ISTANBUL ANTI-CORRUPTION ACTION PLAN

FOURTH ROUND OF MONITORING

MONGOLIA

PROGRESS UPDATE

This document contains the progress update and assessment of implementation of recommendations from the Third Round of Monitoring of the Istanbul Anti-Corruption Action Plan for Mongolia. This Progress Update [was adopted at the ACN Plenary meeting on 15 September, 2016.]
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BACKGROUND

About the OECD
The OECD is a forum in which governments compare and exchange policy experiences, identify good practices in light of emerging challenges, and promote decisions and recommendations to produce better policies for better lives. The OECD’s mission is to promote policies that improve economic and social well-being of people around the world. Find out more at www.oecd.org.

About the Anti-Corruption Network for Eastern Europe and Central Asia
Established in 1998, the main objective of the Anti-Corruption Network for Eastern Europe and Central Asia (ACN) is to support its member countries in their efforts to prevent and fight corruption. It provides a regional forum for the promotion of anti-corruption activities, the exchange of information, elaboration of best practices and donor co-ordination via regional meetings and seminars, peer-learning programmes and thematic projects. ACN also serves as the home for the Istanbul Anti-Corruption Action Plan. Find out more at www.oecd.org/corruption/acn/.

About the Istanbul Anti-Corruption Action Plan
The Istanbul Anti-Corruption Action Plan is a sub-regional peer-review programme launched in 2003 in the framework of the ACN. It supports anti-corruption reforms in Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, Mongolia, Tajikistan, Ukraine and Uzbekistan through country reviews and continuous monitoring of participating countries’ implementation of recommendations to assist in the implementation of the UN Convention against Corruption (UNCAC) and other international standards and best practice. Find out more at www.oecd.org/corruption/acn/istanbulactionplan/.
PROGRESS UPDATE METHODOLOGY SUMMARY

After the adoption of the Monitoring Report, the evaluated country presents a Progress Update at each subsequent ACN Plenary meeting.

The Progress Update begins with a description of the methodology, followed by the summary of the assessment of implementation of recommendations, as agreed during the Plenary Meeting of September 2016. It then goes into each recommendation separately, providing the country report, as well as the ACN and expert evaluation. Each recommendation section includes all progress updates since the last monitoring report.

The Progress Update follows the following steps:

1. Progress Update reports are prepared by country representatives
   These documents include information on implementation measures taken for each recommendation, and may also cover additional anti-corruption developments. Country representatives submit a written Progress Update report to the ACN Secretariat through appointed National Co-ordinators, together with supporting documents, such as laws and statistical data. Civil society also submits alternative reports on progress.

2. Preparation of preliminary assessment by ACN Secretariat and experts
   The Secretariat and the experts who contributed to the Monitoring Reports (or delegates replacing the experts) study the Progress Update reports and prepare a draft progress assessment for the Plenary Meeting. Civil society is also invited to contribute to the evaluation.

3. Discussion at ACN Plenary meeting
   ACN Secretariat and experts discuss the Progress Update during a bilateral preparatory meeting with country representatives. The Plenary then discusses and endorses the assessment.

4. Finalisation of Progress Update
   Following the Plenary Meeting, the Secretariat adds the final assessment to the Progress Update reports, finalises and publishes them on the ACN website.
PROGRESS UPDATE SUMMARY

17th ACN Plenary on 14-15 September, 2016: joined second and third round monitoring report on Mongolia was adopted in October 2016. First progress update was submitted by IAAC of Mongolia on 1 September 2016. The update was assessed by Mr Engeny Kolenko, Uzbekistan and Mr Chiawen Kiew, EBRD, with the assistance of Mrs Olga Savran, ACN Secretariat. Ms Dorjsuren Dulamsuren from IAAC presented the report at the plenary. The plenary agreed that there is lack of progress regarding 11 out of 18 recommendations, progress regarding 4, and significant progress regarding 1; two recommendations (from the review report) will be examined in the next update. The plenary noted that the recent parliamentarian elections have slowed down legislative work resulting in lack of progress on most recommendations requiring changes in legislation. The plenary was concerned regarding broadening of exemptions from public procurement law and cancelling financial stability of the judges that go against the recommendations. Finally, the plenary commended the IAAC for progress regarding surveys, awareness raising and business integrity.

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Note:

Significant progress - important practical measures were taken by the country to adequately address many elements of the recommendation (more than a half). This can involve the adoption and/or enforcement of an important law.

Progress - some practical measures were taken towards the implementation of the recommendation. For example, drafts of laws that have been at least approved by the government and submitted to the parliament would constitute “progress” for the assessment of Progress Updates.

Lack of progress - no such actions were taken.

Recommendations, that appear to be fully addressed can be closed for the progress update procedure and further evaluated only as a part of the monitoring procedure.

1 Methodology for the Fourth Round of Monitoring, including the new ratings, is available here.
PROGRESS UPDATES BY RECOMMENDATION

Recommendation 1.1 – 1.2: Political will and anti-corruption policy

1) Adopt as soon as possible a new national anti-corruption strategy (programme) and an action plan with clearly defined goals, tasks, specific activities, measurable implementation indicators, responsible persons or institutions, timeframes, mechanism for coordinating and monitoring implementation, allocation of necessary funds. The new policy documents should be based on evidence of sound analysis of the corruption situation and trends, assessment of the previous anti-corruption efforts and set main priorities. Civil society and business sector organisations should be involved in the process of development and monitoring of implementation of anti-corruption policy documents.

2) Establish an effective high-level mechanism (e.g. a national council) for anti-corruption policy co-ordination and implementation that is sufficiently independent from the government, represents different authorities and includes a meaningful representation of the civil society, is supported with adequate resources including dedicated staff; reports on anti-corruption strategy and action plan implementation should be regularly prepared and made public.

3) Consider developing sectoral anti-corruption strategies or action plans for areas particularly vulnerable to corruption.

17\textsuperscript{th} ACN Plenary Meeting, September 2016

\textit{Government report}

1) Since the withdrawal of the “National Program to Combat Corruption and Strengthening Accountability and Justice” from discussion by the State Great Hural in 2015, the draft of the document is re-submitted to the Parliament. Mr. Kh. Enkhjargal, the newly appointed Director General of IAAC called for newly elected members of State Great Hural to adopt the National Program during the Parliamentary session where the agenda of the day was his appointment. In Article 2 of the National Program references international survey results such as Corruption Perception Survey and Global Corruption Barometer released by Transparency International as well as domestic surveys results such as Mongolian Corruption Index, Corruption Risk Assessment and Research on Corruption and Malfeasance Offences. Furthermore, the draft mentions 46 recommendations stated in the review report of implementation of Chapter III and IV of UNCAC. Inclusion of aforementioned information as part of the National Program certifies the awareness and consideration of the Working Group and international experts during the drafting of the document. The draft document provides that the Head of the Standing Committee on Legal Affairs, Prime Minister and the Director General of IAAC obliged to submit for adoption the annual action plan of the National program. In addition, the draft contains amendment to the Anti-Corruption Law of 2014. The Article 2.1 stipulates that “the Great State Hural shall adopt the Anti-Corruption National Program and its action plan shall be adopted by a period according to the time period stipulated in the National Program”. Furthermore, the National Program states that “according to the law, the public organizations and the officials are obliged the common duty to implement the National Program and report the results to the relevant body”. Facilitation of participation of the civil society was thoroughly covered in the previous assessment report. The Article 5 of the draft National Program specifies the implementation period, the phases and targeted outcome. According to this, the National Program shall be implemented for a period of 6 years with 2 phases. The document provides the detailed outcome of each phase. Furthermore, the Article 6 of the draft National Program provides the following 3 sources of funding:

- State and local municipal budget;
- Loan, trust fund and project fund to be provided by the donors and international organizations;
- other sources.

