



Mongolia EITI Activities Report 2014

Mongolia EITI National Council, Working Group and Secretariat

Content

One. 2014 activities and results;

Two. Status of meeting of each EITI requirements and progress;

Three. Activities overview of activities carried by National Council and Working Group;

Four. Implementation of Work- plan 2014, significance of achieved objectives;

Five. Further activities to be carried out and improve involvement of Stake-holders;

Six. Date of processing this Report;

One. 2014 activities and results;

1.1. Meeting of National Council and Working Group

National Council

Because of the facts that the Government of Mongolia resigned in October, 2014 and Secretary of National Council and head of working group Mr. Gansukh was unable to work, Mongolia EITI could not organize a meeting of National Council.

Working group

EITI Working group could meet 2 times, one in March and other in October, the topics and activities were given below.

Meeting, March 11, 2014

Topics and decisions are given below.

1. Stakeholders accepted Mongolia EITI Communication strategy, its Work plan, developed by Mongolian consultancy firm ICG and agreed to cooperate to implement activities and action plan.
2. The working group heard and was acquainted with progress of Government and Company reporting for EITI. It instructed the Secretariat to publicize reporting progress in mass media, which was done.
3. Additional activities had been added to Mongolia EITI Work Plan for 2014.
4. Stakeholders agreed to understand “beneficial ownership” as specified by article.4.1.26 of Mongolia law on Securities.
5. The group decided to encourage stakeholders and divide a rewarding of saved funds for correct and proper use of public funds, and 300.000MNT was given to Government organizations, 700.000MNT was to Civil Society organizations and 316.000MNT was to the Secretariat for good work for the years.

Meeting, October 10, 2014

Topics and decisions are given below.

1. The draft Mongolia EITI Report for 2013 made by joint consortium of Ulaanbaatar audit corporation LLC and Hart Nurse Ltd was reviewed and considered as good and sufficient.
2. Stakeholders reviewed and recommended to Ulaanbaatar audit corporation LLC to review again discrepancies under the report and work to continue to resolve them, and finalize the report and prepare for National Council meeting review and endorsement.
3. It was instructed to the Secretariat to organize meeting of National Council by the end of November.
4. Mongolia EITI Secretariat was allowed to pay 80% of Contract amount to joint consortium of Ulaanbaatar audit corporation LLC and Hart Nurse Ltd for producing of draft Mongolia EITI 2013 Report.
5. It was agreed to establish a not big task force before October 24, which will work out proposals and measures to implement following results of monitoring by Civil Society coalition TAN, and survey work over recommendations of annual EITI Report.

6. The mentioned task force will work out proposal how to implement recommendations given by previous reports, draft relevant decisions and submit the product to Working Group and National council meeting, which shall be followed by the Secretariat.
7. The Secretariat was assigned with duty to introduce progress of decisions implementation of previous meeting to next meeting.
8. The composition of delegates of study- tour to be organized by Adam Smith international by EBRD funds was formed in equal numbers of Stakeholders.

1.2.Overview of Mongolia EITI 2013 report

The consortium of Ulaanbaatar audit Corporation LLC, Mongolia, Hart Nurse Ltd, UK was selected as the Independent administrator/Reconciler of Mongolia EITI 2013 Report, commenced their work at the end of July, 2014.

The Report has covered payments by leading 250 companies engaged in extractive industries and relevant revenues of the Government, and the Working group has reviewed in October, completed the work in early December, but the National Council is scheduled to meet only in January 13, 2015. .

General of the Report

The extractive industries represented 18.5% of GDP of Mongolia, 58.7% of industrial output and 90% of export earnings.

The total number of employed people in Mongolia was 1.103.6 thousand in 2013, and 50.3 thousand of them was working in extractive industries, representing 5% of total employed people. The report covers information about number of employed people from 181 companies, and the number equals to 24.7 thousand, and 2.5 thousand out of them are foreign workers,

The total reconciled payments and revenues of these 250 companies is 1576 billion MNT, representing 27% of the overall the National budget current revenue 5879 billion MNT.

The Government EITI 2013 Report issued by Ministry of Finance covered revenues from 1617 companies, totaling 1683.6 billion MNT, and reconciled Report represents 92% of this amount, so enables saying that the Report covers almost whole sector.

