

# ANTI-CORRUPTION HELPDESK

PROVIDING ON-DEMAND RESEARCH TO HELP FIGHT CORRUPTION

## MONGOLIA: OVERVIEW OF CORRUPTION AND ANTI-CORRUPTION

### QUERY

Please provide an overview of corruption and anti-corruption efforts in Mongolia, with a particular focus on public financial management, public procurement and the private sector.

### CONTENT

- 1 Overview of corruption in Mongolia
- 2 Corruption in key sectors
- 3 Legal and institutional anti-corruption framework
- 4 Other stakeholders
- 5 References

### SUMMARY

Corruption presents a major challenge in Mongolia, and the majority of the population is not satisfied with government efforts to curb it. While petty bribery is reportedly on the decline, corruption in the public service and the political sphere is pervasive. Cronyism, especially in the political parties and government, is eroding trust in the political system and undermining the business environment.

Mongolia is a signatory to international anti-corruption conventions. The domestic legal framework has witnessed some improvements in recent years, such as the National Action Plan under the Open Government Partnership. However, there are still a number of shortcomings, such as wide-reaching immunity for officials that makes the prosecution of corruption offences difficult. The Independent Authority Against Corruption (IAAC) has a broad set of responsibilities but limited resources to fulfil its mandate, and has been criticised by some for creeping politicisation in the execution of its duties.

Procurement processes face many corruption risks as bidders are not required to establish a code of conduct or disclose company ownership. Similarly, while public financial management has seen many improvements in anti-corruption, there are still shortcomings in budget transparency and reporting, payroll control and tax dispute resolution, and the internal control body.

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#### Author(s)

Ortrun Merkle, [tihelpdesk@transparency.org](mailto:tihelpdesk@transparency.org)

#### Reviewer(s):

Christine Hosack, Matthew Jenkins, Transparency International

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## 1 OVERVIEW OF CORRUPTION IN MONGOLIA

### Background

The first democratically elected parliament in Mongolia was in 1990, and a new constitution was adopted in 1992. While the 1990s were marked by a difficult economic transition, the country quickly prospered in the early 2000s as a result of natural resource exploitation (notably copper, gold, coking-coal and uranium), becoming one of the fastest growing economies in the world in 2011 and 2012. The end of the mining boom in 2013 slowed economic growth significantly. The Mongolian economy is largely dependent on exports to its direct neighbour, China, and the recent economic slowdown in China has had concomitant implications for Mongolia (Bertelsmann Stiftung 2018).

Mongolia is the nineteenth largest country and the least densely populated in the world, which often makes service delivery in rural areas difficult. Almost half (46 per cent) of the population live in Ulaanbaatar, where high rates of crime and urban violence are a source of growing concern (Asia Foundation 2017d). Nonetheless, Mongolia is a stable state with no serious internal threats to the political order (Bertelsmann Stiftung 2018).

There are, however, indications of widespread dissatisfaction with the status quo. In May 2017, 61 per cent of respondents to a survey conducted by the International Republican Institute agreed that the country is heading in the wrong direction. The main reasons identified for this were economic instability and income inequality (36 per cent), failed government policies (24 per cent), and corruption and bureaucracy (14 per cent), which jumped by 6 percentage points between February and May 2017. The economic conditions in the country were evaluated as bad or very bad by 83 per cent of the respondents (International Republican Institute 2017).

### Extent of corruption

Corruption in the country is endemic. In 2017, Mongolia ranked 103 out of 180 countries in

Transparency International's Corruption Perception Index, with a score 36 points out of 100 (Transparency International 2017a). This represents a drop of two points from the previous year, though Mongolia's score has remained fairly stable since 2012, which suggests insufficient efforts to tackle corruption.

The TRACE international bribery index (2017) places Mongolia at 122 with a score of 52, further identifying "interactions with government" and "governmental and civil service transparency" as the major areas of concern. In 2017, 9.9 per cent of respondents to a regular regional survey on citizen perceptions and experience of corruption considered corruption to be the most important problem Mongolia faces, making it the third most significant issue identified by citizens (Asia Foundation 2017a). This percentage is the highest since September 2010. In addition, citizens identified bureaucracy separately among the top 10 problems, an issue closely correlated to concerns around corruption (Asia Foundation 2017a).

