

Country Office Anti-Corruption Policy Advisory
**Support to National Anti-Corruption Activities Project/
MON/00/103/MY 99-GGHSP**

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I. The State of Play in Anti-corruption Activities in Mongolia: Who's Who and What's What.

This section is focused on providing an overview of the key stakeholders in anti-corruption activities in Mongolia. In order to combat corruption there needs to be a serious commitment on behalf of the national government and the general public, to support such a program. Without the presence of the necessary political and public will, any national reform efforts will, in all probability, fail. Since corruption is the misuse of public office, the "target" of anti-corruption efforts should be focused on stopping the misuse of entrusted power. This implies that anti-corruption efforts are in essence public administrative reform and is a technical problem of government that needs to be removed from the world of morality and blame. Good governance requires the creation of a system of laws and institutions that stop corruption from occurring and not merely punishing it after the fact. This system is known in the corruption studies field as a "**national integrity system**" and has been accepted by most international organizations as the ultimate goal of an anti-corruption program. This section and this report in general outlines the components of this system.

1. The Government

1.1 Executive.

All central and local law enforcement agencies in the executive arm of the government are charged with the responsibilities for enforcement of public order and prevention of crime, including combating corruption. However, corruption investigation powers are spread among several agencies, including the Ministry of Justice and Home Affairs, the Economic Crimes Unit of the Criminal Police Department, and the Special Investigation Unit in the General Intelligence Department to name but a few.

- 1.1.1 Ministry of Justice & Home Affairs is charged with policy planning, development, management, monitoring and evaluation of its implementation on public order enforcement and crime fighting and prevention, including combating corruption. Thus, it was primarily responsible for drafting and revision of anti-corruption laws and regulations.
- 1.1.2 General Police Department (National Police Agency) as government regulating agency, has been responsible for law enforcement, including investigation of criminal cases through its Criminal Police Department. One of its units, the Economic Crimes Unit specializes particularly in detection and investigation of corruption related case.

1.2 Legislature.

- 1.2.1 The State Great Hural (Parliament) of Mongolia conducts its official business through its Standing Committees. The main committee responsible in this area is Parliamentary on Legal Affairs, which is the oversight body for law enforcement as well as for finalization of draft anti-corruption legislation. Since 1998, individual several Members of Parliament have initiated the revision of the 1996 Anti-Corruption Law, which is still pending on the table of parliament, as well as drafting the National Program for Combating Corruption, that was approved recently in July 2002.

- 1.2.2 The State Audit and Inspection Committee (State Audit Board) is parliament appointed body, which as in other countries, conducts regular financial audits of government operations. During recent years its annual reports to the Parliament regularly documented a misuse and misappropriation of public funds by different ministries and other government agencies. However, it lacks enforcement power.

1.3 Judiciary

The Courts have a main responsibility to try criminal cases, involving corruption and convict those found guilty of committing corruption crimes (i.e. public office offences) as defined in the Penal Code. There are three layers of courts in the Mongolian judicial system: District and Soum (rural county) courts at the first instance, Capital city and Aimag (province) courts at the appeal level, and the Supreme Court at the apex level. During the past years of transition, the only corruption case decided at the highest judicial level by the Supreme Court was a trial and subsequent conviction of three Members of Parliament, including the former Justice Minister, on criminal charges of accepting bribery casino case. At present there is a bribery case pending before the Capital city court in which a Hungarian pharmaceutical company accused the State Secretary of Ministry of Food and Agriculture of taking a bribe in a tender selection.

2. Non Government

In the past year there has been an explosion of interest in the anti-corruption issue by NGOs. This is in part driven by the availability of resources and an increased donor interest. The NGOs listed below are those that have shown a strong and consistent interest on the issue or could provide input into the fight against corruption.