The estimated revenue received in local area was 107.7 billion MNT in 2013, which means the local revenues increased by 15.3 billion MNT.

The donations was 13.1 billion MNT in 2012, and in 2013 this amount increased almost 3 times, or it was 39.2 billion MNT.

The unexplained discrepancies were 37 million MNT, the auditors made judgment that they are not material discrepancies.

The Report reveals that Mongolia has 17 companies operating in oil sector, and they have concluded 21 production sharing agreements, also has 14 companies operating exploring uranium and uranium related minerals, and they have 68 licenses, and 1660 companies operating in other minerals, and they have 1300 production and 1726 exploration licenses by the end of 2013.

A number of exploration licenses, granted in 2005 was 4955, but after 8 years it dropped to 1726, and a number of production licenses granted in 2005 was 958, and after 8 years it is now 1300.

There are the leading 4 companies i.e. Erdenet, OyuTolgoi, PetoChina Daqin Tamsag and MAK, and they represent 1.017 billion MNT, meaning 647%. As for the export, copper and molybdenum represent 52%, coal – 22, and crude oil-12% of 2013 export earnings.

The Report also reveals registration and grant of minerals license, contextual information such share of extractive industries in total economy of Mongolia, budget revenue, budget disbursement, revenue to sovereign funds, their expenditure, infrastructure investment, donations, ownership, and participation of state owned enterprises, and application of new EITI standard, and some findings and survey have been done.

As for accuracy of data of Companies EITI report, only reports of 10 companies were verified by external auditors, financial statements of 205 companies had been verified by audit. The data of Government report also tends to be not verified by auditors, and this Reconciliation verifies that revenue from 250 companies equal to 1579 billion MNT.

Other important information about performance of mining annual plan, natural rehabilitation work and etc. have been included in the Report.

Participation of Companies

Participation of most companies was constructive in this Reconciliation reporting, several companies such as Mongolbolgargeo, Bujgar ord and Ugalzan tsamhag were not active, and they did not reply to request of auditors.

Participation of Government organizations

Auditors valued the participation of Government organizations as satisfactory but some did not answer to their request, or refusing to answer, so they are Mongolian Customs Authorities, taxation department of Sukhbaatar, Bayangol districts, department of social insurance of Chingeltei, Sukhbaatar districts, and department of property and land relations of Songinohairhan district.

Recommendations given by Mongolia EITI Report 2013

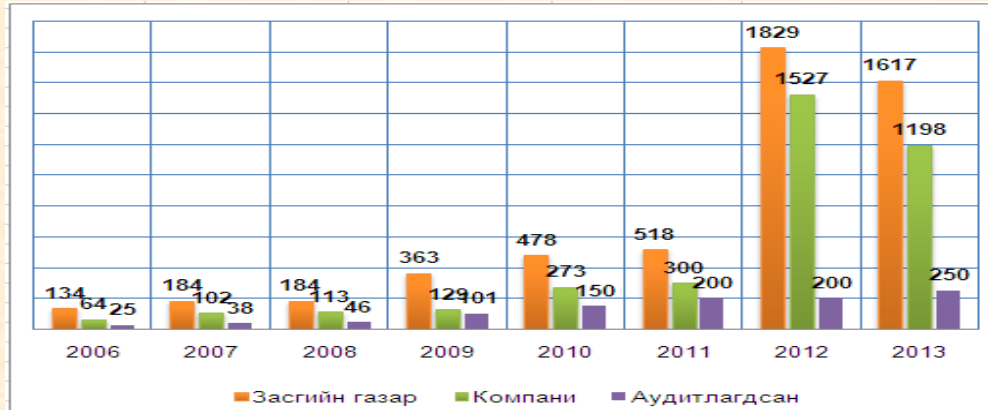
1. The process for collecting Government information should be examined, including main ministries providing data for the Report;
2. The selection process of companies for Reconciliation should be improved;
3. The materiality should be re-defined focusing for more financial cost and number of participating companies.
4. The scoping study should be carried out before 2014 EITI reporting process;
5. The EITI Report of Government entities should be verified by signature of senior officials, the Government should be verified by National audit office;
6. For companies, their EITI Reports should be accompanied with declaration of companies senior managers on reliability of presented data;
7. Contract disclosure should be established and Contract database should be created for public;
8. Additional and refreshing training should be provided as much as possible;