2) The Paragraph 7.1 of the Article 7 of the National Program provides that the President of
Mongolia, the State Great Hural and the Government shall champion in ensuring the implementation of the Program and the courts, prosecutor’s office, the anti-corruption agency, government and non-government organizations, the media and the private sector shall implement the functions provided by the Program. In addition, the draft stipulates that the President of Mongolia shall provide with the general management for those who is in charge of the organization of the implementation of the National Program. The Secretariat of the National Security Council shall implement the function of National Program Secretariat. According to this draft the Government shall provide with the general management and coordination of the implementation of the National Program for those ministries, agencies, local administrations and local self-governing bodies.

3) IAAC adopted the sectorial anti-corruption action plans on such sectors as health, education, construction and mining with the relevant government ministries. The implementation is pending due to a formation of new government structure.

**Assessment of Progress - 17th Plenary: SIGNIFICANT PROGRESS/PROGRESS/LACK OF PROGRESS**

The draft of the National Anti-Corruption Programme – that was prepared before the elections - was re-submitted to the Parliament after the elections, but it was not adopted yet. The draft is based on the results of various international and national surveys and studies on corruption. It establishes the main directions for the future anti-corruption work, and the general provisions on financing and monitoring. The Action Plan for the implementation of the Programme has not been developed yet, it is not known yet what indicators will be used for its monitoring, or the exact cost of various activities. According to the draft Programme the National Security Council will continue serving as a Secretariat for the implementation of the Programme, and the Parliament will review reports on the implementation of the Programme annually based on the reports by the implementing entities. The National Security Council is comprised of 3 members including the President, the Prime Minister and the Speaker of the Parliament Speaker, this institutional setting does not meet the recommendation to provide “an effective high-level mechanism (e.g. a national council) for anti-corruption policy coordination and implementation that is sufficiently independent from the government, represents different authorities and includes a meaningful representation of the civil society, is supported with adequate resources including dedicated staff”. The adoption of the plans by IAAC for health, education, construction and mining sectors is a good initiative; however, the good practice suggests that the leaders of the sectors should take main role in developing such plans to ensure their implementation; little knows about the quality of these plans and resources that will be dedicated for their implementation.

**Lack of progress.**
**Recommendation 1.3: Corruption surveys**

1) **Continue conducting regular corruption surveys, including on specific sectors, with focus on public trust, corruption perception and experience. At least part of surveys should be commissioned to independent organisations on competitive basis.**

2) **Ensure that findings of the surveys be used for drafting, amending and monitoring implementation of the anti-corruption policies. Results of surveys should be made public.**

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**Government report**

1) IAAC conducts the following surveys regularly:

**Integrity Assessment.** According to the Anti-corruption law of Mongolia, IAAC conducted Mongolian Corruption Index survey and Integrity Assessment of Governmental Organizations. The index was calculated in 2009, 2011 and 2013. Also the Integrity Assessment of Governmental Organizations was carried out in 2010, 2012, and 2014 by IAAC.

After three times of conducting surveys, the two surveys needed to improve its concepts and methodologies. Then IAAC have combined its two surveys into one assessment. The new survey is called Integrity assessment, which is focuses on public perception and experience of the corruption. And the assessment methodology was completely based on South Korean Integrity Assessment.

IAAC introduced and carried out the Integrity Assessment survey in end of 2015. The newly created Integrity assessment have advantages to coverage more number of sectors and institutions, and conduct assessment every year. Also the data gathering of the Integrity assessment is organized by independent research organizations with competitive basis as international recommendations. Conducting the assessment every year is ensuring the results of the assessment to use for drafting, amending and monitoring implementation of the anti-corruption policies and decision-making. According to the Anti-corruption law of Mongolia, results and findings of the Integrity assessment were informed to public and placed at official website of IAAC.

Integrity assessment is consists of External integrity, Internal integrity and Policy Costumers survey. The integrity assessment's average score of 62 organizations (all ministry and government agencies) was 73.8 in 2015 (out of the full score of 100 points).

The survey conducted by independent research organization, MMCG-Company, gathered data of 2330 citizens and businesses who directly experienced services of 62 public organizations, and 1390 public officials, and 620 policy costumers and experts.

**Mongolian Corruption Index** survey is based on desk research on corruption and malfeasance crime as well as perception survey of 4000 respondents from 21 aimags, the capital city, 330 soums and 9 districts; 2000 public officials of state central administrative body. Local municipal administration and local self-governing bodies; 352 experts of government and non-government organizations and the private sector. This survey is last taken in 2015 and is conducted once in two years.

**The Survey on Assessment of Integrity Level of Public Organizations** is planned to be conducted in the late 2016 and is aimed at identifying the type, the scope and the cause of the corruption. It is conducted once in two years.

**Experts’ Perception Survey on Corruption in Political and Law Enforcement Organizations** is conducted once a year and aimed at identifying the situation, the type, the scope and the cause of the corruption in the mentioned sectors. IAAC conducts this survey in cooperation with independent research organizations. The findings of the survey used for assessing the implementation anti-corruption policies and its results are informed to the public.

**Youth Integrity Survey**

Weakness of integrity should be found not only from the improper or ineffective ethics management system for public servants but also from the insufficient integrity education for youth in schools as well as at home. In this regard, review of current education system on the value of integrity is inevitable. Mongolian Authority against Corruption conducted the Youth Integrity survey in 2015.
which it is sixth survey. Youth Integrity survey was carried out with the cooperation with National office for children and Department of development of Children and Family. The data for survey was gathered from 21 provinces and 9 districts of capital city. Youth Integrity survey was designed to measure belief system of youth and its behavioural characteristics from compliance (law-abiding) to integrity (morality), and, in between them, ethics or 4 dimension Morals and Ethics, Righteousness, Law Abiding, Intolerance to Corruption. As results, IAAC preparing programs for Youth Integrity education, as well as trainers for Integrity education and awareness.

Analysis on complaints and reports is done on a monthly basis and based on reports from internal teams of IAAC such as Inspection and Analysis Department and Investigation Department and Prevention and Public Awareness Department in charge of resolving the complaints and reports according to their respective statutory functions.

In addition, the Asia Foundation commissions “Survey on Perception and Knowledge of Corruption” since 2006 once in a half year and presents the results of the findings to the general public and the representatives of the government organizations. Due to the end of the STAGE project from which the surveys are funded directly, it is now conducted once a year since 2015.

2) The Mongolian Corruption Index is one of the criteria which serves as an indicator of the implementation of 24th objective on “Strengthening spirit of zero tolerance to corruption in all level of society” which is included in 9th MDG on “Strengthening Human Rights and Fostering Democratic Governance”. Experts’ Perception Survey on Corruption in Political and Law Enforcement Organizations is also included in the criteria for assessing the implementation of MDG.

The analysis on complaints and reports is considered in monthly evaluation of the activities of internal units of IAAC.

IAAC publishes in paper format and on its website the findings of the aforementioned surveys. The printed survey findings are disseminated to public organizations and other interested parties.