National NGOs

2.1 Zorig Foundation

The Zorig Foundation has become the leading NGO in Mongolia on the issue of corruption. In the short time since the Zorig Foundation was formed in October 1998, (shortly after the murder of Sanjaasurengin Zorig, the member of the Mongolian Parliament and then Minister for Infrastructure Development) it has taken a number of activities on the issue including:

- Organized a series of training workshops and public debates on corruption for civil servants and government officials including deputy ministers, state secretaries and department heads. Discussed government ethics, forms of corruption, its political and economic causes, socio-economic costs, and effects on the public.
- Organized a regional international conference on “Best Practices in Good Governance”. More than 100 people including representatives from 14 Asian countries participated in the conference. Ulaanbaatar Declaration on Good Governance was adopted and distributed to the participants and the media
- National Anti-corruption Contest - A competition among poster artists, reporters and journalists to make the public aware of the consequences of corruption and bribery involved:
 - Anti-corruption and bribery posters among painters and satirical artists. Five posters selected for public display at government organizations, universities, NGOs, and private organizations.
 - Radio and television reporters produced 20-minute long programs or 0.5-2.5 minute commercials and the three best programs were broadcast on the Mongolian Radio and FM radios.

- Articles and essays written by journalists were selected for publication in the main newspapers and journals.

2.2 Women for Social Progress

2.3 Women Lawyers Association

The Women lawyers Association have become interested in the issue of corruption and in 2001 conducted an excellent analysis of the *Economic Costs of Corruption*.

2.4 Chamber of Commerce and Industry

The Chamber of Commerce and Industry has taken an active role in promoting transparency and accountability in the private sector. In 2000 they organised a survey on *Corruption in the Business Sector* and have organised a number of public events. They are in the midst of organising a network of NGOs against corruption.

International NGOs

2.5 Mongolian Foundation for Open Society (SOROS)

The Open Society Institute has globally has promoted the issue of anti-corruption. In Mongolia they were one of the first to play an active role in mobilizing NGOs to address the issue and have sponsored a number of public events and research concerning the issues of transparency and accountability.

Project: Rule of Law

This program supports the reform of legal education through introducing an innovative type of legal education, development and translation of textbooks, faculty training and providing the public and the legal community access to legal information.

It also assists the justice system to become more effective and accessible to the public through training and enhancement of institutional performance. Finally, it supports initiatives that increase transparency of and grassroots participating in and monitoring of government in the context of the political and social changes taking place in Mongolia.

2.6 The Asia Foundation

The Asia Foundation in Mongolia, now in its 10th year, has played an important role in helping the country build its emerging institutions. Relying heavily on the initiatives of nongovernmental organizations (NGOs) working in cooperation with the government, the Foundation's programs have been geared toward improving the effectiveness of leadership and governance at the national and local levels, and to strengthening Mongolia's capacity to engage economically in the Asia-Pacific region. On the issue of corruption the Asia Foundation has been quite active and undertaken a number of activities as well as several publications including *Strengthening Governance In Mongolia*.

Project: MCCI Survey

There is a limited understanding of the scope and nature of corruption in Mongolia. With Foundation support, the Mongolian Chamber of Commerce and Industry (MCCI) conducted a survey of the business community on corruption, the first attempt to gather information from the private sector and obtain quantitative data about the extent of corruption in Mongolia. The survey results were presented at a public seminar, where representatives from the government,

NGO, and private sectors developed recommendations for the President, Prime Minister, and Speaker of the input, the WSP plans to recommend changes in the budget process so that the aimag budget more accurately reflects projected revenues and expected

Project: Participation in Local Decision making

Strengthening citizen participation in decision making is an important focus of the Foundation's programs. In 1998 and 1999, tri-partite community dialogues, organized by rural branches of Women for Social Progress in Arhangai, Darhan-Uul, Dornod, Hovsgul, Selenge, and Uverhangai aimags (provinces), strengthened relations between local government, business, and nongovernmental organizations (NGOs), and increased input of NGOs and businesses to decisionmaking by local legislatures. As a result of a specialized Foundation-supported series of community meetings in Uverhangai aimag, the citizen hural (council) later adopted 50 percent of the citizens' recommendations for the aimag's economic development plan and budgeted for over 70 percent. Citizens in Uverhangai aimag are now focusing on monitoring budget implementation and recommending more open and accountable procedural changes for allotment of a reserve fund. Their proposal to merge two soums (counties) is now under consideration by the Parliament. The meetings demonstrate community mobilization in rural Mongolia, and highlight the role of NGOs as independent and neutral organizers for such initiatives.

