
MONGOLIA EITI 2023 ANNUAL REPORT

REPORT FOR 2023

December 2023

Brief introduction

In the early 2019, Mongolia EITI Secretariat was transferred from the Prime Minister's office to the Ministry of Mining and Heavy Industry.

The Ministry had taken all efforts to secure adequate budgetary allocations. In July, 2019 MOF, MMHI and ADB have agreed to fund EITI in Mongolia through TA 9752 MON Improving Extractive Sector Governance, and signed a respective agreement.

Also, MOF and World Bank agree and concluded Grant agreement on Project to improve Transparency of extractive sector through implementing EITI and resumed in October 2022. The Project reference is P176874, commenced in October and being implemented by EITI Secretariat, housed in MMHI.

As result of these assistances Mongolia EITI activities had been normalized and Mongolia EITI produced an EITI 13rd Report-2018 by the end of 2019, 14th Report-2019 by the end of 2020, 15th Report-2020 by the end of 2021, 16th Report- 2021 by the end of 2022 and 17th Report-2022 by the end of 2023. The Reports are available in Mongolian and English languages at Mongolia EITI website- <http://www.eitimongolia.mn/p/33>.

Mongolia EITI had planned to take following measures for 2023:

- To produce Mongolia EITI 2022 Report in compliance with requirements of EITI standard.
- To develop EITI E-reporting portal in an user-friendly and customer, simpler approach, socially applicable usage, including visualization of individual and reconciled reports of companies, government entities.
- Subnational councils, which were reactivated in 2021 and now their activities have to be expanded and become more capable in terms of exchange of information and share experiences.
- Intensify cooperation with other organizations such as IFC, NRGI, Open Society Forum, and Professional Associations, make more impactful.
- Finalize draft law on transparency in Mineral Resources sector, and implement 33 recommendations given by Validation.

The following activities have been implemented within the scope of each output in 2023, namely:

Output I. Commitment to the Extractive Industries Transparency Initiative standard maintained and improved

Organization of EITI Reporting for 2022

It is estimated, 2240 mineral license and petroleum contract holding companies, or 1160 companies with exploration license, 1060 companies with a production license, 20 companies with petroleum production sharing agreement have to produce EITI report for 2021 under new reporting templates.

In total 1178 companies have produced their EITI reports at E-portal, which was considered lowest number of reported companies. The previous staff of EITI secretariat engaged in communication and information technology quitted the Secretariat voluntarily, and it took longer time to select and recruit replacement. The process was completed by March, which impacted negatively on quality of the work.

The Secretariat has delivered official invitation with reporting template and password to the EITI E-reporting portal to the Government organizations such as the Ministry of Natural Environment and tourism, 8 Government agencies, (such as taxation, mineral and petroleum, customs, professional inspection, state property, labor, social benefits, standard measurement, social insurance) Governors of 21 aimag, capital city and 9 districts to produce an EITI Report for 2022.

As result of these activities MET, 5 agencies (like General taxation authorities, Mineral and Petroleum authorities, Customs office, Social benefits and service department, National Standard Measurement, its unit for probe) 3 districts and 17 aimags produced EITI report on revenues received from 1702.

We estimate the progress of this activity with 71 percent implementation.

The procurement process for the 2022 EITI report

According to Work Plan for 2023, there would have to be the following activity related to the government procurement for the 2022 EITI report in the first quarter of 2023.

- establish an evaluation committee in the Ministry of Mining and Heavy Industry under related law.
- produce terms of reference of tender and tender documentations.
- approve terms of reference of tender and by MMHI.

The Evaluation Committee has been established in March 17th at MMHI, by order No/A/24 of the State Secretary of MMHI, and consisting of 2 representatives of MMHI, 2 representatives from NGOs, and three from the Secretariat.

MMHI has approved the term of reference for consultancy services in early March. The consultancy work is the production of Mongolian EITI 2022 or 17th Report.

The Selection and bidding process has started on 24th March with the publication of invitation of expression of interest both at the Government Tender site, EITI portal, and one of the central newspapers "Udriin sonin" the same day.

As result this Procurement work, partnership of SICA LLC and Growth Finance audit LLC was selected as consultant and contract was concluded.

