



Australia Mongolia Extractives Program Phase 2

Annual Report 2019/20

August 2020

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Acronyms

AMEP	Australia Mongolia Extractives Program (Phase 1)
AMEP 2	Australia Mongolia Extractives Program Phase 2
ARF	Adviser Remuneration Framework
ASI	Adam Smith International
ATO	Australian Taxation Office
CBM	Coalbed Methane
DFAT	Department of Foreign Affairs and Trade
EITI	Extractive Industries Transparency Initiative
FATF	Financial Action Task Force
FRC	Financial Regulatory Commission
MMHI	Ministry of Mining and Heavy Industry
MRPAM	Mineral Resources and Petroleum Authority of Mongolia
MTA	Mongolian Taxation Office
M&E	Monitoring and Evaluation
NGO	Non-Government Organisation
OECD	Organisation for Economic Cooperation and Development
PMU	Program Management Unit
PSEAH	Preventing Sexual Exploitation, Abuse and Harassment
RMM	Risk Management Matrix
SESMIM	Strengthening Extractive Sector Management in Mongolia

Executive Summary

Over the past year of implementation of AMEP 2 the program has seen solid progress on agreed activities and has built relationships with an expanded set of stakeholders that will be drawn on in years to come. AMEP 2's first year activity consists of two major phases. In the first phase, the team expanded the range of partners who share the common goal with AMEP 2 and have capacity to influence outcomes. In the second phase, AMEP 2 implemented six activities approved by DFAT and the Ministry of Finance (MoF). All activities had local ownership through partnerships with high-level government agencies, such as Ministry of Mining and Heavy Industry (MMHI), the Mineral Resource and Petroleum Authority (MRPAM), the Mongolian Tax Authority (MTA), Ministry of Finance and the Financial Regulatory Commission (FRC), which influence the acceptance and sustainability of regulatory changes.

The objective of AMEP 2 is for government, civil society, and the private sector collaborating to improve the investment environment for the extractives sector in Mongolia.

As AMEP 2 approaches the end of its first year, this report informs DFAT of what has been achieved towards the program's objective through the progress made on activities in the annual workplan and the way AMEP 2 is implementing those activities. It also provides updates on resource allocation, budget expenditure, and risk management. In its first year, AMEP 2 has begun to contribute to a transparent, fair and predictable environment for domestic and international investors by:

- providing international best practice and Mongolia-specific recommendations on valuing mineral reserves to provide a fair and consistent basis for company reporting to Government and shareholders;
- developing a partnership between the Mongolian Tax Authority and the Australian Taxation Office that will help Mongolia to identify pricing practices that lead to loss of revenue for the country; and
- engaging with the Ministry of Finance over better application of the rules governing accounting in the mining sector to ensure that firms make fair provision for mine closure and rehabilitation.

AMEP 2 has contributed to clear and accepted mining regulation by bringing together a range of stakeholders to design a new regulation for mining feasibility studies to encourage more consistent quality and speedier approvals of projects. It has contributed to enhanced capacity of Government to provide services to investors by continuing the development of the successful MonGeoCat database of geological information. And it has contributed to the availability of evidence for decision-making by commissioning a report on the regulatory and institutional framework for the exploitation of coal bed methane in Australia and how it might relate to the Mongolian context.

Features of each activity have been giving Mongolian decision makers access to international best practice, and the promotion of collaboration between branches of Government and between Government, professional associations and industry.

Activities are partner-led so the AMEP 2 team has prioritized understanding the context for each activity and problems that partners are trying to tackle. The outcomes of the six activities are:

- Mongolia adopts and starts implementation of the mineral valuation code (MONVAL) that is aligned with the international best practice making the negotiation process between government and industry smoother;
- Revised feasibility study regulation adopted and implemented; increased efficiency in feasibility study approval process;
- Enhanced capacity of the Mongolian Tax Authority to implement the new transfer pricing rules;
- Completion of data entry for MonGeoCat improving the meta-data available to online users;
- Provision of research about the regulation and development of the coalbed methane industry based on Australian experience; and
- Guidance produced on the application of accounting standards relating to rehabilitation.

The activities represent value for money. Each was rigorously assessed according to the criteria in the Activity Selection and Implementation Guidelines. The Activity Partner Survey confirmed that activities are considered useful by government partners. The AMEP 2 team have found efficient ways to carry out activities and are confident that the program is effective in making progress towards the outcome and that the team's networking efforts will enable an even greater contribution in coming years, with industry seeing the benefits.