Duration: ongoing

Project: Constitutional Research

With Foundation support, the Political Education Academy is conducting major research on Mongolia's 1992 Constitution. The research studies, conducted by a multidisciplinary team, are the first in-depth examination of the Constitution and links with other laws. The two-phase research process is focusing on state structure and on the judiciary and local government. The research team will develop recommendations for changes that will increase effectiveness, transparency, and accountability of the government. Each phase includes a public conference to discuss the research findings and publications. All are intended to contribute to the further development of constitutional studies in Mongolia and, more importantly, to the development of Mongolia's vision of democracy.

Duration: ongoing

3. International Organisations

In a country as dependent on the Donors as Mongolia the International Organisations will play a crucial role in determining how corruption is fought. Whether or not this will prove to be a successful NPCC is still to be determined. The organisation listed below are by far not the only ones conducting work in the area of good governance but it seeks to provide an overview of the main players on the issue.

Multi-laterals

3.1 Asian Development Bank

ADB's operational strategy for Mongolia was reformulated in May 2000 in line with the partnership agreement on poverty reduction framework. The innovative approach focused on poverty reduction by enhancing private sector potential. Accordingly, ADB's operations covered initiatives aimed at bolstering the development of the financial, agricultural, public, social, and urban development sectors. The transport sector—seen as a contributor to poverty reduction—has also been targeted according to ADB's operational needs and country guidelines.

ADB approved four loans totaling US\$35.7 million in 2001. Two loans (policy and investment) went to the social security sector development program, one to the housing finance sector, and another to rural finance. Seven technical assistance grants were approved totaling US\$3.8 million in 2001 for establishing a central procurement monitoring office, improving social statistics, integrating development of basic urban services in secondary towns, intensifying crop production, strengthening policy for social security reform, preparing the second health sector project, and improving aid coordination and management. Cumulative ADB lending to Mongolia as of 31 December 2001 was US\$505.1 million.

3.1.1 Project: Finance and Capital Markets Development

The objective of ADB assistance programs to Mongolia is to create a sound financial system, which can effectively mobilize and channel resources to finance productive activity and overall economic recovery. Therefore, the ongoing Financial Sector Program aims at (i) strengthening financial intermediaries by facilitating the operational and financial restructuring of banks; (ii) upgrading skills in commercial banks; (iii) strengthening the legal and regulatory framework, improving supervision and the regulation of banks and non-bank financial institutions, improving the financial information on bank's improving debt recovery, and facilitating enforcement; (iv) improving the regulatory capability of the central bank; and (v) improving the efficiency of financial intermediation by reducing the Government's involvement in commercial bank operations and establishing market-determined interest rates.

Further ADB actions will include: (i) restructuring and privatization of banks; (ii) consolidation of the banking sector through the merger and closure of smaller banks; (iii) resolving the viability of Savings Bank (lending restrictions remain in place); (iv) strengthening the legal and regulatory environment for non-bank financial institutions; and (v) phasing out bank restructuring bonds.

Duration: ongoing

3.1.2 Project: Promotion of Good Governance

ADB has played an active role in helping the Mongolian government to redefine its role in the emerging market economy and to improve governance through policy reforms and capacity building in several key sectors such as banking, agriculture, telecommunications, civil aviation, transport, power, housing, education, and health. ADB has provided substantial technical assistance to help develop accounting and financial management systems in key infrastructure sectors and to improve legal and regulatory frameworks. It assisted the Mongolian authorities in drafting new laws, such as the Telecommunications Law, Energy Law, Education Law, Environment Law and Regulations, Housing Policy Law, Housing Privatization Law, Condominium Law, Audit Law, Civil Aviation Regulations, Law on Private Land Ownership, Land Settlement Act, Land Registration Act, and Cadastral Survey Regulations. Technical assistance has also been provided to strengthen taxation, improve accounting and audit systems, develop local procurement capacities, strengthen local governments and decentralization, enhance the state statistical system, and retrain legal professionals. To assist the Government in implementing far-reaching public administration reforms, substantial policy advice and technical assistance have been provided in the areas of civil service reforms and drafting the comprehensive Public Sector Management and Finance Act. On the request of the Mongolian government, ADB initiated in 1999 a program aimed at developing performance-based accounting systems and public administration reforms largely patterned on the New Zealand model. The program covers (i) civil service reforms; (ii) privatization; (iii) local government reforms; and (iv) legal reforms.

