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Cracks in the CEMENT BUSINESS

The foundation of economic development is infrastructure, which includes transport, communications, energy, roads, bridges, and buildings. The difference between highly developed and developing countries is most clearly illustrated with how well-developed their infrastructure is. And, it is said that the key to advancing the development of infrastructure is cement.

MARKET

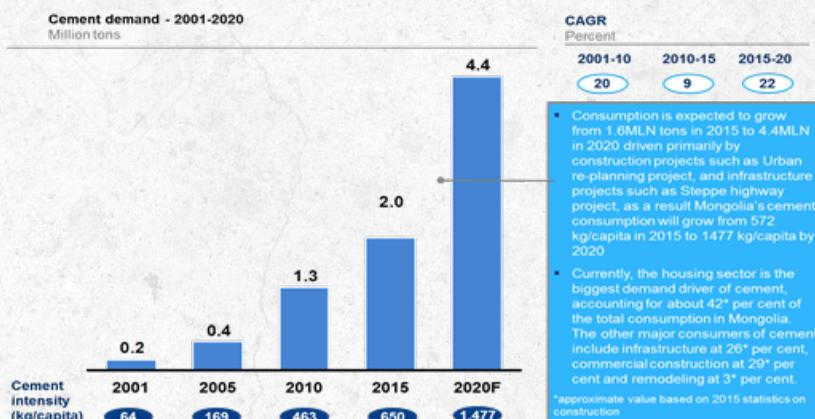
Since the beginning of the new millennium, Mongolia's consumption of cement has doubled every five years to meet the demands of economic growth and increased urbanization. However, the Khutul cement and lime factory, which was the only cement plant in Mongolia, could only produce 200,000-300,000 tonnes of cement annually. Therefore, the rest of the demand was met by imports from China. In 2009, Mongolia imported half a million tonnes of cement, but the number reached 1.5 million tonnes in 2015, which meant that 90 per cent of total cement supply was imported.

When Mongolia's economy experienced a period of rapid growth with its GDP increasing by 17.6 per cent in 2011, the government was very optimistic about the future and made plans to implement many mega-projects in infrastructure, urban planning, mining, railway, and roads. It

Due to political instability and the absence of coordination in government activities, Mongolia's policy on its infrastructure has lacked vision and discipline. This has created unhealthy competition, resulting in large investments running deficits, and could create a situation where thousands of people might end up jobless. It can be seen from the cement industry.

was then estimated that these projects would require 16.1 million tonnes of cement within a 5-year period from 2015.

A 2013 study by McKinsey suggested that the cement demand driven by large projects, such as providing housing to 100,000 households and building half of the 7,000-km long Steppe highway, would keep increasing by 22 per cent annually and reach 4.4 million tonnes per year in 2020.

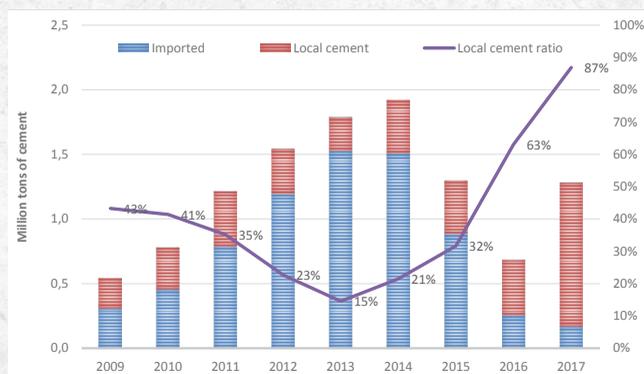


- ▶ However, there was a change in policy direction politically as the parliament passed laws that put restrictions on foreign investment, which happened at the same time as commodity prices were

falling. It deteriorated Mongolia's macroeconomic environment, forced the mega-projects to slow down, and darkened the bright outlook.

THE FEVER

Four companies set out at the same time to produce enough cement to meet the demand from mega-projects domestically, without needing to import cement from abroad. These companies included Moncement and MAK Khutul, both of which were local Mongolian companies, and Munkhiin Bayan Gal, which was founded by the Chinese state-owned CUCC company. They all built a cement factory with the capacity to produce one million tonnes a year and commissioned them one after another in 2015-2016. By 2018, these four factories were able to substitute cement imports and started supplying 90 per cent of total cement demand domestically.