Comparisons of Mongolia EITI Report 2006-2013

Mongolia EITI Reports 2006-2013 comparisons

	2006	2007	2008	2009	2010	2011	2012	2013
Current revenues of State budget	1,354,098	1,855,936	2,151,049	1,972,619	2,670,243	4,018,298	4,840,792	5,936,673
Total payment of companies verified by EITI Report and auditors	492,287	745,000	686,053	737,524	1,275,694	2,150,808	1,594,115	1,576,051
Share of these payments in current revenue of State budget	36%	40%	32%	37%	48%	54%	33%	27%
Number of companies participated in the Report	25	38	46	101	150	200	200	250

Mongolia EITI Reports 2006-2013 comparisons, number of reporting companies, number of companies in the Government Report, number of companies of reconciled



2

1.3 Selection of audit consortium for Mongolia EITI 2013 Report

The Government Cabinet has ratified the terms of reference for Evaluation committee, which was to select audit consortium for Mongolia EITI 2013 Report and established the Committee.

The Evaluation Committee finalized the terms of Reference of audit consortium, included requirements under new EITI standard, approved in 2013.

The selection started in March and ended by late May, the consortium of Mongolian company Ulaanbaatar audit corporation and British Hart Nurse. However, one of bidders consortium of Dalaivan audit issued a complaint. Their complaint was about technical scoring, the complaint should be issued officially but it did not happen and took time, and at the end Evaluation committee confirmed the selection results that the consortium of Mongolian company Ulaanbaatar audit corporation and British Hart Nurse is selected.

The Contract is signed with selected consortium in late July and the work completed by early December, 2014.

1.4 Organization of EITI reporting by Companies and preparation of Government EITI for 2013

As results of joint efforts of EITI Secretariat and Minerals Authorities, such as training and promotion activities by mass and electronic media, 1188 companies with mineral licenses, 8 companies with oil PSA, and 2 companies with uranium licenses, totally 1198 companies reported for 2013 EIT, by the June 1st, 2014.

EITI Secretariat cooperated with relevant Government organizations in regard to produce the Government EITI 2013 Report, and which was in timely manner produced by May 12, covering the revenues received from 1617 companies engaged in extractive industries.

The report covered absolute majority of companies engaged in the sector.

The training to support companies and Government organizations for EITI reporting was organized in March with broad representatives, even previous auditors from Dalaivan company gave a lecture to this training activity. Number of participants was 78 persons.

1.5 EITI Reporting and new aspects

The number of reporting companies, participating in reconciliation increases from year to year, and discrepancies are less and less.

Year	Number of companies reported for EITI	Number of Companies in Government annual EITI Report issued by Ministry of Finance	Number of Reconciled companies in Mongolian EITI Report	Discrepancies Of reconciled companies
2006	64	137	25	4 BLN MNT
2007	102	184	38	775 MLN MNT
2008	115	184	46	425 MLN MNT
2009	129	363	101	58 MLN MNT
2010	274	477	150	360 THOUS MNT
2011	301	518	200	75 MLN MNT
2012	1529	1829	200	360 MLN NT
2013	1198	1617	250	36 MLN MNT _r

Mongolia EITI 2013 Report is covering quantity of production, sale of minerals, implementation of annual mining plan, change of license holdings, and other information as per EITI new standard.

Top 20 extractive industries companies of Mongolia:

Company name	Government data	Company data	Share %
Erdenet Copper mine	507,923,928	507,923,928	32%
Oyu tolgoi copper mine	204,194,085	204,194,085	13%
Petrochina Daqin Tamsag	183,622,492	183,622,492	12%
MAK	122,235,223	122,267,355	8%
Energy resource	77,575,261	77,579,630	5%
Tavan tolgoi	67,850,440	67,854,522	4%
Erdenes tavan tolgoi	45,533,521	45,533,618	3%
Boroo gold	44,899,754	44,900,330	3%
Boldtumur Yeruu gol	37,703,473	37,703,473	2%
Tsairt mineral	33,932,793	33,930,873	2%
Donshen petroleum	24,086,356	24,086,428	2%
Altain huder	21,426,243	21,426,945	1%
Mondulaantrade	16,579,485	16,579,985	1%
Southgobi sands	16,387,493	16,387,493	1%
Altandornod mongol	14,811,532	14,811,532	1%
Darkhan steel enterprise	14,713,409	14,713,409	1%
Chinhua MAK Nariin Sukhait	13,550,920	13,550,920	1%
Monpolimet	9,545,127	9,545,543	1%
Baganuur	9,510,380	9,510,380	1%
Lutchuluu	6,061,223	6,069,001	0%
Remaining 230 companies	103,871,074	103,859,110	7%
Total	1,576,014,211	1,576,051,051	100%

