

**STRENGTHENING WORLD BANK GROUP
ENGAGEMENT ON GOVERNANCE AND ANTICORRUPTION
CONSULTATION FEEDBACK**



MONGOLIA

(DECEMBER 2006 - JANUARY 2007)

Participants:

GOVERNMENT

Mr. Lundeejantsan – Deputy Parliament Speaker and Member of Parliament
Mr. Munkh-Orgil- Member of Parliament, Head of the Legal Standing Committee
Mr. Dangaasuren-Head of the Anti-Corruption Agency
Mr. Altangerel-Head, Administration Department, ACAgency,

DONORS

Mr. Adrian Ruthernberg-Country Director, ADB
Mr Martin Marschke-Country director, GTZ
Mr Barry Primm-Representative, USAID
Mr William Foerderer Infante-Country Representative, Asia Foundation
Mr Tsutomu Moriya-Resident Representative, JICA
Mr Yasuyoshi Ichihashi –Ambassador, Embassy of Japan
Mr. John Chomel-Doe, Head of Resident Office, EBRD

PROVINCIAL GOVERNMENT AND COMMUNITY

Bulgan aimag, Selenge soum¹
Tuv aimag,
Arkhangai aimag

CIVIL SOCIETY, MEDIA, PRIVATE SECTOR

- Over 30 key civil society organizations and NGOs in Mongolia
- 6 media organizations including TV, radio, dailies and online information portal service
- Over 12 private companies
- School students and youth
- Bank funded projects (PIU Directors)

How did the process fit into ongoing country dialogue?

Improving governance, transparency and accountability in Mongolia is defined by the government as an important prerequisite to achieve private sector led growth in Mongolia. Key government policy documents such as Government Action Plan, PRSP, annual socio-economic guidelines etc reflected

¹ Aimag and soum: administration units in the provinces in Mongolia

certain measures to ensure successful achievement of this goal. The World Bank Country Assistance Strategy (CAS) that was approved in 2003 had also supported this goal as it was repeatedly emphasized by various stakeholders (civil society, private and public institutions, citizens and donors) who were part of the wide consultations taken under the CAS preparation. Under this framework, the Bank has conducted ICA, Poverty Assessment and other AAA that ensured significance of help in improvement of governance and anti-corruption. Therefore, in order to support implementation of both government's anti-corruption agenda and CAS objective, the Bank has been providing different activities in the areas of governance, private sector development, judicial reform and technical assistance on legal and regulatory framework etc. More specifically, the Bank program includes Governance Assistance Project, Legal and Judicial Reform Project, Private Sector Development Credit, Economic Capacity Building project that covers wide range of public expenditure and financial management aspects, technical assistance to the newly approved Law on anti-corruption in the area of asset and income declaration and conflict of interest issues. The consultation was very much linked to the overall country and Bank dialogue to improve effectiveness and efficiency of the Bank programs and projects. Overall, the GAC consultation was a part of the continuous Bank efforts to strengthen governance and anti-corruption in Mongolia and helped to upgrade Bank's dialogue and cooperation with the country stakeholders on this matter.

What were the key issues/themes raised by participants?

1. Bank's involvement in the governance and anti-corruption issues in the country was well appreciated by the participants and the consultation was found as timely event given the current political and governance challenges in the country².
2. Though significant improvements have been made by the Government (approval of Anti-corruption law, establishment of anti-corruption agency etc), implementation of such initiatives may be undermined due to poor public support and awareness, lack of indicators and measurements for good governance, lack of participation of various stakeholders including civil society and their monitoring.
3. Government and its operations, operational procedures are not transparent. Government should define its functions clearly, and revisit the role of the state and have clearer priorities and vision for Mongolia's future development.
4. Various studies tell that corruption has become a part of normal life in all sphere of Mongolian society. However, there is a lack of political commitment to accept the existence of corruption.
5. Much needs to be done in terms of upgrading civil society participation in governance and anti-corruption issue and implementation of relevant legislation without limiting their participation with consultation, seminar etc³. Mechanism to ensure active participation and monitoring of CSI in governance matters should be in place which in turn will improve their capacity.
6. Allow substantial involvement of civil society institutions (CSI) in the monitoring of Bank development programs and projects from preparation through supervision and involve its representatives in project steering committees in order to control project implementation and enhance their effectiveness.
7. Develop mechanisms for effective partnership and cooperation among the CSI, private and public sector, such as anti-corruption agency.

