



# **Mongolia EITI Annual Progress Report**

**2018**

**Mongolia EITI National Council and Working group  
Secretariat of Mongolia Improved Governance Extractive Project/EITI**

## Table of Contents

One. General assessment of activities in 2018.....	3
1.1. Highlight summary.....	3
1.2. Result, impact and progress of EITI in Mongolia.....	5
1.3. Core activities in 2018.....	7
Two. Implementation of 2018 Work plan, status of achievement of objectives and results.....	10
Three. Status of meeting of each EITI Standard requirements.....	10
Four. Status of implementation recommendations under EITI validation.....	11
Five. Specific weaknesses, identified in the Mongolia EITI process.....	12
Six. Cost of implementation in 2018.....	13
Seven. Meetings, decisions and experience sharing, attendance.....	13
7.1 Meetings of Mongolia EITI National Council.....	13
7.2 Meetings of Mongolia EITI Working Group.....	14
Eight. The Report was drafted no December 14 <sup>th</sup> , 2018 and approved at National Council meeting on December 19 <sup>th</sup> , 2018.....	16
Nine. Attachments:.....	16

# **One. General assessment of activities in 2018**

## **1.1. Highlight summary**

The major highlight of 2018 was the fact that Mongolia EITI was recognized as country, which made satisfactory progress of EITI standard.

As endorsement, that Mongolia is willing to implement EITI sustainably, an official letter signed by His Excellency, Prime Minister of Mongolia, then Chairman of Mongolia EITI National Council Mr.U.Khurelsukh was conveyed to chairman of EITI Board Mr.F.Reinfeldt.

Besides, His Excellency Mr.D.Sumiyabazar, Minister of Mining and Heavy industry, then deputy chairman of Mongolia EITI National Council sent the another official letter to chairman of EITI Board Mr.F.Reinfeldt and expressed a gratitude for support to Mongolia EITI. Together, a plan of action to consolidate Validation was delivered.

Mr.J.Moberg, then executive director of EITI International Secretariat paid visit to Mongolia, was warmly welcomed by President of Mongolia, His Excellency, Mr.Kh.Battulga, and briefed him on ongoing EITI implementation. He also was warmly welcomed by His Excellency Mr.D.Sumiyabazar, Minister of Mining and Heavy industry, then deputy chairman of Mongolia EITI National Council, and he outlined major aspects of assessment of Mongolia EITI and confirmed direct and active cooperation. Mr.E.Rich had opportunity to visit Mongolia and was briefed on ongoing EITI implementation, defined key directions of cooperation.

Under invitation of "Open Government Partnership" and EITI International Secretariat, chairman of Mongolian Government Cabinet Secretariat His Excellency Mr.G.Zandanshatar, Senior adviser to Prime Minister of Mongolia, secretary of Mongolia EITI National Council and head of working Mr.B.Enkh-Amgalan paid visit to Republic of Georgia, attended Summit of Open Government Partnership and EITI Conference of Central Asia and South Caucasia, Regional Beneficial Ownership disclosure Workshop. During the visit, they had opportunity to meet counterparty of Georgian Government to discuss bilateral cooperation.

The main product of transparency, which is Mongolia EITI 2017 Report was produced in timely manner, has become a public domain.

1489 mineral license and petroleum contract holding companies and Government on receipt from 2091 companies reported for EITI electronically, Mongolia EITI 2017 Report was produced covering 230 leading companies of Mongolia in the sector. Companies engaged in extractive industries disclosed new data, which is about used water and disposal of wastes.

A pilot project for better EITI promotion and creating mutual understanding in local areas has been implemented by Adam Smith Institute along with Mongolian company Interconsulting under EBRD funding, which is covering 5 soums in 5 different aimags like Yeruu, Zaamar, Gurvantes, Bor-Undur and Delgereh and completed, Mongolia EITI continued the project within available resources and capacity.

The majority of planned activities for 2018 in Mongolia EITI Beneficial ownership transparency Road Map 2020 have been implemented in 2018, together with EITI International Secretariat, a round table of Government relevant officials and High ranking Parliament and Government consultation of Beneficial ownership, were organized and an amendment to law on legal entity registration was submitted to the Parliament.

In order to insure updating Open Contract portal, which was created by funds of Open Society forum, activities were taken by stakeholders like Ministry of Mining and Heavy industries, as result more 280 Contracts have been supplemented with original PDF and converted text.