The inception seminar was organized in October 3rd, between Mongolia EITI Working Group and Secretariat and partnership of SICA LLC and Growth Finance audit LLC. It was agreed to reconcile reports of 104 companies.

A draft report was submitted to MSG on December 20, 2023 and approved in principle.

The highlight of the progress of achievement of Output I: Mongolia EITI report 2022 or 17th was produced in timely manner. 1178 companies, 1 ministry, 5 agencies, 17 aimags and 3 districts have produced EITI report.

Output II. Enacting law on transparency in the extractive industry and creation legal framework

Consultation on finalizing of Law on transparency in MRS

As result of the Government decision July 2022, the draft law was transferred from MMHI to Ministry of Justice and Internal affairs and new legal working group was established at MJIA and draft was amended with some new reporting requirements of water, forest, wild flora and licensed hunting activities. The concept was amended accordingly.

The new concept law was approved by joint order of Minister for Finance, Environment and Tourism, Mining and Heay Industry, and Justice and Internal Affairs. The draft law circulated amongst Ministries for comments, and lastly Mongolian National Mining Association, Chamber of Commerce and Industry comment and ready for submission for Cabinet hearing.

Legal working group established at the MJIA met once to finalize the draft and draft is posted at website of MJIA for public feedback. <https://mojha.gov.mn/content/651fbaff99e06106c641f63a>

The Secretariat organized a consultation of NGOs along with NGOs like Open Society Forum, Steps without border in order to activate law discussion and increase good perception amongst public in January 2023, during which feedback and comments had been collected and integrated into the draft.

The highlight of the progress of achievement of Output II: The draft law is renewed by 4 major Ministries, comments and feedback are picked and is expected to be enacted in 2024.

Output III. Review of opportunities for better information dissemination and public monitoring of extractive sector activities conducted

Communication with Subnational councils

The Secretariat had organized a consultation and training of all aimag Subnational EITI Councils in June 2023, in Ulaanbaatar, information to improve activities, exchange, new requirements of EITI standard had been given to representatives of EITI subnational councils. 18 aimags an Ulaanbaatar EITI Subnational councils sent their representatives to this event.

Under instruction of MMHI and selection, the Secretariat recruited a new staff for better communication with EITI subnational council in October 2023.

Information on the training, seminar, and communication

Training activities.

Central regional EITI conference was organized in Darkhan-Uul aimag jointly with MMHI and MNMA¹ in July, 2023, and participation was quite wide including representatives from EITI National Council, Working Group, also Ministry of Economic Development, Ministry of Environment and Tourism, Ecology Police department, NGO coalition like Publish What you pay, Mongolian Civil Council of Environment, Governor's office of Darkhan-Uul and Selenge aimags, companies like Boroo Gold, Bold Tumur Yeroo gol, and there was series of presentation and exhibition by mining companies, which mainly displayed achievement and vacancy information.

Western Regional EITI conference was organized in Govi-Altai aimag jointly with MMHI and MNMA in September 2023, and participation was quite wide including representatives from EITI National Council, Working Group, also Ministry of Environment and Tourism, Ecology Police department, NGO coalition like Publish What you pay, Mongolian Civil Council of Environment, Governor's office of Uvs, Khovd, Zavkhan, Govi-Altai, Bayan-Ulgii aimags, companies like Han Altai resource, Max Group, MoEnCo, Innova, and there was series of presentation and exhibition by mining companies, which mainly displayed achievement and vacancy information. There were about 300 people attended this event. Also some delegates have visited gold mine of Han Altai Resource company and amazed by the achievement of the company.

Eastern Regional EITI conference was organized in Dornod aimag jointly with MMHI and MNMA in October 2023, and participation was quite wide including representatives from EITI National Council, Working Group, also Ministry of Environment and Tourism, Ecology Police department, NGO coalition like Publish What you pay, Mongolian Civil Council of Environment, Governor's office of Dornod, Khentii and Sukhbaatar aimags, companies like Step Gold, Shin Shin, Tsairt Mineral, Petrochina Daqin Tamsag and there was series of presentation and exhibition by mining companies, which mainly displayed achievement and vacancy information. There were about 00 people attended this event. Also some delegates have visited gold mine of Step Gold company and amazed by the achievement of the company.