² A participant advised that Bank be cautious about its involvement in the GAC issue at this stage. Especially, not to be part of disputes among the political parties.

³ In this regard, NGOs asked the WB to be responsive after these types of consultations and report back on the results.

8. The Bank, as development policy institution needs to disclose and provide more detailed and clear information on its programs to the public, especially for the youth; needs to develop its cooperation with CSI and private sector, needs to review its poverty statistics for Mongolia; needs to implement programs from which not only government but also ordinary citizens can benefit; and hire right and fair local staff. Outcomes of donor funded governance related projects need to be reviewed.
9. Civic service is the only unreformed sector in Mongolia during 16 years' of transition period. Much needs to be done in this area to put code of ethics for civil servants in place, improve poor and unrealistic quality of and access to service, build capacity of civil servants, so that public services are delivered in more accessible and equal way for everybody in more healthy environment.
10. Increase public awareness on governance. Training program on anti-corruption and governance needs to be developed and included in curriculums of schools and colleges etc. Conduct detailed analysis on the sources and levels of corruption then based on the findings, develop the mechanism on how to fight against corruption. Support institutional framework for good governance including capacity building for research and analytical works. Approval of Law on Freedom of Information is needed.
11. Discussion on Governance needs to include also social service aspects. Take measures to enhance ethics of government officials and politicians. Unethical and politicized appointments in the government positions encourage wrong understanding of politics and poor behaviors among youth. Need to consider corruption issue in relation to the human development as it effects to develop socially accountable and high ethical people in the society.
12. Lack of international practice and knowledge on government and parliament efforts for enhanced transparency⁴.

WB cooperation and help is sought in the following areas:

I. Legal and Regulatory framework:

- Improve existing legal and regulatory framework on the GAC;
- Develop detailed rules and procedures that are designed to implement the law.

II. Capacity Building:

- Provide the anti-corruption agency with advanced technology, professional equipment, relevant hardware and software;
- Build capacity for ACA staff through various required training;
- Technical assistance to encourage and empower youth to actively participate in governance issue and social development in Mongolia. Relevant capacity building program and training for youth is needed.
- Building capacity of CSI to monitor governance, budget process etc.

III. Increase public awareness:

- Publish required regulations and interpretation of the legal documents.
- Need for Bank's input and assistance to separate business from the politics and encourage business participation in good governance and anti-corruption.

⁴ IMF expressed its help in bringing the knowledge and international practices on this. Open Society Forum can also provide some studies on corruption and governance issue in Mongolia including competitiveness index done by OSF jointly with World Economic forum.

- Bank's assistance in public enlightenment and public awareness on Governance and anti-corruption, prevention from it and disseminate the law.

IV. Structural issue:

- Appreciate possible assistance and support in civil service reform in Mongolia.
- Need for more detailed study and research on anti-corruption in specific sectors as sectors vary from each other. It is important to shift from general understanding into detailed analysis of the existing situation on governance and corruption issue in Mongolia. Here, more inputs from the Bank and other donors are needed.
- More close cooperation with CSIs to allow their substantial involvement in the process of Bank's projects and programs from preparation through monitoring and supervision etc.

Respondent Type	Consultation Reply
1. Top governance challenges in country	
[Government]	<ul style="list-style-type: none"> - Lack of HR and financial capacity to effectively implement the AC law, lack of adequate equipment and hardware and software supply for the agency to conduct its operation; - Lack of transparency and openness in the government operation; - Poor partnership among the government, public, media, civil society and private sector;
[Legislature]	<ul style="list-style-type: none"> - There is a need to strengthen current anti-corruption regulatory framework through developing detailed rules and procedures
Youth & Students	<ul style="list-style-type: none"> - Prepare next generation of leaders through more ethical based training. - Greater involvement of youth in Bank projects/programs
Rural government and community	<ul style="list-style-type: none"> - Corruption in public institutions such as universities, hospitals, cadastre office, custom, police and etc. - Weak accountability mechanism in the Government level due to conflicts and disputes among political parties in the Parliament. - Weak governance that encourages existence of corruption. - Implementation of law and its regulatory framework is weak. - Government operation and decision making process are too centralized - Political and business oligarchy is existing in the Government. Need to separate businesses and industries from the politics. - Lack of information
[Civil Society]	<ul style="list-style-type: none"> - Weak civil service is becoming a cause of corruption due to poor, unqualified and bureaucratic services. - Mindset and attitude of government officials should be changed. <p>Government operations, legal and decision making process are not transparent.</p>

