 2019,. Ministry of Mines and</p>

	<p>Heavy Industries State Secretary G. Nandinjargal expressed commitment to the EITI in a letter to the International Secretariat announcing Mongolia's intention to join the Opening Extractives programme in 2021, although this does not appear to be a public document. The government host for EITI Mongolia was moved from the Prime Minister's Office to the MMHI in September 2018 with Government Resolution 289-2018. The implication was that the EITI Champion transitioned from the Prime Minister to the Minister of Mines and Heavy Industries. The current EITI Champion, Minister G.Yondon, has been in position since July 2020, when he replaced Minister D. Sumiyabazar, who had been in position since October 2017. Minister Yondon chairs the EITI Mongolia National Council, while State Secretary of the MMHI G.Nandinjargal chairs the MSWG. Both have attended EITI Mongolia meetings, including Minister Yondon's attendance at two National Council meetings (in December 2020 and 2021) and State Secretary Nandinjargal's attendance at eight MSWG meetings (including five in 2021). In practice, Deputy Minister N.Otgonshar has represented the Minister in EITI engagements and in meetings with stakeholders, including with the EITI Mongolia Secretariat, while the MMHI's Chief of Research and Investment E.Batbold has represented the State Secretary at MSWG meetings he could not attend. Civil society's input to the 'stakeholder engagement' template for this Validation considered that the transition from the Prime Minister's Office to the MMHI had been a setback for EITI implementation, given the impact on the seniority of government engagement in the EITI process.</p> <p>At the operational level, the appropriate government representatives appear represented on the National Council and MSWG, with their attendance at MSWG meetings in the 2018-21 period broadly consistent and at a relatively senior level (i.e., chiefs of sections or heads of department). However, MSWG attendance appears to have been more consistent from representatives from MMHI, the General Department of Taxation and the Mineral Resources and Petroleum Authorities of Mongolia (MRPAM) than from Cabinet Secretariat, Ministry of Finance (MoF), the Ministry of Environment and Tourism and provincial government officials (from Selenge aimag). EITI Mongolia's 2019 annual progress report raised concerns over the delegation of MSWG attendance to lower-level government officials. Several government officials considered that the engagement of the MMHI had been far more consistent than from other government ministries and departments in the period under review. Civil society's input to the 'stakeholder engagement' template for this Validation highlighted concerns that the number of government officials attending EITI meetings without having decision-making power given their position had increased in the 2020-21 period. There is however evidence of consistent engagement in EITI outreach and dissemination activities on the part of the MMHI, as documented in the MSG's 'outcomes and impact' template submitted for this Validation, although participation from other relevant government entities remains unclear.</p> <p>The government's submission of data for EITI reporting has been broadly consistent, with the MSWG categorising government reporting as "80% satisfactory" in its 2020 annual progress report. In the latest (2020) EITI Report, the majority (seven of eight) of material government entities at the national level reported, although participation from subnational governments</p>
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	<p>was slightly weaker (17 of 21 aimags and six of ten municipalities and districts). Government officials consulted highlighted plans to appoint EITI focal points in each government entity in 2022 in order to improve coordination and data reporting. However, there is little evidence of government follow-up with non-reporting companies and government entities to ensure comprehensive disclosures. There is little documented evidence of government EITI representatives canvassing officials not directly represented on the National Council or MSWG, although some government representatives consulted explained that EITI Mongolia was now institutionalised within the MMHI, which meant that there were broader consultations as for all government departments.</p> <p>The government appears to have taken some steps to overcome barriers to EITI implementation in this period, for instance through the MMHI's actions to procure the Independent Administrator on an annual basis. Government officials' policies and statements in support of contract disclosure, beneficial ownership transparency and systematic disclosures indicate a broadly enabling environment for EITI implementation. The MMHI has prepared a draft of the "Law on transparency in the extractive industries" (also known as the "EITI law"), which is planned to be submitted to Parliament in the spring 2022 session, although several government and industry stakeholders consulted considered this was likely to be delayed given plans to first enact amendments to the Mining Law and the Law on Mineral Commodities Exchanges. However, stakeholder views on the government's operational engagement in creating the conditions for successful EITI implementation varied. Several government officials considered that the government was taking actions to overcome barriers to implementation, although several CSOs consulted criticised the alleged lack of leadership by the government in MSWG discussions on the scope of EITI implementation and in follow-up on EITI recommendations (see <i>Requirement 7.3</i>).</p> <p>The government has continued to provide some funding for EITI implementation in the 2018-21 period, although it has been on a declining trend. Disbursements of government funding for EITI declined from MNT 436.3 billion in 2018 to MNT 205.9 billion in 2021, with a total of MNT 202.6 billion budgeted for 2022. This has covered the costs of the annual EITI Report as well as overhead costs for the EITI Mongolia Secretariat. Following the end of World Bank grant funding in 2018, the European Bank for Reconstruction and Development (EBRD) provided some funding for implementation in 2019, before the Asian Development Bank (ADB) took over donor funding in 2020-21. Total donor funding for EITI implementation in Mongolia declined from USD 203,643 in 2018 (from the World Bank) to USD 46,450 in 2019 (from the EBRD), before rising to USD 87,034 in 2020 and USD 124,366 in 2021 (from the ADB). A USD 500,000 grant from the World Bank has been secured for 2022-23, which is meant to cover project, but not operational, expenses related to EITI implementation, with a particular focus on strengthening systematic disclosures. While most stakeholders consulted considered that government funding was not substantial and had declined, several also considered that government funding had been essential to sustain EITI activities in the period under review. However, civil society's 'stakeholder engagement' submission for this Validation and stakeholder</p>
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	<p>consultations indicated that EITI Mongolia Secretariat staff were unpaid in 2019 and that many activities of the 2019 EITI work plan were not implemented as a result. The Open Society Foundation (OSF) paid the salary of the secretariat's IT consultant for several months in 2019 in order to maintain the eReporting platform. The government has however funded the annual USD 10,000 contribution to the EITI International Secretariat, which government officials considered was a reflection of the government's commitment to the EITI. In its comments on the draft assessment, the EITI Mongolia Secretariat stated that remedial plans to address weaknesses in government engagement in the EITI process would be deliberated and would lead to high-level statements. In their comments on the draft assessment, civil society argued that both the government's high-level commitment and support had weakened in the period under review, given that the EITI National Council and MSWG had been transferred from the Prime Minister's Office to the MMHI. They also expressed concern over the alleged perception by the MMHI of the EITI as an 'initiative' rather than requiring implementation of binding commitments to the international community, which was one of the reasons why stakeholders considered it important to enact legislation on extractive industry transparency that would establish the EITI Mongolia as a permanent organisation. They further expressed concern at the fact that the draft law on transparency in the extractive industries had not yet been submitted to Parliament, despite having been drafted in 2020. Finally, they highlighted the importance of coordination and engagement of all government entities required to be involved in the EITI process.</p>
<p>Industry engagement (Requirement #1.2)</p> <p><i>Mostly met</i></p>	<p>The Secretariat's assessment is that Requirement 1.2 is mostly met. Most stakeholders consulted from various constituencies, including industry, considered that while MSG members from industry actively engaged in EITI activities, there was little evidence of full, active and effective engagement in the EITI process on the part of the broader industry constituency. There was consensus among stakeholders consulted that oil and gas companies were significantly less engaged than the mining industry, although this should be considered in the context of a much larger mining sector. However, none of the stakeholders consulted considered that there were obstacles to company participation in the EITI, aside from industry representatives highlighting the lack of a robust legal basis for ensuring company participation in EITI reporting to date.</p> <p>There is evidence of significant industry participation in EITI reporting, particularly among larger companies, although there is significantly less indication of industry engagement in other aspects of EITI implementation, such as participation in outreach and dissemination. The constituency's representation on the MSWG appears broadly representative of the structure of the extractive industries, with nine of the 11 members from the mining sector and two from oil and gas. All of the companies directly represented on the MSWG are at the production stage, although representatives from the Mongolian National Mining Association (MNMA) and Mongolian Coal Association (MCA) are meant to also represent mining companies at the exploration stage. In practice, attendance from five industry MSWG members from the two associations, Oyu Tolgoi, Erdenes Mongol and Rio Tinto has been more regular than that of the other six members. The procedures for</p>

	<p>nominating MSWG members from the mining are codified by the MNMA, although the procedures for the selection of oil and gas MSWG members are unclear (see <i>Requirement 1.4</i>). A review of MSWG meeting minutes indicates that industry MSG members have focused their interventions on reporting-related issues, rather than other aspects of EITI implementation.</p> <p>The mechanisms for coordination on EITI matters with the broader constituency appear to be driven by the MNMA, although there do not appear to be any mechanisms for coordination with non-MNMA member companies or oil and gas companies. There is little evidence of industry participation in EITI-related outreach and dissemination activities, although Mongolia's progress reports highlight extractive companies' participation in four training sessions each in 2020 and 2021, focused on capacity building on new EITI reporting templates for the eReporting portal. Stakeholder consultations did not indicate proactive engagement by companies in outreach and dissemination activities, although some companies appeared to participate in subnational outreach in areas of their operations.</p> <p>There appears to continue to be an enabling environment for company participation in the EITI process, consistent with the period reviewed by the previous Validation and confirmed by industry members consulted as well as industry's submissions to the 'stakeholder engagement' template for this Validation. In practice, the majority of material companies have participated in EITI reporting, with 179 of 202 material companies reporting for 2018, 161 of 171 material companies in 2019 and 57 of 60 material companies in 2020. The level of company submissions to the eReporting portal, which is required of all extractive license-holders, is however much broader than reporting by material companies included in the reconciliation. A total of 1,472 of 2,093 companies required to participate in the eReporting submitted the requested information in 2019, which remained relatively stable at 1,419 of 2,363 companies in 2020. Industry representatives consulted considered that compliance with EITI reporting obligations was considered satisfactory on the part of larger mining companies, but that there was concern about the lack of reporting from smaller operators. Industry stakeholders consulted did not highlight any follow-up by the industry constituency with non-reporting companies and reflected a broad view that such follow-up was the government's responsibility. Several stakeholders from government and industry considered that the majority of mining license-holders were simply holding the licenses while they sought to raise investment, and that only a total of 250 mining companies were really active in Mongolia in 2020. Certain government officials consulted highlighted some reporting fatigue on the part of companies, who sometimes complained about the 20 different data points they were requested to report annually. Government officials highlighted the launch of annual transparency awards in 2020 to incentivise company participation in the EITI process. They noted that sanctions had not been applied for company non-reporting to date, as the government was seeking to incentivise their participation. In its comments on the draft assessment, the EITI Mongolia Secretariat stated that remedial plans to address weaknesses in industry engagement in the EITI process would be deliberated and would lead to high-level statements. In its comments on the draft assessment, civil society called for greater coordination of the industry constituency by the</p>
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	<p>industry associations engaged in the EITI process and considered that larger extractive companies engaged in the EITI should set an example and follow up with medium- and small-sized companies to increase their participation in the EITI process. In its comments on the draft assessment, the Mongolian National Mining Associations expressed commitment to work to strengthen the industry constituency's engagement in the EITI process in future.</p>
<p>Civil society engagement (Requirement #1.3)</p> <p><i>Fully met</i></p>	<p>The Secretariat's assessment is that Requirement 1.3 is fully met. Most stakeholders consulted considered that the objective of civil society's full, active and effective engagement in the EITI process had been fulfilled. Many civil society stakeholders consulted expressed frustration at the level of engagement of other constituencies and at Parliamentary proposals for new legislation that could curb civil society engagement in future if enacted, although opinions of CSOs consulted differed over whether there had been any government constraints on civil society's engagement in natural resource governance in the period under review. None of the industry or government stakeholders consulted considered that there were any government constraints on civil society engagement in public debate on natural resource governance. Some CSOs both on and off the MSWG considered that there had been government constraints on the freedom of expression of CSOs undertaking public interest litigation related to the extractive industries, even if they were not involved in EITI implementation, as well as deviations from legal procedures providing citizens with access to decision-making, both within the EITI and more broadly. The Secretariat's view is that the objective of full, active and effective civil society engagement in EITI implementation has been fulfilled.</p> <p>There are no indications of any government constraints on civil society's engagement in public debate related to the EITI process since the period reviewed in the previous Validation. Mongolia's ranking in Freedom in the World has remained unchanged at 'free' since 2018, while its assessment by Civicus has improved from 'obstructed in 2018 to 'narrowed' in 2021. A draft Law on NGOs has been discussed in Parliament since November 2019, replaced by draft Laws on Public Benefit Activities, on Foundations and on Associations. The proposed reforms have raised significant concerns (including from the International Center for Not-for-profit Law) over proposals to strengthen the government's oversight of NGO registrations, potential restrictions on NGOs' operations and proposals for all NGOs to convert to either foundations or associations. Many CSOs consulted considered that the current bills would impose significant constraints on their freedoms of operation and association if implemented. The bills had yet to be enacted, according to CSOs consulted, but were included in the spring session of Parliament starting on 1 April 2022. However, CSOs consulted noted that consultations between NGOs and the government continued as of March 2022. Mongolia's Parliament enacted Asia's first Law on the Legal Status of Human Rights Defenders in April 2021, which was welcomed by international NGOs for introducing new protections for human rights workers. However, civil society stakeholders consulted considered that the legal protections had not yet been implemented to date.</p>