Source: <http://www.ecustoms.mn/statistics/>

SERIES OF HITS

The value of the tugrug has halved in the last six years. Within the same time period, cement sales slowed down as factories started running deficits. In March 2012, one USD could buy 1,410 MNT and one tonne of cement cost 120 USD. In November 2018, one USD can buy 2,600 MNT and one tonne of cement costs 60 USD. Given that our cement factories were built with investments in USD, their sales revenue was halved because of tugrug devaluation, which has made it extremely difficult for them to repay their loans as their return on investment has been

reduced significantly. These factories use technologically advanced processes, which has allowed them to significantly improve the quality of cement, lengthen the life of infrastructure, and be able to make customized blends as per requirements from clients. For example, Moncement is supplying the Oyu Tolgoi underground project with a special blend of cement used in ground support.

Due to a fall in prices of mining exports, reduced foreign direct investment, and an increasingly unclear legal framework, Mongolia's construction sector has experienced a slump in its growth. As a result, our cement consumption has not exceeded 1-1.5 million tonnes a year. But an upward trend has been observed since 2017, when commodity prices increased.

reduced significantly.

Another area where the cement factories were hit was the cost of electricity. Approximately 20 per cent of their operational costs go on electricity, but its price has almost doubled in the last six years. In 2011, the electricity tariff stood at 100 MNT per kilowatt hour. It increased to 192 MNT in 2017. In addition to electricity, railway tariffs increased by 26 per cent in the last three years, and the price of diesel fuel increased by an abrupt 45 per cent in 2018. This ▶▶

- ▶ means that the cost of transport and fuel for cement factories has soared by 25 per cent in the last three years.

In 2013, the government made a decision to encourage investment through tax-related and non-tax related incentives. As a consequence, the law on investment was revised to exempt construction

A SOLUTION

The projects that drove McKinsey's study did not end up being implemented. None of the electric power plants were built, and neither was one single kilometre of railway.

Under these circumstances, the four cement factories have run out of options and have been selling their cement for less than their unit costs. They are willing to do anything that could help them avoid stopping their operations. Construction companies are bartering apartments they are building for the cement and other materials they need. The entire value chain of our construction industry is suffering

FOLLOWING THE TRACES...

What is happening with our cement industry is a clear example of the challenges Mongolia is facing to develop its industrial sectors as we still transition to a market economy.

When the government restricts or tries to stabilize prices, the medium- and long-term outcome is highly damaging to industries that need large investments. This is why our manufacturing industries, except for mining, are not developing in Mongolia. The power over the public budget is too centralized, and we are running a budget deficit every year, which makes it impossible to reduce government debts.

Also, the authorities are working towards their own interests. They make the government issue bonds in foreign markets and establish various domestic funds to raise capital for the companies they own. In addition, they have been making the market

projects from customs taxes when they are importing their equipment, and impose zero value-added tax on them. However, the Customs General Administration has not been compliant with this change and has made businesses who made investments in this sector face a huge amount of uncalculated costs. Investors now doubt Mongolia's legal framework and how it is enforced.

from a complete shortage of cash.

A potential solution is to cover the roads with concrete instead of asphalt. Concrete roads get fewer cracks, are less prone to damage from fuel leaks, and have a lifetime of more than 30 years, which is 50 per cent longer than asphalt roads. From 2015 to October 2018, Mongolia spent 6.5 million USD to import 13,745 tonnes of bitumen to build asphalt roads. When it comes to the public budget, they do not care about how they are building the road and end up spending one billion MNT to build one kilometre of road.

dysfunctional under the name of price stabilization.

When Mongolbank started allowing for heavily subsidized housing mortgages in 2013, the price of housing doubled in the market. As a result, we have 66,000 unsold, empty apartment units in the capital city today, while 200,000 households are having to use pit toilets and burn coal, which continues worsening the quality of air. If the government had not gotten involved, the construction industry would have had no other choice than to build the right number and type of apartments as per the demand from the market.