In May 2017, 75 per cent of respondents to a survey by the International Republican Institute (2017) answered that the government is doing a bad or very bad job at addressing corruption. Similarly, six out of ten citizens reported in Transparency International's Global Corruption Barometer that the government is doing badly in fighting corruption (61 per cent) (Transparency International 2017c).

Intriguingly, citizens report that corruption has little effect on their personal life, a medium impact on the business environment and affects political life to a larger extent. The latter is also the area where corruption is perceived to have increased most in recent years (Asia Foundation 2017a).

While the proportion of citizens who report that corruption is a common practice in the country, it has remained largely unchanged since 2006, hovering around 90 per cent. This is not accompanied by widespread social acceptance of corruption practices. In fact, only 27.8 per cent of respondents agree that some level of corruption is acceptable (Asia Foundation 2017a).

However, there is little consensus on what constitutes a corrupt act. Citizens are almost evenly split on the issue of whether “donations” constitute a form of bribery, for instance. Such “donations” are a common practice across in the country, from schools to political parties, and many of these transactions are likely to be corrupt in nature, excused by the need to ensure the financial sustainability of a given organisation (Asia Foundation 2017a).

Overall, while the government has developed major policies against corruption (such as strengthening e-procurement, improving budget expenditure reporting and creating a national anti-corruption programme) these have not yet translated into significant improvements in reducing corruption (Bertelsmann Stiftung 2018).

## Forms of corruption

### *Grand corruption*

High-level corruption is pervasive in Mongolia. Of the respondents to the Global Corruption Barometer, 46 per cent assert that most or all representatives in the legislature are corrupt and 39 per cent report most or all government officials to be corrupt (Transparency International 2017c). Similarly, 55 per cent of citizens surveyed in March 2017 said that there was a significant amount of grand corruption in the country, up from 38 per cent in March 2014 (Asia Foundation 2017a).

Citizens reported that the main reasons for the extent of grand corruption are the merging of political and business interests and the lack of capacity in the legal system to tackle such issues. The third most commonly cited reason was the lack of transparency in high levels of government (Asia Foundation 2017a).

Political parties play a major role in grand corruption (Transparency International Mongolia 2016). While they were considered fifth in a ranking of the most corrupt state entities in 2010, they were ranked second in 2017. Parliament was ranked fourth and the national government fifth in 2017 (Asia Foundation 2017a).

People are increasingly dissatisfied with the lack of accountability within political parties. Considering the current state of democratic development, the deeply embedded corruption and cronyism in political parties and government seriously threatens not only the rule of law but also trust in political institutions (Bertelsmann Stiftung 2018). While some laws on political contributions are in place, especially regarding elections, party financing is a very high-risk area for corruption as the current legal environment fails to effectively regulate political financing (Transparency International Mongolia forthcoming).

Political donations are permitted from anyone, increasing the potential for conflict of interest or the exercise of undue influence. Moreover, while political party finances are required to be monitored and audited, the process is only done internally, which reduces the transparency of political financing and increases the risk of political corruption.

Additionally, the close ties between business and politics are left unchecked due to the absence of lobbying regulation, which leaves the door open to forms of “legal corruption”, such as trading in influence through the revolving door between the public and private sector, leaving the influence non-transparent and unregulated (Transparency International Mongolia forthcoming).

Even in areas of political financing covered by existing regulations, studies show that there is a lack of enforcement (Transparency International Mongolia 2016).

### *Bureaucratic corruption*

Public sector corruption is endemic in Mongolia. In 2017, 48.5 per cent of companies reported that there is a lot of corruption in the public sector (Asia Foundation 2017b). Asked about the different state agencies, the same survey found that the agency which is perceived as the most corrupt is the Specialised Inspection Agency with 25.2 per cent of companies stating it was plagued by corruption, followed by customs (23.0 per cent). The Social Welfare Service (3.6 per cent) and the Immigration Agency (2.1 per cent) as well as the Authority for Fair Competition and Consumer Protection (0.9 per cent)

are regarded by business as the least corrupt agencies (Asia Foundation 2017b).