The Secretariat along with NGO coalition like Publish What you pay organized EITI Subnational capacity build-up training in Uvs aimag and Selenge aimags in November 27-30, 2023. There was 60 people participated in Uvs Ulaangom training and 50 people participated in Selenge Sukhbaatar training. These 2 aimags also delegated representatives from soums where mining operation is functioning or expected to open.

The Secretariat along with NGO coalition like Mongolian Civil Council of Environment organized EITI Subnational capacity build-up training in Dundgovi aimag in December 18-20, 2023. There was 3 soums representatives in this training.

¹ Mongolian National Mining Association

Training on prevention of corruption was organized for servants of MMHI in June and December, 2023 as result of the trainings anti-corruption knowledge and EITI related capacity is improved.

The Secretariat participated in Khangai Regional Responsible mining conference organized in May, 2023 in Orkhon aimag and made presentation on EITI implementation in Mongolia.

The Secretariat participated in Mining Week in October, 2023 organized in October, 2023 and in its panel discussion organized by International Financial Corporation, and made presentation of ongoing EITI implementation and subnational activities.

Procurement

In compliance with World Bank procurement guidelines, 2 evaluation committees were established by the order of State Secretary of MMHI for procurement activities under World bank grant, which had been implemented by the Secretariat.

There were 7 activities in the procurement under World Bank grant, category Consultant qualification, namely: 1. Upgrading of EITI E-reporting system, data improvement, 2. Development of EITI Beneficial disclosure website, 3. Consultancy for EITI PR and Communication, 4. Upgrading of Open Contract portal, and category request for quotations, namely: 5. Production of video content on EITI implementing aimag, soum and company, dissemination 6. Printing of EITI related publications, and 7. Dissemination and discussion about BO reporting through radio and TV and social networks, however activities No. 1, 5, 2 and 6 had been contracted and implemented.

Unfortunately, tender for activities No.3 and 4 had been extended, but the time was too short to be implemented, and World Bank and Evaluation committee recommended to cancel, they had been cancelled. As for activity No.7, it was cancelled because of lack of data.

Validation Consultation and Final report

The final decision on Mongolia EITI Validation was in June 2022 by EITI Board meeting. Mongolia EITI MSG met in July and approved plan of actions to remediation to follow-up recommendations before January 1st, 2025. Mongolia EITI received status of moderate implementation of EITI standard with score of 70 points.

Also, EITI MSG met with in November in cooperation with EITI International Secretariat the Secretariat had organized a post Validation consultation meeting and finalized a plan of actions to remediation to follow-up 33 recommendations.

25 out of 33 recommendations had been included into draft law on transparency in extractive sector, it is planned with enactment of the law recommendations will be resolved.

As for part for disclosing beneficial owners, it is resolved through provisions of law on public information, which is effective since May 2022. But it is disclosing partially data on beneficial owners, from the other side, not only mining and petroleum companies' data.

Other Communication aspects

The Secretariat jointly with EITI International Secretariat, Open Ownership updated Mongolia EITI Road Map on Disclosing Beneficial owners and submitted to EITI Working Group, which approved the updated one.

Also, it participated in cooperation to implement Mongolia National Anti-corruption policy, plan of actions and Multi Governmental Open Governmental Partnership, basically provided with information on EITI implementation and reporting.

It organized study tour to Canada, Norway and Philippines to learn best EITI cases, achievements for managerial staff of MMHI, Members of State Great Hural.

The Secretariat participated in preparatory actions for joint Central Asian project of EBRD and EITI International Secretariat, which will be implemented by Natural Resource Governance Institute. The Project will cover aspects of transparency of state-owned enterprises, corruption prevention policy, disclosure of beneficial owners, mainstreaming of EITI data, will conduct some survey and organized workshop in the first half of 2024, and develop relevant roadmaps.

Communication activities

A footage about Mongolia EITI 2021 or 16th Report was created and posted at www.eitimongolia.mn and relevant Facebook account.