EITI has been implemented already more than 10 years, massive communication activities have organized to show results and impact of EITI, for which even very first members of National Council and Working group have participated, and shared with their views on EITI, its progress and complications, have been disseminated actively by mass and social media.

As, for principal new change, it was that in order to decrease overburden of Prime Minister of Mongolia, a chairmanship of Mongolia EITI National Council was passed to Minister of Mining and Heavy Industry, and also chairmanship of Working Group was passed to State secretary of Ministry of Mining and Heavy industry, relevant Government resolution No. of which is 289 was endorsed in September, 2018.

## 1.2. Result, impact and progress of EITI in Mongolia

1. EITI reporting means real illustration of accountability of Companies is increasing.

For 2006 the number of companies, which was only 64, and this figure has reached 1489 for 2017, and increased 23 times. This is an evidence about increase of number of accountable and responsible companies.

2. EITI reporting reveals an increase of accountability and leadership of Government, which reports without any obstacles.

The Government of Mongolia produced EITI, first time for 2006, which covered revenues of extractive industries from 134 companies, recently produced the report for 2017, which is covering revenues from 2091 companies. It is worth to note that Government has being produced EITI reports on revenues for past consecutive 5 years, covering almost companies having mineral licences. The number of companies presented in the Government has increased 15 times since 2006. This fact gives all ground to consider that accountability of the Government is increasing.

3. Availability of real information has increased, as EITI reporting has become electronic.

Companies and Government have reported in “paper” between 2006-2013, and since 2014 both are producing electronic EITI reports, which lead to saving valuable time, resources and papers of both Government and Companies, arrive at “Eco” reporting.

4. Knowledge and capacity of the Government, Companies and Civil society have increased and upgraded.

The capacity of Triparties have increased, as result annual reports have been produced in timely manner, a year before EITI bench timeline, and debated, which has become quite as routine work since 2011.

5. The international reputation of Mongolia has increased..

Mongolia received awards of Cristal cup of EITI Chariman in 2011 and 2016. One was for sustainable reporting and other is for increasing of electronic availability of EITI. In 2018 Mongolia EITI has gained status of EITI Standard compliant country.

6. Resource Governance index of Mongolia increased and reached 64.<sup>1</sup>

The cooperation between Government, Companies and Civil society activated extensively to implement EITI and at the same time the trust and environment improved, which all have led to cause to increase this index.

7. Donations handed to central and local state organizations, which are not disclosed previously are now disclosed since 2007.

Parliament and Government of Mongolia are taking measures to regulate issues of messy donations and assistances through relevant legislative acts. In 2010 a Financial Ministerial Order No.45, in 2011 a Budget law, and its art. 25, and in 2012 a law on the prevention of conflict of interest and regulation of public and private interests in public service, and its

---

<sup>1</sup> Previous index in 2013 was 51.

art.17.1, 17.4 have been adopted and regulate issues related to donations, which are present great progress in this aspect.

8. Information on natural rehabilitation work and relevant deposits are disclosed on annual basis. Starting 2017 Report, companies are disclosing used water and disposal of waste.<sup>2</sup>

Mongolia is disclosing natural rehabilitation work since 2007 every year, used water and disposal of waste, since 2017, which are not in the EITI standard and is implementing this very special requirement, which can be considered beyond EITI standard..

9. Subnational EITI branches are established in rural areas and capital cities and give opportunity to increase communication between companies and local areas..

Mongolia has implemented many activities of good practice in rural cooperation, there is one real illustration, that is now there are functioning Subnational EITI councils in 21 aimags and 12 soums, capital city and 1 district.

10. As EITI has being implemented EITI became a public tribune of consultations and discussions.

All media channels are discussing freely EITI, its benefits, impacts, results, implementation without any limitations.

11. There are some cases that EITI report and its information was used to resolve some constructive discussion.

There was discussion over whether Boroo gold company has paid any tax or not, so EITI report was used as reference tool to settle this dispute. Another case of Energy Resource<sup>3</sup> company, that used EITI data in their efforts for better understanding of company's activities.

Although, Mongolia is implementing EITI more than 10 years and considered as one of leading countries at global level, transparency law in mineral resources sector is most needed to make success sustainable, transparency as daily routine work.