Reports of petty bribes have continuously decreased over the years with only 5.7 per cent of respondents to the Asia Foundation's survey on perceptions and knowledge of corruption reporting that their family had paid a bribe in the last three months (Asia Foundation 2017a). Similarly, 40 per cent of respondents in a survey on corruption in the education sector reported that they had given "cash, gifts, or free services" to school staff or teachers in the last year (Asia Foundation 2017c), and 20 per cent reported paying bribes to access basic services (Transparency International 2017c). This may highlight the different understandings of what constitutes a corrupt act and speaks to the level of social acceptance for certain levels of corruption.

## 2 CORRUPTION IN KEY SECTORS

### Public procurement

There is widespread corruption in public procurement, particularly at the sub-national level. There have been some recent initiatives, in 2014-2016, to address the issue, notably the adoption of the Open Government Partnership and the implementation of the National Action Plan I, which introduced the use of e-services in taxation, registration and procurement (Bertelsmann Stiftung 2018). Despite these efforts, 53 per cent of respondents to an Asia Foundation Study (2016) believe that political and family connections influence public tender results.

According to the Law on Information Transparency, the government has to publicly disclose procurement information. All planning, bidding and evaluation information should be announced on the website [www.tender.gov.mn](http://www.tender.gov.mn) in a timely manner. The 2013 general contract of the Ministry of Finance prohibits bidders who were sentenced for corruption in the past three years to participate in the process and requires public officials participating in the process to comply with the anti-corruption obligations. (Transparency International Mongolia forthcoming).

Despite some progress there are several shortcomings. The legislation on public procurement does not require bidders to establish codes of conduct or make any other commitment to anti-corruption. Additionally, bidders are not required to disclose the company ownership, which can lead to conflicts of interest. Overall, there is no incentive for companies to have anti-corruption measures in place when bidding for public projects (Transparency International Mongolia forthcoming).

### Public financial management

Public financial management (PFM) encompasses numerous complex technical tasks and processes and therefore provides opportunities for corrupt acts at different stages. While most corruption occurs during budget execution, other areas that have been identified to be at risk of corruption are budget formulation, budget approval, accounting and reporting, extra-budgetary funds and external oversight (Morgner and Chêne 2014). The Mongolian government has given a lot of attention to addressing corruption in PFM over the last years.

In its 2015 PFM assessment, the World Bank (2015) found that Mongolia had made progress in expanding the information included in the budget and publicly disclosing this information as well as in setting transparent criteria for inter-governmental fiscal relations. However, the information is often not accurate due to the unreported extra-budgetary financing of government capital projects. Another risk is the limited oversight of risks in state-owned enterprises (World Bank 2015).

Regarding the tax system, transparency and access to information have been significantly strengthened, although major weaknesses in tax administration can be seen in the limited payroll control and weak regulatory framework for dispute resolutions. (World Bank 2015). Moreover, although regulations and rules increasing the responsibilities of the authorities have resulted in a semi-efficient internal control body, the lack of sufficient reporting on outcomes and outreach makes an assessment difficult (Transparency International forthcoming).

## Natural resources

In 2016, extractive industries accounted for 20 per cent of Mongolia's GDP, 18.6 per cent of government revenue and 86.2 per cent of total exports (EITI 2016). Although Mongolia joined the Extractive Industry Transparency Initiative (EITI) in 2007 and has been seen to have achieved meaningful progress in implementing EITI standards (EITI 2016), the mining of natural resources in Mongolia is still highly vulnerable to corruption.

Looking at licensing processes, the first stage of the mining value chain, reveals that licensing is not transparent enough and often has high levels of discretion. For example, the licensing of land for mining is not clearly regulated, which leaves room for corruption. Extraction licences are also still highly vulnerable to political influence, due to unclear assessment criteria and weak external control (Transparency International 2017b).

Private sector firms perceive corruption in the extractives sector to be on the rise. While only 3.3 per cent of businesspeople surveyed in 2016 stated that the Mineral Resource Authority was one of the state services most affected by corruption, this jumped to 13.3 per cent in 2017, the highest increase in perceived corruption of any state agency (Asia Foundation 2017b).

## Private sector

The majority of companies report that they are somewhat or very dissatisfied with the business environment in Mongolia (Asia Foundation 2017b).