ADB is also assisting the anticorruption working group newly established by the Mongolian government to review anti-corruption legislation.

Duration: ongoing

3.2 TACIS / European Union.

The TACIS co-ordination office does not have any past, present or pipeline activities on the issue of anti-corruption. However those projects currently underway in the areas of public sector reform and local governance are certainly assisting the establishment of a national integrity system.

3.3 World Bank/IMF

Mongolia became a member of the World Bank Group in February, 1991. Following severe external shocks in 1989-90, after the withdrawal of Soviet assistance and the collapse of the Council for Mutual Economic Assistance's trading system, the World Bank Group's International Development Association (IDA) offered a program of support which focused on quick-disbursing balance of payments assistance and technical assistance for economic management. IDA's portfolio has since developed to comprise operations supporting poverty alleviation, rehabilitation of infrastructure, and structural reforms primarily in the financial and enterprise sectors. IDA has committed a total of \$272 million to date for various projects. A total of \$150 million has been disbursed. The annual lending program has averaged US\$25-30 million equivalent. The new Country Assistance Strategy supported Mongolia's growth oriented development through macroeconomic stabilization, structural reforms in the financial and enterprise sectors, utilities and public administration. It is worked to alleviate poverty in Mongolia through income-generating activities and the upgrading of basic infrastructure.

3.3.1 Project: Fiscal Technical Assistance Project

The objectives of the Fiscal Technical Assistance Project are 1) to increase the efficiency and accountability of the Mongolian government; and 2) to set up a more effective, nondistortive system of government revenue mobilization. There are two components. The first, the government financial management component, finances advisory services and training in government accounting, treasury debt and cash management, auditing, management skills and related disciplines. Based on a defined needs assessment, the project assists in implementing an improved core government financial management system. The project provides technical assistance and later, computer equipment and software, office equipment, and training facilities to assist the authorities in designing, developing, testing, and implementing processes, procedures, systems, and related regulations. The second component introduces the VAT (value-added tax) on goods and services by finalizing implementing regulations, formulating and implementing a publicity campaign, developing a detailed plan to inform taxpayers, formulating, printing, and distributing guideline materials; tax administration operations including forming and implementing detailed plans for policy interpretation, taxpayer registration, tax accounting and reporting, tax auditing, and forming and developing an information exchange between tax administration and customs.

Duration: 1998-2001

Budget: USD 5mio.

3.3.2. Project: Legal and Judicial Reform

The Legal and Judicial Reform Project aims to enhance public trust and confidence in the legal system as a whole and the judiciary in particular through the design and testing of new tools and systems that promote better access to legal information, the creation of specialized courts, and an improved legal education and profession. The project consists of four components. 1)

The first component will support the establishment of administrative court system to promote transparency and governance. 2) The second component will support capacity building for a unified system of legal and judicial information. A pilot center for Mongolian lawyers, judges, and the public in general, will established and operational. 3) The third component will support improvement of legal education and legal profession. The project will assist the law professors in two selected pilot law schools, to get the necessary training materials and methodology of teaching in order to be able to provide courses adapted to the new curricula. 4) The final component will strengthen the Project Implementation Unit through the provision of consultants' services and training.

Closing date: 31.10.2005

Budget: US\$ 5.55 mio.

Bi-laterals

Australian Aid (AusAID)

Project: Institutional Strengthening in the Government Sector

Provision of postgraduate training for selected government officials in education, health, industry and external relations, and intensive short-term training in the development of transparent public sector financial management.

3.4 German Embassy/GTZ

The German Embassy and GTZ have not been particularly active on the issue of anti-corruption. However, there is interest on behalf of the Federal Ministry of Cooperation (BMZ) to be more active on the issue.