Assessment of Progress - 17th Plenary: SIGNIFICANT PROGRESS/PROGRESS/LACK OF PROGRESS

Mongolia continues conducting surveys, as recommended. There are 5 regular surveys conducted by the IAAC, and NGO surveys. The methodology for the Integrity Survey was improved; it is conducted by an independent research organizations selected through open tender. IAAC's annual budget for surveys is around 25 thousand USD. The survey of youth integrity appears a very useful initiative. While the surveys are published and analysed by the IAAC, it is not clear how their findings will be used in the monitoring of the programme, as there appears to be a disconnect between the surveys produced by the IAAC and the monitoring mechanism of the Security Council.

Progress.
Recommendation 1.4 - 1.5: Public participation, raising awareness and public education

1) Ensure that awareness raising and public education campaigns are carefully planned and correlate with the anti-corruption programme objectives and tasks; clearly define the target groups, main issues and expected outcome of these activities.

2) Regularly assess the results of awareness-raising and educational activities, in particular by seeking external independent assessment.

3) Ensure that civil society organisations and other non-governmental actors are involved in a meaningful way in the development and implementation of anti-corruption policy measures, including designing, implementing and evaluating awareness-raising and public education campaigns.

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Government report

1) The youth campaign “Together for Fair Society” is organized by IAAC once every year. The campaign is organized according to the specific action plan and the developers of the plan consider the results of the previous year. The campaign’s plan is included in annual plan of IAAC. The purpose of the campaign is to explain the negative impact of corruption in society and teach the lessons and tools to prevent from such ill practices for youth aged between 16 and 25. The expected outcome of the campaign is to improve the understanding and strengthening the zero tolerance to corruption mind-set and anti-corruption behaviour of the youth.

IAAC covers in its training plan the public organizations with lower ratings according to the Integrity Assessment and the Mongolian Corruption Index and which is in category of high corruption risk. The content of the training is regularly updated and calibrated to the peculiarity of the activity conducted by the public organization.

Based on the findings of surveys conducted by IAAC and international organizations, IAAC identified health sector and organized campaign named “Expressing the Gratitude Correctly”. During the campaign period, the organizers conducted step by step measures to strengthen the transparency, provided technical assistance and organized training and workshop.

For the purpose of impart the knowledge on rule of law, IAAC published and disseminated handbook titled “Adventures of a Little Rabbit” to students of secondary schools. The handbook is accompanied by a board game with anti-corruption content.

IAAC elaborated and implemented specific program aimed at implementing anti-corruption measures and prevention activities in the Customs Service.

2) After each anti-corruption training, IAAC conducts survey among participants in order to study and improve the effectiveness of the session. The results of the survey are presented to the executive manager on a regular basis.

As part of the Project on “Strengthening Anti-Corruption Agencies in Asia and the Pacific of Transparency International, the Independent Research Institute NGO conducted review on legal framework and activities of IAAC. The review is conducted according to the methodology adopted by Transparency International. The main purpose of the review was to make comparison of legal framework, independence, human and financial resource and capacity of IAAC with other seven anti-corruption agencies of the region based on the similar indicators and identify challenges as well as providing recommendations. The findings of the review are delivered and IAAC is working on the implementation of the recommendations.

3) The IAAC, the organizers are open to any cooperation from third party if the interests of third party are aligned with the goals set by the campaign. With support from UNDP Project on “Ensuring Transparency with Citizens’ Participation”, 16 short animation movies on anti-corruption legislations as well as handbook on anti-corruption monitoring for CSOs.

Assessment of Progress - 17th Plenary: SIGNIFICANT PROGRESS/PROGRESS/LACK OF PROGRESS

The youth awareness campaign appears well designed and targeted. It also appears to be linked to
the survey of youth integrity. Awareness measures targeting risk sectors such as health and customs is also a positive development. Example of cooperation with NGOs on awareness raising is good, however, further engagement of NGOs in the design and delivery of the awareness programme is welcome. Efforts of IAAC to study impact of the awareness raising work is a good practice, engagement of NGOs and other external reviewers of impact can be pursued to study the change of the societal attitude to corruption. Additional awareness raising measures are needed to focus on such complex issues as political corruption.

Progress.

Recommendation 1.6 (from the Review Report): Specialised policy and co-ordination institution

1) Strengthen capacity of the specialised anti-corruption agency by guaranteeing its institutional, functional and financial independence; put in place effective mechanisms to prevent various forms of hierarchical pressure and undue interferences with corruption investigations and prosecutions; strengthen regional focus of the agency’s work, in particular by considering establishing regional (local) offices of the agency.

2) Introduce competitive and transparent merit-based selection of the Head and Deputy Heads of the specialised anti-corruption agency; establish clear criteria and procedure for merit-based and competitive recruitment of the agency’s staff.

3) Improve annual planning of the Independent Authority Against Corruption by emphasizing in its action plans the priorities, clearly defining the content and expected outcomes and outputs of

To be completed later
Recommendation 2.1-2.2: Offences and elements of offence

1) Align offences of active and passive bribery with international standards, in particular by criminalising offer or promise, acceptance of offer/promise of a bribe, request of a bribe as complete offences, bribery through a third person or for the benefit of a third person.

2) Enact a statutory definition of “bribe” which should include non-pecuniary and intangible undue advantages.

3) Introduce liability for bribery in the private sector and trafficking in influence in line with international standards; consider providing release from liability for active bribery in cases of extortion/request of a bribe when the bribe-giver reported such extortion/request to law enforcement authorities in line with the best international practice.

4) Clarify the terms used in offences of abuse of powers and money laundering to ensure legal certainty; through legislative amendments and/or changes in practice, explicitly provide that conviction for predicate offence is not required for prosecution and conviction for money laundering.

5) Review the offence of “Improvement in the financial state by illegal means” to bring it in line with Article 20 of the UNCAC. 6) Establish effective liability of legal persons for corruption criminal offences with proportionate and dissuasive sanctions, including liability for lack of proper supervision by the management which made possible commission of the offence; corporate liability should be autonomous and not depend on detection, prosecution or conviction of the actual perpetrator.

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17th ACN Plenary Meeting, September 2016

Government report

Side Comment: The Government of Mongolia has submitted the request to the State Great Hural to suspend the enforcement of the new Criminal Code and Law on Infringement until 1 July of 2017. The irregular session of the SGH have started and the government’s request was discussed and cleared for standing committee discussion. As it seems more likely that the SGH would approve this request based on the assumption that the ruling party has the majority of the seats in the SGH, IAAC decided to answer the questions related to Criminalization within the scope of the Criminal Code of 2002.


1) No new provisions have been introduced in the Criminal Code of 2002.
2) The statutory definition of “bribe” is not defined directly in the Criminal Code of 2002.
3) 4) 5) 6) No new provisions or clarification have been introduced in the Criminal Code of 2002.

Assessment of Progress - 17th Plenary: SIGNIFICANT PROGRESS/PROGRESS/LACK OF PROGRESS

The reform of the Criminal Code is on hold following the government's request to suspend the enforcement of the Criminal Code due to lack of proper preparation and lack of implementation mechanism; it is expected that the Code will be adopted/enter into force by 1 July 2017.
| Lack of progress |
**Recommendation 2.3: Definition of public officials**

1) **Introduce in the Criminal Code definition of national public officials subject to corruption offences which would cover all state and local self-government employees, as well as other persons who perform public functions and candidates for elected offices.**

2) **Establish bribery offences involving foreign public officials in line with international standards and clearly define such officials in the Criminal Code.**

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<td>1) 2) No new provisions have been introduced in this regard in the Criminal Code of 2002.</td>
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**Assessment of Progress - 17th Plenary: SIGNIFICANT PROGRESS/PROGRESS/LACK OF PROGRESS**

Lack of progress
1) Review criminal sanctions for corruption offences to ensure that they are effective, proportionate and dissuasive.