Top 20 companies are paying 93% of total payment from extractive industries and remaining 230 companies are paying only 7%.

1.6 Activities to improve public awareness and EITI promotion, and capacity build-up

Implementation of EITI at local level and activation of Sub-councils:

Possible Chairmen and secretaries of all aimag EITI sub-councils were invited in Ulaanbaatar, the consultative meeting was organized on April 25, 2014 and name of the meeting was "Result oriented Sub-council activities". The meeting discussed draft plan for 2015-2015 of each aimag, options how finance these activities, and discussed how to go forward practically. The first direction was given to aimag authorities to review once again draft plan and give a final version of the plan. There was 65 participants, 40 of them represented 19 aimags, 9 were deputies of Aimag Governor, 13 were chairmen of aimag department, or leading officials. As the result, aimag EITI councils, which are established do have plan of actions for 2014-2015.

Activities to activate establishing soum EITI branch had been carried out and there were already established soum branch in Hanbogd and Tsogtstsetsii soum of Umnugovi aimag, and later in 2014 Zaamar of Tuv aimag, Bureghangai of Bulgan aimag, Galuut soum of Bayanhongor aimag, and Sharyn gol soum of Darhan uul aimag established the EITI Soum branches.

Outreach activities in 2014

No.	Aimags	Soum	Date of organization event	Number of participants
1	Tuv	Zaamar	May 8	52
2	Bulgan	Bureghangai	Sep 23	95
3	Bayanhongor	Galuut	Sep 25	43
4	Hentii	Norovlin	Oct 7	66
5	Dornod	Bayandun	Oct 8	88
6	Dundgovi	Bayanjargalan	Oct 28	46
7	Dornogovi	Dalanjargalan	Oct 29	77
8	Darkhan-Uul	Sharyn gol	Nov 12	102
9	Selenge	Bayangol	Postponed	-
10	Orkhon	Erdenet	Nov 14	50
			Total	619

As result of these 9 outreach events, or road-shows Mongolia EITI reached 619 people in rural area, also recorded events in Zaamar, Bayanjargalan, Dalanjargalan had been broadcasted by Eagle TV, one of popular national channel completely, and in cooperation with EITI Secretariat, an event in Burgehangai was recorded and broadcasted by ECOTV, also another popular national channel and events in Sharyn gol, Erdenet were broadcasted by local TV channels.

The EITI Secretariat had produced in preparations work for each soum an EITI brochure of relevant soum, each 300 copies of such brochure is produced and disseminated to local people during road-show and after event during sub-council introducing event at Citizens hall.

Also, during the road- show we carried out survey amongst 5 soums local people what information of extractive industries is available in rural area, what is most interesting, would be for them and outcome of such surveys are given separately. Each soum's authorities were explained, given information about local EITI council, why it is necessary, how it is established. As for today, there are only 4 soums have established EITI branch councils, i.e. Zaamar, Bureghangai, Galuut and Sharyn gol soums

When we worked from soum to soum, we had learned the lessons from previous visit and organization, topic of road-show was updated and dissemination was improved much.

In total we had spent about 20 days in 9 soums of 9 aimags, 5 directions including travel over distances. Certainly, each soum was different from each other, has positive and negative positions. However, a report about work in soums covers what was involvement of stake-holders, content and quality of program, availability of information, situation of soums, what priority may prevail during sub-council establishing at soum level.

In cooperation with Ulaanbaatar EITI Sub-council, 2 training were organized, one in Nalaih distict, other in Ulaanbaatar, where representatives of companies engaged in extraction of sands and gravel participated.