However, there have been slight improvements in recent years. In 2015, the Independent Authority Against Corruption (IAAC) of Mongolia conducted a survey which found business registration agencies to be the least corrupt and the easiest to access of all government agencies (Bertelsmann Stiftung 2018). In addition, the country moved from 76 in 2014 to 62 in 2018 in the World Bank's Doing Business Index.

At the same time, there is a worrying increase in the number of businesspeople (19.1 per cent in 2012 versus 39.8 per cent in 2016) who believe that the existing legal environment is "not effective at all" in

dealing with corruption in business (Asia Foundation 2016).

According to the 2017 edition of the survey on private perceptions of corruption (Asia Foundation 2017b), 37 per cent of respondents think that corruption in the private sector has increased compared to the last three years and 62.4 per cent argue that the government has not been able to implement sound economic policy in the last year.

The private sector faces a high corruption risk when acquiring public licences, permits or utilities in Mongolia (GAN Integrity 2016). According to the World Bank's 2013 Enterprise Survey Report, one third of surveyed companies expected to give gifts or informal payments to acquire operating licences (GAN Integrity 2016). Half of the companies expected bribery when getting a water connection. Yet in 2017, the Asia Foundation (2017b) found the lowest rates of encountering corruption in private sector tenders and contracting since 2012.

According to the US Department of State (2017), the Mongolian government often interferes in dispute resolution processes. This includes intervention in court procedures on the grounds of operating state-owned enterprises to assist acquaintances or defend private business interests of governmental officials.

Overall, while corruption in the private sector is seen as rather low, 72.1 per cent of respondents to a business survey say that existing transparency legislation relating to the business environment is not or hardly effective and 71.5 agree that the efforts of the government to end corruption are hardly or not effective (Asia Foundation 2017b).

## 3 LEGAL AND INSTITUTIONAL ANTI-CORRUPTION FRAMEWORK

### International conventions and initiatives

Mongolia has ratified the United Nations Convention against Corruption (UNCAC) in 2006 (UNODC 2018a). The last UNCAC review in 2011 found that, while the country has made progress in the fight against corruption, there are still shortcomings in enforcement mechanisms, legislative bribery and

witness protection among others (UN 2011). All UNCAC-related Mongolian legislation can be found online at the UNODC [Track Legal Library](#). The next UNCAC review is currently [ongoing](#).

The country has not ratified the OECD Convention on Combating Bribery (OECD 2017). In 2011, it joined the Stolen Asset Recovery (StAR) Initiative by the World Bank and the United Nations Office on Drugs and Crime (OECD 2013). Several training initiatives have taken place as a result of this for state employees involved in the IAAC, Ministry of Justice, supreme court, general prosecutor's office, General Police Agency and the General Intelligence Agency, focusing on financial investigation, mutual legal assistance, and asset and income declarations (IAAC 2015). No information is available on the [STAR Database](#) on cases involving Mongolia.

The country is no longer on the current Financial Action Task Force on Money Laundering Deficient List (FATF 2018). However, the 2017 FATF Evaluation found that Mongolia is only compliant with five and largely compliant with 15 out of 40 anti-money laundering and counter-terrorist financing standards (KnowYourCountry 2018). Higher risks include fraud, environmental crimes, tax evasion and corruption (FATF 2015).

### Domestic legal framework

Mongolia's anti-corruption legislation is found primarily in the Criminal Code and the Anti-Corruption Law, which prohibit abuse of functions, active and passive bribery (GAN Integrity 2016).

The main pillars of the anti-corruption legal framework are the 1990 law on political parties, the 1996 law on anti-corruption (amended in 2006), the 2000 public procurement law and the 2002 National Program for Combating Corruption (Bertelsmann Stiftung 2018). Following lengthy discussions and failed attempts to adopt a new national anti-corruption programme, the parliament approved the national anti-corruption strategy in early 2017, following seven years of a lack of such a programme (LehmanLaw 2016). The Independent Authority Against Corruption (IAAC) is charged with overseeing the implementation of the strategy.