AMEP 2 adheres to its communication strategy that prioritizes transparent and proactive approach by engaging key stakeholders through in-person meetings with timely information sharing. A broader stakeholder engagement includes an attendance at a range of public events, distribution of regular newsletter, and information sharing via the program website, Facebook and Twitter accounts. The newsletter is distributed electronically to recipients in the Government of Mongolia, international development agencies, professional associations, industry and civil society. The AMEP website has been used as a central platform to share AMEP-generated full-length reports, research, and international best practices with a broader public. Branched out from the website, AMEP's Facebook and Twitter accounts have been used to attract more members of the public by making mining content accessible. The launching of these forms of communication has been a major step forward from the first phase of AMEP, and the initial evidence of interest from and interaction with target groups from the online statistics gathered is encouraging.

As it goes into its second year AMEP 2 continues to look for opportunities to partner with Mongolian organisations with potential to contribute to its objective. Among the lessons learned from the first year is the need to allow more time for consultation and development of activity concepts so that the policy areas that emerge can be more thoroughly researched and the full scope understood, and to begin consultation with all potential contributors early on.

Progress Towards Outcomes

The operational theory of change states that programs, such as AMEP, can bring about changes through a set of activities and achieving its stated goals in collaboration with partners (Appendix 1). AMEP 2 will, over its lifetime, seek to change behavioural intentions and behaviours of key decision makers and partners by focusing its activities in two main streams. These are:

- a range of high-quality services is helping stakeholders to achieve their objectives for change affecting the investment environment; and
- an inclusive set of AMEP 2 partnerships is designed to bolster dialogue among industry experts, government, and civil society, who can together create the enabling environment for the mining sector in Mongolia.

The targeted outcomes are a change in the perception of collaboration incentives and behaviours, and a range of practical outcomes from AMEP activities with partners. To help bring these about AMEP 2 has a range of deliverables, including research, technical assistance, dialogue and network facilitation and a diverse range of effective partnerships.

For its results reporting, AMEP 2 draws on a collaboration perception survey run for the first time in late 2019; results chains for each activity with a line of sight to the overall outcome (which is explained in each activity proposal); and systems to measure quality and responsiveness of AMEP 2 operations.

The program has been in its operational phase for six months. Because it is essential that activities are partner-led, the AMEP 2 team has prioritised understanding the context for each activity and the problems that partners are trying to tackle. As a result, and as expected, the portfolio of activities is at varying stages of implementation.

- This first year was aimed at positioning AMEP 2 to capitalise on the positive achievements and branding of AMEP and establish the program's relationships with a broader group of partners and stakeholders.
- The portfolio of activities was appropriate for the first year and followed the program design by working with a wider range of Ministries and including professional associations as implementation partners. The selection of activities combined familiar topics with those that took AMEP 2 into new policy areas.
- In the implementation of activities AMEP 2 took every opportunity to encourage the inclusion of stakeholders and facilitate collaboration. There is no evidence yet that the bringing together of different groups led to their ongoing collaboration independent of AMEP 2's initiative so this will take more time.
- AMEP 2's workplan of activities contributes to an improvement in the thematic areas linked to an improved investment environment that are identified in the Design Document:
 - transparent, fair and predictable environment for domestic and international investors – MonVal, transfer pricing, accounting standards
 - enhanced capacity of government to provide services - MonGeoCat
 - evidence to inform public debate – research on coalbed methane
 - widely accepted regulation – feasibility studies
 - information on international practices – all have an element of this
- The activities reflect a cautious approach in the lead up to the June 2020 election.
- It may be judged that a more stable, post-election period and worsening economic conditions call for a redefinition of the "safe space" in which AMEP 2 operates leading to a workplan with more sensitive but higher return activities.

Outcomes Produced from Milestone Documents

Reference to each of the milestone documents produced during the inception phase has been addressed in other sections of this report with the exception of the External Communications Strategy. How each has been used can be found in the following sections of the report:

- Multi Stakeholder Workshop – Introduction and Context, with results found throughout the rest of the document.
- Inclusion Study – Stakeholders and Partnerships

- Situational Analysis – Introduction and Context
- Annual Workplan – Activity Progress to Date

External Communications Strategy Update

AMEP 2 has an active communications component, which is underpinned by the Inclusion Study's strong recommendations on clear and accessible communication in Mongolian and English. The Team Leader has spoken at the Discover Mongolia Forum for investors (September), the Business Council of Mongolia (October), the Australian Chamber of Commerce (October) and has presented to a Women's Leadership Program retreat (December).

The program sends out a regular newsletter to a wider group of stakeholders informing them of potential collaboration opportunities, program activities, and outcomes. As of March 2020, three issues of the AMEP 2 newsletter, in English and Mongolian, were distributed electronically to recipients in the Government of Mongolia, international development agencies, partners, professional associations, industry, and civil society. The topics covered in these newsletters so far have been MonGeoCat, transfer pricing, and feasibility studies. Online statistics show almost 400 instances of opening the newsletter.