The new method to ask public and some similar methods should be taken for measuring implementation impact of EITI overall.

---

<sup>2</sup> Mongolia EITI 2017 report- appendix 31 and 32- 113 companies reported on used water and 100 companies reported on disposal of waste.

<sup>3</sup> Mongolian Mining Journal, 2018 –November Edition

### **1.3. Core activities in 2018**

#### EITI Reporting for 2017 by Companies and Government

Mongolia EITI organized EITI reporting for 2017 by Companies and Government as work plan specified.

As a result, totally 1489 mineral license and petroleum contract holding companies (798 companies with exploration license, 680 companies with production license, 11 companies with petroleum production sharing agreement) produced reports and Government entities like 8 ministry, agencies, gubernatorial offices of 21 aimags and 9 districts reported on revenues from 2091 companies electronically. The number of companies which reported for 2017 is increased by 18% from previous year.

As for some details about report by Government entities. Mineral and petroleum authorities reported on 1867, Taxation on 904, General authorities of health and social insurance on 947, Customs office on 285, Bayangol district on 127, Sukhbaatar district on 124, Dornogovi aimag on 110, Tuv aimag on 181, Dundgovi aimag on 58, Govi-Altai aimag on 55 companies, and list of other entities attached.

#### Implementation of 2016-2017 EITI Validation recommendations

EITI Board issued a final decision for Mongolia EITI Validation in January 2017, delivered 7 recommendations, and in February 2017, has reviewed progress of these recommendations, recognized Mongolia EITI as country with satisfactory progress, which is great success amongst more 50 countries implementing EITI, Mongolia has become a second country, which met EITI standard.

#### Reconsideration of Terms of References for Mongolia EITI 2017 12<sup>th</sup> Report

At the beginning of 2018, a draft selection and terms of references for Mongolia EITI 2017 12<sup>th</sup> Report was delivered to Members of Working group electronically, collected their comments and proposals, and then it was approved and published in the newspaper.

The selection committee under a law on procurement of goods, service and consultancy by state and local budget funds was established at Secretariat, which was chaired by senior office of Mineral and Petroleum authorities Mr.Ts.Tsegts, composed of members: M.Tserenzhurmed, officer of Government Cabinet Secretariat, Mr.N.Alгаа, president of Mongolian National Mining Association, Mrs.B.Bolormaa, tax accountant of Boroo Gold company, Mr.B.Batbold, member of Governing body of Mongolian Natural Environment Civil council, and Mrs.B.Tserenpurev, officer of NGO New Administrative Initiative, Mr.G.Ganbat, IT consultant of Secretariat, as secretary of Selection committee, which was established by order of first deputy chief of Government Secretariat and did the selection work. The Secretariat also received comments and proposals from EITI International Secretariat and included all necessary inputs and selection launched in January.

#### Result of selection and contract conclusion

Consortiums of KPMG Audit Mongolia and KPMG France; Ulaanbaatar audit corporation and Hart Nurse Co.,Ltd; Od Burtgel audit LLC and Steffen Moores, Trinidad and Tobago; BDO Mongolia, Sky Team Norway, have participated in bidding for independent administrator of 2017 Mongolia EITI 11<sup>th</sup> Report.

A consortium of Mongolian and French KPMG companies issued a complaint, which was resolved as procedure at the Ministry of Finances, which prolonged contracting process.

At the end a consortium of Ulaanbaatar audit corporation and Hart Nurse Co.,Ltd was selected as independent administrator, concluded contract in June, 19l, organized inception seminar in July 6, presented inception report in August 30, submitted a draft report to Working Group in November , and final report to National Councils

Mongolia EITI National Council endorsed this Report om December 19, 2018..

#### Production of the 2017 EITI Report

Consortium of Ulaanbaatar audit corporation and Hart Nurse Co.,Ltd has produced 2016 EITI Report in compliance with EITI Standard, reconciled reports of 230 leading Mongolian companies with Government Reports, made relevant conclusions and recommendations. The reconciliation launched in July, continued till November overlapping with Mongolian traditional holiday Naadam and Vacation season, as result there was again a delay in receiving replies and clarifications from Government organizations and companies, affected on timely production of the Report.