Our economy will get on the right trajectory and achieve infrastructure development only when our government is free of corruption and when prices are set by the market, not by the state.

**ARTICLE**

Chris Melville
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One of the headline issues giving rise to concerns among investors in Mongolia right now is the effect of a new Currency Law being approved by Parliament, and its implications both for existing and potential FDI.

Amid a falling MNT to USD rate, currently now over 2600 from a comparatively stable 2400 to 2500 through 2016 and 2017, the basis of the new legislation is not entirely clear. While it can be seen as a mechanism for stopping further devaluation of the MNT, to strengthen anti-money laundering compliance or discourage offshore transactions, some commentators view aspects of the new

Currency Law as a means of enabling or ensuring that revenues from major projects go through the Mongolian banking system.

In June 2018, a revised version of the Law of Mongolia on Currency Regulation was submitted to the Parliament. Early in the autumn session of the Parliament, the Economic Standing Committee discussed the draft and resolved to prepare and submit the Draft to the Parliament for its consideration.

Certain politicians have been trying for some time, in different ways, to ensure that revenue streams from major projects, such as Oyu Tolgoi, largely flow ►►

▶ through Mongolian domestic banks. Given the size of the investment to Oyu Tolgoi, with over USD 4 billion provided by international lenders such as EBRD and IFC, it is understandable that diverting this volume of currency through the domestic banking system comes with high risk. Oyu Tolgoi's Mongolian bank accounts have been frozen by government order in the recent past, for example, in 2013 when Rio Tinto and the Government were discussing issues with, and possible amendments to, the Investment Agreement signed in 2009, and Oyu Tolgoi was subject to a significant tax claim.

A number of commentators and business groups have expressed serious reservations with the new draft, highlighting the following main concerns:

- The Bank of Mongolia (BoM) may open foreign currency accounts and implement settlements and transactions for foreign non-residents who are considered as strategic investors. This means that the BoM becomes a service provider, competing with other banks, which may compromise its current role as an independent regulator and policy maker.
- The BoM has the right to set restrictions on foreign transactions and foreign currency trading to promote macroeconomic stability.
- In addition, the Financial Regulatory Commission may set limits on transactions, taking into account the MNT exchange rate.
- The draft also seeks to reduce the threshold for a foreign-invested company from 25% of the equity to 10%, and imposes an obligation on foreign-invested companies to disclose their financial statements to the BoM (through the Ministry of Finance). While aspects of the draft are unclear, this appears to move away from the concept of equal treatment of foreign and domestic investors enshrined in the

Investment Law.

These rights to restrict foreign transactions and foreign currency trading would seriously increase Mongolian country risk and damage ongoing and future FDI flows. The fact is that mega-projects are already at a reasonably high risk of politicization. To codify in law the ability of the regulators to become involved in commercial transactions and set limits for policy reasons would significantly increase risk for project financiers and enhance the risk, whether in reality or perception, of specific projects or businesses being singled out for unfair or uneven treatment.

Mongolia already has a Currency Settlement Law, enacted in 2009, which requires, with some exceptions, all payments in-country between domestic entities to be settled in MNT. This law is largely restated in the new draft Currency Law, without significant amendments, and it appears that the old law will be subsumed within the new, expanded Currency Law. The 2009 law was always somewhat unclear on whether contracts could be priced in or pegged to a foreign currency even though the payments under that contract would be made in MNT. It will be interesting to see whether this grey area is cleared up under the new legislation.

Given that the draft law is not yet finalized, it is too early to give a full assessment on its impact, in particular as there appears to be a similar draft submitted by the President's office in October. While it is to be expected that discussions, changes and amendments to the current draft will be made during the standing committee and Parliamentary sessions, it is important that law makers consider carefully the potential effects of some provisions on Mongolia's risk profile and the impact that this may have on mega-projects and foreign investment generally going forward.



