

The Board agreed that Mongolia has made satisfactory progress on implementing the 2016 EITI Standard

Decision reference: 2018-14/BM-39/BP-39-5-E

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## News

### Mongolia meets all requirements of the EITI Standard

*The Board congratulated Mongolia for its use of EITI to shine light on challenges in licensing and reporting of state-owned companies.*

**13 February 2018** - Mongolia was today assessed as meeting all the requirements of the EITI Standard. The decision was made by the EITI Board, who praised the swift efforts in addressing gaps in EITI implementation identified in its first Validation.

### A health check

The Board recognised Mongolia's pioneering efforts in ensuring accessible, regular disclosure of information on the sector to its citizens, not least through the EITI Mongolia Data Portal (<https://e-reporting.eitimongolia.mn/>). The second Validation confirmed Mongolia's efforts to use EITI reporting as a diagnostic tool for what works and doesn't work in the management of extractives licenses, state participation in the mining sector, subnational transfers and social expenditures.

The Board recognised that, while some discrepancies between rules and practice in the governance of the extractive industries persist, the latest EITI Report is frank about the challenges in the sector.

The Board welcomed ongoing efforts to move towards systematic and regular disclosures of EITI data through government and company systems in the coming years, building on EITI Mongolia's dedicated data collection system and open data portal.

Fredrik Reinfeldt, Chair of the EITI, said:

*"Mongolia has made remarkable progress since their first Validation eighteen months ago, in particular bringing transparency on state participation in the extractive sector. Meeting all the requirements is a significant milestone and credit is due to all stakeholders that helped Mongolia achieve the highest level of transparency under the Standard. I urge them to continue to ensure progress in embedding transparency in government and company systems to further strengthen citizen oversight."*

## Notes

- [Validation](#) is the EITI's independent evaluation mechanism. It assesses countries against progress made in meeting the 2016 Standard.
- [See the interactive Validation scorecard for Mongolia here.](#)
- [See Mongolia's country page here.](#)
- [See the documentation for the Validation of Mongolia here.](#)

## The Board's decision

On 13 February 2018, the EITI Board came to the following decision on Mongolia's status:






The EITI Board agreed that Mongolia has fully addressed the corrective actions from the country's first Validation. Consequently, Mongolia has made satisfactory progress overall with implementing the EITI Standard.

The Board recognised Mongolia's pioneering efforts in ensuring accessible, regular disclosure of information on the sector to its citizens, not least through the EITI Mongolia Data Portal <https://ereporting.eitimongolia.mn/>. The second Validation has confirmed Mongolia's efforts to use EITI reporting as a diagnostic to drive reforms in the management of extractives licenses, state participation in the mining sector, including quasi-fiscal expenditures, subnational transfers and social expenditures. While some discrepancies between rules and practice in the governance of the extractive industries persist, the Board considered that the latest EITI Report adequately reflected practical challenges in the sector. Gradual improvements in the multi-stakeholder group's cohesion and oversight are reflected in the quality of the 2016 EITI Report, although the Board encourages stakeholders to continue enhancing the dynamism of its dissemination, outreach and assessment of impact.

The Board welcomed ongoing efforts to ensure systematic disclosure of requirements 2-6 on EITI reporting. The Board took note of these developments and looks forward to working together with Mongolian stakeholders on these issues.








The Multi-Stakeholder Working Group (MSWG) should continue to ensure adherence to the EITI Principles and Requirements. Where concerns are raised about whether implementation of the EITI has fallen below the required standard, the EITI Board reserves the right to require the country to undergo a new Validation. In accordance with Requirement 8.3.b, stakeholders may petition the EITI Board if they consider that Mongolia's status should be reviewed. Otherwise, in accordance with Requirement 8.3.d.i, Mongolia will be revalidated in three years, with the next Validation commencing on 13 February 2021.

