



## 2019 Asian Evaluation Week

Quality Evaluation for Better Results: Local,  
National, Regional Perspectives

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2-6 September 2019 | Kunming, People's Republic of China

# CASE STUDY: Evaluating Advancements in Governance and International Standards in Mining Operations in Mongolia

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EBRD contributes to national level governance and compliance with international standards in Mongolia through its mining projects

Since mining projects were previously public sector projects and currently are private sector projects and there is no defined programme as each project is approved individually, evaluation for long-term results is difficult

Use of cluster evaluations has enabled a look at the cumulative results of multiple engagements



This evaluation relates to the 2019 AEW theme of “Quality Evaluation for Better Results: Local, National, Regional Perspectives” by providing a country-level assessment of national level governance and reporting through project-oriented evaluation (Topics 9 & 10 from concept note)

- Mining sector important to Mongolia, contributes to wider economic development
  - Percentage of GDP (27%)
  - State budget (19%)
  - Exports mainly to china (88%)
- **Oyu Tolgoi mine** in the South Gobi desert
  - One of the world's largest reserves of copper and gold
  - Potential to produce 3% of global copper needs over a 50-100 year lifespan
  - Largest individual EBRD investment



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- EvD Cluster evaluations focus on **sets of interventions that share common features** such as objectives, applicable strategy or target country/sector
- A review of a cluster of Mongolia operations was programmed with the intention of gaining a project-connected lens through which to view EBRD country presence and effectiveness more broadly
- EBRD's largest investments in Mongolia have been **in mining in particular**; Since operations started in 2006:
  - **14 private sector projects, worth €734m** of net cumulative investment (€704m debt, €30m equity)
  - Around 80% of this investment was in metals mining, in copper, gold or iron ore and the remaining 20% in coal

# Approach used in this evaluation



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- A mix of well-established evaluation approaches was used; combining aspects of **evaluation cluster and evaluation synthesis** methods
  - Advantage: when the results of many project level assessments are combined, it was possible to make wider observations – such as EBRD effectiveness in a particular sector in a country such as in Mongolian mining
- **Not focused on ascertaining the success or failure** (accountability) of individual interventions, and consequently information was reported in aggregate
- There was no sampling – the **evaluation scope included all (14) of the projects which were eligible** under the evaluation criteria
- A **major data source for this evaluation was previous project-level evaluation** work as well as Interviews with key stakeholders, structured in line with the evaluation matrix



Promoting a well-governed Mongolian mining sector has been a **priority across all four EBRD country strategies since 2006**. Contribution to this aim from the evaluated projects can be summarised through **three major channels**:

- i) support to implementation of EITI
- ii) measures aimed at improving national level governance of the sector
- iii) at better governance at the corporate level



- **EITI is a global standard** for improving transparency and accountability in the oil, gas and mining sectors
- EITI is a **policy, legal and regulatory framework** which aims to contribute to ensuring the proceeds of mining and energy industries are used for broader economic development
- EBRD has simultaneously followed, both a bottom up (**corporate level**) as well as top down (**at the national level though policy dialogue**) up approach to implementing EITI in Mongolia

- Mongolia was admitted as an **EITI candidate in Sept 2007**
- Initial implementation of EITI slow both by government and companies
- Thanks to the combined efforts of the IFI community (and especially the World Bank and EBRD) in late **2010 Mongolia succeeded in being one of first 5 countries worldwide being granted the status of EITI Compliant** country by the international EITI Secretariat in Oslo

# EBRD's support for EITI implementation in Mongolia

Support for implementation of EITI has been a Mongolia country strategy objective since 2006 via:

- i. individual projects at a corporate level, and
- ii. policy dialogue and TC support at the national level

Individual project level compliance with EITI was targeted 10 times

At individual project level we find EITI compliance was almost always achieved

Project	Assessment
MAK (Phase I and II)	Achieved
Altain Khuder – Debt & Equity	Not achieved
MMC Equity	Achieved
Leighton Mongolia	Achieved
Oyu Tolgoi	Achieved
Centerra (I& II)	Achieved
Altan Rio	Achieved



- At the national level, a 2011 €500k TC has been the platform for EBRD support for roll-out of EITI in the country
  - EBRD provides technical assistance to EITI secretariat which is responsible for coordinating national efforts in implementing the initiative; 6 EBRD TCs related to EITI Mongolia support in total
- The delivery mechanism was provision of technical expertise and capacity building to EITIM to support implementation of its mid-term strategy implemented by consultants between August 2011 and September 2017 (but not continuously)
  - Support in 1<sup>st</sup> phase focused on ensuring a proactive communications policy and an EITI-data distribution policy
  - The 2<sup>nd</sup> phase focused on eReporting