Further positive developments include the adoption of a National Action Plan under the Open Government Partnership in 2016. The main challenge remains the enforcement of existing laws as well as the implementation of the adopted strategy and action plan to ensure that the written commitments translate into meaningful actions and improvements.

### *Anti-corruption law*

The 2006 Anti-Corruption Law determines criminal penalties for corruption. In practice, it is poorly enforced due to conflicts of interest, lack of transparency and access to information, an inadequate civil service system and weak governmental control of key institutions (US Department of State 2017). The maximum penalty for solicitation or acceptance of bribes by governmental officials includes fines and imprisonment for up to five years, compared to ten years under the Criminal Code (GAN Integrity 2016). According to the OECD (2015), one of the biggest problems is the lack of definitions of offences in the anti-corruption law, which makes it harder to enforce.

A recent change by the government in granting limited immunity to payers of small bribes has increased the number of bribes being reported. However, this often has limited consequences as members of parliament enjoy widespread immunity from prosecution during their terms in office. (US Department of State 2017)

Mongolia adheres to a mixture of common and civil law systems, whereby trial judges can, but are not required to, use prior cases as precedents. This contributes to lack of specificity and predictability for consistent legal interpretation and application (US Department of State 2017).

### *Public procurement*

Public procurement is mostly guided by the Public Procurement Law of Mongolia, which encourages the use of the open-type tender procedure. Limited tender selection, comparison method and direct contracting are allowed only in special cases (around 23 per cent of overall procurement) (Transparency International Mongolia forthcoming).

Other pieces of legislation that guide the procurement process include the constitution of Mongolia, the Civil Code, the Glass Account Law and the Budget Law.

Any entity convicted of corruption under the Anti-Corruption Law, Law on Competition or the Criminal Code are ineligible to bid for public tenders. Although there are sanctions in place, the fines are not high enough to serve as a deterrent. In past years, only three companies have been blacklisted and debarred. The law does not offer incentives for anti-corruption programmes, such as inclusion of ethical provisions or company's track-record of anti-corruption incentives in the procurement process (Transparency International Mongolia forthcoming).

According to the 2015 Glass Accounts Law, all governmental agencies and legal entities with state involvement have to publicly disclose information on budgets and financial matters. Despite the success of this legislation in revealing financial misconduct, the parliament rejected a new law, aimed at further improving transparency in 2016 (Bertelsmann Stiftung 2018).

### *Conflicts of interest*

The 2012 Law on Regulating Public and Private Interests in Public Services and Preventing Conflicts of Interest requires officeholders and members of parliament to annually declare their assets to the IAAC, which publishes the declarations. The officials who fall under this regulation have to publish information on "financial investments in companies, shares, patents, licenses, gifts, benefits, donations received from any party" (Transparency International Mongolia forthcoming). The officials that fall under these reporting requirements are also banned from joining the private sector for two years after resigning from their post. However, so far there is no information on how this rule is enforced, and the accuracy of the reports is not validated (Transparency International Mongolia forthcoming). The 2017 amendments to the Law on Conflict of Interests have prohibited public officials from having offshore accounts, in response to the Panama Papers (Bayarbat 2017).

Overall, there is a problem of political and judicial corruption, as well as inconsistent enforcement of the legislation (GAN Integrity 2016). In addition, there is no clear legislation regarding gifts, and facilitation payments are a grey area.

### *Taxation*

Mongolia is characterised by a rather transparent taxation system, which is regulated by the General Taxation Law, as well as the Law on Custom Tariffs and Duties. The General Taxation Law defines the types of taxes, taxable incomes, principles on tax discounts and exemptions, rights and duties of taxpayers and the processes for tax complaints and appeal mechanisms (Transparency International 2018b). Currently, the tax reporting is done online via <https://e-tax.mta.mn/>, which reduces potential corruption which could occur as a result of interaction with public officials (Transparency International Mongolia forthcoming).

### *Auditing*

The Mongolian legal framework for auditing consists of the Law on Auditing, Company Law, Banking Law, Law on Insurance and State Audit Law. International Financial Reporting Standards are a requirement for publicly listed Mongolian companies according to the Mongolian Law on Accounting (LoA) (US Department of State 2017). Listed and to be listed companies that have 50 million MNT capital access, banks, non-bank financial institutions, insurance organisations, foreign invested entities, state-owned entities, as well as entities that are publicly binding their capital are required to have their accounts externally audited.