#### Discussions of the 2016 EITI Report

Consortium of Ulaanbaatar audit corporation and Hart Nurse Co.,Ltd KPMG consortium submitted a draft report to Working Group in November, there was a relevant discussions, gave feedback and in the principle the Working Group agreed to the draft report and to submit to National Council. The Consortium of Ulaanbaatar audit corporation and Hart Nurse Co.,Ltd has updated the Report and afterward, it was submitted to the National Council, which discussed it and at the end endorsed.

#### Disclosure of Beneficial ownership

In accordance with “Mongolia EITI Beneficial ownership Road 2020” Mongolia EITI jointly eith EITI Intenational Secretariat a round table of Government officials at Minsitry of Miniong and Heavy Industries in February, High ranking Parliament and Government consultation meeting at Government House in May, and Company consultation meeting in December, and activities were funded by EBRD.

The highlight of the May meeting was that Mongolia EITYI drafted amendment and submitted to draft law of amendment to law on state registration of legal entities, however, the Parliament so quickly finalized the draft, Mongolia EITI’s amendment was late.

Mongolia EITI Secretariat values significance of this subject, is hiring a lawyer within its resources to make progress.

#### Trainings

##### Training activities at international level

Mrs.B.Delgermaa attended the training “Data4Impact”, which was organized in Ukraine, February 2018, by Natural Resources Governance Institute.

Also, she participated in training for NGO Capacity build-up, organized by World Bank, which were attended by Mr.D.Tserenjav, head of NGO Transparency Foundation, Mrs.D.Tegshbayar, director of research institute of legislation.

##### Training activities at national level

The training on “Transparent and Resonsible mining” was organized in March, representatives of more than 150 companies have participated.



Also, a similar training for state owned companies was organized jointly Erdenes Mongol Corporation, where senior financial officers of about 10 companies participated and improved their capacity.

The combined training and consultation “On transparency of Natural environment information” was organized jointly with specialists of Ministry of Natural Environment and Tourism, and main topic was water Governance. As result of following actions, a new template of reporting on water usage was been drafted and consolidated with additional information templates of 2017 EITI Report, and 113 companies out of 230, which participated disclosed information on water usage.

The inception seminar was organized with IA for members of Mongolia EITI Working Group in July 6<sup>th</sup>, 2018.

Jointly with Open Society forum, Coalition PWYP and National Center of Company Governance a consultative meeting on Disclosing Beneficial owners was organized in September, where representatives of NGOs and Companies participated.

Jointly with Transparency foundation a training for journalists was organized in June and August, and jointly with IFC and Center of Innovation, training on methodologies on how use data of EITI in October, and improved usage of data.

Joint consultation meeting of Mongolia EITI National Council and Working Group and consultative meeting of Companies on Disclosure of Beneficial ownership: Policy of Mongolia and implementation was organized in October and in December 2018, respectively.

#### Training activities at local level

Within scope of monitoring of local contracts jointly with NGOs “My Mongolian soil”, 3Owners of Khubsugul lake”, “Ikh Bayan Sharga” trainings of subnational council and meetings were organized in Buregkhangai soum of Bulgan aimag, Zaamar soum of Tuv aimag, and Orkhontuul soum of Selenge aimag in June, and jointly with NGO Salvation of Mother Nature EITI open day was organized in Uvs aimag center Ulaangom.

Indoor training for information workers of bench 4 soums was organized in Ulaanbaatar, May, and e-training was organized for Sukhbaatar and Selenge aimags.

Western regional EITI Conference was organized in December, in Uvs aimag and discussed mainly on subnational implementation. There were representatives of Ministry of Natuiral Environment and Tourism, Anti-Corruption Committee, National taxation department, Mineral nd Petroleum Authorities, NGO Coalition PWYP, Bor-Undur soum of Hentii aimag, Bayan-Ulgii aimag, Tsengel, Uvs aimag, Buhmurun, Malchin and other soums.

#### Dissemination and promotion

Media information was joinly organized with Meguun Media LLC. Contract was concluded in May, and whole June was devoted for better public promotion, several actions have been taken.

TV broadcast of 30 minutes coverage was produced and aired through 5 TV channels. 12 Newspaper interviews were produced and disseminated through mass and social media.

Also 2 animations and briefs with inforgrafics about Mongolia EITI, impact and achievements were published.

As result, as of social network, 140.000 viewers were reached out, and number of followers of web site of Mongolia EITI Secretariat reached 700, and there were frequent interviews through various channels.