MICHELLE CARUSO-CABRERA

CNBC Contributor

THE STOCK MARKET TELLS YOU THAT THE ECONOMIC POLICIES OF THE NEW ADMINISTRATION HAVE BEEN VERY GOOD AND SO DOES THE ECONOMIC DATA

Michelle Caruso-Cabrera is a member of the Board of Directors of a financial services firm, Beneficient, and a contributor to CNBC. Previously, Caruso-Cabrera spent more than 20 years at CNBC, most recently as chief international correspondent and co-anchor of "Power Lunch." Throughout her career, Caruso-Cabrera has covered a wide range of stories from the 2008 financial crisis to U.S. elections to the debt crisis in Greece and the Brexit vote. She has traveled the world reporting live from Cuba, Iran, Ukraine, Iraq, Italy, Russia, Venezuela and Latin America, among many others. She has also been awarded Broadcaster of the Year from the National Association of Hispanic Journalists and was named one of the "100 Most Influential Hispanics" in the country by Hispanic Business magazine. She earned a bachelor's degree in economics from Wellesley College.

Jargal Defacto: I understand you have been travelling in Mongolia a bit.

Michelle Caruso-Cabrera: Yes, Mongolia is a beautiful country, we have been all over the countryside and are excited about the potential economic developments.

JD: You could feel this potential?

MCC: Yes, definitely, in tourism but also when I am told there are buildings that weren't here two three years ago, you can see the growth happening.

JD: This is tremendous but we would like to see more of this wealth come to every household.

MCC: It is not easy. The transition from a planned economy by the government to a market economy which is fairer and just can take a very long time.

JD: You are the right person to talk about this because you are an economist, you have been in media all your life and have achieved tremendous success. You have been working for CNBC all your life so please tell us what it is for you now.

MCC: CNBC is a tremendous place to work, I was there for 20 years, in fact I am still going to be a contributor, I am going to appear on the network several times a month to do commentary. I specialize in international news; I was the chief international correspondent. That meant that I covered a lot of international financial crises and spent months and months in Greece for example. By the time that the Greek financial crisis was over, I had a doctor, an eye doctor and dentist in Greece. I also covered the financial crisis in Cyprus but those were really important things to cover because economists sometimes speak very antiseptically, very dryly. They will say things like, Greece needs to go through a fiscal adjustment. A fiscal adjustment means pension cuts, budget cuts and balancing the budget is very painful for society. It is however necessary and what comes out on the other side is better but you want to show people what those measures actually mean.

JD: As an economist and journalist, what is the key ingredient that makes you accessible to the public?

MCC: Most stories are actually not that complicated and many people make them more complicated than they should be. Most stories are actually very simple and you need to tell them in simple ways. Wall Street, often economists use very big

words when the concepts they are talking about are actually very simple. I've always worked the most to speak in simple terms about supposedly complicated issues.

JD: What makes CNBC different than other major media outlets?

MCC: Other networks are mainly politics, what we call mainstream news. CNBC is business news and economic news. We cover the stock market as well as economic and foreign policy that will affect it. Everything is filtered through the lens of the economy and financial markets. We don't take an official political leaning as many other networks do in the US.

JD: What is the main principle that allows you to operate in this manner?

MCC: That's very easy. The stock market tells you tells you every day. The stock market tells you that the economic policies of the new administration have been very good and so does the economic data. You can have many people complaining but when the GDP is the highest it has been in years and when unemployment is the lowest it has been in years; those are the facts.

JD: Tell us about the 'Power Lunch' program you take part in.

MCC: Power lunch happens right in the middle of the day. We consider it our halftime report in terms of American football. By 1 o'clock most of the stock market reaction to whatever the news is in the morning are already going to be put into the market so we consider the middle of the day a time when we can spend longer amounts of time on interviews.

JD: So power lunch consists of people that drive the changes in the stock market?

MCC: Yes, but we also spend a lot of time on economic and administration policy because there is more time to discuss the pros and cons of different policies.

JD: This would require you to keep up to date with every change from morning to night. How do you keep up with it?

MCC: I never stop reading. I read a lot of policy papers, research that comes out of analysts. When I pick up a newspaper in the morning, everything in that newspaper to me, should be old. There should be no surprises.

JD: Do you get any surprises?

MCC: Sometimes there are very good investigative pieces by the Wall Street Journal for example that are surprising. But when it comes to the day to day economic news or stories about companies, there should be no surprises.