2) Compile and analyse statistics on application of sanctions for corruption offences to see how effective they are in practice (e.g. how often conditional release is applied, whether imprisonment is the main sanction for serious offences).

3) Revise provisions on confiscation to enable mandatory application of the confiscation of instrumentalities and proceeds to all corruption and corruption-related offences, including converted or mixed proceeds, benefits derived from proceeds and value-based confiscation; consider reversing burden of proof in confiscation proceedings (criminal or civil) and introduce extended confiscation.

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Government report

1) No review has been made with regard to the recommendation in the Criminal Code of 2002.
2) Statistical reports are made regularly by the Mongolian authorities.
3) No new provisions have been introduced in the Criminal Code of 2002.

Assessment of Progress - 17th Plenary: SIGNIFICANT PROGRESS/PROGRESS/LACK OF PROGRESS

Lack of progress.
Recommendation 2.6: Immunities and statute of limitations

1) **Review the system of immunities of public officials by narrowing down their scope and list of relevant officials to the extent necessary in a democratic state; remaining immunities should be functional, cover only period in office, exclude situations in flagrante, allow effective investigative measures into persons with immunity; establish swift and effective procedures for lifting immunity based on clear criteria.**

2) **Increase statute of limitations for corruption offences; consider establishing fixed, sufficiently long statute of limitations for all corruption crimes regardless of their gravity; stipulate that statute of limitations be interrupted by bringing of charges or other procedural action, as well as by the period when person enjoyed immunity.**

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| 1) No new provisions have been introduced regarding system of immunities of public officials except two developments in Law on Constitutional Court. Article 5.3 of the Law states that The State Great Hural may recall (the member of a Constitutional Court) based on decision of the Constitutional court and proposal issued by the organization which initially offered (the candidate) if the conviction to an offence is established by a court or violation of a law was identified by the competent body. This provision is the amended on 19 January 2016 and was suspended by the Constitutional Court starting from 15 February 2016. Also, the amended version of Article 5.4 of the Law stipulates that "it is prohibited to dismiss, recall or transfer to other post the member of the Constitutional Court before the end of his/her tenure on a basis of other than personal request, health reason, retirement age specified in the Civil Service Code or Article 5.3 of this Law. This amendment is enacted on 19 January 2016. The Law on Legal Status of a Judge introduced “Declaration on Influence” in judicial practice. As stated in the Law, the General Judicial Council adopted form of “Declaration on Influence” and “Procedure on resolution of Declaration of Influence”. According to the Article 22.1 of the Law on Legal Status of a Judge, a judge or a panel of judges shall keep “Declaration on Influence” and submit the document to General Judicial Council. The jury also obliged to follow the same practice according to the Article 7.2 of the Law on Legal Status of Jury. Consequently, the General Judicial Council shall review the declarations and shall choose to submit the inconsistencies either to IAAC, the Police Agency or relevant court based on the jurisdiction. In 2014, nine judges submitted the “Declaration on Influence", of which 3 cases were measure.  

2) No new provisions have been introduced in the Criminal Code of 2002. The statute of limitation is provided by the newly adopted Criminal Code are as follows:  
1. One year for an offence punishable by imprisonment for a period of one year;  
2. Five years for an offence punishable by imprisonment for a period of eight years;  
3. Twelve years for an offence punishable by imprisonment for a period of twelve years;  
4. Twenty years for an offence punishable by imprisonment for a period of above twelve years.  
According to the newly adopted Criminal Code, the statute of limitation starts from the day the offence is committed and ends the day when the person is accused for an offence.|

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<th>Assessment of Progress - 17th Plenary: SIGNIFICANT PROGRESS/PROGRESS/LACK OF PROGRESS</th>
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<td>The amendments recently introduced to the Law on Constitutional Court do not address the recommendation. No other actions were taken, no information was provided regarding and consideration regarding &quot;establishing fixed, sufficiently long statute of limitations for all corruption crimes....&quot; as was recommended.</td>
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<td><strong>Lack of progress.</strong></td>
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Recommendation 2.7: International co-operation and mutual legal assistance

1) Ensure effective international mutual legal assistance in investigation and prosecution of corruption cases, in particular by implementing recommendations of the UNCAC Review; encourage various forms of direct co-operation, in particular through interagency co-operation agreements; establish clear responsibilities of national authorities with regard to international co-operation in criminal cases, including on asset recovery.

2) Ensure that the staff of units responsible for international co-operation within the central authorities are well trained, have adequate resources, including translators, necessary means of communication, and are easily accessible to the investigators and prosecutors in the field.

3) Collect and analyse data about practical application of available international co-operation instruments during investigation and prosecution of corruption cases and relevant challenges.

4) Provide in the legislation measures for direct asset recovery as envisaged by Article 53 of the UN Convention against Corruption, as well as procedure for and conditions of recovery and disposal of assets in accordance with Article 57 of that Convention.

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**Government report**  
*Source: Criminal Code 2002, Criminal Procedure Code 2002*

1) No new agreements were concluded with foreign jurisdiction on criminal matters except the agreement with Hong Kong on transfer of convicted person. According to phone call with Ministry of Justice draft agreements on the criminal matter with the foreign jurisdiction is pending to be signed.

2) In the Ministry of Justice, it is informed that two officers are responsible for international co-operation on criminal matters. The General Prosecutor's Office also has two officers in charge of MLA on criminal matters. In 2015, IAAC with support from UNDP published “Handbook on Mutual Legal Assistance on Criminal Case”. This handbook is the byproduct of the cooperation between STAR Initiative and IAAC. The content of the handbook consists of legal and practical (in particular drafting the request) aspects of the MLA on criminal matters.

3) According to the phone call with the Ministry of Justice no MLA request have been received from or sent to the foreign jurisdiction since the last assessment report.

4) No new provisions have been introduced in this regard.

**Assessment of Progress - 17th Plenary: SIGNIFICANT PROGRESS/PROGRESS/LACK OF PROGRESS**

Preparation of the agreement with Hong Kong is a positive development. Development of the Handbook on MLA is a useful initiative. However there are no tangible results yet. It would be useful in the next progress update to provide information about any new or ongoing investigations of corruption cases that required MLA from other countries, draft agreements on the criminal matter with foreign jurisdiction(s) that are pending to be signed, the use of the handbook to provide trainings, and any “interagency” co-operation agreements that may have been concluded to address “the most challenging practice for investigators of IAAC is obtaining information from organisation where the suspect is employed”.

**Lack of progress**
Recommendation 2.8: Application, interpretation and procedure

1) Consider clarifying the Criminal Code and interpretation of corruption offences in practice so that intent can be inferred through circumstantial evidence, thereby eliminating the requirement of direct evidence of intent.

2) Build capacity of investigators and prosecutors to conduct financial investigations and use circumstantial evidence; encourage use of in-house or outsourced specialised expertise.

3) Ensure effective access of law enforcement officials to bank, financial, and commercial records.