Banks and state-owned enterprises are obliged to publicly disclose their auditing reports, a requirement that is adhered to in practice (Transparency International Mongolia forthcoming). For governmental agencies, the audit is done by the Mongolian National Audit Office, which reports directly to parliament.

However, this is not the case for private companies, which do not have to publicly disclose this information. In addition, despite the existence of the

legal framework, many companies fail to comply with the accounting standards due to the difficulties of conducting audits and conversions (Transparency International Mongolia forthcoming). Although the law allows for the prosecution of violations, it does not specify penalties. Most of the enforcement activities are targeted at foreign companies (Transparency International Mongolia forthcoming).

According to the Law on Securities, beneficial owners are required to disclose their ownership positions only on the demand of the security issuers, rather than to the general public, which limits its potential as an accountability mechanism. The 2017 amendments are the first attempt to tax beneficial owners, rather than immediate owners, who hold mineral licences and land rights. Intentional failure to comply may lead to the cancellation of these rights (Transparency International Mongolia forthcoming).

### *Political party finance*

Mongolia is a democratic country with successful transfers of power and relatively free and fair elections. In 2016, the voter turnout for the parliamentary elections reached 73 per cent (Bertelsmann Stiftung 2018). However, in 2016, the constitutional court cancelled the mixed proportional and majoritarian electoral system. This reform has been criticised as a collusion between two major parties to reduce the power of smaller parties. In addition, the Electoral Commission stands accused of gerrymandering in the electoral districts (Bertelsmann Stiftung 2018).

The rising costs of running for office have disproportionately affected small parties in Mongolia (Bertelsmann Stiftung 2018). Mongolia does not have public financing for political parties. Although there is a requirement for the parties to report on their sources of financing under the law, none of the major political parties have published such reports (Ariunbold 2017). The study on Public Perceptions of Corruption in 2017, commissioned by the Asia Foundation (2017a), identified political parties as the second most corrupt institutions in Mongolia, after the Land Authority.

## **Institutional framework**

### *Independent Authority Against Corruption (IAAC)*

The IAAC is the key anti-corruption agency in Mongolia, established in 2007. It is in charge of investigating corruption cases, collecting asset declarations, as well as running education and prevention programmes. Its jurisdiction includes (OECD 2013):

- abuse of power or office by a state official
- excess of authority by a state official
- abuse of authority by an official of an NGO or a business entity
- excess of authority by an official of an NGO or a business entity
- receiving of a bribe
- giving of a bribe or intermediation in bribery
- spending of the budget funds contrary to their designation

Indeed, the broad scope of responsibilities combined with the lack of resources to adequately fulfil these functions is one of the main criticisms outlined by the OECD (2015).

While the IAAC does not have the power to prosecute cases, of the 185 cases it investigated in 2015, only 7 per cent resulted in convictions. Of the remaining cases, 24 per cent were referred to the prosecutor's office, 13 per cent were referred to other agencies, 12 per cent were merged with other criminal proceedings and 17 per cent were dropped either by prosecutors or at court level (Bertelsmann Stiftung 2018). Those investigated included a former president, prime minister, provincial governors, bankers and customs officials. There has been some criticism of the large number of cases dismissed or dropped, though this is the responsibility of the prosecutor or court and beyond the IAAC's control.

The Organised Crime Department of the National Police Agency often assists the IAAC in their investigations. Apart from the core functions of investigating complaints against police, prosecutors and judges, the IAAC is involved in prevention



activities through the distribution of educational materials for children and outreach trips to remote areas of Mongolia (US Department of State 2017). The lack of sufficient resourcing can mean that in practice corruption cases in remote parts of the country are neglected.

Mongolia's president has the power to appoint the head of the IAAC (US Department of State 2017). In 2016, the IAAC head was replaced after the parliamentary elections, leading to the suspicion that this was intended to reduce the independence of the agency (Bertelsmann Stiftung 2018).