JD: That means that with the information you have, you should be a good investor in the market.

MCC: CNBC has always had concerns about conflict of interests. They only allow us to invest in mutual funds or ETFs. We cannot own individual stocks because they never want it to be perceived that we want to influence something that we own. I am allowed to own Comcast which is the parent company of CNBC because I think everyone assumes that we are going to have some predilection towards them.

JD: What was the most interesting program you ever participated in?

MCC: My first interview with Milton Friedman was extremely eye-opening to me and gave me a lot of clarity about what the role of government should be in the economy – very small.

JD: You wrote a book 'You Know I'm Right: More Prosperity Less Government' in 2010. Was this book influenced by your interactions with him?

MCC: Yes, actually I dedicated my book to Milton Friedman. He makes it very clear what should government do. The federal government should only protect the borders, maintain law and order, enforce private contracts and do as much as possible to foster competition within the economy. So many people want the government to things that they are not very good at. Government isn't very good at doing anything but you have to allow them to do the things that only they can do, like protecting the borders. His idea was that government should be as local as possible so people can always move. Education should be done at the town or municipality level not even at the state level so if you don't like the policies in a particular town, you can always move to a different part of the state or the country. He got worried when the federal government wanted all laws to be federal. Then were would people go, we always say people walk with their feet to tell you that the economic policies in a state are bad or good.

JD: Can I ask you about the challenges traditional TV is facing with the onset of social media and how you adapt to them?

MCC: We embrace everything such as Facebook live and as much content as we can on the internet, streaming – you can watch all of our networks on your phone. We put stuff on Netflix, we do documentaries, I interviewed Pitbull once. We seek out advertising revenue from any source.

JD: The advertising revenue of traditional media is in decline because of social media. How do you deal with that?

MCC: That's above my paygrade because at CNBC, we serve a very particular, wealthy audience so we still continue to have bigger revenue streams than other networks. The joke in the US is that we went from analogue dollars to digital dimes so we have to do a lot more to account for the loss of those analogue dollars

JD: What is your take on cryptocurrency?

MCC: I am going to give you a very cliché response in that the underlying technology in terms of transfer of title is going to be very important. I can't see why cryptocurrency would take over US currency but I can see how that can happen in Venezuela for example where there is no faith in the government currency.

JD: Can you talk about the program for which you won an Emmy?

MCC: My first job out of college, almost 30 years ago was at UNIVISION Spanish Television. I was a junior producer in a team of about four or five people and the AIDs crisis was very new. We made a lot of progress with AIDs, people now live with AIDs with the help of drugs. Those days, it was completely new and we thought there were going to be many children who were going

to be left as orphans. UNIVISION is a national Spanish language network in the US so we focused on a family in Los Angeles, Chicago, Washington DC, Houston, Miami and interviewed them about what they were doing to prepare for the possibility that their children were going to be left without them. It was a heartbreaking series but I would bet that a lot of those parents actually survived which goes to show you the progress we made very quickly.

JD: You won broadcaster of the year in 2004 from the National Association of Hispanic Journalists.

MCC: I was very honored to be selected by them as broadcaster of the year. The National Association of Hispanic Journalists is an organization of journalists who are all of Hispanic descent whether they are Mexican-American, Cuban-American, Puerto Rican or wherever they are from with the common denominator being that we all come from a heritage where Spanish was the dominant language. There are particular things you cover when you are a Spanish language journalist. Immigration is a huge issue to the audience.

JD: Are you going to write another book?

MCC: I am thinking about it. Now that I am going to have a little more time. I am going to be on the Board of Directors of the company which is a new thing in America as not many women have been on boards of directors which is a very important position in corporate America. It's mandated by quotas in Scandinavia but we don't like quotas in the US, we like merit. It has taken years but we are making progress and there are more and more women getting into those positions, I am one of the first ones to be joining a board so that is going to take up time. When I figure out how much time it takes, maybe I write another book.

JD: Tell us about the demands on tele journalists.