	<p>There is extensive evidence of civil society’s full and active engagement in all aspects of the EITI process, including in participating in the public debate on natural resource governance. The constituency’s ‘stakeholder engagement’ submission for this Validation lists many examples of CSOs voicing public views that are critical of government and industry, including reports, press articles and community engagements. All CSOs engaged in EITI implementation, including from the broader constituency, do not appear to have faced challenges in their operations, including in accessing funding from international sources. This was confirmed in civil society’s submission for this Validation. However, several CSOs outside of the MSG consulted during Validation alleged that some NGOs engaged in public interest litigation had faced what they considered to be intimidation as a result of their use of public interest litigation in extractive cases. Several CSOs spoke of incidents of pressure, stigmatisation, and hate speech on social media, although these forms of intimidation were only generally attributed to government alongside pressure from companies and members of the broader community. However, the CSOs did not attribute the alleged intimidation to a concerted government effort but considered that specific government officials were likely involved in collusion with mining companies. Several cases were cited of CSOs members of the PWYP Mongolia coalition engaged in public litigation, who had the impression of being followed and their communications monitored after the start of the litigation, although the CSOs involved only suspected the involvement of government in these forms of alleged intimidation, an allegation that was not supported by documented evidence. There is no evidence of these allegations in any documents submitted by Mongolia EITI for this Validation or highlighted in press coverage reviewed in this Validation. Nonetheless, the CSOs involved alleged collusion between companies targeted involved in the litigation and government officials, which they considered led to the alleged government efforts to intimidate CSOs bringing the litigation. The CSOs consulted noted that this case had not been raised to the attention of the MSG or National Council, nor included in the civil society’s template submission for this Validation, given that these constraints were not considered to be strictly related to the EITI process. However, several CSOs engaged in the EITI considered that the EITI protocol: Participation of civil society covered all civil society activities related to the extractive industries, and thus that alleged intimidation of CSOs undertaking litigation was considered a breach of the protocol. Other CSOs consulted considered that the government tended to ignore civil society’s requests for information rather than impose constraints or intimidation on civil society activists.</p> <p>Civil society participation in EITI activities is driven primarily by PWYP Mongolia and its members, with civil society’s ‘stakeholder engagement’ submission for this Validation noting that engagement from Mongolian Environmental Civil Council (MECC) had been weak, with none of their members attending any EITI activities in the 2020-21 period. Several CSOs consulted raised concerns over alleged conflicts of interest of MECC members due to their funding from government and companies (in a similar way as in previous Validations), but they did not consider that the MECC representatives’ absence from the EITI since 2019 posed a challenge for EITI implementation given that their past engagement was not considered to be particularly active. The PWYP Mongolia coalition accounts for the large majority of the civil society constituency</p>
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	<p>engaged in the EITI process, including in their representation on the MSWG and National Council (see <i>Requirement 1.4</i>). The mechanisms for the constituency's coordination on EITI issues have been further strengthened in 2021, with the launch of the miningwatch.mn website aimed at facilitating feedback from the broader constituency, particularly at the subnational level.</p> <p>Civil society appears to have been a key driver of the EITI process in the 2018-21 period. Civil society stakeholders engaged in the EITI at the national level appear to have sufficient capacities, although capacities of CSOs at the subnational level vary considerably according to stakeholders consulted, with CSOs member of the PWYP coalition usually more capacitated than other grassroots organisations. The constituency has developed several new websites and tools that have strengthened EITI implementation, including an online extractive contracts portal, an online database of beneficial ownership data disclosed in EITI Reports, and an online application for communities and herders in the Dornogobi Province with information on key mining projects and their rights.</p> <p>Evidence submitted by civil society for this Validation indicates that the constituency has used the EITI process to promote public debate through public events and workshops, which have been primarily online in the 2020-21 period. Indeed, civil society has been a key driver of dissemination and outreach (see <i>Requirement 7.1</i>). However, civil society's 'stakeholder engagement' template and consultations indicated significant frustration at civil society challenges in influencing decision-making on the MSWG and National Council (see <i>Requirement 1.4</i>). There are legal provisions for public hearings to be held in the government's formulation of policies and draft laws, in accordance with the Law on Public Hearings. However, several CSOs consulted noted that the new government had not fully respected these legal provisions since 2020, as they were seen as being selective in which NGOs to invite to public hearings and had only released draft legislation, such as the draft of the Law on the Sovereign Wealth Fund, following civil society advocacy for the publication of the draft law in national media. One CSO consulted considered that the government had been less receptive to working with civil society on policy and legal reforms since 2020. However, in its comments on the draft assessment, the civil society constituency argued that the MMHI implemented its legal obligations for public consultations on proposed legal reforms in practice. The Secretariat notes with concern the views of some civil society stakeholders consulted that the application of legal provisions facilitating public participation in policy making but refers to Provision 2.5 of Requirement 1.3 in the Validation Guide, which states that such findings should be noted for contextual purposes rather than for the purposes of the assessment. While the concerns over alleged intimidation of some CSOs involved in public interest litigation related to the extractive industries is a concern, the Secretariat's view is that the evidence of government constraints appears circumstantial and does not appear to indicate a coordinated and concerted attempt by the government to curb civic space in relation to natural resource governance or civil society engagement in the EITI process. Thus, the Secretariat's view is that civil society has proactively participated in the EITI process and that there have not been any documented breaches of the EITI protocol: Participation of civil society in the period under review. In its</p>
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	<p>comments on the draft assessment, the EITI Mongolia Secretariat stated that civil society representatives engaged in the EITI process were satisfied with their engagement in the EITI, which was considered a positive achievement.</p>
<p>Multi-stakeholder group (Requirement #1.4) <i>Mostly met</i></p>	<p>The Secretariat’s assessment is that Requirement 1.4 is mostly met. Most stakeholders consulted considered that the appropriate stakeholders were represented on the MSG, but the majority of views indicated that the level of engagement varied considerably across different MSG members. The majority of stakeholders consulted considered that the MSG’s oversight of all aspects of EITI implementation had weakened in the period under review, although opinions over the reasons for the weakening oversight varied. The Secretariat’s view is that the weaknesses in multi-stakeholder oversight of EITI implementation appear to have caused gaps in other aspects of the EITI process, including in the provision of data from certain government entities and companies (see <i>Requirement 4.1</i>), input from the broader government and industry constituencies to key EITI documents such as the work plan and annual progress report (see <i>Requirements 1.5 and 7.4</i>), follow-up on EITI recommendations (see <i>Requirement 7.3</i>) and multi-stakeholder participation in outreach and dissemination (see <i>Requirement 7.1</i>). However, given that the MSWG is nonetheless making progress with all aspects of EITI implementation, the Secretariat’s view is that the objective of multi-stakeholder oversight of the EITI process is mostly fulfilled.</p> <p>The procedures for appointing MSG members from all three constituencies have not changed since the period reviewed in the previous Validation, aside from the transition of the senior government leadership (including chairing of the National Council and MSWG) to the MMHI (see <i>Requirement 1.1</i>). There is no indication that any of the constituencies have revised their MSG nominations procedures in light of provisions of the 2019 EITI Standard, in particular related to gender considerations in MSG representation. In practice, there has been a renewal of the civil society representation on the National Council and MSWG in January 2019 and of the government representation in July 2020, while industry representation has only changed in light of rotations of staff within companies (the majority of industry National Council members have been in position since July 2012). There is no suggestion of interference in each constituency’s nominations. Available evidence indicates that the invitation to participate in the MSWG was open and transparent in civil society’s latest renewal of its membership in January 2019. The appointments of the civil society constituency are clear for the eight members of the National Council and nine members of the MSWG from the PWYP Mongolia coalition, codified in PWYP Mongolia’s governing regulations, as described in the ‘stakeholder engagement’ template submitted for this Validation. The procedure for appointing other civil society members from the MECC remain unclear, however. The MSWG nominations procedures for industry are led by the MNMA for mining, although there does not appear to be a document publicly codifying these procedures and the process for nominating oil and gas industry representatives does not appear to be codified. While industry and civil society nominations are submitted for approval to the MSWG, this appears to be a procedural step and none of the stakeholders consulted</p>

	<p>highlighted any instance when the MSWG did not approve the nominations from either constituency.</p> <p>The Terms of Reference of the National Council and MSWG have not been revised since November 2017, during the period reviewed in the previous Validation. Thus, the MSG’s governance documents were assessed as consistent with Requirement 1.4.b of the 2016 EITI Standard but have not been updated to take account of new provisions of the 2019 EITI Standard regarding provisions related to the EITI Code of Conduct. The MSG and the National Council have continued holding regular meetings since 2020 in an online format due to the COVID-19 pandemic. There appear to have been deviations from provisions of these ToR, particularly at the level of the MSWG, in the 2018-21 period. In particular, stakeholder consultations raised concerns over the consistency of attendance at MSWG meetings, capacities of stakeholders engaging in MSWG activities, the level of MSWG members liaising with their respective constituencies, as well as the MSWG’s decision-making and advance circulation of documents.</p> <p>Review of MSWG attendance records in the ‘stakeholder engagement’ template for this Validation indicates that engagement has been uneven across the government and industry constituencies, but consistent on the part of the majority of civil society members (with the exception of MECC representatives that have not attended any meetings in the 2020-21 period). Attendance by government in this period has been driven by MMHI, the General Department of Taxation and the Mineral Resources and Petroleum Authorities of Mongolia (MRPAM), while industry’s attendance was driven by the two associations, Oyu Tolgoi, Erdenes Mongol and Rio Tinto. Other MSWG members from these constituencies have only participated in an ad hoc manner to certain meetings. Several stakeholders consulted from all constituencies, together with the views submitted in the ‘stakeholder engagement template’, indicate that attendance by government officials has deteriorated since the transition of the EITI to the MMHI. The delegation of attendance by a majority of senior government officials to proxies was seen by several stakeholders as negatively impacting on their ability to take decisions during EITI meetings. Civil society’s submission to the ‘stakeholder engagement’ template raise significant concern over the rise in absenteeism and delegation to proxies without decision-making power in the 2020-21 period. In practice, review of MSWG meeting minutes indicates more active participation in MSWG discussions from civil society and the MMHI than from other constituencies. The MSWG has sustained its oversight of the main aspects of EITI implementation in the period under review, including annual reporting and dissemination, and has discussed some aspects of broader extractive industry governance, such as proposed reforms of the Minerals Law. However, the MSWG has tended to delegate the defining of the scope of EITI implementation and oversight of the EITI reporting process to the Mongolia EITI Secretariat. The MSWG regularly discusses progress in work plan execution, although it has tended to delegate the drafting of the work plan and design of EITI activities to the secretariat, with input from civil society MSWG members.</p>
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	<p>There appears to be a mechanism in place for civil society members from PWYP Mongolia to regularly consult their broader constituency, although there is no evidence of consultations on the part of civil society members from the MECC. In industry, the MNMA appears to play the central coordinating role for the constituency, although the consultation mechanism appears to be ad hoc and informal, while there is no evidence of other industry members consulting the broader constituency, including in oil and gas. There does not appear to be any procedure or practice for government members to consult the broader constituency, including government entities not directly represented on the MSWG and National Council.</p> <p>The ‘stakeholder engagement’ template submitted for this Validation indicated that not all MSWG members proposed additions to the agenda of meetings in practice given different levels of capacity and knowledge. However, civil society’s submission for this Validation indicated significant frustration at repeated attempts by civil society MSWG members to propose additions to the agenda that did not lead to action following MSWG discussions given the lack of support from other constituencies. For instance, several CSOs consulted noted that they had opposed the decision to opt for “flexible” EITI reporting for 2020 but had been over-ruled by other constituencies on the MSWG. The rules for decision-making by consensus and two-third majority voting have remained unchanged since the previous Validation and appear to have been broadly respected in practice. However, civil society’s submission for this Validation indicates the constituency’s frustration at the lack of decision-making in accordance with proposals from civil society. While government and industry stakeholders consulted expressed satisfaction at how the MSWG operated in practice, civil society’s ‘stakeholder engagement’ submission for this Validation and views expressed during consultations noted that key documents such as draft EITI Reports, work plans and annual progress report had only been sent to MSWG members one day ahead of planned meetings in the 2020-21 period, which did not allow sufficient time for consultations even among MSWG members.</p>
New corrective actions and recommendations	
<ul style="list-style-type: none"> • In accordance with Requirement 1.1, Mongolia should ensure that the government is fully, actively and effectively engaged in the EITI process, including in ensuring government participation in EITI activities at a senior level to enable meaningful oversight of EITI implementation as well as in the provision of technical and financial resources for implementation. The government should ensure regular public statements of support for the EITI from senior government officials. The senior government official appointed to lead EITI implementation should have the authority and freedom to coordinate action on the EITI across relevant ministries and agencies and be able to mobilise resources for EITI implementation. • In accordance with Requirement 1.2, Mongolia should ensure that extractive companies are fully, actively and effectively engaged in the EITI process, including in the provision of required data, attendance at EITI activities and in providing input to the design and implementation of all aspects of the EITI process. • To strengthen implementation, Mongolia is encouraged to ensure that legal provisions to ensure public participation in policy making related to extractive sector governance are consistently implemented in practice. Mongolia is encouraged to use its EITI implementation to provide an enabling forum for open discussion between government, industry and civil society about all 	

aspects of natural resource governance, including the environment for citizen participation in both the EITI process and broader public debate on natural resource governance.

- In accordance with Requirement 1.4, Mongolia should ensure that the EITI Mongolia governance documents, including the Terms of Reference for the Multi-Stakeholder Working Group (MSWG) and National Council, are updated to take account of new aspects of the 2019 EITI Standard related to the MSWG's oversight of EITI implementation, including in the gender aspects of representation and adherence to the EITI Code of Conduct. Members of the MSWG and National Council should have the capacity to carry out their duties and ensure that their attendance at EITI activities is sufficiently consistent to support the multi-stakeholder oversight of the EITI process. Members of the MSWG and National Council should liaise with their constituency groups, particularly within government and industry. Mongolia is required to ensure an inclusive decision-making process throughout implementation, with each constituency being treated as a partner and with the right for any member to table an issue for discussion. There should be sufficient advance notice of meetings and timely circulation of documents prior to their debate and proposed adoption. The MSWG should be sufficiently engaged in the EITI reporting process, in ensuring oversight of implementation by evaluating impact through progress reports and monitoring progress of implementation through work plans. To strengthen implementation, Mongolia is encouraged to use its EITI MSWG as a platform for discussing broader issues related to natural resource governance, including the environment for citizen participation in decision-making related to the extractive industries.

4. Transparency

This component assesses EITI Requirements 2 to 6, which are the requirements of the EITI Standard related to disclosure.

Overview of the extractive sector (Requirements 3.1, 6.3)

Overview of progress in the module

Mongolia systematically discloses significant information on the extractive industries and their contribution to the national economy through different government portals. Disclosures through the EITI have added value by providing annual updates of significant ongoing exploration activities, government extractive revenues as well as detailed information on extractive employment. However, several of the standalone portals formerly operated by MRPAM covering geological data and information for investors no longer appear operational. There is scope for Mongolia to use its EITI implementation to work with relevant government entities such as MRPAM, the MoF, the National Statistics Organisation and others to strengthen their systematic disclosures of information on the extractive industries and their macro-economic contributions.

Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in annex to this report.