Despite the six-year terms of the IAAC heads, provided by law, none of the three heads has served a full term so far (Transparency International 2018). Therefore, there is suspicion that the IAAC might be used for "political retribution and is largely controlled by political interests" rather than being truly independent (Bertelsmann Stiftung 2018). Some reports suggest that the IAAC has targeted individuals in a politically biased manner (Bertelsmann Stiftung 2018). Interestingly, the statistical information on the IAAC website was last updated in the first half of 2015.<sup>1</sup>

### *Prosecutor general's office*

According to Article 56 of the constitution of Mongolia, the prosecutor's office is in charge of the implementation of criminal legislation, and has the task of supervising inquiries, investigating criminal cases and executing punishments as well as participating in court proceedings on behalf of the state (UNODC 2018b).

The investigative department of the office can pursue cases against law enforcement officials, in response to citizen complains. However, the activity of the office in this respect is viewed as rather ineffective in the eyes of the public (Global Integrity 2011). In addition, Mongolian prosecutors have strong influence in courts, with charges over the objection of prosecution being rarely dismissed (US Department of State 2017).

### *Judiciary*

Although the Judicial General Council (JGC) is in charge of ensuring the independence of the judicial branch by appointing independent judges, political appointments and corruption in courts are not uncommon (Bertelsmann Stiftung 2018). The 35 per cent cut to judges' salaries during to the economic downturn has reduced their economic independence. The lack of guidance and resources makes courts even more susceptible to corruption, especially with the involvement of large sums of money (US Department of State 2017). There is also a high risk of corruption when dealing with customs administration, which includes irregular payments during imports and exports (World Economic Forum 2014).

At the same time, Mongolia is making significant progress in increasing transparency by making all court decisions publicly available (Bertelsmann Stiftung 2018). According to the Justice Integrity Study (2016) this should lead to increased accountability among judges (Bertelsmann Stiftung 2018).

## 4 OTHER STAKEHOLDERS

### **Media**

The 2017 Freedom of Press Index places Mongolia in a "partially free" category with a score of 37/100. The 2011 Law on Information Transparency and Right to Information guarantees right to information.

At the same time, many media outlets practice self-censorship to avoid retribution and charges of defamation under the Law on State Secrets (Reporters Without Borders 2017). Defamation is a criminal offence, which can be punished by fines between 51 and 150 times of the monthly minimum wage or by three to six months in prison, with the burden of proof resting on the defendant (GAN Integrity 2016).

According to the Committee to Protect Journalists (2016), no journalists have been killed in Mongolia over the past few years, but several have faced

<sup>1</sup> <https://www.iaac.mn/page/67?menu=38>

pressure for investigative journalism of governmental officials.

Despite the small population, Mongolia has over 400 media organisations operating across the country (Press Institute of Mongolia 2018). Most of the Mongolian media agencies are tied to politicians and business groups, following a specific agenda (Bertelsmann Stiftung 2018). However, the country has seen a rise in online media participation and monitoring of political activities. The Media Ethics Council and Press Council of Mongolia are two of the new initiatives, with an aim to promote quality and ethical journalism in the country (Bertelsmann Stiftung 2018).

The media also plays a large role in raising awareness about corruption in the general population. While TV still is the major source of reporting on corruption, recent years have seen a drastic increase in social media and internet as a source of information (Asia Foundation 2017a).

### Civil society

Mongolian citizens have the right of association and assembly guaranteed by law and it is straightforward for them to join NGOs. Although Mongolians can organise protests, according to the 1994 Law on Organising Demonstration, they have to first notify the governor, who has a right to decline their request (Bertelsmann Stiftung 2018).

Mongolia has a vibrant civil society, which mobilises itself against corruption, especially in urban areas. However, it is neither big nor strong enough to combat the pervasive corruption and replace the traditional kinship relations (Bertelsmann Stiftung 2018).

Civil society has also been involved in the monitoring of the public procurement sector since 2014 where the General Procurement Agency selects NGO representatives who are sitting in the evaluation committee (Transparency International Mongolia forthcoming).

Transparency International Mongolia has been an important anti-corruption force since it has been established in 2003. The chapter is working as a

government watchdog and is also offering training for judges, prosecutors and the police. It is leading the youth of Mongolia to tackle corruption by empowering them. Transparency International Mongolia also became a leader in business integrity study and training.

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