MCC: It takes a very thick skin and you must be willing to tolerate rejection because you apply to many jobs and you don't get the vast majority. When you are a reporter, any people tell you they don't want to talk to you because they are trying to hide things or because they don't want to be on TV. It takes will but journalism in America is very special. It is what makes America an exceptional country as journalism is protected by the constitution's 1st amendment. It is a wonderful thing in the US.

JD: I had a first-hand experience of the freedom of speech in 9/11 while in Colorado. Can you share your experiences on that day?

MCC: 9/11 was a very difficult day. I was in makeup getting ready when the first plane struck. I had just finished when the second plane struck. They tried to send me into the city but all the bridges had shut down so I didn't get there. We assumed that we had a lot of people that were frequently on CNBC that passed away because there were a lot of Wall Street offices there. It was heartbreaking and it was an awakening that we faced an enemy that we didn't realize existed.

JD: How do you see the hatred that 9/11 instilled in people being resolved?

MCC: Unfortunately, in many countries, there still is no freedom of expression, discussion or religion. A lot of this hatred because the government tells them that those people are infidels, wrong or evil. It is very difficult because we don't want to dictate how people live their lives and behave. We try to serve as a beacon on the hill – look at the prosperity you can have if you follow this kind of thinking. I think the best thing we can do is to be the perfect example, to the degree that is possible. When you tell people what to do, they sometimes don't want to hear it.

This interview originally aired in September, 2018. It has been edited here for space and clarity. You can watch the full 30-minute interview at jargaldefacto.com.



*Guest commentator Dolgion Aldar,
Consultant and Board member of IRIM*

VOTE OF NO CONFIDENCE ON GOVERNMENT

On November 7th, 27 Members of Parliament requested that the Speaker of Parliament initiate vote of no confidence procedures against the cabinet. The issue was discussed in Friday's session of parliament with the proposal ultimately being defeated 33 - 40. Despite the defeat of the vote, its discussion has highlighted one of the darkest issues of Mongolian politics leading some to proclaim the 30th of November the Black Friday of Mongolian politics.

One of the main takeaways from the vote is the mere presence of the vast majority of legislators with the public quick to remark that the attendance does not even come close to approaching the levels we saw in Friday's vote when social issues such as air pollution are on the docket. Discussions on the need for transparency and accountability, especially within political parties were also noteworthy. What began as a few individuals raising those concerns a few years ago has morphed into a mass public outcry. However, there were no concrete action plans on approaching the fight against corruption presented to the cabinet.

During the discussions on the vote of no confidence, civil society raised a number of questions. The primary concern was whether those proceedings were truly initiated in response to the cabinet's incompetence or whether they constituted little more than political maneuvers. The second question was how this vote was going to impact the conduct of business in regards to legislation currently on the floor regardless of whether the vote passed. The third issue that was raised involved the continuity of government and whether there would be enough competent individuals to form a new government should the vote pass. The fact that those pushing for the vote of no confidence failed to provide adequate answers to those questions may have led to suspicion as to their motives.



Photo credit Ts.Myagmarsuren ТМАРЦЫРЭН

Mongolian civil society and international organizations alike have been paying close attention to Mongolia's unstable political situation. It is encouraging that the current government and its policies will persist but the issue of accountability and transparency are yet to be addressed.

One of the characteristics of a democratic society that we live in is political accountability that often takes the form of turnout in elections. People will surely voice their contempt during the 2020 elections. Recent studies have however showed that civil society and NGO's are the driving force behind anti-corruption initiatives. People believe in civil society more than the political establishment. This demonstrates an awareness of the issue and a commitment to continue engagement in the democratic process. Therefore, it is imprudent to declare a democracy bad simply because of the incompetence of their elected legislators.

The electorate, with awareness of the indiscretions of their legislators should reflect carefully on who to vote for in the next elections. On the other hand, it is the responsibility of political parties to propose sound programs and be transparent in the nomination of their candidates.

CURRENT STATE OF POLITICAL PARTIES

The Democratic Party and Mongolian People's Party are the two main political parties that operate within Mongolia. Political parties and the competition between them constitute an important element of democratic society. Competent political parties are therefore essential but when we consider whether Mongolia's political parties, it would be anecdotal to call them competent.