EITI Requirement and assessment	Summary of progress in addressing the EITI Requirement
<p>Exploration (Requirement #3.1)</p> <p><i>Exceeded</i></p>	<p>The Secretariat's assessment is that Requirement 3.1 is exceeded. Stakeholders consulted did not express any views on whether the objective of public access to an overview of the extractive sector had been fulfilled. The Secretariat's view is that the objective has been exceeded, with extensive systematic disclosures by government of much of the required information.</p> <p>The extractive industry regulator, MRPAM, publishes information on the mining, oil and gas sectors through its monthly statistical bulletins. While MRPAM formerly operated standalone websites for investors and on geological data, these websites no longer appear operational. However, MRPAM's monthly bulletins provide some limited information on ongoing exploration activities. Mongolia's EITI reporting has provided an overview of the extractive industries, including an overview of the main projects and companies as well as updates on significant ongoing exploration activities. The 2020 EITI Report also discloses significant information on artisanal and small-scale mining. There is scope for EITI Mongolia to resume its work with MRPAM to further strengthen systematic disclosures of this information through government portals such as MRPAM's. In its comments on the draft assessment, the EITI Mongolia Secretariat noted that MRPAM discloses mineral reserves, deposits (by grade) and number of licenses on a monthly basis (e.g., here for May 2022). It also noted that EITI Mongolia had amended company reporting templates to require extractive companies to report their reserves to the EITI on an annual basis.</p>
<p>Contribution of the extractive sector to the economy (Requirement #6.3)</p> <p><i>Fully met</i></p>	<p>The Secretariat's assessment is that Requirement 6.3 is fully met. Stakeholders consulted did not express any views on whether the objective of public understanding of the extractive industries' contribution to the national economy had been fulfilled. The Secretariat's view is that the objective has been fulfilled given extensive information provided by EITI disclosures, building on government sources, although all of the required information is not yet systematically disclosed on government portals.</p> <p>Mongolia has used its EITI reporting to centralise information on the extractive industries' contribution to the economy, including data on the extractive industries' contribution, in absolute and relative terms, to Gross Domestic Product (GDP), government revenues and exports. Mongolia has used its EITI reporting to disclose detailed information on employment at over 500 companies, broken down by type of occupation, gender and distinguishing local from expatriate employees, although there are gaps due to non-reporting by some extractive companies. In its comments on the draft assessment, the EITI Mongolia Secretariat highlighted that EITI Mongolia reporting templates had been amended to request information from companies on employment including disabilities and average salaries. Nevertheless, employment data is available in absolute and relative terms from the National Statistics Organisation website. Consultations with civil society reflected the strong public interest in employment information in particular, given concerns over the lack of sufficient local employment linked to investments in the extractive industries. Government portals such as MRPAM's cadastre and the EITI</p>

	Mongolia open data portal provide ample information on the location of extractive activities.
New corrective actions and recommendations	
<ul style="list-style-type: none"> • To strengthen implementation, Mongolia is encouraged to work with relevant government entities and extractive industry associations to strengthen systematic disclosures of ongoing and planned exploration activities, geological data and disclosures aimed at investors in the mining, oil and gas sectors. • To strengthen implementation, Mongolia is encouraged to work with relevant government entities and extractive industry associations to strengthen systematic disclosures of data on the extractive industries' contribution to the national economy, in particular related to employment data disaggregated by gender, company and occupation as well as on informal extractive activities. 	

Legal environment and fiscal regime (Requirements 2.1, 2.4, 6.4)

Overview of progress in the module

Information on the legal and regulatory environment for the extractive industries, including details of the fiscal regime, contractual terms and conditions, and the roles of different government entities is systematically disclosed on various government websites in Mongolia. Mongolia has used its EITI reporting to centralise access to these sources of information and track ongoing and planned reforms related to the extractive industries on an annual basis.

Mongolia has used its EITI implementation to formalise the government's pro-disclosure policy and established an open contracts portal in a process driven by civil society. Mongolia has published a large number of contracts, ranging from contracts governing the exploration and exploitation of extractive resources to local development agreements between companies and local government and communities. However, there has been no systematic review of all active contracts to publicly clarify any contracts that may not have been published to date, including all contractual documents such as annexes, amendments and riders. There have been no new publications of contracts since 2019. The EITI Mongolia's work on contract disclosure has not yet been replicated for minerals and mining licenses, which are also covered under Requirement 2.4. The MSWG and National Council have included plans to publish all contracts concluded in 2020-22 in its 2022 work plan. However, the process remains unclear for EITI Mongolia to follow up on the publication of older contracts as well as some annexes, amendments and riders that appear to be missing from some exploration and exploitation contracts published to date (e.g., some oil and gas PSAs), although publications of contracts awarded or amended prior to 2021 is only encouraged under Requirement 2.4.a. Thus, while Mongolia has made progress in clarifying the rules and practices of contract disclosure related to both contracts concluded prior to 2021 and since then, including in improving the accessibility of contracts, the Secretariat's view is that the objective of ensuring public understanding of the contractual rights and obligations of extractive companies is mostly fulfilled.

Mongolia has used its EITI reporting since 2015 to track extractive companies' contributions to environmental rehabilitation funds but has recently extended these disclosures to provide an overview of relevant legal provisions and administrative rules as well as actual practice related to environmental management and monitoring of extractive investments. The Environmental Information Centre website provides a database of approved [environmental impact assessments](#) and [environmental audit reports](#), although companies' [environmental management plans and reports](#) do not yet appear to be accessible online. Mongolia's EITI reporting has provided overviews of individual companies' EIAs, and environmental remediation plans as well as their contributions to environmental rehabilitation funds but does not highlight cases of companies that have not adhered to their environmental management obligations, where applicable, despite significant civil society interest in this issue. There is scope for Mongolia to expand its use of EITI disclosures to more consistently track extractive companies' adherence to legal and contractual obligations related to the environment, as well as on the efficiency of sanctioning mechanisms in practice.

Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in the annex to this report.

EITI Requirement and assessment	Summary of progress in addressing the EITI Requirement
<p>Legal framework and fiscal regime (Requirement #2.1)</p> <p><i>Exceeded</i></p>	<p>The Secretariat's assessment is that Requirement 2.1 is exceeded. Stakeholders consulted did not express particular views on whether the objective of public understanding of the legal and regulatory framework for the extractive industries had been fulfilled, although there was a general contentment on the availability of laws and regulations once enacted (despite civil society concerns over circulation of draft legislation and regulation covered under Requirement 1.3). Summary descriptions of the legal framework, fiscal framework and institutional structures governing the hydrocarbons and minerals sectors are disclosed on government websites and reviewed through EITI reporting. Mongolia has added value by providing overviews of ongoing and planned reforms in the extractive industries on an annual basis, although centralised information on ongoing legal and regulatory reforms related to the extractive industries is not yet systematically disclosed. Some stakeholders highlighted that English-language versions of laws and regulations had been published alongside the Mongolia originals in 2021, which was considered a significant step by several stakeholders consulted given the significant foreign investment in the extractive industries. In its comments on the draft assessment, the EITI Mongolia Secretariat noted the May 2022 implementation of a new law on public accessibility of data, which requires relevant government bodies to disclose information on beneficial owners, procurement, licenses and contracts as well as SOEs, which it considered to exceed the requirements of the EITI Standard. Civil society's comments on the draft assessment argued for a downgrade in the preliminary assessment to 'mostly met', given the lack of systematic disclosures related to ongoing or planned legal and regulatory reforms. On balance, the Secretariat's view is that Requirement 2.1 is exceeded given the systematic disclosures of most information on the legal and</p>

	<p>regulatory framework for the extractive industries, with EITI reporting adding value by tracking ongoing reforms.</p>
<p>Contracts (Requirement #2.4)</p> <p><i>Mostly met</i></p>	<p>The Secretariat's assessment is that Requirement 2.4 is mostly met. Most stakeholders consulted agreed that the broader objective of public understanding of the contractual rights and obligations of extractive companies had been mostly fulfilled given the lack of publication of contracts since 2020. While many contracts concluded prior to 2021 have been disclosed, the latest contracts disclosed date to 2019, with several older published contracts missing annexes containing key terms and conditions. It is unclear whether any mining, oil and gas contracts were concluded or amended since 1 January 2021, although there have been hundreds of minerals and mining license awards in that period. None of the full-text of mining exploration and production licenses appear to have been disclosed to date.</p> <p>A total of 895 contracts and 162 annotations have been disclosed on the portal, although this includes a range of contractual documents ranging from the Oyu Tolgoi investment agreement to local development agreements between extractive companies and local governments and communities. EITI Mongolia has made plans to disclose all contracts, including dedicating Objective 6 of its 2022 work plan to publishing contracts concluded in 2020-22. Mongolia has used its EITI reporting to document the government's policy on disclosure of contracts that govern the exploration and exploitation of oil, gas and minerals. However, the government's policy and actual practice of disclosure of the full text of licenses is unclear. Nonetheless, civil society (OSF, PWYP) drove the process of establishing Mongolia's open contracts portal, which is now operated jointly with EITI Mongolia and MMHI. This has been a significant development in improving the accessibility of key contracts in the mining, oil and gas sectors. While a majority of contracts governing the exploration and exploitation of oil, gas and minerals appear to have been published, there are some notable omissions such as the annexes to production sharing agreements (PSAs) of companies at the production phase (PetroChina and Donsheng) for instance. However, the full text of mining licenses does not appear to be publicly disclosed, with only limited information about the terms of the license available on the MRPAM cadastral portal and the Mongolia Open Data Lab portal rather than the full text of the mining license. There does not appear to have been a systematic review (by EITI Mongolia or other stakeholder) of all active licenses and contracts in the mining, oil and gas sectors, including any annexes, amendments and riders, indicating which have been published and which have not. While EITI Mongolia has not published any explanation for the deviation between government policy and practice related to contract disclosure nor documented any legal or regulatory barriers to doing so, stakeholder consultations indicated that there are no legal barriers to disclosure of all contractual documents. In its comments on the draft assessment, the EITI Mongolia Secretariat noted that licenses and contracts would be publicly disclosed when awarded or concluded in accordance with provisions of the new law on public accessibility of data, implemented since May 2022. It highlighted the value of the Open Contracts website and the MRPAM cadastral portal.</p>

<p>Environmental impact (Requirement #6.4)</p> <p><i>Not assessed</i></p>	<p>The Secretariat’s assessment is that Requirement 6.4 remains not assessed in the period under review. Some civil society stakeholders and development partners consulted welcomed the additional coverage of environmental impacts in Mongolia’s more recent EITI Reports, but several civil society representatives did not consider that the objective of assessing extractive companies’ adherence to environmental obligations had yet been fulfilled given calls for stronger monitoring of actual environmental management efforts in practice. Several CSOs also questioned the management of company contributions to environmental rehabilitation funds and called for more transparency in this area. Industry and government stakeholders consulted did not express views on this issue, other than noting that such disclosures were considered a priority by CSOs involved in the EITI process. The Secretariat’s view is that Mongolia’s efforts to clarify the rules and practices related to environmental management in the extractive industries is commendable but has not yet fully met public demands for information, particularly in identifying those extractive companies that may not have complied with their environmental management responsibilities.</p> <p>Mongolia has used its EITI reporting to clarify the relevant legal provisions and administrative rules as well as actual practice related to environmental management and monitoring of extractive investments. The 2020 EITI Report also provided disclosures of water consumption and waste management. However, there is scope to expand coverage of ongoing or planned reforms in this area and to work with government entities like the Environmental Information Centre to disclose environmental management plans and reports online. Mongolia EITI has disclosed information on regular environmental monitoring procedures and administrative processes of governments, as well as environmental rehabilitation and remediation programmes. It has not yet extended this coverage to the application of sanctioning mechanisms for non-compliance nor provided a comprehensive overview of extractive companies’ environmental liabilities. There appears to be significant public interest in these issues, based on consultations particularly with civil society. Given that some aspects of the requirement have yet to be comprehensively addressed, Requirement 6.4 is not yet considered to have been exceeded and thus remains not assessed. However, the relevance of Mongolia EITI’s work on the environmental impacts of the extractive industries to national priorities for the sector is highlighted in the assessment of effectiveness and sustainability indicators at the start of this report.</p>
<p>New corrective actions and recommendations</p>	
<ul style="list-style-type: none"> • To strengthen implementation, Mongolia may wish to explore ways of strengthening systematic disclosures by relevant government entities regarding planned or ongoing reforms related to the governance of the extractive industries and public finance management. Given the rapid pace of extractive sector reforms in recent years and significant public interest in regulatory reforms, Mongolia could use the MSG and outreach activities in providing opportunities to citizens to participate in recommending and monitoring implementation of legal and regulatory reforms. • In accordance with Requirement 2.4, Mongolia should disclose the full text, including annexes, riders, amendments of any contracts and licenses governing the terms attached to the exploitation of oil gas and mineral resources that are granted, entered into or amended from 1 January 2021. Mongolia should publish a list of all active contracts and licenses, indicating 	

which are publicly available and which are not. For all published contracts and licenses, it should include a reference or link to the location where the contract or license is published. If a contract or license is not published, the legal or practical barriers should be documented and explained. Where disclosure practice deviates from legislative or government policy requirements concerning the disclosure of contracts and licenses, an explanation for the deviation should be provided.

- To strengthen implementation, Mongolia may wish to use its EITI implementation to strengthen disclosures related to relevant legal provisions and administrative rules as well as actual practice related to environmental management and monitoring of extractive investments in Mongolia. Mongolia is also encouraged to ensure disclosure of information on regular environmental monitoring procedures, administrative and sanctioning processes of governments, as well as environmental liabilities, environmental rehabilitation and remediation programmes.

Licenses and property rights (Requirements 2.2, 2.3)

Overview of progress in the module

There is a history of high volumes of license awards in Mongolia's mining sector, while the most recently awarded PSAs in the oil and gas sector were concluded in 2016. In the period reviewed in the previous Validation (2016), there were some 716 mining, oil and gas license awards and 148 mining license transfers. In the period under review in this Validation (2020), there were 90 mining license awards and 83 transfers, but no licensing activity in oil and gas. The total number of active licenses has remained relatively constant in the 2000-2500 range in the 2016-2020 period, given the natural churn of expiring licenses and new awards.

Mongolia has continued to use its EITI reporting to clarify the statutory procedures for awards and transfers of licenses and contracts in the mining, oil and gas sectors. However, more recent (2019-2020) EITI Reports have stopped reviewing the actual practices of license awards. One of the annexes to the 2020 EITI Report provides a list of six licenses award through government resolution to SOEs, which appears to indicate some deviations from statutory provisions for competitive tender by MRPAM. The differences in approaches in describing the rules and practices by different Independent Administrators for EITI Reports covering 2016-2017 compared to 2019-2020 is notable. There is clear scope for the MSWG and National council to institutionalise transparency gains by ensuring the systematic disclosure of this information on relevant government (MRPAM, MMHI) websites.

Mongolia's two main extractives cadastral portals, MRPAM's [cadastral portal](#) and the EITI Mongolia [open data portal](#), provide all information required by the EITI Standard aside from dates of application. Applications for new licenses and awards are disclosed monthly in MRPAM's monthly statistical bulletins, but dates of application are not publicly available for older licenses. The lack of upgrades to MRPAM's portal are due to the proprietary software underpinning the cadastral system and budget constraints. The Secretariat considers these technical gaps to be immaterial and considers the broader objective of transparency in extractive industry property rights has been fulfilled in the period under review.

Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in the annex to this report.