4) Collect and analyse data on corruption cases to identify trends in types of corruption detected, investigated and prosecuted, to determine what practical challenges arise and how they can be tackled; improve statistical databases and methodologies for collecting, organising and analysing case-related information.

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**Government report**

1) No changes have been made in this regard.

2) IAAC encourages the investigators to use in-house or outsourced experts in conducting investigations if the specialized knowledge is necessary. In addition, IAAC encourages and organizes capacity building activities for its investigators and other law enforcement officers. In May 2016, IAAC hosted training on basis of accounting for investigators and officers. Furthermore, training on audit, procurement and taxation conducted for investigators. Some of the investigators are allowed to participate in long and short term seminars and trainings organized by universities and professional centers.

3) IAAC acquires the right to access to bank information by submitting the request which was prior confirmed by the prosecutor. In emergency situations, IAAC may access to bank information immediately or set due date of response in its request. Furthermore, the investigator may inspect the bank document in person. The tax and custom information can be acquired in a similar procedure. The most challenging practice for investigators of IAAC is obtaining information from organization where the suspect is employed. For instance, if the tax inspector is suspected for an offence, the most challenging aspect of the investigation would be acquiring information from the tax authority.

4) Analysis on complaints and reports is conducted on a monthly basis and based on reports from internal teams of IAAC such as Inspection and Analysis Department and Investigation Department and Prevention and Public Awareness Department. Discussion on the theme “Issues of Concern and Modalities of on Corruption Crime Investigation and Prosecutor’s Review” was organized jointly by General Prosecutor’s Office, Prosecutor’s Office of the Capital City and IAAC. The findings of the meeting were elaborated and participants are planning to cooperate in order to implement the works provided by the proposals.

**Assessment of Progress - 17th Plenary: SIGNIFICANT PROGRESS/PROGRESS/LACK OF PROGRESS**

Efforts of IAAC to train its investigators are positive. Ensuring access to bank information is also positive. Analytical work of IAAC in cooperation with the GPO is a good initiative. In the next update, it would be useful to provide findings of monthly analysis of complaints and reports, examples of solutions proposed, and the results meetings with the Prosecutor’s Office on these matters.

**Progress.**
Recommendation 2.9: Specialised anti-corruption law-enforcement bodies

1) Establish independent internal investigative units in government agencies, particularly in law enforcement agencies, to enhance the resources and abilities of corruption-specific law enforcement agencies.

2) Strengthen capacity of the Anti-Corruption Authority in investigation of corruption offences, in particular by increasing the number of investigators and establishing its investigative units in the regions.

3) Ensure effective specialization of prosecutors in anti-corruption cases with special guarantees of autonomy for the relevant prosecutors (units).

4) Provide for continuous role of a prosecutor – from supervising investigation to supporting charges in the court.

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Government report

1) No action have been taken in this regard.
2) No further actions have been taken in this regard.
3) Currently, there is no structure or unit of prosecutors specialized in corruption cases in prosecution service. The Law on Prosecution Service provides political, economic, legal, social and other guarantees for prosecutors.
4) The continuous role of a prosecutor is complied in the practice and strengthened in the Criminal Procedure Code. The Constitution of Mongolia and the Criminal Procedure Code provides provisions which ensures the continuous role of a prosecutor. The Article 56.1 of the Constitution states that “the prosecutor shall supervise the registration of cases, investigation and the execution of punishment and participate in the court proceedings on behalf of the state”. The Article 30.1 of the Criminal Procedure Code stipulates that “Procurators shall monitor the application of provisions of law during inquiry and investigative actions and take part in court hearing as public prosecutor”.

Assessment of Progress - 17th Plenary: SIGNIFICANT PROGRESS/PROGRESS/LACK OF PROGRESS

In the next progress update, could Mongolia please explain the lack of action on this recommendation? For instance, is there a problem with budget, or was the timeline affected by the election to the SGH. Regarding (4), Mongolia argues that the existing system is sufficient to ensure the continuous role of prosecutor. In the next progress update, please provide a detailed description of supervision provided by prosecutors to the investigators and their role in courts, does the same prosecutor supervise the case from the beginning to the end and present it in court?

Lack of progress.
Recommendation 3.2 (from the Review Report): Integrity in civil service

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<td>1) Establish clear legislative delineation of political and professional public service; ensure merit-based appointments and promotions for all categories of public officials based on transparent and objective criteria; ensure that remuneration system for public officials is fair, transparent and objective.</td>
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<td>2) Review the prohibitions and restrictions for public officials and ensure that all types of conflict of interests are covered by law and properly enforced.</td>
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<td>3) Ensure that competent authorities empowered to apply sanctions for breach of the anti-corruption laws are clearly identified and procedures are described in detail and effective sanctions for non-compliance are provided.</td>
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<td>4) Ensure that asset declarations system cover all categories of public officials, including those in political offices; ensure effective verification mechanism for asset declarations and their proactive publication, first of all on Internet. Provide for effective and dissuasive sanctions for the failure to submit declarations and for submitting false information.</td>
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<td>5) Introduce mandatory reporting of corruption offences and protection of whistleblowers.</td>
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To be completed later
Recommendation 3.3: Promoting transparency and reducing discretion in public administration

1) Introduce anti-corruption screening of draft laws and other normative legal acts with publication of relevant findings.

2) Adopt an administrative procedure act in line with international standards to regulate procedures of the public administration.

3) Review procedure and practice of mandatory preliminary administrative complaint (before appealing against administrative decision, action or inaction to the court) and introduce amendments, if needed, to ensure effective appeal system against public administration.

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Government report

1) The screening of draft laws and regulations to be adopted by the Parliament is regulated by a newly enacted Law on Legislations. According to Article 17 of Law on Legislations, the effectiveness of the drafts of the laws and regulations shall be assessed by methodology adopted by the government and if necessary, the relevant laws and regulations and its articles and sections shall be re-drafted. The Article 19 of the Law states that the Central Administration Body in charge of legal affairs and the Secretariat of the State Great Hural shall provide conclusion respectively on whether the draft laws and regulations prepared by the Government and legislatures meet the requirements set by this law. The Government adopted “Methodology on Assessing Effectiveness of Draft Laws and Regulations” by its 59th Resolution of 2016. The Section 4.10 of the Methodology provides the questions the assessment should be based on. Of which the question 4.10.15 asks that “whether the draft contains articles aimed at creating corruption and bureaucracy”. The General Administrative Law states that the effectiveness of draft administrative normative acts shall be assessed by methodology to be adopted by member of the Cabinet in charge of legal affairs. Consequently, “the Methodology for Conducting Analysis on Effectiveness of Administrative Normative Act” was adopted by A/222th Resolution of the Minister for Justice on 1 July 2016. The Section 2.1 of the Analysis on Effectiveness provides the questions to be asked when conducting the assessment. Of which, the question 2.1.4 inquires that “whether the draft contains the regulations which may limit human rights, freedom and competitions, hinder economic, social and other activities and create any conditions causing corruption and bureaucracy.

2) The General Administration Law was adopted on 19 June 2015 and enacted on 1 July 2016. The purpose of this law is to form the basic legal regulations for communication activities conducted by the administrative body which implements power of executive branch in the scope of public law with citizen and legal person in a way of issuing administrative act, administrative normative act or administrative contract. Furthermore, the Administrative Procedure Act was adopted on 4 February 2016 and enacted 1 July 2016. The purpose of this law is to regulate relations related to ensuring the protection against violation or potential violation of lawful interest of natural and legal person due to illegal activities of administrative organizations and resolving administrative case in the court according to the petition issued by competent person with right to represent public interest and administrative organization if stated in the law.