"G-7 Fast results track partnership" conference was organized in Ulaanbaatar with direct involvement EITI Secretariat, and later along with Open society forum EITI Secretariat had assistance of standing

committee on economic policy of State Great Hural, Ministry of Mining, Civil society coalition TAN, Mongolian National Mining Association and successfully organized Multi-stakeholders meeting on Contract transparency.

Media, information and public awareness:

Mongolia EITI National Council has organized a press Conference on the Mongolia EITI Report for 2012 in February 12, 2014.

In accordance with Mongolia EITI Communication Strategy and in order to improve public awareness and promotion activities the contract with Mongol Mass media was concluded, which is covering broadcasting through Eagle TV channel, production of 12 TV series and broadcasting, posting important information at popular Mongolian web-site [www/news.mn](http://www.news.mn) and this work continues in 2015.

The EITI secretariat was regularly publicizing progress of 2013 EITI Reporting by companies, who reported, who is not reporting, and other actual information was posted at daily newspapers.

The EITI Secretariat also cooperated with channels like Bloomberg TV, TV9, TV8, EagleTV, EcoTV and frequently broadcasted various information ongoing EITI implementation and cooperated with several portals like www.news.mn, www.ikon.mn , www.vip76.mn and popular portals to inform the public.

EITI Secretariat also regularly was participating in international and domestic events, and most important was probably it was open day of Mongolian Mining Ministry, where there was a presentation with exhibition, organized at Central square of Ulaanbaatar, square of Chinngis Khaan.

The web-site of Secretariat is updated and became more dynamic, having more and more information with links to You-tube, Face-book and Twitter.

New brochure, placards were developed and disseminated to the public.

Improvement of internal communication:

The Facebook group of EITI trainers was created to exchange and share promptly new information, experience and outlook.

Since June, 2014 Mongolia EITI newsletter is available on monthly on-line basis, which is covering what was done on monthly-basis, what activities are expected next month.

International exchange:

Mr.Sh.Tsolmon, coordinator attended Eurasian Coordinators meeting in Myanmar, exchanged experience with other coordinators, especially on how to achieve the requirements of new EITI standard.

During “G-7 Fast results track partnership” conference, organized in Ulaanbaatar Mongolia EITI Secretariat and some leading members of National Council and Working Group made several presentations on EITI Mongolia, and shared experience with Myanmar, Laos, Vietnam and Cambodia.

Two. Status of meeting of each EITI requirements and progress

2.1. As EITI standard was renewed in 2013 and implementing countries took important responsibilities to implement it. So does Mongolia, and the following activities were achieved.

Requirement 3.9, 3.10 license registration and grant

The information on registration of companies, and companies with license was disclosed separately by Mineral authorities, and this information covers type of mineral, reference number of license, date of grant, size of area, expiry date, name of aimag, soum, district and area.

In 2014 under the World Bank technical assistance, the Mineral resources authorities created Mining Cadastre system, which discloses granted license, their area coverage, instructions how to apply for license, based on-line internet. The Mineral resources authorities are disclosing publicly and updating system regularly. Address of link as follows: <http://cmcs.mram.gov.mn/CMCS#cid=1>;

This system discloses publicly area covered under license, reference number of license, change if any, registration, holder, name of applicant, size of area under license, coordinates, registration of area belonging to special needs, their registration reference number, name, type and designation, and all necessary templates given here.

However, information about licenses granted in petroleum and uranium minerals is not disclosed by relevant agencies like Petroleum Authorities and Nuclear energy agency, similarly as Mineral resources authorities. **(pages 62-69 of Mongolia EITI Report 2013 and appendix 13)**

Requirement 3.11 Beneficial ownership

Mongolia has some unclear legal provision in this regard, and contradictions are existing therefore, this is not yet disclosed. Draft law on amendment to registration is submitted to State Great hural and it will be deliberated as soon as possible.

But, Mongolia EITI 2013 Report has information about beneficial ownership, which is 5% and more, their official positions, for this 216 companies out of 250 companies have submitted this information for this Report. **(Mongolia EITI Report 2013 and appendix 22)**

Requirement 3.12 Contract disclosure

Mongolia supports Contract disclosure, but so far there is still no common understanding and consent on way how the contract should be disclosed. For example, Ministry of Mining and Petroleum Authorities have different position on disclosure of production sharing agreements. But agreements on Oyu tolgoi project are disclosed.