As per contract concluded with Nomadic content LLC, best EITI cases of Erdenet Copper Mine, subnational council of Sukhbaatar aimag and Erdenetsagaan soum of Sukhbaatar aimag were documented as video content and viewed through 5 TV channels and boosted via Facebook.

Implementation of recommendations from Mongolia EITI latest Reports

Some recommendations from Mongolia EITI 2018 and 2019 Report had been implemented, namely,

Reference No. in the 2022 Work Plan “20.4. Disclose members of Board of SoEs, procedure of election of independent members and make publicly available;” is now possible under Public data disclosure act, article 8.6.6, which is effective since May, 2022.

Reference No. “20.12. Comprehensive audited financial statements of all extractive entities should be published electronically, especially on webpages of those entities, National Audit Office, EITI and MRPAM” is now possible under the law on Glass account, article 13.1.2v.

Reference No. “20.13. According to the law on Glass Account, SOEs should disclose their information, for example dividend payments on webpages of PCSP and other relevant authorities” is now possible under the law on Glass account, articles 10.1.2 and 10.6.2.

Reference 20.15, which recommended that MSG should adhere to the state laws and regulation when announcing tenders and selecting contractors, as well as ensure that the contractors are selected in timely manner and follow the relevant rules and regulations, so the selection of 2020 and 2021 Report entities have been conducted properly in accordance with relevant law.

Mongolia Parliament passed at the end of November 2022, a 2023 budget law, and one of innovations under this law was the requirement for local authorities as budget managers to collect donations through Local development fund, which may be considered after many years of disclosure of donations under EITI reports, the Government finally shifted attention to this problematic issue and tries to fix the issue.

Organization of Regular meetings of Mongolia EITI MSG

Mongolia EITI MSG Meeting No.61 was organized in October, 2023, which had approved inception report and scope of Mongolia EITI Report for 2022 or 17th Report to be produced by partnership of Mongolian companies SICA and Growth finance audit firm. Also, it approved amendment to Mongolia EITI Beneficial owner disclosure Road, developed jointly with Opening Extractives program.

Mongolia EITI MSG Meeting No.62 was organized in December, 2023, which had approved draft report of Mongolia EITI Report for 2022 or 17th Report produced by partnership of Mongolian companies SICA and Growth finance audit firm and also implementation of Mongolia EITI 2023 Work plan and Plan of actions for 2024. Also, it was acquainted with joint Central Asian project of EBRD and EITI International Secretariat, which will be implemented by Natural Resource Governance Institute in the first half of 2024.

The highlight of the progress of achievement of Output III: EITI training and advocacy activities were organized, had active cooperation with NGOs, documentary of best EITI cases had been created and aired, and new communication specialist had created several communication products and is more active in social networks, subnational activities.

Total evaluation for 2023

Items	Output	Highlight of progress
I	Commitment to the Extractive Industries Transparency Initiative standard maintained and improved.	<ul style="list-style-type: none"> Mongolia EITI 2022 Reporting or 17th Report is produced and covering 104 companies, which is highest number of companies after Covid pandemics. Tender for selection of Consultancy firm for EITI Integrated Report 2022 was successful, the partnership of Mongolian companies SICA and Growth finance audit firm is selected and produced the Report.
II	Legislation to improve transparency in the extractive industry identified	<ul style="list-style-type: none"> Draft law prepared for MMHI was transferred to MJHA and where a scope is expanded as law on transparency in extractive sector.
III	Review of opportunities for better information dissemination and public monitoring of extractive industry activities conducted.	<ul style="list-style-type: none"> The most Communication activities including online training, regional conferences, media products, better Subnational activities were successfully organized. The fact that some outreach training in rural area was organized by NGOs was good highlight, and some experience was gained, and capacity of NGO was improved. Several consultations on Validation follow-up was conducted and the draft law has been included the most recommendations, and enactment of which is expected in 2024.

Planned Activities for 2024

The first priority and focus of the 2024 Work Plan are to promote an enactment of the draft law on transparency in the extractive industries and prepare a smooth implementation of the law.

The second priority is to implement recommendations given by Mongolia EITI 2022 Validation report, made by the EITI International Secretariat.

The third priority is to improve communication and use of EITI data, improve activities of Subnational councils.

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