3) The General Administrative Law was enacted on 1 July 2016. The Chapter 9 of the Law provides the detailed regulation regarding the complaint issuance procedure. The Article 93 of the Law stipulates that the natural and legal person shall submit the complaint to the administration superior to the organization issued the administrative act or administrative organization in charge of resolving the complaint and if such organization does not exist, the complaint shall be submitted to the organization which issued the act. The Article 94 of the Law provides time periods for issuance and resolution of the complaint. According to this article, the complaint shall be submitted to the organization in charge of resolution within 30 days since the issuance of the administrative act was informed to the natural or legal person. If the statute of limitation is expired due to justifiable reason, the complaint can be recovered within 3 months since its expiry. The complaint shall be received as stated in the Law on Resolution of Complaint and Application Issued by Citizens to State Organizations and Officials and shall be resolved and responded within 30 days if not stated otherwise in the law. If necessary, the executive official of the administrative organization may extend the period for up to 30 days. The complaint issuer shall be informed on the extension of the complaint resolution period. The Article 96 of the Law states that the administrative organization in charge of resolution of the complaint shall suspend the enforcement of the
administrative act in cases other than provided in the law by a request of the participant of administrative activity or natural and legal person whose lawful interest is affected. The suspended act shall be valid until the resolution of the complaint. The Article 99 of the Law specifies that the administrative organization which resolved the complaint shall inform and document the complaint issuer within 5 days since the issuance of the resolution in written. The Article 14 of Administrative Procedure Code provides that the administrative court shall resolve the petition if the administrative organization failed to accept or comply the decision of the organization which resolved the complaint or if the administrative organization failed to resolve the complaint within 30 days.

**Assessment of Progress - 17th Plenary: SIGNIFICANT PROGRESS/PROGRESS/LACK OF PROGRESS**

The adoption of the Law on Legislation that provides for the anti-corruption assessment of drafts prepared by the government is a positive development. It is not clear if there is a mechanism to analyse anti-corruption risks in the legislative work of the parliament. Adoption of the Administrative Law and the Administrative Procedure Code is a very important achievement. This Law also provides new procedures for dealing with complaints. It will be important in the future to analyse the application of the new legislation in practice to ensure its effectiveness.

**Significant progress.**
Recommendation 3.4: Public financial control and audit

1) Strengthen coordination and harmonisation capacity in the government to effectively implement internal control, financial management and internal audit functions in the public sector.

2) Clearly delineate the internal audit and financial inspection functions in the public sector to avoid duplication. Ensure independence in practice of internal audit units in central and local state entities.

3) Adopt and implement the Law on Internal Audit in line with international standards.

4) Strengthen institutional and operational independence of the Mongolian National Audit Office in line with international standards, particularly with regard to budget and staff remuneration autonomy. Introduce merit-based competitive selection of the Auditor-General.

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Government report

1) No new information is available.
2) No further actions taken with regard to delineation of internal audit and financial inspection functions in the public sector.
3) The Law on Internal Audit has not adopted up until now.
4) No further actions taken with regard to strengthening institutional and operational independence of the National Audit Office.

Assessment of Progress - 17th Plenary: SIGNIFICANT PROGRESS/PROGRESS/LACK OF PROGRESS

Lack of progress.
Recommendation 3.5: Public procurement

1) Review the Public Procurement Law to:
Cover procurement contracts financed by the Development Bank of Mongolia and in the road sector
• Prohibit unreasonable splitting of works, goods or services which circumvents competitiveness and openness of respective procurement
• Minimise application of domestic preferences
• Streamline time limits in the law to reflect international best practice
• Strengthen criteria for professionalism of evaluation committee members
• Expand affiliation rules.

2) Revise the public-private partnership and concession award procedures to ensure fair competition, efficiency and transparency

3) Extend e-Procurement system to fully cover all public procurement at all levels. Create a single entry government web portal for disclosure of procurement information and e-procurement.

4) Ensure publication of key information in respect of procurement contracts

5) Strengthen review mechanisms by ensuring adequate level of independence of relevant bodies, transparency of their procedures and guarantees of fair proceedings.

6) Revise the scale of fines to ensure that sanctions are dissuasive and further develop the debarment system in line with international best practice and standards.

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Government report

1) With regard to:
• The Public Procurement Law still does not cover procurement contracts financed by the Development Bank of Mongolia and in the road sector. Exclusions from the scope of this Law increased by two provisions by amendment of 5 Feb 2016: procurement related to organization of elections and procurement related to activities conducted by Future Inheritance Fund and Future Inheritance Fund Corporation.
• The splitting of works, goods and services is regulated by Article 8 of the Public Procurement Law. Article 8.6 provides that the purchaser may split the tender into multiple packages for the purpose of promoting competition depending on purpose, assortment and geographical location as well as the same type and similarity. There is no activity or revision regarding this provision since the last monitoring.
• Provisions regulating the domestic preference in public procurement remain the same since the monitoring. Article 10.1.2 regulates the advantages to be offered to persons participating in the tender. It says that Citizen and legal person of Mongolia as well as foreign invested legal entities, the share not below the 50 per cent of which belongs to citizens of Mongolia and which is registered in Mongolia shall have advantage during the evaluation of tender materials. Also Article 9 of the Law strictly provides that foreign persons shall only be given permission to participate in the following tenders: works budgeted above MNT 10,000,000,001 as well as goods and services budgeted above MNT 100,000,001. The tenders which fall short of requirements regarding the cost estimates other than mentioned above are closed for foreign tenderers. Furthermore, Article 101 states that if the goods to be supplied by the domestic manufacturer are of the same standard and quality, the foreign tenderers are prohibited from contract award. It also regulates that the Government of Mongolia shall adopt the list of goods to be purchased from domestic manufacturer. However, Article 9 is exempt from this list.
• No significant change taken place as regards the time limits.
• As regards strengthening the criteria for professionalism of evaluation committee members, no significant steps were made since the last monitoring. Both the Public Procurement Law and Procedure on Organization, operation and formation of the evaluation committee adopted by the Minister for Finance provides that the staff of the Evaluation Committee shall be have professional qualification in the field of procurement. The Law further extents the requirement on qualification and says in its Article 47.3.1 that the member of the evaluation committee shall have professional qualification in field of procurement or of that goods, works and services. The remaining...
• No action taken as regards the affiliation rules.

2) No action taken as regards public private partnership and concession award procedure since the last monitoring.

3) and 4) No action taken on this regard since the last monitoring. Due to the Parliamentary election on June 2016, a new cabinet was formed. According to the new cabinet structure, the Government Procurement Agency was dissolved and integrated into newly formed Policy Coordination Agency for State Properties. At this stage, no official information available regarding functions and mandates of this new agency.

5) No changes on the Law since the last evaluation.

6) According to the Article 57 of the Procurement Law, the official who violated this law shall be subject to sanctions specified in Civil Service Law if the misconduct has no criminal nature. The natural and legal person who violated this law shall be subject to Criminal Code and Law on Infringement. This article is amended on 4 December 2015 due to adoption of new Criminal Code and Law on Infringement. A slight change in the Article 57 of the Procurement Law have been introduced on 5 July 2015 which states that the budget governor who failed to comply Article 10 (purchase from the domestic manufacturer) shall be imposed by a fine equal to 15 amounts of monthly minimum salary.