EITI Requirement and assessment	Summary of progress in addressing the EITI Requirement
<p>Contract and license allocations (Requirement #2.2)</p> <p><i>Mostly met</i></p>	<p>The Secretariat's assessment is that Requirement 2.2 is mostly met. Stakeholders consulted did not express any views about whether the objective of transparency in extractive rights licensing practices had been fulfilled through EITI reporting, although several stakeholders from all constituencies considered that there had been deviations from statutory procedures for MRPAM's licensing in the period under review given the government's award of mining licenses to SOE through cabinet resolution rather than through competitive tender. The Secretariat's view is that the previous EITI Mongolia diagnostic of licensing practices has not been replicated for EITI reporting covering the 2019 and 2020 fiscal years and thus that the objective of identification of possible weaknesses in the license allocation process has been mostly fulfilled in the period under review.</p> <p>Systematic disclosures by the regulator MRPAM through its monthly statistical bulletins identify the extractive licenses awarded, while EITI reporting has disclosed information on both extractive license and contract awards and transfers. There were 90 awards and 83 transfers of mining rights in 2020, but no licensing activity in the oil and gas sector. Mongolia's 2020 EITI Report describes the statutory procedure for awarding and transferring mineral rights, but only describes the technical criteria for awards through competitive tenders, not the technical and financial criteria assessed for transfers. Government officials and the IA confirmed in consultation that the Minerals Law referred to technical and financial criteria for mineral license awards in general terms, but that the regulations only codified detailed technical criteria, which were summarised in the EITI Report, no financial criteria. Stakeholders consulted thus assumed that financial criteria were not assessed in practice in mining license awards. Consultations also indicated that the description of the transfer process in the 2020 EITI Report was accurate, and that no technical or financial criteria were assessed with regards to the company receiving the transferred license. In its comments on the draft assessment, the EITI Mongolia Secretariat noted that the latest (2020) EITI Report had disclosed the criteria for awarding extractive licenses, but that further improvements were needed in future EITI Reports. However, Mongolia's recent (2019 and 2020) EITI Reports no longer review the practice of license and contract awards and transfers in the period under review, as previous EITI Reports (e.g., for 2016 and 2017) had done in the period reviewed under the previous Validation. In addition, the full list of bidders for each mining license awarded through competitive tender in 2020 does not appear to be publicly disclosed. Some stakeholders highlighted public perceptions of corruption risks in the minerals licensing process. Stakeholders consulted from all constituencies highlighted the government's plans to amend the Minerals Act in 2022 to transition to online license applications and awards, as well as reintroducing first-come-first-served awards for mineral exploration licenses. This presents an opportunity for EITI Mongolia to integrate an oversight</p>

	<p>mechanism into the licensing process, a process to which annual EITI reporting could contribute.</p> <p>Despite the lack of oil and gas rights awards and transfers in 2020, the EITI Report describes the statutory procedures for awarding and transferring oil and gas rights, although it is unclear whether the same technical and financial criteria apply to transfers of rights as to the initial awards of the licenses. Government officials consulted explained that they did not assess any criteria in transfers provided there were no changes in the terms of the PSA. Amendments to the terms of the contract would be treated as a new award by the regulator MRPAM, according to officials consulted. Thus, the Secretariat's view is that Mongolia has used its EITI reporting to clarify the statutory procedures for extractive license and contract awards but has not extended this to documenting licensing practices since 2018.</p>
<p>Register of licenses (Requirement #2.3)</p> <p><i>Fully met</i></p>	<p>The Secretariat's assessment is that Requirement 2.3 is fully met. Stakeholders consulted from all constituencies appeared satisfied with the availability of license cadastral data in Mongolia. The Secretariat's view is that the objective of public accessibility of comprehensive information on property rights related to extractive deposits and projects has been largely achieved.</p> <p>There are two main sources of mining, oil and gas cadastral data in Mongolia, drawing from the same source but with varying levels of data disclosures. The regulator MRPAM operates the main cadastral portal, from which other organisations source data. It provides all information on extractive licenses as per Requirement 2.3.b aside from date of application, date of award and expiry. The EITI Mongolia open data portal pulls cadastral data from MRPAM but discloses additionally dates of award and expiry for each license. While dates of application do not appear to be disclosed for older minerals and mining licenses, MMRPAM's statistical bulletins provide updates on license applications and awards on a monthly basis. Government officials consulted explained that the cost of contracting the original vendor to upgrade the MRPAM cadastral portal with dates of application, award and expiry was prohibitive, but that the EITI Mongolia portal disclosed the dates of award and expiry. The Secretariat's view is that the lack of dates of application for older mining licenses does not constitute a material gap.</p>
<p>New corrective actions and recommendations</p>	
<ul style="list-style-type: none"> In accordance with Requirement 2.2, Mongolia should ensure that information related to all contract and license awards and transfers taking place during the accounting period covered by the most recent EITI disclosures is publicly disclosed, including an assessment of any material deviations from the applicable legal and regulatory framework governing license transfers and awards. In cases where governments can select different methods for awarding a contract or license (e.g., competitive bidding or direct negotiations), the description of the process for awarding or transferring a license could include an explanation of the rules that determine which procedure should be used and why a particular procedure was selected. Where licenses are awarded through a bidding process, the government is required to disclose the list of applicants and the bid criteria. To strengthen implementation, Mongolia may wish to include additional information on the allocation of licenses as part of the EITI disclosures. This could include commentary on the efficiency and effectiveness of licensing procedures, and a description of 	

procedures, actual practices and grounds for renewing, suspending or revoking a contract or license.

- To strengthen implementation, Mongolia is encouraged to maintain a publicly available register or cadastre system(s) with timely and comprehensive information regarding all active mining, oil and gas licenses and contracts, including dates of application, award and expiry for each active license and contract. Where such registers or cadastres do not exist or are incomplete, any gaps in the publicly available information should be disclosed and efforts strengthen these systems documented.

Beneficial ownership (Requirement 2.5)

Overview of progress in the module

Adherence to Requirement 2.5 on beneficial ownership is assessed in Validation as of 1 January 2022 as per the framework agreed by the Board in June 2019.¹ The assessment consists of a technical assessment and an assessment of effectiveness.

Technical assessment

The technical assessment is included in the Transparency template, in the tab on Requirement 2.5. It demonstrates that Mongolia has established a legal framework for the collection of beneficial ownership data from companies in all economic sectors. Although this Validation is conducted under the full set of provisions of Requirement 2.5, most of the initial criteria of Phase 1 of the Validation framework for beneficial ownership have been fulfilled. Indeed, a legal and regulatory framework has been established for the collection and disclosure of beneficial ownership data and ownership data is being collected from all companies in Mongolia. While the general Law on State Registration sets a 33% (one third) threshold for beneficial ownership reporting, EITI Mongolia discloses beneficial ownership data from extractive companies at a lower 5% threshold, reported through the eReporting platform. To date, beneficial ownership information has been published on 426 of the 2263 mining license-holding companies, through an annex of Mongolia's 2020 EITI Report republished on the EITI Mongolia [website](#) and a civil society standalone [website](#) using the EITI data due for launch in 2022. The ownership data collected by the General Authority for State Registration (GASR) is expected to be disclosed in May 2022 as a result of the implementation of the 2021 Law on Public Information, which requires public disclosure of government data including on the beneficial ownership of companies in all sectors. However, consultations confirmed that beneficial ownership data to be disclosed will consist only of the owner's name, not share of ownership/control, country of nationality or of residence. The current GASR [company register](#) discloses legal ownership information of legal entities, albeit only the shareholder names, not the share of ownership. The MSG has published a list of companies holding extractive licenses in Mongolia that are subsidiaries of companies publicly listed on foreign stock exchanges, although not with specific references (links) to their statutory filings to their respective stock exchanges.

¹ <https://eiti.org/document/assessing-implementation-of-eitis-beneficial-ownership-requirement>.

Assessment of effectiveness

Mongolia has made progress in addressing most aspects of Requirement 2.5. In effect, all companies applying for a license or contract in the extractive industries are now required to report their beneficial ownership to the GASR.

In 2017, Mongolia underwent a FATF mutual evaluation of its AML and CFT measures and their effectiveness. Mongolia was assessed as “largely compliant” with the requirement on the collection of beneficial ownership data, but the effectiveness of these measures was assessed as “low” under the criteria of FATF’s Immediate Outcome 5. Mongolia was placed on the FATF’s list of “jurisdictions under increased monitoring” (the “grey list”) and removed following amendments to the Law on State Registration of Legal Entities in 2018 to ensure systematic government collection of beneficial ownership data. The September 2021 LTRC [report](#) noted that there had been a loss of momentum following Mongolia’s removal from the grey list, without a clear department as lead on the government side.

Another key challenge for Mongolia’s beneficial ownership transparency efforts is the granularity of disclosures of both legal and beneficial ownership disclosures. While the GASR is collecting all data points listed in Requirement 2.5.d, it only currently discloses the name and nationality of company shareholders. Government officials consulted confirmed that the beneficial ownership data to be disclosed from May 2022 will consist only of the owner’s name, not its share of ownership or control, the form of control, the country of nationality or of residence. If correct, this would constitute a significant weakness in Mongolia’s beneficial ownership transparency efforts.

A spot check of current legal ownership information indicates that some large mining companies do not appear to be listed in the GASR company register. The search engine only allows for searches of specific company identification numbers or precise company name as registered with the GASR, which is caps sensitive and does not allow for search of a partial company name. The current disclosures of beneficial ownership information (of 426 mining companies) collected through the EITI Mongolia eReporting portal do not yet cover all mining, oil and gas license-holders. However, the EITI Mongolia portal provides more searchability functions compared to the GASR company register of shareholder information.

There is a misalignment of thresholds for beneficial ownership disclosure between the different laws in Mongolia, which will create gaps in disclosures. The GASR collects beneficial ownership data from all companies with a threshold of 33% ownership, while the EITI Mongolia collects data from extractive companies with a threshold of 5%. Civil society representatives consulted expressed concern over this misalignment, while government officials consulted expressed confusion at the different definitions and thresholds for disclosure.

Another point of note on the effectiveness of Mongolia’s transparency efforts lies in the sanctions for non-reporting of beneficial ownership data, which is commensurate with all other administrative violations incurring only an MNT 500,000 (USD 172) fine. Civil society stakeholders consulted did not consider this a prohibitive amount for an investor to pay for breaching national laws. Nonetheless, Mongolia joined the Opening Extractives programme in 2021, which is aimed at providing technical assistance in establishing a public beneficial ownership register.

Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in the annex to this report.

EITI Requirement and assessment	Summary of progress in addressing the EITI Requirement
<p>Beneficial ownership (Requirement #2.5)</p> <p><i>Mostly met</i></p>	<p>The Secretariat's assessment is that Requirement 2.5 is mostly met. Most consulted stakeholders considered that the objective of transparency in the ownership of all companies holding or applying for extractive licenses had been mostly fulfilled, although opinions were split over the level of progress towards that objective. Several government officials considered that the objective would be met once new legislation requiring the public disclosure of beneficial ownership of legal entities in all economic sectors was implemented in May 2022. However, several civil society representatives considered that there were still challenges associated with different definitions and thresholds for disclosures of beneficial ownership in different national laws, limits to the types of information to be disclosed and data reliability.</p> <p>The government has adopted a clear policy on beneficial ownership disclosure and enacted legal reforms to ensure the systematic collection of beneficial ownership information on legal entities in all sectors of activity, through the 2018 amendments to the Law on State Registration of Legal Entities. There are however four distinct definitions of the term beneficial owner in Mongolian legislation. The 2013 Law on Combating Money Laundering and Terrorism Financing, which is the basis for the 2018 Law on State Registration of Legal Entities, is closest to the definition in EITI Requirement 2.5 and is not sector specific. The other three definitions in the 2010 Banking Law, the 2019 General Law on Taxation (GLT) and the 2013 Law on the Securities Market all provide different definitions of beneficial owner based on specific economic activities. The term politically exposed person (PEP) is defined in Mongolian legislation requiring public officials to disclose their assets, but there is no process for identifying foreign PEP owners of Mongolian companies. There are also different disclosure thresholds in different laws, ranging from 33% in the AML law to 5-20% in the banking law and 30% in the GLT. EITI Mongolia has set a 5% threshold for its BO data collection and disclosures. The General Authority for State Registration (GASR) uses the AML law's 33% threshold for disclosure.</p> <p>In practice, companies in all sectors, including in the extractive industries, have been requested to report their beneficial ownership to the GASR. All mining, oil and gas companies have also been requested to report their data through the EITI Mongolia eReporting platform, although the 2020 EITI Report notes that only 426 of the 2263 mining license-holding companies had done so as of December 2021. Public disclosures of beneficial ownership to date have been entirely by EITI Mongolia, which has built a register of beneficial owners of extractive companies from annual eReporting by companies. The NGO Transparency Foundation developed a standalone website for the EITI's beneficial ownership data.</p> <p>The Law on Public Information enacted in October 2021 has come into force in May 2022, with provisions requiring the disclosure of beneficial ownership</p>

	<p>data. Some civil society stakeholders consulted expressed concern over the government’s discretionary powers to decide on what data would be made public, which was seen as more restrictive than under the 2011 Law of Mongolia on Information Transparency and Right to Information, which only exempted information on national security grounds. The same data gaps expected in the GASR beneficial ownership disclosures in May 2022 exist with regards to the current GASR register for legal ownership, where only the names of shareholders are provided, not their specific share of ownership.</p> <p>The EITI Mongolia has not commissioned a comprehensive review of beneficial ownership data collection and disclosures to date. However, the 2020 EITI Report includes a review of the 426 of the 2263 mining companies’ BO data, focusing on the comprehensiveness rather than the reliability of disclosures. However, a detailed study by the LTRC in September 2021 provides a review of both the legal framework and data collection to date, although consultations with government officials noted that some 60% of the 200,000 legal entities in Mongolia had reported as of March 2022. Thus, while several technical aspects remain outstanding regarding the detail and comprehensiveness of beneficial ownership disclosures, the Secretariat’s view is that the broader objective of enabling the public to know who ultimately owns and controls the companies operating in the country’s extractive industries is in the process of being fulfilled.</p>
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New corrective actions and recommendations

- In accordance with requirement 2.5, Mongolia should maintain a publicly available register of the beneficial owners of the corporate entities that apply for or hold a participating interest in an exploration or production oil, gas or mining license or contract, including the identities of their beneficial owners, the level of ownership and details about how ownership or control is exerted. Any significant gaps or weaknesses in reporting on beneficial ownership information must be disclosed, including naming any entities that failed to submit all or parts of the beneficial ownership information. Information publicly disclosed about the identity of the beneficial owner should include the name of the beneficial owner, the nationality, and the country of residence, as well as identifying any politically exposed persons. It is also recommended that the national identity number, date of birth, residential or service address, and means of contact are disclosed. EITI Mongolia should assess any existing mechanisms for assuring the reliability of beneficial ownership information and agree an approach for extractive companies to assure the accuracy of the beneficial ownership information they provide. Mongolia should also ensure the public disclosure of information on legal owners and their share of ownership of all companies in the extractive industries. To strengthen implementation, Mongolia may wish to undertake and publish regular assessments of the comprehensiveness and reliability of beneficial owners of extractive companies, in particularly of extractive companies that are considered as ‘high risk’ by Mongolia EITI, with a view to strengthening beneficial ownership disclosures over time. Mongolia may also wish to explore ways of further improving the accessibility of beneficial ownership data, for instance by integrating the Transparency Foundation’s standalone [website](#) with the Mongolia EITI data portal.