In January 2020, www.amep.mn, the program website, was launched in English and Mongolian. The program selected and worked with a local vendor in developing a website. Launched in January 2020, the [amep.mn](http://www.amep.mn) website is fully integrated with social media platforms and serves as a central information channel with detailed information on all program activities. The Knowledge Hub function of the website has been used as a tool to share AMEP 2-generated reports, research, and international best practices with a broader public. The website is updated at least every two weeks with the latest program information keeping it relevant and active.

Branching out from the website and to enhance its reach, AMEP 2 has created its own Facebook and Twitter accounts. Between 2019 and 2020, AMEP 2 has made 276 posts that recorded over 70 thousand engagements, including retweets, likes, and comments. The communication objective to make engaging posts with images and hyperlinks were achieved. As a result, over 600 people (298 likes and 316 follows) now follow AMEP2 on Facebook. Each program area has been featured for a month at a time, allowing enough time for the target audience to take notice of the content and engage with the program. For instance, the month of October was dedicated to telling the story of MonGeoCat, the activity that involves Geoscience Australia and Mongolia's Mineral Resources and Petroleum Agency (MRPAM). One Facebook post sharing the web address of mris.mn through which spatial searching and metadata cataloguing system was made available reached 4400 readers and generated 401 engagements.

In parallel with its Facebook page, AMEP 2 manages the @AusMonXtractive account on Twitter. The same content has been posted on AMEP 2 accounts on Twitter and Facebook since October 2019. AMEP 2 has been consistent in using hash tags to make relevant topics searchable and better organize its content according to program areas, including #MonVal, #MonGeoCat, and #FeasibilityStudies.

The launching of these forms of communication has been a major step forward from the first phase of AMEP, and the initial evidence of interest from and interaction with target groups from the online statistics quoted above is encouraging. The program will aim in future years to obtain more specific feedback on relevance and use from those who receive AMEP information.

Collaboration Perception Survey

A web-based collaboration perception survey was carried out between October and November 2019. The purpose was to gather perceptions of stakeholders on existing collaboration and the challenges to effective collaboration. The response rate was 23%. The finding indicated that most respondents felt that collaboration in the sector was only occasionally effective and that the overall situation for the extractive sector in Mongolia had not changed in the past two years. Where collaboration was rated effective, this more often arose from international or donor funded activities, such as EITI and SESMIM. Asked where the opportunities for collaboration were greatest, Government, private sector and civil society, while all having different priorities, agreed on the need for working with the local community and improving the participation of local citizens and NGOs in decisions on mining policy and practice.

Furthermore, survey results suggest that motivations are different: Government hopes to be able to demonstrate the benefits of mining to communities for economic management reasons, the private sector recognises the benefits to their operations of informed and supportive communities, and civil society broadly wants to ensure that rights of communities are upheld. AMEP 2 will consider in future planning how to promote synergies between these motivations. A detailed analysis of responses is available at the AMEP website.

Activities' Summary

Each activity in the AMEP 2 portfolio has a logical framework and an agreed outcome with a direct link to both parts of the overall objective of improving collaboration in the sector and improving the investment environment. This section considers how each activity is progressing towards its outcome, and in so doing picks up both technical progress and a contribution to institutions working together. The question of whether the portfolio as a whole is significant enough to influence the intended outcome will be examined in greater depth in the next annual report when there is more experience of activity management and any spillover effects of AMEP 2 activities. Some preliminary thoughts on the direction of the next annual plan are in the “Challenges and Lessons Learnt” section below.

In accordance with the Monitoring and Evaluation Plan, AMEP 2 also tracks evidence of satisfaction with its services and the use of staff time in consultations (taken up in the “Stakeholders and Partnerships” section below).

Given the early stage that all activities have reached, it is too early to judge whether they will meet the outcomes set in each case. However, a reality check of the portfolio confirmed that the proposed outcomes (further defined by their indicators) were still realistic and achievable. In line with the overall outcome statement for AMEP 2, activities have been managed with a view to extending participation to all organisations with a legitimate interest where appropriate. For details on current progress of each activity please see Appendix 3.

AMEP 2 deliverables include technical assistance, research, dialogue and network facilitation and a diverse range of effective partnerships. Only one expert contracted by AMEP 2 has visited Mongolia so far, to pursue the MONVAL and feasibility study activities. His inputs were high quality, timely and well received and now form the basis for further work by partner agencies. Substantial support has also been provided for Mongolian institutions through the emerging partnership with the ATO (for the transfer pricing activity) and preparations for the contract with KPMG (for the financial accounting activity).

