

# Board decision on the Validation of Mongolia

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

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

**The EITI Board agrees 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 recognises 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 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 welcomes ongoing efforts to ensure systematic disclosure of requirements 2-6 on EITI reporting. The Board takes 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.

## Assessment card

The EITI Board agreed the following assessment card:

EITI Requirements		Level of progress					Direction of Progress
Categories	Requirements	No progress	Inadequate	Meaningful	Satisfactory	Beyond	
<b>Mongolia Second Validation scorecard</b>							
<b>MSG oversight</b>	Government engagement (#1.1)						
	Industry engagement (#1.2)						
	Civil society engagement (#1.3)						
	MSG governance (#1.4)						--->
	Work plan (#1.5)						
<b>Licenses and contracts</b>	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)						--->
<b>Monitoring production</b>	Exploration data (#3.1)						
	Production data (#3.2)						
	Export data (#3.3)						
<b>Revenue collection</b>	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)						--->
<b>Revenue allocation</b>	Distribution of revenues (#5.1)						
	Subnational transfers (#5.2)						--->
	Revenue management & expenditures (#5.3)						
<b>Socio-economic contribution</b>	Mandatory social expenditures (#6.1)						--->
	SOE quasi-fiscal expenditures (#6.2)						--->
	Economic contribution (#6.3)						
<b>Outcomes and impact</b>	Public debate (#7.1)						
	Data accessibility (#7.2)						
	Follow up on recommendations (#7.3)						
	Outcomes & impact of implementation (#7.4)						--->
<b>Overall assessment</b>	<b>Satisfactory progress</b>						--->

*Legend to the assessment card*

-  The country has made no progress in addressing the requirement. The broader objective of the requirement is in no way fulfilled.
-  The country has made inadequate progress in meeting the requirement. Significant elements of the requirement are outstanding and the broader objective of the requirement is far from being fulfilled.
-  The country has made progress in meeting the requirement. Significant elements of the requirement are being implemented and the broader objective of the requirement is being fulfilled.
-  The country is compliant with the EITI requirement.
-  The country has gone beyond the requirement.
-  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.

## Background

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.

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*The documentation on this Validation (Final Assessment, MSG Comments) can be found here:*  
<https://eiti.org/document/mongolia-validation-2018>.