Project: Legal Advisory Services Focusing on Commercial Law

Mongolia is faced with the task of making the regulatory policy transition from a planned economy to a free market system with the corresponding legal framework.

The project aims to ensure that the new economic legislation complies with the fundamental requirements of a market-oriented legal and regulatory policy. The project executing agency is the Ministry of Justice of Mongolia.

A commercial law expert has been assigned to coordinate the contents of the various reform programmes in the Ministry of Justice. Advisory services are also provided as required for the parliamentary secretariat, the High School of Law (on the development of a curriculum for commercial law and the in-service training of lecturers), the judges of the constitutional court and supreme court (in the event that laws are to be interpreted or disputes settled in the field of commercial law) and other institutions.

Duration: ongoing

3.5 US Embassy/USAID.

The US has played a key role among the bi-laterals in the promotion of the issue of combating corruption. The Embassy's strong stance on misuse of assistance (the "Wheat scandal") should make it a key player on the issue. However the **Embassy itself has limited funds and USAID assistance does not have planned any activities on anti-corruption as a stand-alone theme.**

U.S. national interests in Mongolia center largely on its strategic location between Russia and China, two traditional rivals that are also nuclear powers and important global players. In addition, Mongolia provides an important though fragile example of economic reform and

democratization in a potentially unstable part of the world. Finally, Mongolia consistently provides strong support for U.S. positions on many international issues, including those related to the ongoing war on terrorism.

USAID

USAID will devote \$12 million in ESF to its Mongolia program in FY 2002 and has requested \$12 million in ESF in FY 2003. USAID's objectives are focused on the two key issues facing Mongolia, namely the shift to a market economy and the consolidation of a true democracy. Approximately two-thirds of USAID funding is devoted to promoting private sector led economic growth. Specific activities target Mongolia's large nomadic and rural population; new private sector companies; and improved economic management. USAID has provided funds for vocational training for disadvantaged teenagers and will remain vigilant to the needs of vulnerable children. The remaining one-third of the program focuses on key institutions that are essential to a properly functioning democracy. USAID uses funds to help reform the judiciary; make parliament more efficient; and strengthen political parties. Specific programs are targeted, well crafted, and results oriented.

3.5.1 Project: Promoting Sound Economic Reforms and Democratization

USAID is assisting the government of Mongolia to establish and implement sound, growth-oriented, economic policies and practices in the areas of banking reform, energy pricing, pension and privatization of state-owned enterprises. USAID is providing technical advisory services to the Prime Minister's office as well as short-term technical training in the U.S. and other countries and long-term academic training in the U.S. for key officials and business leaders.

USAID's democracy program of voter education, promoting public participation in civic affairs, encouraging the decentralization of government and providing parliamentary training has helped to improve the quality of governance in Mongolia and create the level playing field conducive to free and fair elections.

Duration: ongoing

3.5.2 Project: Judicial Reform

USAID assistance resulted in the parliament adopting a "Strategic Plan of the Justice System of Mongolia," under which USAID will help the Ministry of Justice strengthen court administration and case management; improve coordination of justice system agencies; develop a centralized training system for legal professionals; and strengthen enforcement of ethical standards among judiciary and legal professionals.

II. UNDP's Governance/Anti-corruption Activities: Past, Present and Pipeline.

Over the course of the past few years the country office has pursued several direct governance activities and has developed a rather good internal capacity on the issue. The current Governance Program Officer at the CO is the most competent this consultant has met in the entire RBEC region.

1. Past

In Mongolia, UNDP began its first pilot initiative in developing national capacity to prevent and control corruption in 1998. UNDP facilitated the process of developing a solid programme on prevention and control of corruption, focusing on the particular vulnerabilities of economies in transition. The proposal programme comprises four related components: the improvement of the implementation of existing laws; a national survey on the extent of corruption; a study tour of Singapore and Hong Kong to observe the operations of the police and investigatory bodies as well as the commission against corruption; and finally, convening a national workshop for senior public officials, members of Parliament (MPs), and other interested groups like mass media representatives and leaders of non-governmental organizations in Mongolia. As part of on-going assistance in the development of a national anti-corruption program which began in 1998, UNDP is also supported the drafting and review of anti-corruption legislation and provided advice to Parliament (January 2000).