The AMEP 2 team, working closely with DFAT, have thought carefully about who to inform and involve in each activity and encouraged formation of working groups with wide representation for two activities, which are now providing a platform for contact between different Ministries and agencies and between Government and professional associations. There is potential for further direct private sector involvement in accounting standards and CBM research.

Activity 1. Development of a Mongolian Mineral Valuation Code

➤ Outcome: Mongolia adopts and starts implementation of the mineral valuation code that is aligned with the international best practice.

This activity starts from a strong base: it builds on work under AMEP Phase 1 to introduce the ideas behind an agreed valuation code and deals with a subject familiar to the current team; there is a single obvious partner (the Financial Regulation Commission); and it aims at instituting well accepted international practice. All activities have been implemented as planned up to delivery of a draft MONVAL code to a multi-agency working group. Once reactions have been received from this working group, there will be further options for dissemination and training. AMEP 2 has been able to deploy the best available international expertise and has identified capable local consultants. The working group covers relevant Ministries and professional associations under the leadership of the main partner and has taken ownership of the process and product. AMEP 2's relationship with FRC, and the momentum of the activity, has survived a significant change of senior personnel at the FRC, which points to the strong relationships it has built.

All deliverables for this activity have been completed except for the final one, 'Training and capacity building on MONVAL for respective entities/professionals responsible for implementation' which is dependent on a final visit from the international expert. This will happen once MONVAL is approved by FRC and is planned to be conducted by the international consultant. If COVID-19 continues to prevent international travel, then the training will be conducted by the local expert, however this decision needs to be made by the FRC and Working Group, not AMEP 2 team.

MONVAL will not impact immediately on many stakeholders in the industry. Nevertheless, the AMEP 2 team has drawn on its contacts and used public forums to ensure that parties with a possible interest in the longer term (notably industry and professional associations) understand the change that is being pursued and the value to the industry as a whole of having transparent and predictable rules around valuation, and to dispel concerns that enhanced valuation methods are a way for Government to gain commercially sensitive information. AMEP 2 is engaging and reaching out to interested parties for MONVAL such as business as well as the School of Geology and Mining, University of Science and Technology and former FRC officials who initiated the first mineral valuation code versions under AMEP Phase 1. These are important stakeholders who fully understand the need for a national code and have the potential to make constructive contributions to finalise and approve MONVAL.

Activity 2. Support for the Review of Regulation of Feasibility Studies

- Outcome: Revised feasibility study regulation adopted and implemented; increased efficiency in feasibility study approval process.

Technical assistance has been provided to prepare a comparative analysis of Mongolian and international practice as regards feasibility studies, together with a concept note identifying areas for decisions and further work. The technical expert provided detailed presentations together with question and answer sessions to MMHI and expected working group members, the professional association of Mine Designers and the Professional Minerals Council.

The MMHI has appointed but not yet convened a working group with wide representation and with strong potential to take ownership of the issue. The next step will be the drawing up of a new draft regulation, but the content of the draft and the timetable for its preparation are in the hands of the working group, whose first meeting will be delayed because of COVID-19 precautions. AMEP 2 has close links to organisations with a stake in the outcome and will keep the issue on the agenda but cannot force the pace. A separate but complimentary workshop has been run by the AMEP 2 team in April which will contribute to the draft regulations.

AMEP 2 initiated the Round Table that brought together the potential interests (Government, professional associations, industry and civil society) and where participants concluded that a working group was required to take the issues forward. The discussion has brought together Government and industry professionals, notably mine designers, who have responded enthusiastically to the opportunity, once the working group is convened, to bring clarity and consistency to this area of policy.

The legal gap analysis (D2) has also been completed and is being translated, ready for review by MMHI and working group members.

Activity 3. Support to the Implementation of new Transfer Pricing Rules

- Outcome: While the direction sought is an enhanced capacity of the tax authorities to manage transfer pricing, possible tangible outcomes await further consultation between the Australian and Mongolian tax authorities.

At the request of the Organisation for Economic Co-operation and Development (OECD), AMEP 2 is assisting with developing a connection between the Mongolian Tax Authority (MTA) and the Australian Tax Office (ATO) to access the latter's expertise on tax treatment and international engagement. The MTA has proved to be a motivated and capable Mongolian partner. The ATO is an appropriate and effective international partner with strong experience of undertaking this kind of international collaboration. Although AMEP 2 took time to understand the arrangements in forming a formal ATO corporate engagement, contacts between the two organisations have been frequent and constructive, and substantial amounts of information on international standards have already been transferred, and requirements for expertise agreed, in advance of visits by ATO experts (which will now be delayed because of COVID-19 travel restrictions in Mongolia and Australia). In the short term AMEP 2 will continue to ensure that the ground is prepared for the visits when they can be undertaken. The visits will help ATO to assess the capacity of MTA staff to identify transfer pricing practices and undertake risk assessment, and to draw up training plans based on its findings. It has now been decided by DFAT that this activity will be postponed until COVID-19 travel restrictions have been lifted.