**Assessment of Progress - 17th Plenary: SIGNIFICANT PROGRESS/PROGRESS/LACK OF PROGRESS**

Lack of progress and worsening of the situation in the public procurement area is a serious concern. Broadening of exclusions from the law and failure to address other recommendations continues to provide a significant corruption risk in Mongolia.

**Lack of progress.**
Recommendation 3.6: Access to information

1) Ensure that all public law institutions and entities receiving public funding or performing public functions are covered by the transparency and access to information requirements.

2) Stipulate that no category of information should be absolutely exempt from disclosure; any restriction of access to information, including state secrets, should be based on the law, be necessary and proportionate and possible only upon compliance, on a case-by-case basis, with the harm and public interests tests in line with international best practice. The law should also establish information which may not be restricted in access, in particular on corruption and other infringements of the law, any use of public money and other public resources.

3) Remove unnecessary formalities from the law with regard to obtaining of information on request by simplifying and clarifying the procedure as much as possible.

4) Introduce dissuasive administrative sanctions for violation of the access to information provisions by public officials.

5) Establish an independent supervisory mechanism for enforcement of the access to information right with adequate resources and powers, including access to any classified information and issuing of binding decisions.

6) Decriminalise all defamation and insult offences; ensure that civil law provides effective constraints not to stifle freedom of information with unjustified defamation lawsuits.

7) Improve budget transparency, oversight and public engagement by implementing recommendations given to Mongolia as the outcome of the 2012 Open Budget Index.

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Government report

1) 2) 3) No new provisions have been introduced in this regard.
4) Due to adoption of Law on Infringements and a new Criminal Code, the public official who violated the Law on Information Transparency and Right to Information, Law on State Secret and Law on Secret of Organization shall be punishable by a Law on Civil Service, if the nature of his/her action has no criminal element. With regard to natural person or legal person who committed the violation shall be punishable in accordance with Law on Infringements or Criminal Code. The aforementioned amendments are introduced on 4 December 2015 and shall be effective starting from 1 September 2016.
5) No action taken towards establishing independent supervisory mechanism for enforcement of the access to information right.
6) No new measures taken towards decriminalizing defamation and insult crime within the scope of the current Criminal Code. The new Criminal Code has no provision regarding defamation or insult offence. However, the enforcement of new Code is very likely projected to be suspended for a year as the Standing Committee of Legal Affairs of the Parliament is discussing this issue at this moment.
7) Since the enforcement of the Law on Glass Account, the unified “glass account” website was launched and is fully operational. The website is in Mongolian: [http://www.shilendans.gov.mn/](http://www.shilendans.gov.mn/)
Furthermore, all public organizations and entities pertinent to the scope of the law, publish
information which are subject to disclosure in their websites.

In 2015, the “Methodology on Assessment of Anti-Corruption Activities of the State Bodies” was revised and re-adopted by A/88th resolution of the Director General of IAAC. The purpose of this methodology is to reduce the bureaucracy and ensure transparency of the public service, strengthening ethics in public sector, improve the integrity of public servants, encourage the anti-corruption initiatives, promote the capacity of the public organizations, evaluate the anti-corruption activities conducted by the civil service and facilitate the engagement of civil society in evaluation. In 2015, the team of independent experts comprised from civil society organizations which were qualified based on open selection procedure conducted the assessment according to the new methodology in 124 organizations. The findings of the assessment was reported to the general public through the media and websites.

Assessment of Progress - 17th Plenary: SIGNIFICANT PROGRESS/PROGRESS/LACK OF PROGRESS

Introduction of sanctions for violation of the access to information law is a good step forward, but it is on hold due to the pause in the reform of the criminal legislation. Exclusion of defamation from the new CC is a good development as well, but it is on hold for the same reason. Transparency of the budget has improved with the launch of the 'glass accounts' web site, however no further action was taken to improve oversight and public engagement.

Progress.
Recommendation 3.7: Political corruption.

1) Strengthen the system of regulation of political party financing by establishing limits on membership fees, broadly defining the term “donation” to include in-kind donations, extending donation restrictions to all entities related or controlled by the party, specifying rules on publication of information on donations, prohibiting donations from companies that received funding through public procurement or other public source.

2) Ensure balance between private and public funding of the political parties and implement restrictions on the use of funds received from the state budget. Provide public funding to parties that obtained a certain level of popular support at the national elections even if it is lower than the electoral threshold.

3) Ensure transparency of party finances, by requiring detailed annual consolidated financial reports with all contributions (except for very small ones) and each contributor, as well as all party expenses reported; such reports should be standardised and published on the internet.

4) Improve rules for disclosure of election campaign finances, including submission and publication of detailed financial reports before election day.

5) Establish without delay a system of independent monitoring and supervision for party finances and financing of election campaigns with adequate resources and powers, in particular to impose proportionate and dissuasive sanctions. Consider assigning powers of supervision over political party financing to the Anti-Corruption Agency. Ensure that the General Election Commission is a professional and independent body consisting of employed full-time members selected according to their merit, preferably based on an open competition.

6) Revise the rules on ethics and integrity of members of the parliament, including decision-making procedure for violations, and ensure an effective mechanism of their enforcement.

17th ACN Plenary Meeting, September 2016

Government report
Source: Law on Election, Law on Central Election Body, Law on Political Party
1) The following legislations were annulled due to the enforcement of Law on Election on 25 December 2015:
Law on Local Election, Law on Presidential Election, Law on Parliamentary Election
No further action taken with regard to membership fee of political parties in the Law on Political Parties.
According to Article 49 of newly adopted Law on Election, the donation shall be monetary and non-monetary. The monetary donation shall not exceed three million MNT for a natural person and fifteen million MNT for a legal person.
The natural and legal persons are eligible to give donation once per year. The legal person is prohibited to give cash as a donation while the identification number and the full name of the natural person who donated cash shall be recorded by an competent person and the donation shall be deposited on behalf of the donator.
According to this Law, non-monetary donation consists of utilization of immovable and movable properties free of charge and free services.
The non-monetary donation shall be given to the candidate during campaign period and based on donation contract. The value of the donation shall be negotiated between the contracting parties and the contract amount shall not exceed the ceiling set in monetary donation. The work which is performed by a person who is contributing to the election campaign without any monetary exchange shall not considered as a donation according to the Article 51.5 of the Law. Furthermore, the Law provides that the non-monetary donation shall be disbursed according to the contract.
According to the Article 58 of the Law, the expenditure report of the candidate of Presidential and
The new Law on Elections adopted in 2015 increased the limits on donations, including in-kind donations; but it falls short of prohibiting donations from companies benefiting from public procurement and limiting membership fees. The Law establishes rules for reporting about party financing to the State Audit Office, and the Office has to inform the public about major donations 90 after they were provided; however, there is no practice of publishing financial reports by parties. State Audit Office is responsible for controlling financial reports by parties and IAAC can be involved in this process; so far there is no information about the implementation of such controls in practice.
and their results. The Code of ethics for MPs exists since 2009, and has not been revised since; the sub-committee of Parliament on ethics is responsible for its implementation. However, there is no information about implementation measures or their impact.