Publication of various promotion materials such EITI introduction, Mongolia EITI brochure have produced and 4 newspaper per each bench soum were produced, printed in 2000 per each soum and disseminated to relevant soums.

## Two. Implementation of 2018 Work plan, status of achievement of objectives and results<sup>4</sup>

### Three. Status of meeting of each EITI Standard requirements

EITI Board made decision in February 2018, that Mongolia EITI meets EITI standards. Mongolia Report 2017 is the 3<sup>rd</sup> report produced under 2016 EITI Standard,

Final scores of Mongolia EITI Assessment on meeting EITI standard requiremens after Validation 2016 and 2017-		Satisfied/ beyond/ not applicable
Category	Requirements	Satisfied
MSG oversight	Government engagement 1.1	Satisfied
	Industry engagement 1.2	Satisfied
	Civil Society engagement 1.3	Satisfied
	MSG Governance 1.4	Satisfied
	Workplan 1.5	Satisfied
Licenses and contract	Legal framework 2.1	Satisfied
	License allocations 2.2	Satisfied
	License register 2.3	Satisfied
	Policy on contract disclosure 2.4	Satisfied
	Benebficial ownership 2.5	Not applicable
	State participation 2.6	Satisfied
Monitoring production	Exploration data 3.1	Satisfied
	Production data 3.2	Satisfied
	Export data 3.3	Satisfied
Revenue collection	Comprehensiveness 4.1	Satisfied
	In-kind revenues 4.2	Not applicable
	Barter agreements 4.3	Not applicable
	Transportation revenues 4.4	Satisfied
	SOE transactions 4.5	Satisfied
	Direct subnational payments 4.6	Satisfied
	Disaggregation 4.7	Satisfied
	Data timeliness 4.8	Satisfied
Data quality 4.9	Satisfied	
Revenue allocation	Revenue management and expenditures 5.1	Satisfied
	Subnational transfers 5.2	Satisfied
	Distribution of revenues 5.3	Not applicable
Socio-economic contribution	Mandatory social expenditures 6.1	Satisfied
	SOE quasi-fiscal expenditures 6.2	Satisfied
	Economic contribution 6.3	Beyond

<sup>4</sup> Implementation of Work plan of Mongolia EITI 2018 is given by attachment 1.

Outcomes and impact	Public debate 7.1	Satisfied
	Data accessibility 7.2	Not applicable
	Follow up on recommendations 7.3	Satisfied
	Outcomes and impact of implementation 7.4	Satisfied
Overall progress		Satisfied

#### Four. Status of implementation recommendations under Mongolia EITI Report 2016 and EITI post validation

Recommendations	Reference to Mongolia EITI 2016 Report	Implementation status in Mongolia EITI 2017 Report	
		Status	Comments
To cooperate with the MNAO to achieve a successful implementation of the proposed procedure to provide assurance over the EITI data reported by government entities.	6.2.1	Requires further actions	MNAO should include assurance procedure in its 2019 workplan
To approve a plan aimed to increase awareness about the importance of the EITI and the importance of better cooperation between government agencies that provide the EITI data by the National Council.	6.2.2	Implemented	Relevant training and seminars on the EITI data was organized by Independent Administrator
To continue capacity building of SOEs, including, but not limited to, continual training and training materials to be provided to SOEs by the MSG and the MEITI Secretariat (or by external consultants) on the SOE specific requirements of the EITI Standard during the months before the Independent Administrator's process commences.	6.2.3	In progress	Included in the plan for 2018 EITI report. In progress of implementation.
To create 2 different fields for VAT revenue stream in the MEITI E-reporting system: <ul style="list-style-type: none"> <li>- One field for payable to the Mongolian Tax authority,</li> <li>- One field for payable to the Customs Office.</li> </ul>	6.2.4	Implemented	VAT paid to the Mongolian Tax authority and the Customs office is separately shown in the E-reporting system.
To formulate new system at the government level for reporting and distinguishing EI business and revenue streams, and non-EI revenue streams for companies which have multiple activities and to pay attention in the implementation of such system	6.2.5	Requires further actions	Recommend MEITI implement such system within the framework of issues to be reported by the project.