Because this activity seeks to increase capacity to enforce existing laws, and because any assessment of the enforcing authority's capacity will be sensitive, this is not an activity that has required elements of wider dissemination or buy in from other stakeholders.

Activity 4. Completion of Data Entry for Mongolia's Geological Catalogue System

- Outcome: MonGeoCat is fully functional, and regularly updated and delivering meta-data to users/investors online.

This activity was the stand-out success from Phase 1, contributing significantly to Mongolia's ability to present a professional image and useful data set to potential investors. The first element of the continuing activity involved expansion of the metadata and abstract capture. This proceeded according to plan, with metadata for 376 reports uploaded to the site to date. Because MRPAM chose to prioritise capacity to undertake this task, the second component, updating to the latest versions of the web based platform, was dropped, but since the initial writing of this report MRPAM has requested that this second component be reinstated which AMEP 2 was happy to oblige. Work on this is now under way and expected to be completed by end of the reporting period.

Activity 5. Development of Guidance for the National Accounting Standard for Exploration and Mining Operations

- Outcome: Company financial statements comply consistently with the rehabilitation and closure provisions of the National Accounting Standards (the outcome is broadly achievable but some of the outcome indicators may need revision depending on the finally agreed scope of work).

There is a range of problems related to accounting in the mining sector and it has taken several rounds of discussion to prioritise among the conflicting proposals that have been made from the Ministry of Finance for this activity. The MoF requested guidance for all accounting standards relating to mining which is beyond the scope and budget of AMEP 2 so it was suggested that they prioritise one area of this, that would be of most benefit at this point, which was accounting for provision of funds to meet rehabilitation obligations. AMEP 2 does not have the resources to fix all the accounting problems in the sector, and must concentrate on those that have the greatest potential to add to transparency and confidence. Local accountancy firms did not produce responses of a sufficient standard to the invitation to express interest, so it has not been possible to team a local accountant with international expertise as intended. However, KPMG has been identified as the only viable supplier (following inconclusive discussions with the only possible international competitor) and has started to provide technical assistance to MoF to clarify its requirements and formulate a realistic work plan. The main concrete step so far is the establishment of a close informal working relationship between KPMG and MoF, but no contract has yet been signed, although this is expected to be completed shortly. Negotiations have been ongoing as the original budget submitted to DFAT for approval on this activity had not planned for a large international accounting firm to complete this work, as such the cost to complete this activity has exceeded the expected budget. Although not exceeded the total activity budget for all activities as savings have been made with the same consultant being used for MONVAL and Feasibility Studies, halving travel costs.

The activity has the potential to bring together a range of Ministries and to collaborate with the private sector in piloting a new set of guidance (as well as to demonstrate publicly in the longer term that industry is being held accountable for what it publishes in its accounts). AMEP 2 has been active in informing other Ministries with a potential interest of what is planned but there have been no results around which to stir up interest yet.

Activity 6. Coal Bed Methane – Australia’s Regulatory Good Practice

- The objective of this research is to provide some background information for Mongolian policy makers on the potential for further regulation and development of CBM exploitation.