**Lack of progress.**
Recommendation 3.8: Integrity in the judiciary

1) Consider excluding political institutions (the President and parliament) from the appointment and dismissal of judges (by replacing them with the Judicial General Council); review procedure for appointment of judges to ensure that it is merit-based and competitive; introduce mandatory initial training of judges (before or after appointment) in the national school of judges.

2) To ensure better guarantees of judicial independence: provide that chief judges be appointed and dismissed by judges of the relevant court; introduce through the law an automatic random distribution of cases among judges and make the decision on case assignment publicly available.

3) Align composition of the Judicial General Council with international standards, in particular by ensuring that it consists of majority of judges representing different levels of the court system and elected by other judges.

4) Fix remuneration rates and all wage increments of judges directly in the law; avoid payment of bonuses to judges.

17\textsuperscript{th} ACN Plenary Meeting, September 2016

\textbf{Government report}

1) No action with regard to excluding political institutions from the appointment and dismissal of judges; No amendments made in Law on Legal Status of Judges and Resolution on Selection of Judges issued by the President of Mongolia. The Judicial General Council planned 45 trainings for judges. The plan provides separate training for such topics as Code of conduct and Responsibility of Judges and judicial proceedings on money laundering offence.

2) No changes have been made in this regard.

3) No changes have been made in this regard.

4) There are two main provisions in the Law on Legal Status of Judges which alludes the economic independence of judges. Article 23.1 of the Law states that “the size of the wage of the post of a judge shall provide the possibility of being enough and assured for living and working independently from others in terms of economy” which is still effective.

However, Article 23.5 of the Law stipulating that “when adopting the budget of the court, the component and size of the wage of judges shall not be decreased was annulled” by amendment of 10 November 2015. The Government of Mongolia decided to decrease the salary fund of the judges by 35 percent due to economic downturn. At the time of writing this answer, the General Judicial Council and Mongolian Bar Association is trying to negotiate with the Government on the matter but without any success.

\textbf{Assessment of Progress - 17th Plenary: SIGNIFICANT PROGRESS/PROGRESS/LACK OF PROGRESS}

No measures were taken to address the parts of the recommendations regarding the exclusion of political influence on the appointments of judges. Regarding remuneration of judges, no information was provided regarding the bonuses; however information about a significant decrease of judges’ salaries is a very negative step.

\textbf{Lack of progress.}
Recommendation 3.9: Private sector

1) Develop specific measures in the new anti-corruption strategy and action plan to promote business integrity; ensure clear allocation of responsibility for coordination of implementation of these measures with the relevant state bodies; ensure that business partners are involved in the development and monitoring of the implementation of these measures.

2) Involve business sector in the process of elaborating of legislation establishing responsibility of legal persons for corruption; consider developing incentives for compliance with this legislation such as the possibility of defence from responsibility for companies with effective anti-corruption compliance programmes.

3) Assist companies and business associations to assess integrity risks, organise awareness raising, provide advice and guidance on prevention of corruption in business operations.

4) Develop and implement joint projects with the business entities such as collective actions against corruption and integrity pacts, especially in the risk areas.

5) Introduce comprehensive measures to strengthen corporate governance, transparency, internal control and corruption prevention systems in state and municipally-owned enterprises.

6) Consider introducing recording and disclosure of beneficiary owners of all legal entities during their state registration.

17TH ACN Plenary Meeting, September 2016

Government report

1) Article 4.6 of the National Program provides activities which support reduction of corruption risk and ensuring fair competition in the private sector. Please see the attached translation of “National Programme to Combat Corruption and Strengthening Accountability and Justice”.

2) No actions have been taken in this regard.

3) On 23 December 2015, IAAC and MNCCI jointly organized discussions on two separate topics: Corruption in Construction Sector and Corruption in Industrial, Commercial and Service Sector. As a result of the discussions, the participants have agreed to join the efforts for the following directions in order to reduce the corruption risk and eradicate cause of the corruption:

- Strengthen the governance system within the respective sectors and increase the role of NGOs and CSOs in decision making level;
- Reform the legal framework;
- Increase the role and participation of NGOs and CSOs in elaboration of sectoral laws and regulations.

Furthermore the participants proposed to elaborate action plan aimed at reforming legal framework of construction sector and facilitate the participation of NGOs, CSOs and research institutions. In addition, the participants proposed to disseminate news releases and interviews on the pressing issues present in the sector.

IAAC commissioned the following special editions of business journals: “VIP expert” and “Business and Development”. Business and Development is published quarterly by MNCCI and is targeted to private companies which have its membership. “VIP expert” is issued by a private media company and its subscribers are not limited to any particular group. The special editions of “Business and Development” and “VIP expert” was issued on January 2016 and December 2015 respectively. The entire edition of “VIP expert” was dedicated to the grand corruption and was disseminated to central and local government organizations as well as state or municipal owned enterprises.
4) The joint work plan was signed on 10 May 2016 by Mongolian National Chamber of Commerce and Industry, Mongolian Employers Federation, Ulaanbaatar Chamber of Commerce, Independent Authority Against Corruption, the Asia Foundation in order to cooperate within “Strengthening Democratic Participation and Transparency in Public Sector in Mongolia” Project for a period between 2016-2018. The following three main areas of cooperation included in the work plan:

1. To promote transparent, accountable, fair and ethical business principles and practices;
2. Monitoring on public organizations’ activities related to business activities;
3. To mobilize private sectors in the areas related to ethics and corruption prevention and to increase knowledge and awareness of businesses and their workers and employers.

According to the program, the parties will jointly conduct business meetings, discussions and trainings, develop proposal on establishing sound ethical practices in business entities, translate Corporate Social responsibilities ISO 26000 and organize training in order to impart the standards among business entities, conduct bureaucracy index survey and study possibilities to elaborate the content of the Corporate Governance Training Program etc.

5) IAAC introduced annual anti-corruption action plan in all state and municipally owned enterprises. At the end of each calendar year the action plans are evaluated by methodology designed for assessing such action plans. The evaluation is conducted by independent experts commissioned by IAAC.

Mongolian National Chamber of Commerce and Industry (MNCCI) conducts a training on foreign trade management for people with various types of professional background. The training continuous for a period of one year which is two semesters and awards certificate of conduct of the business entity in its curriculum starting from the class of 2015-2016. Furthermore, IAAC is successfully negotiating with MNCCI and Mongolian Employers’ Federation in order to include topic on corruption and conflict of interests in the curriculum of the joint training on corporate governance organised by the aforementioned NGOs. The training is designed for members of the Board, executive managers, competent officials and other entrepreneurs.

6) No action have been taken in this regard.

**Assessment of Progress - 17th Plenary: SIGNIFICANT PROGRESS/PROGRESS/LACK OF PROGRESS**

The new Anti-Corruption Programme includes a section on business integrity, which is a positive development. There is no action plan yet, and it is therefore not knows which actions will be table to implement the goals established in the Programme. It is not clear how the private sector delegates will be involved in the monitoring of the implementation of the Programme. It is not clear either if there is an "allocation of responsibility for coordination of implementation of these measures with the relevant state bodies" as recommended; it will be important to clarify this point in the next progress update. Significant efforts were made by the IAAC to develop dialogue with the private sector on business integrity; it would be important to pursue the plan to develop corporate governance training, including business integrity. Development of anti-corruption plans in SOEs is also a positive development, more information should be provided in the future on the substance of these plans, their implementation and impact. There is no progress regarding the development of corporate liability that can provide incentives for compliance programmes and on disclosure of beneficial ownership.

**Progress.**