State participation (Requirements 2.6, 4.2, 4.5, 6.2)

Overview of progress in the module

State-owned enterprises (SOEs) in the extractive industries continued to be regulated by the 1997 Law on State Property in the period under review, although there are plans for [reform](#) of this legal framework in 2022. There are three types of SOEs in Mongolia's extractives sector. The first are wholly owned SOEs, known commonly as state-owned factories, and include copper giant Erdenet Mining Corp. (EMC) and Mongolrostsvetmet. The second are joint-stock companies (JSC), part state-owned in joint venture with private investors, with shares either listed on the Mongolian stock exchange as in the case of Baganuur JSC and Shivee Ovoo JSC, or privately held by Mongolian citizens or private investors as in the case of Erdenes Tavan Tolgoi (ETT), Erdenes Gold Resources, Erdenes Steel and MonAtom. The third category of SOEs consists of privately incorporated limited liability companies (LLCs), which are subsidiary of a mining asset holding company, Erdenes Mongol, which was created to oversee Mongolia's strategic mineral assets.

Since 2017, government entities including some extractive SOEs (those wholly owned by the Government of Mongolia) have been legally required to publicly disclose information on all financial transactions above MNT 5m (around USD 1,700), including revenues, procurement and payments to government, and to publish their audited financial statements. These disclosures are published on the government's Glass Accounts [portal](#). However, commentators such as NRGi ([in 2019](#) and [in 2021](#)) have published assessments of extractive SOE disclosures through the Glass Accounts portal, highlighting gaps in SOEs' disclosures of financial statements. These gaps are also highlighted in Mongolia's 2020 EITI Report, which notes the lack of publication of audited financial statements for mining SOEs such as Baganuur JSC, Erdenes Mongol and Mongolrostsvetmet. Consulted SOE representatives explained that this was due to lack of obligations for SOEs incorporated as JSCs and LLCs to report under the Glass Accounts Law, although they emphasised that SOEs of these types of legal structure chose to disclose information voluntarily.

Mongolia has used its EITI reporting to centralise information on SOEs' financial relations with the government, building on SOEs' systematic disclosures. However, gaps in SOEs' systematic disclosures do not yet appear to have been comprehensively addressed through additional EITI disclosures. Mongolia's recent (2019 and 2020) EITI reporting appears to have covered all twenty extractive SOEs but has not sufficiently clarified the rules and practices related to SOEs' reinvestments and third-party financing, the companies in which SOEs hold equity nor the terms attached to SOE equity. While Mongolia has made efforts to clarify the terms of loans and guarantees from the state and SOEs to extractive companies, its EITI reporting has highlighted gaps in disclosures. There is significant demand for this type of information both from civil society and development partners, given the significant rise in SOE debt, some of which is guaranteed by other government entities, in 2020-21. Mongolia has made efforts to clarify the statutory rules for SOEs' corporate governance, although there is scope for it to use EITI disclosures as a diagnostic of governance practices. EITI Mongolia has partnered with NRGi to pilot a tool to assess corruption risks in different stages of the extractive value chain, including in SOE governance.

While Mongolia is entitled to a share of production as fiscal payments (Profit Oil) under the terms of its PSC, in practice the operators of the three producing oil fields handle commercialisation and sales on behalf of the government, transferring proceeds to the MoF. Nonetheless, Mongolia has used its EITI reporting to disclose information on volumes collected, sold and proceeds of sales for the government's in-kind revenues sold by the operators. There is scope for Mongolia to further enhance transparency in the transport, marketing and sales of the state's in-kind oil revenues.

There are numerous different types of financial transactions involving mining SOEs. Mongolia has used its EITI reporting to clarify the SOEs' payments to government, but not yet of the financial transfers within a group of SOEs, such as the companies under the Erdenes Mongol group. Rather, Mongolia's 2020 EITI Report discloses a mix of SOE dividends and intra-SOE payments for goods and services (e.g., electricity, utilities). Given the level of intra-SOE transfers, lending and advances in Mongolia, there is scope for the EITI to add significant value in unpacking the different types of SOE transactions to ensure a more targeted approach.

Mongolia has sustained its level of disclosures of quasi-fiscal expenditures since the previous Validation, but the number and type of quasi-fiscal expenditures have grown significantly in recent years, particularly with the response to the Covid-19 pandemic. The government [announced](#) a total of USD 3.5bn in quasi-fiscal expenditures over the 2021-23 period, which include investments by SOEs in infrastructure such as power plants, railways and roads. Mongolia has used its EITI reporting since 2018 to disclose information on Baganuur JSC's subsidised thermal coal sales to different state-owned power plants. However, stakeholder consultations and publicly available information indicate significant other quasi-fiscal activities, including Erdenet Mining Corp.'s payment for electricity and utility bills from 1 December 2020 to 2022, Erdenet Tavan Tolgoi's (ETT) bond-financed railway developments, ETT's subsidised thermal coal sales for smokeless briquettes in Ulaanbaatar, the use of the Erdenes Mongol USD 230m bond backed by future silver production to forgive pensioners' debt and a MNT 1m cash pay-out to debtless pensioners. Civil society has developed its research and advocacy around mining SOEs' quasi-fiscal expenditures, with OSF publishing a [report](#) in 2021 on SOEs' expenditures that estimates that two SOEs in particular (Erdenes Mongol and Erdenet Mining Corp.) spent a total of MNT 2 trillion (USD 683m) in quasi-fiscal expenditures in 2020-21. There is scope for the EITI to add significant value as a vehicle for disclosing information on such quasi-fiscal expenditures, which form an important component of total government expenditures funded by extractive revenues.

Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in the annex to this report.

EITI Requirement and assessment	Summary of progress in addressing the EITI Requirement
State participation (Requirement #2.6)	The Secretariat's assessment is that Requirement 2.6 is mostly met. Several stakeholders consulted from different constituencies, including industry and civil society, did not consider that the objective of an effective mechanism for

<p><i>Mostly met</i></p>	<p>transparency and accountability of extractive SOEs had yet been established. Several government officials consulted considered that the legal framework for state participation was outdated given the growth in lending to SOEs in the past two decades and noted government plans to reform the existing Law on State Property in 2022.</p> <p>Mongolia operates a Glass Accounts portal that is meant to include disclosures by all state entities, including SOEs. However, the 2020 EITI Report raises concerns over the comprehensiveness and reliability of these systematic disclosures, noting several instances where SOEs have not disclosed the required information through the Glass Accounts portal. Thus, the 2020 EITI Report adds significant value by providing information on SOEs' financial relations with the state, both by centralising previously disclosed information and ensuring some new disclosures. The report describes the roles and responsibilities of various SOEs in the extractive industries. However, the MSG's decisions related to the materiality of SOEs is unclear from either the 2020 EITI Report, the inception report or the MSG meeting minutes. The EITI Report lists 20 extractive SOEs and implies that only five of these were included in the scope of EITI reporting, but subsequently provides information on different sets of SOEs. Stakeholders consulted, including the IA, noted that five SOEs had been selected for inclusion in the scope of reconciliation based on the commodities they produced (copper, gold and coal), rather than based on an assessment of the materiality of their payments to government or collection of revenues in 2020. However, consulted stakeholders explained that all 20 extractive SOEs had been covered in the 2020 EITI Report's description of the financial relations between SOEs and the state, with a de facto materiality threshold of zero.</p> <p>The report describes the statutory rules governing SOEs' transfers from the state, distribution of profits, and retained earnings, but does not clarify the rules related to SOEs' reinvestments. In consultations, SOE representatives explained that the rules related to SOEs' reinvestments depended on the SOE's type of incorporation, with SOEs overseen by the State Property Agency requiring advance approval from that agency for their reinvestments, while SOEs part of Erdenes Mongol required approval from Erdenes Mongol. The description of the rules related to SOEs' third-party financing appear inconsistent in relation to third-party debt financing and does not appear to cover third-party equity financing. In consultations, SOE representatives explained that the Board of Directors of specific SOEs could approve short-term (of less than one year maturity) financing for SOEs but required advance approval from the Ministry of Finance to raise longer-term third-party debt (e.g., five-year bonds). The EITI Report's description of the practices of SOEs' financial relations with the state in 2020 is partial, covering only some, but not all, of the SOEs. Nonetheless, the report provides guidance on accessing five SOEs' audited financial statements for 2020, but not of the 15 SOEs covered in the 2020 EITI Report.</p> <p>The EITI Report lists the state's participation in the 20 SOEs and confirms the lack of changes in state participation in 2020, but it does not list the subsidiaries, joint ventures and affiliates in which extractive SOEs hold equity interests (if applicable), nor describe the terms attached to state and SOE equity in extractive companies. Stakeholder consultations indicated that SOEs like Erdenes Tavan Tolgoi and Baganuur JSC have several subsidiaries and joint</p>
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	<p>ventures. While some of the SOE corporate websites provide the names of some of the companies in which each SOE holds equity interests, they do not provide a comprehensive list of all extractive companies in which each SOE holds equity, nor describe the terms attached to the SOE's equity interest in each extractive company.</p> <p>Mongolia's EITI disclosures have covered one loan guarantee from the state to extractive SOEs and at least five SOE loans to other extractive SOEs, with information on the terms of the loans and guarantees provided. However, the comprehensiveness of disclosures on loans from both the state and SOEs to extractive companies remains questionable given the lack of reporting of this information by most extractive SOEs. Nonetheless, the MSG has made significant progress in describing the rules and practices related to SOEs' procurement and corporate governance, which are issues of significant public interest and debate in Mongolia.</p>
<p>Sale of the state's in-kind revenues (Requirement #4.2)</p> <p><i>Not applicable</i></p>	<p>The Secretariat's assessment is that Requirement 4.2 is not applicable in Mongolia in the period under review. There was consensus among stakeholders consulted that the government and SOEs did not collect any revenues on behalf of the state in kind, either in the mining or oil and gas sectors. Although the state is entitled to take collection of revenues from oil and gas in kind, with Profit Oil, the 2020 EITI Report confirms that the oil and gas companies operating the projects handle the commercialisation of the state's entitlements on its behalf. Nonetheless, EITI Mongolia has disclosed data on the volumes collected and sold as well as the value of the sales for the state's in-kind revenue entitlements sold by operators. Mongolia has thus taken steps to go beyond the minimum required, even if there are other encouraged aspects of Requirement 4.2 that Mongolia would need to address to warrant an assessment of 'exceeded'.</p>
<p>Transactions related to state-owned enterprises (Requirement #4.5)</p> <p><i>Mostly met</i></p>	<p>The Secretariat's assessment is that Requirement 4.5 is mostly met. Several civil society representatives consulted did not consider that the objective of traceability of payments and transfers involving SOEs had been fulfilled given gaps in SOE disclosures to the Glass Accounts portal and in their EITI reporting for 2020. In particular, the lack of comprehensive disclosure of extractive company payments to SOEs is a concern. While government officials consulted did not express any particular views on whether this objective had been achieved, some industry stakeholders noted that disclosure practices varied across different SOEs in the mining sector. Mongolia's EITI disclosures have centralised information from SOEs' financial statements on their payments to government. These SOE transactions have not been reconciled with government disclosures of revenues from SOEs in the 2020 EITI Report given that it was prepared under the "flexible" EITI reporting approach. The 2020 EITI Report miscategorises intra-SOE payments for goods and services as SOE transactions, and does not comprehensively disclose extractive company payments to material SOEs. The report provides the value of government transfers to some non-extractive SOEs, but not to SOEs in the mining sector. In its comments on the draft assessment, civil society argued for a downgrade in the assessment of Requirement 4.5 to 'partly met', albeit without a clear justification aside from quoting sections of the draft Validation report.</p>

<p>Quasi-fiscal expenditures (Requirement #6.2)</p> <p><i>Partly met</i></p>	<p>The Secretariat's assessment is that Requirement 6.2 is partly met. Several stakeholders from government and civil society confirmed that the disclosures of quasi-fiscal expenditures in Mongolia's EITI reporting were not comprehensive of all forms of quasi-fiscal expenditures by extractive SOEs in 2020. Consulted stakeholders broadly did not consider that the objective of transparency and accountability in the management of extractive-funded state-owned enterprise expenditures on behalf of the government that are not reflected in the national budget had yet been fulfilled.</p> <p>Mongolia's EITI reporting demonstrates that the MSG has considered quasi-fiscal expenditures and disclosed one type of quasi-fiscal expenditures. Mongolia has used its EITI to ensure disclosures on subsidised coal sales to thermal power plants. However, the comprehensiveness of the MSG's review of quasi-fiscal expenditures is unclear given the lack of reporting by one of the five material SOEs and the lack of evidence of the MSG's consideration of other forms of SOE expenditures that consulted stakeholders considered were forms of quasi-fiscal expenditures. These included payment by Erdenet Mining Corp. (EMC) of the electricity and utility bills of all Mongolian citizens since the start of December 2020, Erdenes Tavan Tolgoi's (ETT) payment for the development of two railways to be used for various purposes including coal transport starting in 2020, ETT's provision of subsidised thermal coal for the production of smokeless coal briquettes in Ulaanbaatar, as well as potentially the issue of bonds by Erdenes Mongol to fund the government's pensioner debt forgiveness policy in 2020 (see <i>Requirement 4.3</i>), which could be considered a quasi-fiscal reimbursement of national debt although there is insufficient information in the public domain to confirm this. Indeed, the IMF's definition of quasi-fiscal expenditures on which Requirement 6.2 is based covers public social expenditure such as payments for social services, public infrastructure, subsidies and national debt servicing outside of the national budgetary process. The 2021 Resource Governance Index for Mongolia highlights extensive non-commercial expenditures by mining SOEs as a concern, given that it "creates a misleading picture of government finances and reduces public oversight of what is effectively government spending". In its comments on the draft assessment, the EITI Mongolia Secretariat noted that adherence to Requirement 6.2 would be improved in future EITI reporting.</p>
New corrective actions and recommendations	
<ul style="list-style-type: none"> In accordance with Requirement 2.6, Mongolia should ensure annual public disclosures of explaining the role of state-owned enterprises (SOEs) in the extractive industries and the prevailing rules and practices regarding the financial relationship between the government and SOEs, including their reinvestments and third-party financing. This should include disclosures of transfers, retained earnings, reinvestment and third-party financing related to SOE joint ventures and subsidiaries. Mongolia should also ensure public disclosures from the government and SOEs of their level of ownership in mining, oil and gas companies operating within the country's oil, gas and mining sector, including those held by SOE subsidiaries and joint ventures, and any changes in the level of ownership during the reporting period. This information should include details regarding the terms attached to their equity stake, including their level of responsibility for covering expenses at various phases of the project cycle, e.g., full-paid equity, free equity or carried interest. Where the government and SOEs have provided loans or loan guarantees to mining, oil and gas companies operating within the country, details on these transactions should be disclosed, including loan tenor and terms (i.e., repayment schedule and interest rate). 	

Mongolia EITI may wish to consider comparing loans terms with commercial lending terms. All material extractive SOEs are expected to publicly disclose their audited financial statements, or the main financial items (i.e., balance sheet, profit/loss statement, cash flows) where financial statements are not available. To strengthen implementation, Mongolia is encouraged to use EITI reporting to describe the rules and practices related to SOEs' operating and capital expenditures, procurement, subcontracting and corporate governance, e.g., composition and appointment of the Board of Directors, Board's mandate and code of conduct.