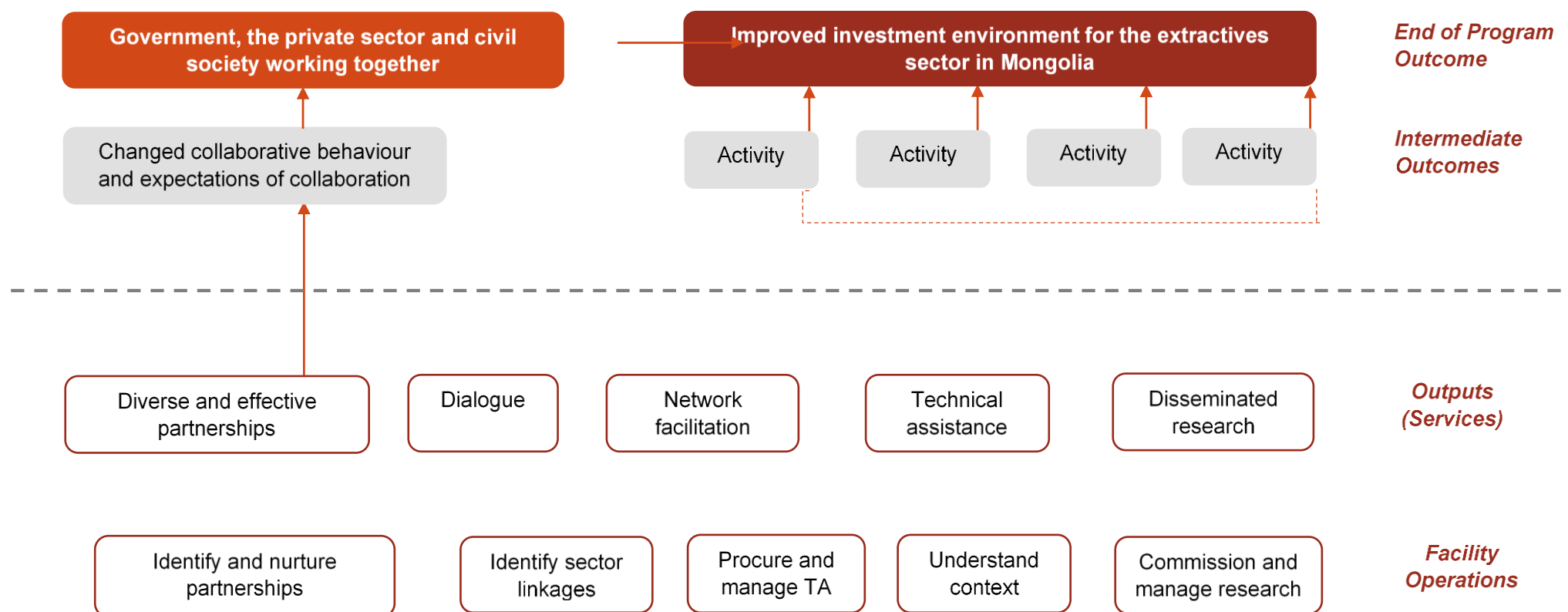
It provides an opportunity to share the experience of Australia (and Queensland in particular) as a leading producer of CBM. Terms of reference have been prepared for the first outputs, options for a suitable fiscal regime for CBM in Mongolia and advice on a solution for overlapping coal and gas tenure.

AMEP 2 has been very dependent on the only possible provider of expertise (the Centre for Natural Gas at the University of Queensland) to help define the task and inputs, and subject to the provider’s other priorities. This has been further slowed by the uncertainty that COVID-19 has brought to the industry and its potential effects on the future of research institutes such as the Centre for Natural Gas.

Discussions have been had with industry in Mongolia to better understand the current environment and the challenges facing the sector, with this information contributing to the development of the ToR and contracts have been made with a local Mongolian expert and legal advisor to work on the issues relating to overlapping tenure, it is expected this section of work will be completed this year, with the remaining work involving input from the Centre for Natural Gas, a part of University of Queensland (UQ) occurring at a later date.

COVID 19 has caused a crisis in universities in Australia and the institute at UQ has not been exempt from this, so it could not commit to continue work on this project at this time. The role of the Centre for Natural Gas can be reconsidered later this calendar year when they are more certain of their future. An alternative provider has been identified but advice from industry has been to stick with the university team if we possibly can.

Appendix 1: Theory of Change



Appendix 2: Activity Implementation Status

AMEP2's first year activity implementation

AMEP 2 Annual Activity Plan 2019/2020 was approved by the Australian Government's Department of Foreign Affairs and Trade (DFAT) and the Mongolian Ministry of Finance (MoF) in September 2019. Below is brief update for six approved activities as of March 2020.

1. Development of a Mongolian Mineral Valuation Code (MONVAL)

	Deliverables	Implementation updates
D1	Technical briefs and presentations prepared on IMVAL and MONVAL in Mongolian and English languages	<ul style="list-style-type: none"> - IMVAL presentation prepared in English and Mongolian languages for range of audience such as professional geologists, certificated appraisers, mining journalists.
D2	Information and training sessions conducted for the key stakeholders on IMVAL and MONVAL	<ul style="list-style-type: none"> - Conducted a series of one-to-one meetings with FRC and Mongolian Stock Exchange officials - Conducted half day briefing session for 3 journalists on international mineral valuation practice and IMVAL - Conducted one to one meeting with NRGi on mineral valuation practice - Facilitated one day introductory training on mineral valuation codes and MRC to professional geologists of MPIGM on 06 December 2019. Attendees are 26. Female 9. Male 17 - Facilitated one day introductory training on IMVAL to the certified appraisers of MICA on 09 December 2019. Attendees number 17. Female 4. Male 13 - Shared MONVAL with the lecturer of the School of Geology and Mining, University of Science and Technology.
D3	International best practice on valuation codes is updated and the latest IMVAL standard template is translated into Mongolian	<ul style="list-style-type: none"> - A comparison of IMVAL Template and Foreign Codes (5 countries), Dec 2019, 34 pages, Eng. & Mon. submitted to FRC and WG members - IMVAL template May 2018, Eng. & Mon., 17 pages submitted to WG and FRC in December 2019 - International mineral valuation expert Steve Gemell had worked in Mongolia from 18 November to 13 December 2019.
D4	MONVAL developed in Mongolian and English languages in consultation with key stakeholders as stated in the agreed regulatory process/WG	<ul style="list-style-type: none"> - Mobilized 2 local and 1 international expert - WG established in 19 Nov 2019 by the resolution of the Chief of Secretariat of FRC and it consists