Respondent Type	Consultation Reply
[Private sector]	<ul style="list-style-type: none"> - Lack of effective partnership mechanism among the private, public sectors and the civil society. - Ineffective and inefficient government services burdensome private sector development.
[Media]	<ul style="list-style-type: none"> - Lack of information in all spheres of the society. Approval of the Law on Freedom of Information is needed.
[Donor]	<ul style="list-style-type: none"> - Government commitment and ownership to implement the anti-corruption law. Lack of ability to implement the law properly; - International best practices and knowledge on fighting against corruption is lacking.
2. Promising areas of governance and anticorruption reform and potential obstacles	
Donor	Appreciation of the Bank's leadership and efforts in the governance and anti-corruption areas. Donors are ready to support the government's anti-corruption agenda under the scope and coverage of their programs.
Civil Society	<ul style="list-style-type: none"> - Enlighten the society to understand governance and anti-corruption is crucial in making progress towards the anti-corruption actions. The Bank can collaborate with the CSI to monitor its projects through active involvement of them in the project preparation through supervision activities. - Need to work on the civil service reform which is undermining overall country development.
Civil Society	Build capacity of CSI to monitor implementation of governance related legislation
3. How the Bank should engage where governance is weak, and circumstances under which to disengage	
Rural government and community	<ul style="list-style-type: none"> - Technical and financial assistance for training and capacity building - Technical assistance for information dissemination and strengthen information centers in rural areas - To provide small loan that meets real demand in rural areas
Government	Train staff of the anti-corruption agency, bring international best practices on developing rules and procedures on asset and income declaration and conflict of interest.
Civil society	<ul style="list-style-type: none"> - Better not to engage in the inter party disputes that are taking a place now.

Respondent Type	Consultation Reply
	- Conduct detailed study and analysis on the sources and levels of corruption.
5. How to strengthen the Bank's work with champions of reform outside the executive branch of government – parliament, judiciary, civil society, media and the private sector	
Government	Work as a facilitator among the public, private sector and civil society to set up effective partnership.
Civil society	Disclose more information about the Bank's programs and internal procedure.
Civil society	Ordinary citizens are not benefiting from Bank's work, so it should implement more programs directed to the people and improve their lives rather than working only with the government.
6. How to mitigate fiduciary risk in Bank operations?	
Civil society	Hire fair and right local staff through enforcing Banks rules and procedures on selection of staff.
Civil society	Involve more CSOs in the preparation, implementation and supervision of Bank projects and programs.
7. The Bank's role vis-à-vis other donors in supporting governance reform	
Donor	Bank will be leading donor working on the GAC area in Mongolia. Bank is well positioned to take a lead on this given its capacity and expertise, coverage and importance of its programs for the country priorities.
Government	Appreciate if the Bank can facilitate support of other donors in implementing the anti-corruption law.
8. How to monitor progress in governance and anticorruption at the country level	
Civil Society	<ul style="list-style-type: none"> - Need to develop certain indicators and criteria that are to be used for measuring results of the governance programs and activities. - Need t work with CSO to monitor the progress in GAC, develop a mechanism for effective partnership
9. Areas for improvement in GAC strategy and country-level support	

Respondent Type	Consultation Reply
Civil society	<ul style="list-style-type: none"> - Clearly define the support Bank is going to provide and the objective it is going to achieve at the end. - Provide strong support to the CS institutions in order to build their capacity. The Bank needs to work more close with CSI and support their partnership with other stakeholders including Government and etc.