- To strengthen implementation, Mongolia may wish to use its EITI reporting to work with companies marketing and selling the state's share of oil production to disclose a description of the process for selecting the buying companies and to ensure disclosure of oil sales on the government's behalf are disaggregated by individual buyer and, where possible, by sale, type of product and price.
- In accordance with Requirement 4.5, Mongolia should ensure that the EITI reporting process comprehensively addresses the role of SOEs, including comprehensive and reliable disclosures of material company payments to SOEs, SOE transfers to government agencies and government transfers to SOEs. To strengthen implementation, Mongolia is encouraged to explore means of strengthening systematic disclosures of transactions related to extractive SOEs, building on existing infrastructure such as the Glass Accounts portal.
- In accordance with Requirement 6.2, Mongolia is required to develop an EITI reporting process for material SOEs' quasi-fiscal expenditures with a view to achieving a level of transparency commensurate with other payments and revenue streams and should include SOE subsidiaries and joint ventures. These disclosures should cover all material SOEs' public social expenditures, such as payments for social services, public infrastructure, fuel subsidies and national debt servicing, etc., undertaken outside of the national government budgetary process.

Production and exports (Requirements 3.2, 3.3)

Overview of progress in the module

Mongolia is a significant producer of a wide range of extractive commodities, producing 13 types of extractive commodities in 2020 (copper, gold, iron ore, molybdenum, silver, tin, tungsten, zinc, fluorspar, thermal and coking coal, crude oil and construction materials such as stone and lime). While Mongolia exports the majority of the extractive commodities it produces, with 95% of extractive exports destined for China, there is significant domestic consumption of minerals such as coal and construction materials.

Mongolia's government has made some progress in systematically disclosing data on mineral production volumes and the means (prices) for calculating values, through monthly statistical bulletins by the regulator MRPAM. Mongolia has used its EITI reporting to simply aggregate MRPAM disclosures. There appears to be significant public interest in the valuation of extractive commodities, and thus scope for Mongolia EITI to add value by improving the transparency of valuation methods for extractive commodity production.

Mongolia's Customs General Agency systematically discloses monthly export data for all extractive commodities following international commodity classifications. Mongolia's EITI reporting has added value by disclosing additional information on export destination countries, primarily China. There is scope for Mongolia EITI to add more value by describing the

mechanisms for calculating export volumes and values. The inter-operability of Mongolian export statistics provides a basis for comparison with trading partners' import statistics.

Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in the annex to this report.

EITI Requirement and assessment	Summary of progress in addressing the EITI Requirement
<p>Production (Requirement #3.2)</p> <p><i>Fully met</i></p>	<p>The Secretariat's assessment is that Requirement 3.2 is fully met. Some government officials consulted considered that the objective of ensuring public understanding of extractive commodity production levels and the valuation of extractive commodities was being fulfilled through MRPAM's regular publications. However, some civil society did not consider that the objective had yet been fulfilled, with some questioning the valuation of mineral production. The Secretariat's view is that the government's systematic disclosure of production volumes and average prices for each mineral commodity produced on a monthly basis means that the objective is fully met. However, it is not yet considered exceeded given the lack of public disclosure of the methods for calculating production volumes and values, which appear in high demand by civil society stakeholders.</p> <p>The monthly statistical bulletins published by MRPAM systematically disclose production volumes on all extractive commodities produced in Mongolia, as well as average reference prices for all mineral commodities produced from which estimates of production value can be calculated. Mongolia's 2020 EITI Report has added some value to these systematic disclosures by publishing production volumes for nine extractive commodities produced in the year under review (coal, copper, iron ore, gold, fluorite, fluorspar, zinc, molybdenum and crude oil). The 2020 EITI Report provides data on production values only for crude oil and gold but provides only an aggregate production value for all metal ore mining commodities combined. In its comments on the draft assessment, the EITI Mongolia Secretariat confirms that it considers the MRPAM monthly disclosures comprehensive. Mongolia EITI's eReporting platform discloses production values disaggregated by company and commodity for the years up to 2019, but not for 2020. Stakeholders consulted did not provide an explanation for the discontinuation of production values disclosures since 2020.</p>
<p>Exports (Requirement #3.3)</p> <p><i>Fully met</i></p>	<p>The Secretariat's assessment is that Requirement 3.3 is fully met. Stakeholders consulted did not express any particular views on whether the objective of ensuring public understanding of extractive commodity export levels and the valuation of extractive commodity exports had been fulfilled. The Secretariat's view is that the objective has been fulfilled via the government's systematic disclosures rather than through EITI reporting, given the availability of export data in open format that allows for inter-operability with other data sets, such as trading partners' import statistics databases.</p> <p>The government systematically discloses export data on extractive commodities. The monthly statistical bulletins published by MRPAM disclose export volumes for</p>

	three extractive commodities (coal, copper, crude oil), but only provides export values for two of the commodities (coal and copper). The Customs General Agency however publishes monthly statistics in open format, providing export volumes and values for each extractive commodity exported, following international HS-code classifications. Mongolia has used its EITI reporting to disclose export volumes and values for the eight top extractive commodity exports, but not for other extractive commodity exports systematically disclosed by the Customs General Agency. Mongolia has not yet used its EITI reporting to disclose information on the methods for calculating export volumes and values.
New corrective actions and recommendations	
<ul style="list-style-type: none"> • To strengthen implementation, Mongolia is encouraged to ensure public disclosure of production data for all extractive commodities produced in the country disaggregated by company and project, and include the methods for calculating production volumes and values. • To strengthen implementation, Mongolia is encouraged to ensure that systematic disclosures of extractive commodity export data are disaggregated by region, company or project, and include an explanation of the methods for calculating export volumes and values. 	

Revenue collection (Requirements 4.1, 4.3, 4.4, 4.7, 4.8, 4.9)

Overview of progress in the module

Mongolia's mining sector is diverse with 2263 license-holders and around 100 operating mines in 2020. Its oil and gas industry is more limited with 22 companies parties to production-sharing agreements (PSAs) of which two companies are at the production stage. Extractive companies are liable for payments both to the national and subnational (aimag/province and soum/district) levels, although national revenues accounted for 99% of government income from the extractive industries in 2020. The largest sources of government extractive revenues are from royalties (34% in 2020), corporate income tax (28% in 2020), employee social and health insurance contributions (10% in 2020) and dividends on state property (5% in 2020). There has been strong public interest in extractive companies' payments to government, in particular related to differences in assessments of tax liabilities related to the Oyu Tolgoi copper and gold mine both from the [GDT](#) and [NGOs](#).

Mongolia used its EITI implementation to establish an eReporting system and [open data portal](#) in 2015, which provides an online data collection tool from both extractive companies and relevant government entities. While there have been discussions to integrate the eReporting into existing government databases from GDT, MRPAM and other government agencies, the process of online reporting still requires manual input from companies and government. All extractive companies are required to submit reports of their payments online, meaning that the coverage of Mongolia's eReporting is significantly broader than the scope of company payments that are reconciled every year. Thus, a total of 1,472 of 2,093 license-holding companies submitted information through the eReporting platform for 2019, which remained relatively stable at 1,419 of 2,363 companies in 2020. This was significantly higher than the 161 of 171 material companies whose payments were reconciled in 2019 and the 57 of 60 material companies reconciled in 2020.

However, it appears that sanctions for non-participation in EITI reporting have not been applied to date.

Mongolia adopted a “flexible” approach to EITI reporting for 2020 following the approach agreed by the Board in response to the COVID-19 pandemic. The scope of companies selected for reconciliation was reduced from 202 in 2018 and 171 in 2019 to only 60 material companies in 2020, selected on the basis of the commodities they produced (copper, gold and coal) rather than the size of their payments to government. Stakeholder consultations indicated that there was no consensus support for this approach from all constituencies on the MSG, given civil society’s view that a broader reconciliation would have been possible given that company payments data had already been collected through the eReporting platform. There is significant scope for Mongolia to consider alternative approaches to the reliability of EITI disclosures, building on the eReporting platform to develop mechanisms for assessing company payments in the context of their fiscal obligations. There is scope for Mongolia to participate in the EITI pilot on developing alternative approaches to EITI reporting to develop such innovations.

There appear to have been resource-backed loans concluded in the period under review (2020), which have not been covered in Mongolia’s EITI reporting to date. The issuance of MNT 900bn (around USD 230m) in bonds by Erdenes Mongol in 2020 backed by future silver production from one of its subsidiaries (Erdenes Silver Corp.) appears to represent a resource-backed loan according to several stakeholders consulted from all constituencies, although there is insufficient information on the arrangement in the public domain to effectively demonstrate this. Expanding the scope of Mongolia EITI disclosures to cover such lending arrangements will be key to ensuring comprehensive disclosures of all government revenues from the extractive industries.

Mongolia has continued to publish timely EITI Reports, within one year of the fiscal period covered, although there appears to be significant appetite from stakeholders consulted from all constituencies to further improve on the timeliness of publications to improve their relevance to public policy making and debate. There also appears to be strong interest in further disaggregation of applicable government revenues by individual project (e.g., royalties and license fees), although the eReporting templates have not yet been revised to ensure this level of detail in the data collected annually. In the past, civil society has developed public financial models of certain key mining projects, such as [Oyu Tolgoi](#), which can make use of project-level revenue data.

Mongolia has used its EITI reporting to map out audit and assurance practices in the private sector and among extractive SOEs, although not yet in as detailed a way for government audit and assurance practices. Mongolia’s recent (2019 and 2020) EITI reporting highlights some concerns about the comprehensiveness and reliability of some of the financial data disclosed through EITI reporting but does not provide a view on the full set of financial data on government revenues from the extractive industries. There is significant scope for Mongolia to use its EITI reporting to formulate recommendations to strengthen audit and assurance practices in both extractive companies and government.

Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in the annex to this report.

EITI Requirement and assessment	Summary of progress in addressing the EITI Requirement
<p>Comprehensive disclosure of taxes and revenues (Requirement #4.1)</p> <p><i>Mostly met</i></p>	<p>The Secretariat's assessment is that Requirement 4.1 is mostly met. Opinions of stakeholders consulted were split over whether the objective of transparency in government extractive revenues had been fulfilled, with civil society expressing significant disagreement with the approach to EITI reporting agreed in 2020 because of the pandemic. Other stakeholders highlighted the EITI Mongolia eReporting open data portal that discloses information on company payments and government revenues from far more than the smaller selection of material companies for EITI reconciliation. Public documentation reflects the MSG's approach and agreement on materiality thresholds for selecting both revenue streams and companies. Mongolia opted for the “flexible” EITI reporting approved by the Board in May 2020. However, the approach to selecting material companies for this “flexible” reconciliation does not appear to have had the support of all constituencies on the MSG, with civil society strongly disagreeing with the selection of companies based on the commodities produced (gold, copper and coal) at the time the MSG was considering this approach. All but three of the material companies reported and it appears that government revenues from the three companies that did not report did not affect the comprehensiveness of the reconciliation in the 2020 EITI Report. Of greater concern, two of the seven material national government entities did not report, including the Ministry of Finance that appears to have accounted for over 5% of government revenues from material extractive companies in 2020. The 2020 EITI Report adequately investigates discrepancies in the reconciliation and net unreconciled discrepancies were not significant. The government has provided full unilateral disclosure of extractive revenues, including for the Ministry of Finance despite its lack of reporting. However, the lack of consistent explanation for the selection of material companies together with the lack of reporting by two material government entities is a significant concern and supports the Secretariat's assessment that Requirement 4.1 is not yet fully met. In its comments on the draft assessment, the EITI Mongolia Secretariat noted that adherence to Requirement 4.1 would be improved in future EITI reporting.</p>
<p>Infrastructure provisions and barter arrangements (Requirement #4.3)</p> <p><i>Partly met</i></p>	<p>The Secretariat's assessment is that Requirement 4.3 is partly met. Upon clarification in consultation, most stakeholders consulted confirmed that there were significant resource-backed loans (RBL) in the period under review that had not been covered by Mongolia's EITI reporting. Several CSOs consulted did not consider that the objective of transparency in barter-type arrangements such as RBLs had been fulfilled.</p> <p>The 2020 EITI Report appears to mis-categorise contractually mandated social expenditures with barter-type infrastructure provisions that are in full or partial exchange for mineral rights or delivery of minerals, oil or gas. The report lists 37 companies that have reported infrastructure investments (such as in road, railways, power station, school, and hospitals) but does not describe any countervailing revenue stream from government, beyond noting that these</p>

	<p>infrastructure investments are codified in the mining contract (see <i>Requirement 6.1</i>). On the other hand, the lack of EITI coverage of USD 280m in bonds issued by Erdenes Mongol in 2020 backed by the future production from the Salkhit silver mine, recently nationalised in 2018 and taken over by Erdenes Silver Resource in 2019, is a concern. Most government officials consulted did not express views, but some SOE representatives consulted confirmed that the Erdenes Mongol silver-backed bonds were resource-backed loans. There is no evidence of the MSG assessing whether this transaction represents a resource-backed loan, despite extensive public debate about this quasi-fiscal debt used to finance the cancellation of pensioners' debt ahead of the elections in 2020. In its comments on the draft assessment, the EITI Mongolia Secretariat noted that adherence to Requirement 4.3 would be improved in future EITI reporting.</p>
<p>Transportation revenues (Requirement #4.4)</p> <p><i>Not applicable</i></p>	<p>The Secretariat's assessment is that Requirement 4.4 is not applicable in the period under review. Stakeholders consulted did not express particular views on transportation revenues, although some development partners noted the public interest in information on transportation arrangements and the use of EITI data in this regard. While none of the material SOEs selected for EITI reporting appear to collect transport revenues, Mongolia EITI has adopted a more expansive definition of transport revenues and disclosed some information on revenues collected by non-extractive SOEs from the transport of iron ore, albeit in annual aggregate only, not disaggregated by payment stream nor providing additional descriptions of transportation arrangements, issues of public interest in Mongolia. The expansive approach to transport revenues adopted by Mongolia EITI is commendable and could lead to Requirement 4.4 being assessed as 'exceeded' in future in all aspects of the requirement are comprehensively addressed.</p>
<p>Level of disaggregation (Requirement #4.7)</p> <p><i>Mostly met</i></p>	<p>The Secretariat's assessment is that Requirement 4.7 is mostly met. Several stakeholders consulted recognised that the lack of project-level disaggregation of government revenue data at a project level hindered its use in relation to assessing contributions from specific projects. Several stakeholders from civil society and government considered that the objective of project-level disaggregation for government extractive revenues had been mostly achieved. They called for more disaggregated data on extractive revenues collected by subnational governments in particular. The 2020 EITI Report presents reconciled financial data disaggregated by government beneficiary, revenue stream and company, although not by project for revenue streams levied at a project level. The MSG has agreed a definition of project in line with Requirement 4.7 and has provided a general overview of revenue types levied on a per project basis but has not yet documented any substantially interconnected legal agreements nor published a detailed list of revenue streams levied per project. There is evidence of certain larger mining projects in Mongolia covering several different licenses. The EITI reporting templates have not yet been revised to collect national or subnational government revenue data disaggregated by project for those revenue streams (non-tax) levied on a project level. Thus, Mongolia has not yet published any government extractive revenue data at a project level.</p>
<p>Data timeliness (Requirement #4.8)</p>	<p>The Secretariat's assessment is that Requirement 4.8 is exceeded. Several stakeholders from all constituencies raised concerns over the timeliness of EITI disclosures, arguing that they were not sufficiently timely to inform policy making.</p>