		<p>of 15 members. Members include MoF, MMHI, MoF, Mongol Bank, Stock exchange etc</p> <ul style="list-style-type: none"> - First WG meeting conducted on 22 November 2019 and WG members (12) agreed to discuss and approve work plan to develop MONVAL. AMEP2 is working as WG member. - FRC has emailed to WG member and asked them to study a) MONVAL, 2020 (23 pages), b) Legal report on MONVAL (35 pages) c) Issues that WG need to make decision on 23 January 2020 - Director of Securities Department, FRC, Head of WG has changed due to FRC Chairman change in January 2020 - AMEP met with newly appointed Tserendash. S Acting Director of Securities Department, FRC in January, 31 - WG members (4) provided written feedback to FRC on MONVAL draft code 2nd WG meeting on hold due to Coronavirus
D5	Training and capacity building on MONVAL for respective entities/professionals responsible for implementation	<ul style="list-style-type: none"> - To be planned (dependent on Coronavirus situation)

2. Support for the review of regulation of feasibility studies

	Deliverables	Implementation updates
D1	Conduct comparative assessment report on international best practice on preparing, receiving, reviewing, and using FS	<ul style="list-style-type: none"> - Mobilized 1 local and 1 international expert - Met MMHI and relevant stakeholders and identified scope and outline of this report. - International FS expert Steve Gemell has worked in Mongolia from 18 November till 13 December 2019. - A comparative assessment report on international best practice is prepared in English and Mongolian languages (20 pages).
D2	Gap analysis between existing practice/regulations and international best practices	<ul style="list-style-type: none"> - Met MMHI and relevant stakeholders and identified scope and outline of this report. - Met Munkhtur. B, DG, Geological and Mining Policy Implementation and Coordination Department MMHI and head of WG on 5 February 2020. - Submitted to MMHI, WG two documents 1. FS Concept note, 9 pages in Mongolian, 2. FS Comparison report, Eng. & Mon., 31 pages on 21 February 2020.

		<ul style="list-style-type: none"> - Followed up WG secretary in March 2020 - A legal gap analysis report has been completed in English (21 pages) and once the Mongolian version is ready it will be shared with MMHI and WG members.
D3	First draft of regulation of “Basic Requirements for Scoping Study Pre-Feasibility and Feasibility Study, and Mining Design for Mineral Deposits and Procedure for Accepting a Feasibility Study”	<ul style="list-style-type: none"> - Will go ahead once restrictions are lifted and Working group can meet. Then the working group must make decisions on the concept of revising the regulation and AMEP’s legal expert will rewrite regulation as advised by WG.
D4	Final draft of regulation: “Basic Requirements for Scoping Study Pre-Feasibility and Feasibility Study, and Mining Design for Mineral Deposits and Procedure for Accepting a Feasibility Study”	<ul style="list-style-type: none"> - Draft version of revised regulation will be discussed and AMEP legal expert will finalize the regulation once restrictions are lifted and the first draft is completed.
D5	Technical consultations, engagements & information sessions organized	<ul style="list-style-type: none"> - Organized round table discussion on 6 November to consult relevant stakeholders on the effectiveness of the current regulation and any challenges or gaps that should be addressed in the review. Attendees (30) includes representative of private sector, civil society, and government officials. Summary of this meeting will be used for revision of regulation - Prepared presentation on international practice on FS in English and Mongolian languages - Conducted briefing sessions/presentations on international practice of FS conducted for MMHI (4), Mongolian Mining Designers Association (16), Mineral Council members (10), - WG established at the MMHI on 23 December 2019. This WG consists of 16 members including AMEP led by Munkhtur. B., Director of Geology and Mining Policy Coordination. It includes representatives of MMHI, MRPAM, Open pit mining engineers’ association, Mining Designers Association, Geology, and Mining School of Mongolian University of Science and Technology, Mining Rescue Unit, Mongolian Mineral Processing Association, Building Material Manufacturers Association.