Mongolia EITI stakeholders have gathered and discussed possible ways of Contract disclosure and agreed have the database Contracts whatever possible and available at EITI Secretariat.

The Mining law's article 42,1 allows companies to conclude agreement with local authorities, to support local development, and Mongolia EITI Report has information about local agreements and reveals that there 153 agreements were concluded with local authorities in 2013-2014 amongst 250 reconciled companies, 22 out of them is related to cooperation, 27 on social responsibilities, 37 on use of deposit, 9 on rehabilitation of natural environment.. **(page 114 of Mongolia EITI Report 2013 and appendix 14)**

Requirement 3.5 Production data of financial annual year

Mongolian Mineral resources authorities publicize data on monthly basis at their web-site. The data covers information on license, production, sale, export, investment, rehabilitation of degraded lands, exploration work and deposit survey under state budget and private funds. Also, Ministry of Mining publicizes on annual basis performance of mining annual plans.-
http://www.mram.gov.mn/index.php?option=com_content&view=category&id=65%3A2013-05-16-00-47-34&layout=blog&Itemid=20&lang=mn

Mongolia EITI 2013 Report included all details of production data of fiscal year.(pages 28-60 of Mongolia EITI Report 2013)

Requirement 3.2 Legal and fiscal environment, requirement 3.4 impact of sector, requirement 4.1 allocation of revenues, infrastructure and barter and other non-monetary revenues;

Mongolia EITI 2013 Report included all details of production data of fiscal year. (pages 28-60 of Mongolia EITI Report 2013)

Requirement 4.2 Payment and transfer of state owned companies and non budget expenditure

There 99 companies with various state ownership operating in mining sector. There are 47 companies with joint 100% private state ownership, 7 companies with state owned limited liabilities, 25 enterprises with state property, 4 companies with state participation, 5 joint enterprises and 11 with other type of companies operating. As per international standard, members of Board of state owned companies are disclosed. (pages 48-56 of Mongolia EITI Report 2013 and appendix 15)

Requirement 4.2 direct local payment and transfers

The information under this requirement is given in full detail about local payments made by reconciled companies and (appendix 20 of Mongolia EITI Report 2013)

Requirement 3.4 Employment

Employment information under this requirement is given in full detail, (pages 43-44 of Mongolia EITI Report 2013 and appendix 21)

Requirement 4.1 Social expenditure

Information under this requirement is given in full detail, (appendix 19 of Mongolia EITI Report 2013)

Requirement 3.7, 3.8 Revenue allocations

Information under this requirement is given in full detail, (pages 56-60 of Mongolia EITI Report 2013)

Requirement 5.3 Electronic reporting

Mongolia prepared electronic reporting system, introduction about system was delivered 2 times, trainers of the system had been trained. So, 6 persons from each constituency had been trained as trainers of this system.

Three. Activities overview of activities carried by National Council and Working Group;

3.1.Meeting of National Council

Mongolia EITI National Council could not meet in 2014.

3.2.Meeting of Working group

Mongolia EITI Working group met 2 times in 2014 and the turnout was 70%..

3.3.Drafting Mongolia EITI law

The Law working group with task to draft concept and law of EITI established at Ministry of Mining completed the task and submitted drafts to Ministry of Justice, which reviewed and approved drafts on May 2014.

The draft law has all requirements of new EITI standard approved in 2013, also has some specific Mongolian task that is legal formulation of establishing and activities local and branch councils, annual financing from the budget and organizational structure. The law's name is changed into law on transparency in mineral resources sector, and was approved Government Cabinet meeting in September, 2014 and the draft was submitted to State Great Hural in October.

3.4.Sustainability of EITI funds

The Government of Mongolia has being funding annual reconciliation work since 2010 and it had funded 201,1 MLN MNT for 2012, 183 MLN MNT for 2013 and 220.1 MLN MNT for 2014. The most of these funds were disbursed for this annual reconciliation work.

The EITI Secretariat is funded by World Bank, MDTF, and the current grant completed in May, 2014 and next final grant for USD 280.000 is expected by end of 2014.