<i>Exceeded</i>	<p>Nonetheless, the Secretariat's view is that the objective of timely EITI reporting has been fulfilled with a one-year time lag. Mongolia has consistently published EITI Reports within one year of the end of the fiscal period covered throughout the period under review. The MSG has approved the reporting period, and the MSG has made plans to further improve the timeliness of EITI reporting by improving the efficiency of procurement of the Independent Administrator. While Mongolian stakeholders' ambitions for timelier EITI disclosures is commendable, the Secretariat's view is that EITI disclosures have exceeded the timeliness requirements of the EITI Standard. In its comments on the draft assessment, the EITI Mongolia Secretariat considered that Requirement 4.8 was "well achieved" and highlighted plans to further improve the timeliness of EITI reporting by ensuring timely procurement of the IA, closer collaboration with the General Agency for Professional Inspection to ensure timely reporting by companies, and enactment of a planned law on transparency in the extractive industries. The Secretariat's view is that the publication of EITI Reports within one year of the fiscal period covered, combined with extensive systematic disclosures of non-financial data in a timelier manner, justify an assessment of Requirement 4.8 as exceeded.</p>
<p>Data quality and assurance (Requirement #4.9)</p> <p><i>Mostly met</i></p>	<p>The Secretariat's assessment is that Requirement 4.9 is mostly met. Several stakeholders consulted from civil society and development partners expressed specific concerns over the reliability of financial data in the 2020 EITI Report, while stakeholders from other constituencies did not express any particular views on the issue. The Secretariat's view is that the objective of the EITI contributing to strengthening routine government and company audit and assurance systems and practices and ensure that stakeholders can have confidence in the reliability of the financial data on government extractive revenues has been mostly fulfilled.</p> <p>Terms of Reference for the 2020 EITI Report that are aligned with the Board-approved procedures were approved by the government. While there appears to have been input from the MSG, stakeholder consultations indicated that civil society was not satisfied with the "flexible" EITI reporting approach for the 2020 EITI Report. Several CSOs consulted considered that a conventional reconciliation of payments and revenues would have been possible even during the COVID-19 pandemic given that reporting entities submitted their data online through the eReporting platform, with over 1,400 companies reporting in this way for 2020. Similar to the period reviewed in the previous Validation, the MSG did not explicitly approve the reporting templates (which were last revised for the e-reporting portal in 2020), but a working group of the MSG appears to have provided input to the reporting templates approved by the National Statistical Committee. The 2020 EITI Report provides an overview of the practice of audit and assurance in both government and companies in the year under review, even if this did not extend to a description of the statutory audit procedures and their alignment with international standards. Mongolia has used its EITI reporting to centralise access to audited financial statements of SOEs, but not yet for private companies despite its detailed review of auditing practices. The quality assurances for EITI reporting were approved by the MSG, which consisted of management attestation of reporting templates and provision of audited financial statements. The report lists the 19 (out of 60) companies and 26 (out of 41) government entities that did not provide the required quality assurances and provides the value of each non-complying reporting entity's share of government</p>

	<p>extractive revenues. Although the report does not comment on the impact of these gaps on the reliability of the financial data presented, the value of payments from non-reporting companies indicates that more than half of the company payments were not subject to the agreed quality assurances. None of the non-reporting companies appear to be linked to EITI Supporting Companies. While the report raises concerns over the comprehensiveness and reliability of some of the financial data disclosed in several sections, it does not include a clear statement related to the comprehensiveness and reliability of the financial data disclosed in the 2020 EITI Report.</p>
New corrective actions and recommendations	
<ul style="list-style-type: none"> • In accordance with Requirement 4.1, Mongolia should ensure that all material payments by oil, gas and mining companies to governments and all material revenues received by governments from oil, gas and mining companies are disclosed to a wide audience in a publicly accessible, comprehensive and comprehensible manner. Mongolia must ensure that all government entities receiving material revenues from oil, gas and mining companies are required to comprehensively disclose these revenues in accordance with the agreed scope. Government entities should only be exempted from disclosure if it can be demonstrated that their revenues are not material. All oil, gas and mining companies making material payments to the government are required to comprehensively disclose these payments in accordance with the agreed scope. A company should only be exempted from disclosure if it can be demonstrated that its payments are not material. To strengthen implementation, companies are expected to publicly disclose their audited financial statements, or the main items (i.e., balance sheet, profit/loss statement, cash flows) where financial statements are not available. • In accordance with Requirement 4.3, Mongolia is required to consider whether there are any agreements or sets of agreements involving the provision of goods and services (including loans, grants and infrastructure works), in full or partial exchange for oil, gas or mining exploration or production concessions or physical delivery of such commodities. This includes any resource-backed loans that meet the definition of barter-type arrangements under Requirement 4.3. Where Mongolia EITI concludes that these agreements are material, it is required to ensure that EITI implementation addresses these agreements and disclosures provide a level of detail and disaggregation commensurate with the other payments and revenue streams. Mongolia EITI is required to agree a procedure to address data quality and assurance of the information set out above, in accordance with Requirement 4.9. • To strengthen implementation, Mongolia may wish to disclose additional information on the transportation arrangements in the extractive industries including the type of product transported, the transportation routes, and the relevant companies and government entities involved in transportation. Mongolia could also expand disclosures to include definitions of the relevant transportation taxes, tariffs or other relevant payments, and the methodologies used to calculate them. • In accordance with Requirement 4.7, Mongolia should ensure that all disclosures of financial data on government extractive revenues and extractive company payments to government are disaggregated by individual project for those revenue streams levied at a project level. If multiple legal agreements are substantially interconnected, Mongolia EITI must clearly identify and document which instances are considered a single project. Substantially interconnected agreements are a set of operationally and geographically integrated contracts, licenses, leases or concessions or related agreements with substantially similar terms that are signed with a government, giving rise to payment liabilities. Such agreements can be governed by a single contract, joint venture, production sharing agreement or other overarching legal agreement. 	

- To strengthen implementation, Mongolia is encouraged to explore innovative approaches to EITI reporting, building on existing government portals, that could lead to even timelier disclosures that meet demands for information from stakeholders in government, industry and civil society.
- In accordance with Requirement 4.9, Mongolia should ensure that its annual EITI disclosures include an assessment of whether the extractive company payments and government extractive revenues disclosed through annual EITI reporting are subject to credible, independent audit, applying international auditing standards. The expectation is that government and company disclosures as per Requirement 4 are subject to credible, independent audit, applying international auditing standards. This will include an explanation of the underlying audit and assurance procedures that the data has been subject to, with public access to the supporting documentation and recommendations for strengthening underlying government and company audit and assurance procedures and practices. To strengthen implementation, Mongolia is encouraged to use its annual EITI reporting as a diagnostic of government and company audit and assurance practices with a view to strengthening the oversight of public revenues from the extractive industries.

Revenue management (Requirements 5.1, 5.3)

Overview of progress in the module

A beneficiary of an extended fund facility from the IMF [since 2017](#), Mongolia has undertaken some fiscal consolidation to tighten fiscal policy and consolidate revenues and expenditures in the national budget. The [2021 report](#) by OSF on SOEs' expenditures estimates that two SOEs in particular (Erdenes Mongol and Erdenet Mining Corp.) spent a total of MNT 2 trillion (USD 683m) in quasi-fiscal expenditures in 2020-21. Mongolia has used its EITI reporting to describe the operations of the government's Fiscal Stability Fund and to map SOE disclosures of financial statements, but recent (2019-2020) EITI Reports have not clearly distinguished the specific extractive revenues that are not recorded in the national budget. The growth in quasi-fiscal expenditures by SOEs during the COVID-19 pandemic adds urgency to such disclosures given the government's commitments on fiscal consolidation to multilateral development lenders. As highlighted in Mongolia's [2021 Public Expenditure and Financial Accountability \(PEFA\) report](#), there is also scope for the expansion of national revenue classification systems based on the IMF's Government Finance Statistics to SOE transactions, as well as potentially using the EITI's extractive-specific GFS classifications to disaggregate the extractive component of government revenues in routine government accounting of revenues.

Mongolia's government operates several portals that disclose information on various aspects of the budget process, including the Ministry of Finance's budget portal, the public procurement website, the Auditor General's website, the Local Development Fund portal and the Glass Accounts portal that covers all public sector entities' transactions of more than MNT 5m. While the government has started disclosing medium-term fiscal frameworks that provide the outlines of government assumptions over a five-year cycle, consultations with stakeholders, particularly from civil society, indicated public interest in additional public disclosures related to extractive revenue sustainability and resource dependence. There appears to be significant interest from industry in expanding government disclosures of expenditures funded by extractive revenues.

Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in the annex to this report.

EITI Requirement and assessment	Summary of progress in addressing the EITI Requirement
<p>Distribution of extractive industry revenues (Requirement #5.1)</p> <p><i>Partly met</i></p>	<p>The Secretariat's assessment is that Requirement 5.1 is partly met. Several civil society representatives and development partners consulted expressed significant concern over progress towards the objective of ensuring the traceability of extractive revenues to the national budget, given the extensive off-budget lending and transactions involving SOEs. Several government and industry representatives noted plans to reform the Law on State Property and the Law on Sovereign Wealth Funds in 2022, in an effort to improve the traceability of government revenues managed off-budget. The Secretariat's view is that there has been back-sliding in the Mongolia EITI's coverage of extractive revenues not recorded in the national budget and considers that the level of transparency and accountability in off-budget extractive revenues has not yet been raised to the same levels as budgeted revenues.</p> <p>There are two sovereign wealth funds in Mongolia, although only one of which has been incorporated. The Future Heritage Fund and the Fiscal Stabilisation Fund were established as SWF in 2017, with the former aimed at buying assets offshore with a long-term investment strategy and the latter aimed at short-term budget stabilisation. However, the FHF was never incorporated, and its funds were transferred to the government budget during the COVID-19 pandemic. One CSO consulted noted that his calculations of FHF assets under management based on inflows disclosed on the Glass Accounts portal totalled a notional MNT 4tn (around USD 1bn) at the time. This is not covered in Mongolia's recent (2019-2020) EITI Reports. The 2020 EITI Report describes the operations of the FSF, providing information on extractive revenues transferred to the fund in 2020 and the value of disbursements from the FSF to the national budget in 2020. However, the EITI Report does not clarify whether there are any government extractive revenues, such as those collected by extractive SOEs and all regulatory government entities, that are not recorded in the national budget, nor describe the management of such off-budget revenues where applicable, with reference to financial reports if available. Disclosures related to SOEs' financial relations and quasi-fiscal expenditures imply that there are government revenues from the extractive industries that are not recorded in the national budget. Stakeholder consultations and reports from multilateral development institutions (including Mongolia's 2021 Public Expenditure and Financial Accountability (PEFA) report) indicate that there are government extractive revenues collected by SOEs that are not recorded in the national budget. While Mongolia has used its EITI reporting to centralise access to SOEs' financial statements, it also highlights gaps in SOE disclosures, including the lack of publicly accessible financial reports from some SOEs in the mining sector. Mongolia's EITI reporting has not referenced national or international revenue classification systems, although IMF reports indicate that the government operates a revenue classification system that is in line with the Government Finance Statistics Manual. In its comments on the draft</p>

	assessment, the EITI Mongolia Secretariat noted that adherence to Requirement 5.1 would be improved in future EITI reporting.
<p>Revenue management and expenditures (Requirement #5.3)</p> <p><i>Not assessed</i></p>	<p>The Secretariat's assessment is that Requirement 5.3 remains not assessed in the period under review. Consulted stakeholder opinions about progress towards the objective of strengthening public oversight of the management of extractive revenues, the use of extractives revenues to fund specific public expenditures and the assumptions underlying the budget process were split. While several government officials considered that the Ministry of Finance's various fiscal information portals provided sufficient information on the budget and audit processes, representatives from other constituencies disagreed. Several industry representatives called for more disclosures related to the government's expenditure management, noting that this was one of the constituency's key priorities for EITI implementation. Several civil society representatives called for significantly more disclosures of information to further public understanding and debate around issues of revenue sustainability and resource dependence.</p> <p>Mongolia has made some efforts to use its EITI reporting to disclose some limited information on earmarked revenues, the budget and audit cycle, and commodity price and revenue assumptions underpinning the budget cycle. These disclosures build on existing government platforms that publish information on the national budget, the audit cycle, the local development fund, the Glass Accounts portal and public procurement. However, Mongolia does not yet appear to have provided a comprehensive overview of the budget and audit cycles, including additional information to further public understanding and debate around issues of revenue sustainability and resource dependence. The Medium-Term Fiscal Framework provides some information on assumptions underpinning forthcoming years in the budget cycle but does not appear to yet disclose forecasts for projected extractive production, commodity prices and revenues. Given that some aspects of the requirement have yet to be comprehensively addressed, Requirement 5.3 is not yet considered to have been exceeded and thus remains not assessed. However, the importance of the government's systematic disclosures on audit and budget practices is highlighted in the assessment of effectiveness and sustainability indicators at the start of this report.</p>
New corrective actions and recommendations	
<ul style="list-style-type: none"> • In accordance with Requirement 5.1, Mongolia should ensure public disclosure of which extractive industry revenues, whether cash or in kind, are recorded in the national budget. Where revenues are not recorded in the national budget, the allocation of these revenues must be publicly explained, with links provided to relevant financial reports as applicable, e.g., sovereign wealth and development funds, subnational governments, state-owned enterprises, and other extra-budgetary entities. • To strengthen implementation, Mongolia is encouraged to use its EITI implementation as a means of ensuring timely government disclosures that would further public understanding and debate around issues of revenue sustainability and resource dependence, including the assumptions underpinning forthcoming years in the budget cycle and relating to projected production, commodity prices and revenue forecasts arising from the extractive industries and the proportion of future fiscal revenues expected to come from the extractive sector. 	

Subnational contribution (Requirements 4.6, 5.2, 6.1)

Overview of progress in the module

A large share of Mongolia's 21 provinces (aimags), the capital city municipality and 331 districts (soums) collect payments directly from extractive companies operating in their jurisdictions. While these direct subnational payments are less significant than payments to the national government (accounting for only 1% of total government extractive revenues in 2020), they tend to be the most visible and important for local communities according to stakeholders consulted from all constituencies. Mongolia EITI's eReporting portal covers these direct subnational payments from extractive companies, although the 2020 EITI Report highlights gaps in reporting by some subnational governments that were required to disclose extractive revenues. There is scope for Mongolia to use its EITI implementation to strengthen oversight of subnational governments' disclosures of extractive revenues by ensuring regular and systematic reporting by extractive companies and subnational governments, to provide a complete and robust basis for strengthening public oversight of subnational governments' management of their internally generated extractive revenues.