To make improvements by MRPAM to the cadastre data available for viewing publicly to allow visibility of information that complies with the minimum requirements of EITI Standard.	6.2.6	Requires further actions	Not implemented.
To raise the disclosure of Product Sharing Agreements by the National Council or a MSG working group with the Ministry of Mining and Heavy Industry and to disclose the currently active PSAs in compliance with requirements of the EITI Standard	6.2.7	Requires further actions	PSAs not yet disclosed but Contract template is available at <a href="http://www.iltodgeree.mn">www.iltodgeree.mn</a> and <a href="http://mrpam.go.mn">mrpam.go.mn</a> .

## Five. Specific weaknesses, identified in the Mongolia EITI process

1. Mongolia EITI has produced 12 Annual Reports and number of companies covered in the reports is increasing, but still number of companies which are not reporting stays high. It is estimated that at least 500 companies should report for EITI and under newly passed law on administrative violations, which is effective since July 1<sup>st</sup>, 2017, non-complied Companies shall be fined by 10 million MNT. The most companies are agreeing to this fine, as result there are cases of misunderstanding between Professional Inspectorate and EITI Secretariat.
2. Some Government entities are still ignoring to answer to questions and not cooperating with Independent Administrator, example is about Customs Office. The issue needs to be resolved through clarification of legislative acts.
3. Usage of information produced by EITI Annual Report is not high enough. This should be improved through identifying and segmenting by focus group, and processing in easier and accessible language, with some printed materials and training packages, and promote and activate such activities.
4. Sufficient number of planned activities under Mongolia EITI Work Plan should be carried out by those Professional associations, and Civil Society organizations under principle of contracting. This shall create opportunities for improving involvement and contribution of professional organizations.
5. Relatively, contribution of the Government in implementation is high enough, but participation of high ranking Government officials is still not sufficient. Turnout of members of National Council and Working Group is not good, there is still delegating low ranking officials is taking place.
6. Participation of companies, their representative is passive, and not sufficient. Especially, participation of directors and legal managers, who can lead is still passive.
7. Need on aimag, capital, soum and district level to process new policy of EITI, information of the annual report and disseminate is still high, also it is necessary to improve capacity of local structure, improve their legal and financial surroundings, to provide with guidelines. After every elections, it is very usual to change officials engaged, which effects on linkage and leads to loss of time. Therefore, it is very important to insure with resources and opportunities for sustainability and hard linkage.

## Six. Cost of implementation in 2018

<b>TOTAL DISBURSEMENT OF IMPLEMENTATION MONGOLIA EITI under MIGEP and GoM funds in 2018</b>				
	Item	Work plan	Disbursed	Funding source
		MNT	MNT	
1	Regular MSG Meetings (including communications training for the MSG and reporting template enhancement workshop)	4.247.820	2.338.105	WB Grant
2	Hiring of Independent Administrator for the 12th Mongolia EITI Report	228.930.000	205.495.000	GOM
3	Monitoring of Community development Agreements	20.000.000	18.260.200	WB Grant
4	Engagement of Translators for the EITI documents	3.750.000	2.450.000	WB Grant
5	Printing of 11th Mongolia EITI Report and popular version	25.650.000	25.873.382	WB Grant
6	Participation in EITI Regional conference and workshop	10 400 000	11.433.957	WB Grant
7	EITI Subnational activities	10.000.000	6.750.000	WB Grant
8	EITI Membership fee	25.500.000	25.499.871	GOM
	Management of the Mongolia EITI Secretariat			
9	Annual Assessment and Planning workshop	65.000.000	31.877.580	WB Grant
10	Salaries of the EITI Secretariat	246.760.000	252.937.263	WB Grant
11	Operational Expenses (equipment, Rental, communications, representation and transportation)	126.400.000	149.652.115	WB Grant
	<b>TOTAL</b>	<b>766.637.820</b>	<b>732567.473</b>	
	Out of which			
	WB grant	512.207.820	501.572.602	
	GOM funds	254.430.000	230.994.871	

## Seven. Meetings, decisions and experience sharing, attendance<sup>5</sup>

### 7.1 Meetings of Mongolia EITI National Council

Mongolia EITI National Council met once in December 19<sup>th</sup>, 2018.