2. Present

2.1 Good Governance for Human Security Project/ MON/00/103/GGHSP

To provide the framework for a participatory process that will be used to formulate, implement and monitor high priority policy issues relevant to the economic and social sustainable development of Mongolia and to human security of its people.

The UNDP will support the Government's "*Good Governance for Human Security Programme*" (GGHSP), that was publicly launched on January 10th, 2001. This programme is the officially approved Government statement on what it considers are the nation's 11 most important priority areas. The programme is chaired by the Prime Minister and involves the state, academia, the media and the private sector in the day to day work and implementation of the programme, categorized under the following four main areas: economic transition, equity and social policy, the environment, sustainable and sound governance. Implementation of these national priorities will be achieved through social mobilization of the best talents in the country and drawing on the best practices available internationally.

During this programme, the UNDP has been helping the Government to:

- Identify the key priorities to ensure good governance and human security
- Conduct the first ever series of workshops, involving the Prime Minister, Governors and local assemblies representing 21 aimags and 336 soums, which enabled direct and open discussion between the central and local authorities

2.2 Support to National Anti-Corruption Activities Project/ MON/00/103/MY 99-GGHSP

Mongolia requires an increased public awareness on the increasingly complex nature of corruption, and a political will and broad-based consensus on long-term national strategy to combat and reduce corruption. To this end, the Programme Management Unit of the Good Governance for Human Security Programme (GGHSP) – a Government of Mongolia programme chaired by the Prime Minister – has recently decided to include corruption among the new six priority themes for broad national consultations under GGHSP. Under the GGHSP Framework, the preparatory assistance project will bring together representatives from government, including both central and local authorities, the private sector, and civil society to build public awareness around of and mobilize political will to fight corruption. More specifically, to prioritize the National Programme for Combatting Corruption (NPCC) for its early implementation, and to facilitate Civil Society Organizations initiatives to build grassroots level support on combating corruption. A joint donor supported follow-on project will be developed during this preparatory phase.

3. Pipeline:

Currently there are no future planned activities in the area of anti-corruption. This policy advisory may serve to facilitate the planning of pipeline activities.

III. Sustainability and Success of Past and Ongoing Anti-corruption Activities.

The CO has developed a fairly good competence on Governance and although has not worked in-depth on the issue of corruption it has the internal knowledge and expertise to be an effective leader of anti-corruption activities in Mongolia. The excellent knowledge gathered by the national staff serves as a solid base on which to build anti-corruption program.

IV. The Role of UNDP Mongolia in Anti-corruption Activities

The interest in the anti-corruption activities amongst the international community in Mongolia is at a high level. However there seems to be a low level of awareness of what exactly to do on the issue. The key issue of this policy advisory is how can UNDP Mongolia utilise its resources and capacities to implement effective activities on the good governance/anti-corruption. The comparative advantage of UNDP in bridging or brokering policy ideas among government, Civil society and private sector in the fight against corruption in the country should be the linchpin to future activities.

It is internationally accepted and written into previous CO reports - the three “pillars” of the an Anti-corruption Programme should be:

- 1. Enforcement**
- 2. Prevention**
- 3. Education**

In reviewing past, present and pipeline activities of UNDP it is the recommendation of this report that UNDP pursue activities in the areas of **prevention and education**. Anti-corruption activities should be focused on several key areas that UNDP has a comparative advantage in implementing namely: **Institution Building, Diagnostics and Public Awareness**. These activities should take place in The overall theme of all the stakeholders’ activities should be a “**corruption-free Mongolia**”.

The CO

The CO should focus its energies in the next 12-18 months on two major issues that it can offer some competence and

1. Institution Building

1.1 Establishment of an Independent Anti-corruption Body

For this NPCC to be effective and to have an impact on corruption there needs to be an independent body that will be monitor the implementation of NPCC and act as the focal institution in the country on the *misuse of public office for private gain*. What form this body will take and what functions it will have is a decision to be made by the responsible persons in Government. In the first phase of this activity UNDP can assist Government in examining the wide-range of options available functions and forms that such a Body can have and drafting the relevant legislation.