There is significant public interest in subnational transfers of revenues collected at the national level in Mongolia, as highlighted in stakeholder consultations. Subnational transfers through the General Local Development Fund (GLDF) are funded by a combination of extractive-specific revenues and common taxes such as VAT, which complicates the traceability of extractive revenues transferred to subnational governments. The government funds the GLDF and budgets allocations for each subnational government (aimags and soums), with the funds subsequently disbursed to fund project proposals submitted by subnational government. With donor support, the Ministry of Finance has developed a portal to track GLDF transfers to each aimag and soum to fund specific projects. Mongolia's recent EITI reporting has added value by disclosing the budgeted and funded allocations to each of 30 aimags and soums, but not for other subnational governments receiving GLDF allocations. In contrast to the period reviewed by the previous Validation (2017-18), Mongolia's 2019 and 2020 EITI Reports have no longer calculated the shares of extractive revenues that should have been transferred to each aimag and soum, nor compared these calculations to actual transfers of extractive revenues to the GLDF. There is scope for the EITI to play a greater role in complimenting Mongolia's existing GLDF portal by providing this annual oversight of extractive revenue funding for the GLDF.

There are legal provisions requiring mining, oil and gas companies to conclude community development agreements (CDAs) with local communities and governments, as well as contractual provisions (in certain mining contracts) for the development of social infrastructure. Civil society has driven the process of disclosing over 200 local cooperation agreements (LCAs, the equivalent of CDAs), although all such contracts have not yet been published according to stakeholder consultations. Mongolia has used its EITI reporting to ensuring disclosure of company and subnational government disclosures of expenditures under the LCAs, although the scope of companies has been reduced with the transition to "flexible" EITI reporting. There are also strong calls for additional disclosures of social expenditures, both under the terms of certain contracts and voluntary forms of social expenditures.

There is significant public interest in environmental impacts of the extractive industries (see *Requirement 6.4*). This has translated into a greater focus on the data disclosed through EITI on the management of environmental rehabilitation funds (held in escrow accounts as forms of insurance, to be released back to the companies that complete the rehabilitation themselves) rather than on smaller payments to government for license fees related to water use, air and water pollution. However, the comprehensiveness of the disclosures in the 2020 EITI Report of extractive companies' environmental expenditures and payments is uncertain given the low number of companies for whom environmental payments are reported. Mongolia's efforts to expand the scope of disclosures to company contributions to environmental rehabilitation funds, which it has been doing since 2016, is welcome. However, the lack of disclosures of mining exploration license-holders' contributions to environmental rehabilitation funds maintained at the soum level is a concern, given significant civil society interest in this data. It could also be strengthened by including analysis of the management and oversight of the environmental rehabilitation funds themselves, including data on repayments to companies have completed their own rehabilitation, disbursements for environmental rehabilitation works as well as the audits and oversight of the accounts themselves.

Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in the annex to this report.

EITI Requirement and assessment	Summary of progress in addressing the EITI Requirement
<p>Subnational payments (Requirement #4.6)</p> <p><i>Mostly met</i></p>	<p>The Secretariat's assessment is that Requirement 4.6 is mostly met. Some government officials considered that the objective of strengthening public oversight of subnational governments' management of their internally generated extractive revenues had been fulfilled, while a development partner highlighted the importance of EITI Mongolia disclosures on extractive companies' direct payments to aimags and soums as a key outcome of Mongolia's EITI implementation. Some civil society representatives considered that the objective had been mostly fulfilled given gaps in disclosures by both some subnational governments and extractive companies and significant discrepancies in the reconciliation. The Secretariat's view is that Mongolia has made progress towards the objective by establishing an eReporting system for the disclosure of subnational governments' direct extractive revenues, but that the objective has not yet been fulfilled given gaps in the comprehensiveness of disclosures by all relevant provinces (aimags) and districts (soums).</p> <p>Mongolia EITI's eReporting platform provides 1,472 of 2,093 extractive license-holding companies' disclosures of direct payments to subnational governments in 2020, although the portal does not allow for the display of subnational governments' direct extractive revenues by individual province and district, which hinders the identification of subnational governments that did not provide the required data. In the 2020 EITI Report, the majority (57 of 60) of material companies reported their payments to subnational governments and subnational governments were selected for reconciliation based on whether material companies had operations in their jurisdictions, as confirmed in stakeholder</p>

	<p>consultations. However, there are inconsistencies in the report about the number of subnational governments that participated in EITI reporting for 2020, ranging from seven subnational governments in one section of the report and 23 and 25 in other sections. In consultations, the IA clarified that all 21 aimags had reported and that reporting by soums had been aggregated by aimag. Estimates vary about how many subnational governments host extractive activities in Mongolia, although most indicate that all 21 aimags and around 100 of Mongolia’s 331 soums host some mining licenses. However, there appear to have been at least two subnational governments that did not participate in EITI reporting for 2020 based on information in the EITI Report and annexes. The lack of detailed reconciliation figures comparing government and company disclosures before and after the reconciliation (for the 57 companies that reported) hinders greater transparency of direct subnational payments, and an assessment of the materiality of omissions by non-reporting subnational governments. There is significant interest in disclosures of extractive companies’ subnational payments both from civil society, which has used this data in their subnational outreach and dissemination activities, as well as from industry that has viewed these disclosures as an important factor in securing their social license to operate.</p>
<p>Subnational transfers (Requirement #5.2)</p> <p><i>Mostly met</i></p>	<p>The Secretariat’s assessment is that Requirement 5.2 is mostly met. A share of Mongolia’s national-level revenues are legally required to be transferred to subnational governments (aimags and soums), as confirmed in Mongolia’s EITI reporting. This includes shares of mining, oil and gas royalties, a higher share of royalties from ‘mega projects’ and half of all mineral exploration and exploitation license fees. The extractive revenues are transferred to the General Local Development Fund (GLDF), which is also funded through shares of common taxes levied at the national level on companies in all sectors, such as VAT. The GLDF then transfers funds to Local Development Funds (LDFs), which disburse funds to approved projects submitted by aimags and soums.</p> <p>The Ministry of Finance has established a dedicated website for the Local Development Funds to track disbursement of funds and execution of projects at the subnational level. This portal provides access to relevant laws and regulations and project execution in each aimag and soum, although detailed information on each LDF-funded project does not yet appear to be disclosed on the portal. The portal provides limited information on the sources of funding for the GLDF, however. While Mongolia used to use its EITI reporting to compare the calculations of extractive revenue transfers to the GLDF with the execution of transfers per subnational entity, Mongolia’s more recent (2019 and 2020) EITI Reports have only provided aggregated data on budgeted and funded transfers from the GLDF to each of 30 aimags and soums, not the value of extractive revenue transfers to the GLDF according to the revenue sharing formula. The recent EITI Reports do not provide the value of extractive revenues (license fee and royalty) transferred to the GLDF in 2020, nor an assessment of any deviations from the value that should have been transferred according to the revenue-sharing formula. Data on the GLDF portal indicates that a larger number of subnational governments receive GLDF transfers in practice, although Mongolia’s recent EITI reporting has focused on transfers to a smaller number of aimags and soums. There thus appears to have been a regression in disclosures on the notional and actual transfers of extractive revenues of the GLDF. Stakeholders consulted did not express any views on EITI Mongolia’s disclosures</p>

	<p>of subnational revenues but highlighted the GLDF portal as a key source of data on subnational transfers generally. The Secretariat's view is that the GLDF portal has vastly improved the accessibility of data on general GLDF transfers to the aimags and soums, but that there is a role for the EITI to play in ensuring that transfers of extractive revenues to the GLDF are executed in accordance with the revenue-sharing formula. Thus, the objective of enabling stakeholders at the local level to assess whether the transfer and management of subnational transfers of extractive revenues are in line with statutory entitlements had been mostly achieved in the period under review. In its comments on the draft assessment, the EITI Mongolia Secretariat noted that adherence to Requirement 5.2 would be improved in future EITI reporting.</p>
<p>Social and environmental expenditures (Requirement #6.1)</p> <p><i>Mostly met</i></p>	<p>The Secretariat's assessment is that Requirement 6.1 is mostly met. Several industry and government stakeholders consulted considered that the objective of transparency in companies' social and environmental expenditures had been achieved through EITI reporting. However, most CSOs consulted disagreed and called for greater clarity around both social expenditures beyond those codified in Community Development Agreements (CDAs) and for more accountability in the management of environmental rehabilitation funds. The Secretariat's view is that Mongolia has made progress towards the objective but that it has not yet been fulfilled due to concerns over the comprehensiveness of company disclosures of both social and environmental expenditures.</p> <p>There are two types of mandatory social expenditures in Mongolia. The first consists of legal requirements for mining, oil and gas companies to conclude CDAs with host communities and local governments, known as Local Cooperation Agreements (LCAs), implying that EITI reporting would consider all expenditure commitments (e.g., donations) in the LCA as mandatory. Driven by civil society, some 204 LCAs have been published on the open contract portal, although the latest LCAs to be published date from 2019. Appendix 21 of the 2020 EITI Report provides key characteristics of 183 of these LCAs. The annual EITI Report and its appendices appears to be the main means of disclosure of extractive companies' social expenditures under the LCAs. While the eReporting platform displays some aggregate information on companies' social expenditures, it is not sufficiently disaggregated (e.g., by beneficiary). The second type of mandatory social expenditure consists of contractual requirements for the development of social infrastructure by the contract-holder. Mongolia's 2020 EITI Report misclassifies these contractual clauses as barter-type infrastructure provisions, when there is no evidence of a balancing benefit stream from government. The appendices to the report disclose key terms of the contracts related to social infrastructure (e.g., roads) and the value of the planned expenditure, but not of the actual expenditure in 2020. In consultation, civil society stakeholders called for greater disclosures on other social expenditures that mining companies undertook outside of the LCAs. Industry stakeholders consulted highlighted the larger mining companies' disclosures on their corporate social responsibility expenditures on their respective websites. In its comments on the draft assessment, the EITI Mongolia Secretariat noted that EITI reporting templates of government agencies and provinces (aimags) had been amended to request information on the actual disbursement of donations in practice, which was highlighted as a positive achievement.</p>

	<p>With regards to environmental payments to government, Mongolia has continued to use its EITI reporting (most recently in 2020) to disclose data on the three revenue streams levied on extractive companies (one at the national level and two at the subnational level), reconciled between company and government reporting. However, government revenues for two of the three government revenue streams appear particularly low compared to the legal requirements of extractive companies, with only a total of MNT 33.8bn collected from 12 companies in air pollution fees to the national government and MNT 6m from three companies in water pollution fees to subnational governments. The 2020 EITI Report adopted a “flexible” approach that led to the reduction in the number of companies selected in the scope of reporting, from over 200 up to 2019 to 60 in 2020, and thus reduced the scope of disclosures of social expenditures in the EITI Report. Several civil society stakeholders consulted expressed strong dissatisfaction at this development and linked it to their opposition to the “flexible” EITI reporting approach that reduced the scope of companies. Mongolia’s EITI reporting has disclosed mining production license-holders’ contributions to environmental rehabilitation funds at the national level, but has not yet covered exploration license-holders’ contributions to soum-level environmental rehabilitation funds. The Secretariat considers that there has been a regression in disclosures of social and environmental expenditures since the previous Validation.</p>
New corrective actions and recommendations	
<ul style="list-style-type: none"> • In accordance with Requirement 4.6, Mongolia should ensure comprehensive disclosures of material extractive company payments and government extractive revenues collected at the subnational level, by aimags and soums. The Mongolia EITI National Council and government should ensure that all relevant aimags and soums duly report to the EITI. To strengthen implementation, Mongolia may wish to consider upgrades in the data analysis and visualisation aspects of the Mongolia EITI data portal to enable filtering by aimag and soum, disaggregated by individual revenue stream as per Requirement 4.7. • In accordance with Requirement 5.2, Mongolia should ensure that all transfers of national government extractive revenues to subnational governments (aimags and soums) are disclosed, such as the transfers of a share of extractive revenues to the General Local Development Fund (GLDF). Mongolia should ensure public disclosure of the specific revenue sharing formula for each extractive revenue, as well as any discrepancies between the transfer amount calculated in accordance with the relevant revenue sharing formula and the actual amount that was transferred between the central government and each relevant subnational entity. • In accordance with Requirement 6.1, Mongolia should ensure public disclosure of material social expenditures by companies that are mandated by law, including by the terms of a community development agreements that are required by law, or the contract with the government that governs the extractive investment. Where such benefits are provided in kind, it is required that implementing countries disclose the nature and the deemed value of the in-kind transaction. Where the beneficiary of the mandated social expenditure is a third party, i.e., not a government agency, it is required that the name and function of the beneficiary be disclosed. Where all three constituencies in Mongolia EITI agree that discretionary social and environmental expenditures and transfers are material, the Multi-Stakeholder Working Group is encouraged to develop a reporting process with a view to achieving transparency commensurate with the disclosure of other payments and revenues. Mongolia EITI is encouraged to agree a 	

procedure to address data quality and assurance of this information in accordance with Requirement 4.9.

Background

Overview of the extractive industries

An overview of the extractive industries is accessible on the [country page](#) of the EITI website for Mongolia.

History of EITI implementation

The history of implementation is accessible on the [country page](#) of the EITI website for Mongolia.

Explanation of the Validation process

An overview of the Validation process is available on the EITI website.² The [Validation Guide](#) provides detailed guidance on assessing EITI Requirements, while the more detailed [Validation procedure](#) include a standardised procedure for undertaking Validation by the EITI International Secretariat.

The International Secretariat's country implementation support team include Gay Ordenes, Brenda Jay Angeles Mendoza and Emanuel Bria, while the Validation team was comprised of Alex Gordy, Olesia Tolochko and Ida Krog. The internal review for quality assurance was conducted by Bady Baldé, Francisco Paris and Gay Ordenes.

Confidentiality

The detailed data collection and assessment templates are publicly accessible, on the internal Validation Committee page here.

The practice in attribution of stakeholder comments in EITI Validation reports is by constituency, without naming the stakeholder or its organisation. Where requested, the confidentiality of stakeholders' identities is respected, and comments are not attributed by constituency. This draft report is shared with stakeholders for consultation purposes and remains confidential as a working document until the Board takes a decision on the matter.

Timeline of Validation

The Validation of Mongolia commenced on 1 January 2022. A public call for stakeholder views was issued on 15 November 2021. Stakeholder consultations were held virtually on 1-18 March 2022. The draft Validation report was finalised on 10 May 2022. On 6 June 2022, the MSG requested an extension on the period for comment on the draft Validation report, which was granted to 1 July 2022. Following comments from each of the three constituencies on the MSG received on 1 July 2022, the Validation report was finalised for consideration by the EITI Board.

² See <https://eiti.org/validation>

Resources

- Validation data collection file – [Stakeholder engagement](#)
- Validation data collection file – [Transparency](#)
- Validation data collection file – [Outcomes and impact](#)