<sup>5</sup> Attendance sheets are in attachments

**Meeting of National Council No.17 at the Ministry of Mining and Heavy industries, on December 19, 2018 and below decisions are listed:**

1. Mongolia EITI 12<sup>th</sup> 2017 Report produced by consortium of Mongolian Ulaanbaatar audit Corporation and UK Hart Nurse Co. is endorsed. All constituencies are be requested to post the report in the website and Secretariat is assigned to produce summary report and disclose to public, and advertise it. The Secretariat is assigned deliver Mongolia EITI 12<sup>th</sup> 2017 report, implementation report of Mongolia EITI 2018 Work plan, Mongolia EITI 2018 Annual Progress Report and Mongolia EITI 2019 Work plan to EITI International Secretariat before December 31<sup>st</sup>, 2018. The Secretariat is assigned along with Ministry of Mining and Heavy Industries to inform public about meeting of National Council meeting and its deliberations. The Secretariat is allowed to pay final sum under the contract to consortium of Mongolian Ulaanbaatar audit Corporation and UK Hart Nurse Co. The Secretariat is assigned to submit names of companies, which have not reported to State professional inspection agency, which is also requested to report back on results of taken sanctions. The Mongolian Mining and Petroleum Authorities are assigned to include application of licenses into Cadastre system and make it disclosed. It is agreed the Ministry of Mining and Heavy industries will check disclosing of PSAs and report back to the National Council. The consortium is asked to submit some details about contributions broken by type of minerals. The Secretariat is assigned to submit Mongolia EITI 2017 report to Budget and Economic standing committees of Parliament and also publish names of companies have not answered to Independent administrator.
2. Report on implementation of Mongolia EITI 2018 Work plan and Mongolia EITI 2019 Work Plan is approved. Also Mongolia EITI Annual Progress Reports is endorsed and each constituency is requested to deliver a brief summary of their activities to the Secretariat, which shall integrate it to Annual Progress Report not later than December 28<sup>th</sup>, 2018; The Secretariat is assigned to report on ongoing Project on disclosure of Beneficial ownership funded by EBRD.
3. The updated Road map on disclosure of beneficial ownership 2020 is endorsed with proposals of Members given at the meeting. There shall be monitoring over implementation on quarter basis. It is agreed to update definitions of beneficial owners as specified in laws.
4. It was agreed to endorse draft of amendment to the Government resolution and assign a chief of Mining department of Ministry of Mining and Heavy Industry, to submit to the Government meeting, it is agreed to create group to work further on this Resolution, and stakeholders will provide names before December 31<sup>st</sup>,2018.

## **7.2 Meetings of Mongolia EITI Working Group**

Mongolia EITIO Working Group had three meetings in May, August and November, 2018.

**Working Group Meeting No.46 was organized at Puma hotel on May 1, 2018 and below decisions are listed:**

1. It is agreed to express gratitude to all people, who made many efforts to implement Subnational EITI Communication pilot project, which was successful, to deliver a letter of gratitude with signature of head of Working group.
2. It is agreed to expand the Project based on recommendations of members of Working group.
3. It has endorsed the draft of budget estimate for subnational councils for 2019 as 288 million MNT.
4. It is agreed that the Secretariat shall review again expenditure of aimag. Capital city, soum and district council, submit back to Working Group.
5. It is assigned to the Secretariat to review on annual basis budget draft of subnational councils.
6. It is agreed to express a gratitude to the Ministry of Mining and Heavy industries for introduction on possible amendment to various laws related to Mining sector, made by Mr.Ch.Tsogtbaatar, senior officer of Mining department of MMHI.

7. It is agreed to brief the Working group on progress of deliberation of drafts, and invite members from WG for deliberation work.
8. The plan to consolidate Mongolia EITI Validation progress in 2018 was endorsed.
9. It is agreed to have the Plan ratified by Minister of Mining and Heavy Industries, and assigned the Secretariat to oversight implementation.
10. It is agreed to form sub working group, which shall be headed by Mr. Mr. T. Zuunnast, senior officer of Mining department of MMHI on further research on mainstreaming.
11. Stakeholders are asked to submit names of their delegate to this sub working group not later than May 15<sup>th</sup>, 2018.