Meanwhile, the Secretariat was funded by International EITI Board with grant USD 46.450, which was disbursed mainly for outreach activities.

3.5. IT Consultant recruited

Under technical assistance of Adam Smith international for EBRD funded EITI project, IT Consultant Mr.G.Ganbat was hired to create an electronic reporting system. The work commenced in May and completed by August, and as result the program is ready after tuning and testing in September-November, 2014. Also it is estimated the second phase of electronic reporting is scheduled to be carried on in 2015, therefore Mr.G.Ganbat will work under MDTF upcoming project.

Four. Implementation of Work- plan 2014, significance of achieved objectives

4.1. Mongolia EITI Work plan for 2014 had 65 activities and 42 out of them were achieved completely, and success rate is 65%.

4.2. The main failed work was approval of EITI draft law, organization of regional conferences and broadcast of TV programs.

As for the draft law, the main focus was not to follow the time line strictly, but concept and draft law was approved in May, 2014. As the Project funds were disbursed, the Secretariat had no funds in June-August, therefore the mentioned works could not been implemented.

Five. Further activities to be carried out and improve involvement of Stake-holders

Conclusion of Mongolia EITI Working Group

5.1 Mongolia has produced 8 EITI Reconciliation Reports and number of companies reporting is increasing on the other hand unresolved discrepancies are decreasing. Taxes and payments are disclosed and under the EITI reporting process several additional issues are covered in the EITI report. Here is need to emphasize that key factor of abovementioned achievement is Mongolia pays more attention to encourage multi-stakeholders' engagement in whole process of EITI implementation.

5.2. The participation of Government, company and civil society, their representatives in EITI is being constructive in EITI implementation process, and for further meetings, participation of higher ranking officials is encouraged.

5.3. Although EITI is implemented in Mongolia sustainable way, we have to recognize that opportunity is still limited, as limited financial resource and unclear legal environment do not go beyond.

5.4. It is definitely required to take more effort, time and fund for training and communications activities. For instance, to organize trainings for civil society organizations, to organize more advanced training for companies' accountants, to promote EITI report for local community more understandable way and today still appropriate and efficient structure is not created.

5.5. Within the policy of change and good governance Mongolia ratified a budget law, with definition of the principle of transparency, which must be preserved, and it was legalized that public is encouraged with participation in budget process, with making comments and proposals, with opportunity to have monitoring and be informed.

In accordance with this law, only health settings, all level educational organizations and budget organization for culture service are allowed to get donations. The size of donations should not exceed 50% of approved budget of relevant budget organization.

In case of program which lacks of funding sources and to be continued, and in case of training program for human resources development to be implemented a budget organization through its budget manager has the right to get donation in form of monetary and movable assets from legal entity of non state and non local property ownership.

5.6. Now, Mongolia has EITI related provision, which requires companies to report paid tax, payment and fees to central and local budget before end of 1st quarter of previous fiscal year, with production quantity. So, this is article 48.10 of Mining law, passed in 2006, article 28.6.4 in Nuclear energy law, passed in 2009, article 36.1 of petroleum law, passed in 2014 and article 34.10 in law on Minerals with wide spread, passed in 2014. As results of implementation of these provisions, the number of companies, which are reporting, is increasing.

5.7. The major channel to promote and advertize Government Resolution No.222 is considered the activities related to reporting on EITI implementation in Mongolia to State Great Hural or one of its standing committee, and the National Council should issue a decision in this regard.

5.8. The State Great Hural passed a law on Glass accounts in 2014, which becomes effective from January 1st, 2015 and gives wide possibility to the public oversight over disbursement of public funds.

5.9. One of results of implementation of EITI in Mongolia is that Government of Mongolia realizes the need for change and good Governance, therefore the State Great Hural passed in January 2014, the State policy in mineral resources sector for 2014-2025.

The one of important rationales of policy is develop transparent and responsible mining based on private ownership, create economically balanced multi-column structure in near and long term, and meet national interest. The ratified principle as policy is that mineral resources development shall be in open, transparent and responsible manner by participating State organizations and economic entities.

The policy document for 2014- 2025 directs that legal environment of mineral resources shall be updated and improved, shall support international initiative for transparent and responsible mining, assessment of economic and social impact.

Six. Report preparation and approval date: December 31, 2014