- For the first time a **draft EITI Law** was progressed as far as Mongolia Parliament and was considered by MPs
- New **EITIM communications strategy**, plan and monitoring indicators adopted and implemented by EITIM secretariat
- Creation of ICT adviser position, initially funded by the project
  - Additional **institutional capacity was established in EITIM secretariat** through Value for money through **use of Mongolian providers**
- **eReporting system** successfully scoped, designed and piloted
  - Led to the replacement of paper-based reporting

# EITI: Phase 2 (e-Reporting) Achievements



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- Outputs
  - A downloadable **operating database** of historical data in various open data formats and can be re-published by users
  - Basic **reconciliation performed by the system** across data received from government and companies
  - Fully **trained and empowered EITIM ICT Manager** to perform any required updates
  - A high quality, **detailed case study published** to increase wider awareness of the EITIM eReporting system
- Outcomes
  - **Improved efficiency in report submission**, evidenced by government and extractives companies' feedback
  - **Increased effectiveness**, evidenced by lower support requests received and the subsequent reporting



- Over the course that the EBRD has supported roll-out of EITI in Mongolia there have been **numerous achievements at the national level**
- Most notably in February 2018, Mongolia became the **second country** to meet all of the requirements of the EITI standard **among over 50 resources rich countries** which have joined the EITI
- According to the EITI this was a **“remarkable achievement for the country”**



**EBRD has sought transition impact through strengthening institutions, laws and policies** that would help the Mongolian mining market function more efficiently in 3 operations

These activities have mostly been carried through connected TC projects targeting:

- (i) improved the transparency and wider accessibility of mineral data
- (ii) supporting drafting of new mineral law

# Improving the transparency and wider accessibility of mineral data



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- €1.2 million grant in 2010 to develop database of mining assets and strengthen capacity of mining authorities as a direct contribution to **improved transparency**
- Target: over a period of 2-4 years, 100,000 individual geological data points contained in paper-based archive would be **converted into a digitised geological database**, about 10% of the then estimated archive
  - **Reduce the entry cost for mining companies** in acquiring information on prospects and lead to increased investments in exploration for mineral deposits
  - Cadastre would be **publicly available thus helping to reduce corruption** related to licensing activities
- In 2011 the **project put on hold** after National Security Council requested project procurement to be suspended. The TC did not move forward in the years that this was monitored and was eventually suspended altogether.

# Improving the transparency and wider accessibility of mineral data (2)



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- **EBRD revived this initiative in late 2017 with a €2.3 million TC for a “national geoscience database”**
  - Project is to be implemented together with (and co-funded by) the **Australian Government’s AMEP facility**
  - Previous stoppage was due to change in Government policy but “in 2014, a new Minerals Policy was adopted, and legal amendments implemented, **explicitly providing for the creation of an national geoscience database**”
  - Both the Ministry of Mining and Heavy Industry and MRPAM now confirm **this project as a priority for Government** and for sector development”
- Progress report from **April 2019 shows important milestones being realised**



## EBRD's other targeted contribution to national level governance has been assistance to draft a new mining law and has so far not been effective

- In August 2017, the Bank launched a TC to help the Ministry of Mining Heavy Industry to **draft a new mining law**, amend related laws and regulations, and support implementation
- The TC project successfully **produced two drafts of the new law**, with a second draft delivered to the Ministry in 2018
- However, the **initiative to establish a new mining law appears to have stalled**
- However, there are indications that **amendments and additions may be made to the existing law using parts from the draft produced from the TC**

- Projects mostly effective in achieving national level governance and contributing to international standards
- Unfortunately extant contributions to transition impact not indicators of financial success or project level mismanagement or environmental issues
- Cluster evaluation methodology enabled assessment by looking at significant sample without developing an overall evaluation framework for numerous projects over time
  - Supported by evaluation synthesis which utilised indicators and results from previous evaluations undertaken at the point of project completion
- Evaluation able to provide strong understanding of accomplishments at the project level and cumulative intermediate outcomes
  - Somewhat able to assess impact but not the same as an impact evaluation or long term programme or strategy evaluation
  - Utilise methodology in future when stakeholders want higher level results with project level detail and have limited resources