**Working Group Meeting No.47 was organized at hotel Puma, August 30<sup>th</sup>, 2018 and below decisions are listed:**

1. It is agreed to ratify inception report and allow the Secretariat to effect payment for this work.
2. It is agreed that Progress report shall be briefed to Working group by September 30<sup>th</sup>, and draft shall be submitted by November 15<sup>th</sup>, 2018.
3. It is agreed to disclose names of companies, which have complied with art,48.10 of Mining law.
4. It is agreed to assign the Secretariat to review again definitions of Project level reporting, draft relevant reporting template, ask feedback from Companies, and update.
5. It is agreed to delegate Mr, D. Sukhbaatar, coordinator of NGO of Responsible mining, and Mr. D. Enkhbold, executive director of Mongolian National Mining Association, to sub working group on mainstreaming and draft Government resolution and introduce backward.

**Working Group Meeting No. 48 was organized at Hotel Puma, November 19<sup>th</sup>, 2018 and below decisions are listed:**

1. The draft Mongolia EITI 2017 is approved in the principle. It was instructed that KPMG consortium and Secretariat should prepare the Report for meeting of National Council.
2. The Secretariat is allowed to pay scheduled payment, which 50% of contract sum.
3. It was agreed to form sub working group to draft amendment to Government Resolution, to nominate as head Mr. B. Delgerjargal, director of Mining Policy department of MMHI, as members Mr. D. Damba, senior officer of Mining Policy department of MMHI, Mr. T. Munkhbat, senior manager of Oyu Tolgoi LLC, Mr. Mr. D. Enkhbold, executive director of Mongolian National Mining Association, Mrs. D. Erdenechmeg, manager of Open Society forum, representing coalition PWYP, Mr. D. Sukhbaatar, coordinator of NGO of Responsible mining, Mr. Sh. Tsolmon, coordinator of the Secretariat.
4. The Secretariat is allowed to submit assessment of members, who worked in various meeting, consultation, selection committee and sub working groups, make calculations of incentives and ask feedback from Working group and then submit to relevant organizations.
5. Bench of calculation baseament shall be MNT 50.000 for each meeting of National Council and Working Group, MNT 40.000 per each meeting of sub working group, and MNT 150.00 for whole selection committee deliberation.
6. It is agreed in principle to provide 30% for good performance to the staff of Secretariat.

**Activities of foreign cooperation**

**Study tour of Ukrainian EITI Working Group, April 8-13, 2018 to Mongolia**

6 members of Ukrainian EITI working group and secretariat visited Mongolia in April, were acquainted with achievement of Mongolia EITI on the ground, met members of Mongolia EITI working group, organized joint workshop, and also consultation meeting on disclosure of beneficial ownership, and travelled to Zaamar soum, Tuv aimag to see ongoing EITI pilot project, met members of subnational Council. The tour was funded and organized jointly with Natural Resources Governance Institute.

### **High ranking officials of Mongolian Government visited Tbilisi, Georgia, July 15-19, 2018**

Under invitation of “Open Government Partnership” and EITI International Secretariat, chairman of Mongolian Government Cabinet Secretariat His Excellency Mr.G.Zandanshatar, Senior adviser to Prime Minister of Mongolia, secretary of Mongolia EITI National Council and head of working Mr.B.Enkh-Amgalan paid visit to Republic of Georgia, attended Summit of Open Government Partnership and EITI Conference of Central Asia and South Caucasia, Regional Beneficial Ownership disclosure Workshop. During the visit, they had opportunity to meet counterparty of Georgian Government to discuss bilateral cooperation.

### **Regional EITI Conference in Dushanbe, Tajikstan, October 16-19, 2018**

The Regional EITI Conference was organized in Dushanbe, Tajikstan, October 16-19, 2018, where delegates from Kazakhstan, Kyrgystan, Ukraine and Mongolia participated and shared experience among EITI countries. Mr.Sh.Tsolmon has presentation on Mongolia EITI implementation, Validation and answered to various questions. Tajikstan presented to this Conference their EITI 2<sup>nd</sup> Report.

### **Eight. The Report was drafted on December 14<sup>th</sup>, 2018 and approved at National Council meeting on December 19<sup>th</sup>, 2018**

### **Nine. Attachments:**

1. Implementation of Mongolia EITI 2018 Work Plan
2. Implementation of Work pla to consolidate Mongolia EITI validation progress in 2018
3. Mongolia EITI 2019 Work plan
4. Updated Road map of Mongolia EITI Disclosure of Beneficial ownership 2020 with implementtion status
5. Attendance of members of National Council and Working Group, and perdiems paid by Mongolia EITI/MIGEP Secretariat.