## Scorecard

EITI Requirements		Level of Progress				
Categories	Requirements	No Progress	Inadequate	Meaningful	Satisfactory	Beyond
MSG oversight	Government engagement (#1.1) 					
	Industry engagement (#1.2) 					
	Civil society engagement (#1.3) 					
	MSG governance (#1.4) 					
	Workplan (#1.5) 					

EITI Requirements		Level of Progress				
Categories	Requirements	No Progress	Inadequate	Meaningful	Satisfactory	Beyond
Licenses and contracts	Legal framework (#2.1)				█	
	License allocations (#2.2)				█	
	License register (#2.3)				█	
	Policy on contract disclosure (#2.4)				█	
	Beneficial ownership (#2.5)		█			
	State participation (#2.6)				█	
Monitoring production	Exploration data (#3.1)				█	
	Production data (#3.2)				█	
	Export data (#3.3)				█	
Revenue collection	Comprehensiveness (#4.1)				█	
	In-kind revenues (#4.2)	█	█	█	█	█
	Barter agreements (#4.3)	█	█	█	█	█
	Transportation revenues (#4.4)				█	
	SOE transactions (#4.5)				█	
	Direct subnational payments (#4.6)				█	
	Disaggregation (#4.7)				█	
	Data timeliness (#4.8)				█	
	Data quality (#4.9)				█	
Revenue allocation	Revenue management and expenditures (#5.1)				█	
	Subnational transfers (#5.2)				█	
	Distribution of revenues (#5.3)		█			
Socio-economic contribution	Mandatory social expenditures (#6.1)				█	
	SOE quasi-fiscal expenditures (#6.2)				█	
	Economic contribution (#6.3)					█
Outcomes and impact	Public debate (#7.1)				█	
	Data accessibility (#7.2)		█			
	Follow up on recommendations (#7.3)				█	
	Outcomes and impact of implementation (#7.4)				█	

EITI Requirements		Level of Progress				
Categories	Requirements	No Progress	Inadequate	Meaningful	Satisfactory	Beyond
Overall Progress						

-  **No progress.** All or nearly all aspects of the requirement remain outstanding and the broader objective of the requirement is not fulfilled.
-  **Inadequate progress.** Significant aspects of the requirement have not been implemented and the broader objective of the requirement is far from fulfilled.
-  **Meaningful progress.** Significant aspects of the requirement have been implemented and the broader objective of the requirement is being fulfilled.
-  **Satisfactory progress.** All aspects of the requirement have been implemented and the broader objective of the requirement has been fulfilled.
-  **Beyond.** The country has gone beyond the requirements.
-  This requirement is only encouraged or recommended and should not be taken into account in assessing compliance.
-  The MSG has demonstrated that this requirement is not applicable in the country.

## Corrective actions

Mongolia was accepted as an EITI Candidate in September 2007 and was designated as compliant with the EITI Rules in October 2010. The first Validation of Mongolia against the EITI Standard commenced on 1 July 2016. On 11 January 2017, the EITI Board found that Mongolia had made meaningful progress in implementing the 2016 EITI Standard. Eight corrective actions were identified by the Board, pertaining to the following requirements: MSG governance (#1.4), license allocations (#2.2), license registers (#2.3), state participation (#2.6), including SOE transactions (#4.5) and quasi-fiscal expenditures (#6.2), data quality (#4.9), subnational transfers (#5.2), social expenditures (#6.1) and documentation of impact (#7.4). The Board asked Mongolia to address these corrective actions to be assessed in a second Validation commencing on 11 January 2018.

Mongolia's second Validation commenced on 11 January 2018. The Validation has been conducted in accordance with a procedure agreed by the Validation Committee and per the 2018 work plan.

Specifically:

1. The MSG was advised regarding the commencement of Validation, and invited to contact the Secretariat with any comments and concerns regarding the EITI implementation and progress in addressing the corrective actions.
2. The EITI International Secretariat undertook a desk review, assessing the progress made in addressing the eight corrective actions established by the EITI Board. The desk review

followed the standardised procedure for data collection and stakeholder consultation as per the Validation procedures. The Secretariat's draft assessment concluded that Mongolia has addressed all of the corrective actions and has made "satisfactory progress" on the corresponding requirements.

3. The draft assessment was sent to the Mongolia Multi-Stakeholder Working Group (MSWG) for comments on 23 January.
4. Following receipt of these comments, the Secretariat's assessment was finalised for consideration by the EITI Board via the Validation Committee.
5. The Validation Committee reviewed the Secretariat's assessment and the feedback from the MSG. The Committee made a recommendation to the Board on 30 January 2018.