3. Support the implementation of new Transfer Pricing (TP) rules (Deferred by DFAT until COVID-19 travel restrictions are lifted)

Deliverables	Implementation updates
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D1	Engagement with the ATO to initiate strategic cooperation with the MTA on TP issues	<ul style="list-style-type: none"> - Has engaged with MTA to finalize ToR - Has started engagement with ATO - ATO has engaged with MTA to inform workplan
D2	Identify and mobilize ATO TP expert to Mongolia with consultation and approval of MTA	<ul style="list-style-type: none"> - Developed required expert's ToR in close collaboration with the relevant officials of MTA. - Connected DFAT and ATO in preparation for them to agree the Record of Understanding - ATO and MTA has finalized work plan and it is available in English and Mongolian - ATO has already begun preliminary research - DFAT have postponed this activity due to COVID-19 restrictions
D3	Assessment report on the current capacity of GDT on TP and risk assessment and management (Eng. & Mon)	<ul style="list-style-type: none"> - This is not taking the form of a report but the ATO is engaging closely with the MTA and conducting research on Mongolia's tax system and MTA processes and capacity
D4	Training plan based on the assessment report for GDT officials (Eng. & Mon)	<ul style="list-style-type: none"> - Postponed by DFAT until next financial year
D5	Training and capacity building events organized for the GDT officials on TP, Risk Filters and Risk Assessment	<ul style="list-style-type: none"> - MTA has started its internal preparation for ATO experts visit. Transfer Pricing Division, Risk Assessment Department, Tax audit and methodology department staff will be involved. This deliverable is dependent on Coronavirus situation.
D6	Final comprehensive report of the MTA's compliance risk management process and transfer pricing capability	<ul style="list-style-type: none"> - Postponed by DFAT until next financial year

4. Completion of data entry for Mongolia's Geological Catalogue system.

	Deliverables	Implementation updates
D1	Metadata and abstract capture for data and documents including creation of spatial references (index maps) for all kinds of geoscience documents, maps and data	<ul style="list-style-type: none"> - Mobilized 2 geologists and they started on 1 November 2019. As of March 2020 total 452 metadata prepared in English and Mongolian. - Placed approximate location map (index map) for these 452 reports as well. - MonGeoCat user access: Web GIS – accessed from 64 countries and GeoNetwork – accessed from 52 countries. Total page view is 119,000 and international user access is 2,083 and domestic user access is 12,930.
D2	Update MonGeoCat system and integrated data entry module to the	<ul style="list-style-type: none"> - Mobilized IT consultant, engaged with MRPAM to identify pending tasks and work under way. Expected completing by end of June 2020.

	latest version of WebGIS, ArcGIS JS API, statistics dashboard, publisher	
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5. Coalbed Methane (CBM) – Queensland, Australia’s Regulatory Good Practice

	Deliverables	Implementation updates
D1	Comparative analysis report for fiscal regime based on a high-level gas-field exploration, appraisal and field development project economic model with which to illustrate the impacts of different fiscal and other policy settings	<ul style="list-style-type: none"> - Has engaged closely with Petroleum Department of MMHI and MRPAM to develop ToR - Engaged with the representatives of private companies to get their feedback on ToR - Has engaged with the Centre for Natural Gas, University of Queensland as potential partner to perform this report. - Negotiating details of contract with UQ
D2	Report introducing the industry in Queensland – history, issues that emerged and legislative and institutional frameworks developed to address – and comparative assessment of Queensland framework for overlapping coal/CBM tenure and equivalent Mongolian legislation	<ul style="list-style-type: none"> - When research is complete the report has to include these issues and this report will be prepared in English and Mongolian language for discussions.
D3	Round table discussion and workshops on moving forward to developing regulatory environment for the industry based on the comparative analyses results.	<ul style="list-style-type: none"> - When travel restrictions are lifted, and the report complete this deliverable will take place
D4	Communique setting out conclusions from discussions and policy recommendations	<ul style="list-style-type: none"> - This will happen after the round table discussion.

6. Development of Guidance for the National Accounting Standard for Exploration and Mining Operation

	Deliverables	Implementation updates
D1	Draft guidance is developed	<ul style="list-style-type: none"> - Engaging with accounting department of MoF to develop/clarify ToR for this task. Had organized series of meetings and discussion. - Also engaged with the leading audit companies (KPMG, PWC etc) to get their professional feedback on ToR - KPMG is selected partner for this consultancy - AMEP and KPMG contract is under preparation

D2	Piloting of the draft guidance with 2 companies is carried out	<ul style="list-style-type: none"> - Once draft guidance is developed accountants of the selected extractive companies will apply draft guidance in their companies' accounting report preparation and will inform KPMG and AMEP on issues (if there are).
D3	Final guidance is developed and delivered to MoF	<ul style="list-style-type: none"> - Based on pilot application of draft guidance, KPMG will edit guidance as required
D4	Workshops for MoF, MMHI, MET, MRPAM and district treasury officials on the new guidance is conducted	<ul style="list-style-type: none"> - Organize workshop for MoF, MMHI, MET by introducing or presenting final guidance and its application when complete