There is a distinct need in Mongolia for an organ that serves as the one body administering anti-corruption policy and that acts as a visible agency dealing with the corruption issue. The current arrangement of an inter-ministerial “NATIONAL COUNCIL FOR COORDINATING & MONITORING IMPLEMENTATION WORK OVER THE NATIONAL PROGRAM FOR COMBATING CORRUPTION” without an effective secretariat is insufficient to implement an anti-corruption program. As well anti-corruption organs within the law enforcement administration is inadequate for dealing with such a complex phenomenon as corruption is more than a criminal matter but a sociological, political and economical problem and any Anti-corruption Body needs to deal with all these aspects. Therefore such an Anti-corruption Body should have research and analytical abilities to investigative the causes and effects of corruption in addition to co-ordinating policy.

One of the oft-mentioned Best Practices in anti-corruption are those of Independent Anti-corruption Bodies. While such agencies have proved in many diverse countries to be useful tools in curbing corruption their performance is reliant on the:

- Degree of independence that they possess
- The clear definition of their functions and role
- Resources given to the body
- The level of political and economic development in the country
- Levels of trust by society in such an institution and its members
- Level of political will by the Government to combat corruption

In order for such an agency to function properly there needs to be support at the highest levels of Government and within society. As well there needs to be a well enough established system of governance and an effective judiciary in place to avoid such an agency turning into an instrument of oppression. Certainly the level of government institutional and economic development within a country plays a dominant role in how successful such an organ will be in combating corruption. The Lithuanian, Australian, Hong Kong and Singapore examples have been pointed out as successes because of the relative high level of development of government institutions and economies already in place before their IAC has been created. When looking at such agencies, background thoughts should be – *“What sort of Body is needed to coordinate policy and implement the Anti-corruption NPCC?”* and *“What sort of functions does it need to fulfill this role?”* Weak systems of governance and consolidation of democracy may be hurt more by such an agency than helped. Simply applying law enforcement techniques and arresting corrupt civil servants will not stop corruption.

China’s approach of routinely executing corrupt officials has not curbed corruption in China because it does not attack the system that allows corruption to occur. The economic benefits offered by corruption may prove too great a temptation to under-paid civil servants despite the penalties if caught. The goal of an anti-corruption body should be a comprehensive approach that makes corruption a low-risk/high profit undertaking to one that is high-risk/low profit and that in the short-term focuses on prevention rather than enforcement.

UNDP can assist the Government in assessing what are the needs for such an Agency, what the functions should be and its composition. This should be done through examining world best practices through a series of seminars, discussions and if possible peer-peer meetings with other such agencies. This will be a lengthy process to supply the stakeholders with the information needed to make a rational policy decision but it is essential if Mongolia is to get the sort of Anti-corruption Body that it needs and can support.

Formation of an International Anti-corruption Working Group

In a meeting of a number of the diplomatic corps and IFIs at the CO on October 09 2002 the consensus was reached that the international community should form a common policy and approach to combating corruption in Mongolia. An anti-corruption working group of international and donor organisations should be formed under the auspices of the CO. This Group would oversee a common anti-corruption approach and co-ordinate activities that facilitate the creation of an effective Integrity System in Mongolia.

2. Education

2.1 Governance Assessment

In order to begin working on Governance reform in Mongolia it is very important to use local knowledge and capacity to understand and identify exactly where the gaps and weaknesses

are in the local systems of Governance. Much work has already been done internationally on the development of Governance assessment tools. These need to be adapted and improved on for field use in Mongolia by a team of international and local experts. There is a need for independent and professional assessment of the governance situation in the country using objective criteria that measures the institutional strength of each individual component within the country's governance system. Past efforts in attempts to measure lapses in a country's governance system have relied heavily on subjective and perception based criteria. Basing assessments on the actual institutions and their functions should give a better overview as to where actual problems lie. This component of an anti-corruption program will initially focus on two complimentary parts:

- 2.1.1 Identification of the aspects of Mongolia society that both facilitate and hinder corruption.
- 2.1.2 In-depth Governance indicators that demonstrate the deficiencies in the national Integrity System
- 2.1.3 Service Delivery Surveys/Social Audits

2.1.1 The "Face" of Corruption in Mongolia

2.1.2 Development of Governance Assessment System

In order for any substantive work to be done on the issue there is a need for a set of analytical tools to be developed. The work already developed from various organizations including UNDP's Country Assessment in Accountability and Transparency (CONTACT) and Transparency International's National Integrity System surveys and other international organisations' Governance assessments needs to be adapted based on the local realities of Mongolia and its systems of Governance. These tools can be quickly developed utilising a series of public events that bring together the best local and international specialists and other interested stakeholders. These meetings would determine the set of indicators to do used in each country using the Transparency International National Integrity System concept as a rough guide. The individual systems of Governance will be examined and analysed to determine what constitutes the local approach to governance and what elements and indicators are needed to demonstrate its effectiveness. It is essential that this be undertaken with solid input from local stakeholders who know best the local means of governing.

2.1.3 Service Delivery Surveys/Social Audits

Service Delivery Surveys/Report Cards

This would point out the leakages in the system and give an evidence base for UNDP to give policy advice to the Government and the Donors.

- 1. Licensing/regulatory environment
- 2. Health system
- 3. Education

then at a later phase move on to:

- 4. customs and maybe the entire revenue collection system.

2.2 Public Education

In the area of education there is a specific role for the Country Office to play. This should occur within the framework of public awareness. In the area of public education projects related to secondary and primary education the CO should work towards establishing anti-corruption courses for secondary and post-secondary. At the primary education level there could developed a number of public awareness tools i.e. comics using Mongolian historical or

mythical figures to entrench the stigmatisation of corrupt behaviour. This may offer a future niche within the UNDP and other UN offices (e.g. UNICEF, UNESCO) could provide synergy to the fight against corruption. A series of small grants could be given to NGOs to provide additional public awareness tools.

V. UNDP Anti-corruption Action Plan

V.I Establishment of an Independent Anti-corruption Body

This part of the anti-corruption program would involve a multi-year commitment to assisting the establishment of an anti-corruption body. Before any political decision can be taken on the issue it is essential that a wide range of options be presented to the Mongolian stakeholders on the operation of such bodies in other countries and a significant number of public discussions be held. Over the course of the next 12 –18 months the CO should be involved in the following activities:

1. **Formation of an Anti-corruption Agency Consultative Group** this group of stakeholders would be the main focus of assistance in presenting world experience, policy advisory and training for the establishment of an anti-corruption body. Members would largely consist of the Anti-corruption National Council plus interested stakeholders i.e. Donors.
2. **Identify Best Practices** that are most relevant for Mongolia, prepare analysis and disseminate
3. **Arrange peer-to-peer meetings** with other relevant anti-corruption bodies.
4. **Assist drafting of new anti-corruption law** outlining new role and functions of anti-corruption agency focusing on prevention and education
5. **Conduct training** for future members of an anti-corruption agency

V.II International Anti-corruption Working Group

An International Anti-corruption Working Group should be formed under the auspices of the UNDP office. The internationals are willing to continue this work with UNDP in furthering this initiative and it could begin immediately. This Group would then be encouraged to participate in the formation and implementation of the national anti-corruption program. A follow-up meeting should be held before National Integrity Conference.

V.III Development of Governance Assessment System

In order to understand the nature of corruption in Mongolia there needs to be an in-depth means to assess the system of Governance that is based on the local realities of Mongolia.

This will be undertaken by:

1. Conduct analysis of “face of corruption” in Mongolia that will identify elements of Mongolian society that either hinder or facilitate corruption. This analysis can be used to build on positive aspects or to design measures to hinder negative aspects.
2. Design system of Governance indicators with team of international and local experts
3. Implement Governance assessment
4. Analyse and disseminate

V.IV Formulation of an Anti-corruption Courses

Together with other partner organisations including Ministry of Education and local NGOs, assist in the development of secondary and post-secondary anti-corruption teaching materials.

V.III Public Awareness Campaign

Using small grants encourage local NGOs to develop additional public awareness materials under the overriding theme “corruption-free Mongolia”