An Asia foundation survey on corruption in Mongolia that political parties ranked 2nd among 17 government institutions in level of corruption. This demonstrates that the public view political parties as a failure. Our survey on social welfare also found that people were most discontent with the current political and economic situation in the government. 70% of respondents expressed complete disillusionment. While some might question the relevance of public opinion it is worth noting that the primary function of political parties is to represent the electorate and deliver on campaign promises while emulating responsibility and responsiveness. Neither of the political parties fulfill any of those four criteria.

In many aspects, Mongolia is viewed as having very sound legislation but it is interesting to note that laws governing political parties have not been amended for a long time. This is disheartening given the incompetence that Mongolian parties are marred by and is definitely a question we should ponder. Political parties with good governance would have independent committees to oversee the implementation of internal policies and procedures. There is a complete absence of such committees or any statements that would suggest consistency with their purpose.

The establishment of a functioning democratic country is a gradual process. However, this does not mean that we should disengage from politics and



**DEMOCRATIC
PARTY**



**MONGOLIAN
PEOPLE'S PARTY**

turn a blind eye to the scandals. There is a need for proper voter and civic education in Mongolia at all levels. The 2016 US election showed that the quality of civic education contributed to the level of political awareness and engagement.

Moreover, we need to reevaluate the legislation surrounding political parties. Open City foundation provides numerous sound measures we can adopt to transparency of political financing. Ensuring that sanctions for corruption are implemented more effectively, the renewal of the 2005 legislation on political parties, more transparent party financing are just some examples of the measures proposed.

Finally, good governance should emulate within political parties with members overseeing the conduct of the party. As we live in a democratic society, it feasible to take down those political parties given the prevalence of different political parties in Mongolia. However, membership issues, financing and existing electoral law impedes the ability of third parties to compete with the two main parties. The 2016 election however saw the use of blank ballots to express dissatisfaction with the quality of candidates the parties proposed.

Those blank ballots and the current events demonstrate active engagement from civic society. Elements of democratic society such as this active engagement, independent researchers and balanced media should all be increased in Mongolia.

INDEPENDENT AUTHORITY AGAINST CORRUPTION STATEMENT



TOGETHER FOR A CORRUPTION FREE SOCIETY

In response to Parliament Member L. Oyun-Erdene's comment that law enforcement agencies were working to protect Mr. M.Enkhbold yesterday by arresting family members of parliament members, the Independent Authority Against Corruption made a statement.

Worldwide, there are about 100 anti-corruption agencies with different names, jurisdictions and functions. It is a manifestation of a new wave of interest countries place in fighting corruption. The anti-government agency should demonstrate political will to fight corruption as spearhead government efforts to fight corruption. To accomplish these tasks, the anti-corruption agency should receive more support and a wider jurisdiction. We should also be careful about making determinations about an agency's capacity and competence based off of a few public cases.

Mongolia's anti-corruption agency is a product of Mongolia's 2006 law against corruption which set out its structure and mandate. The head of the agency is appointed by parliament for six year terms



and there are very detailed criteria determining eligibility. In addition to investigating corruption allegations, the anti-corruption agency is also tasked with raising awareness on corruption and conducting research. Given that there is no one clear indication of corruption, it is difficult to assess the effectiveness of the anti-corruption agency.

Corruption perception surveys and indexes are widely used to generate an idea of the levels of corruption. The most widely used of those indexes is that of Transparency International. However, as those are perception based, more exposure to corruption issues can skew the results so we should be careful in interpreting increases and decreases in perception indexes. Just to give an example however, according to the corruption perception index, Mongolia ranked 99th out of a hundred and something countries in 2007, 94th in 2012, and 99th in 2017.

I think the anti-corruption authority has been doing its best within its limited capacity. International human rights and other organizations recommend that the agency should be made more independent from political interference but also financially, in selecting staff and in its status. In this case, we can demand that the anti-corruption agency take effective measures. The anti-corruption agency's mandate is to fight corruption within society and it should collaborate with every possible stakeholder in pursuit of their mission. It should therefore expand their engagement to civil society, citizens, the private sector and international organizations for example while still serving societal interests.

This review has been edited here for space and clarity. You can watch the full 30-minute review on the Defacto website [HERE](#).



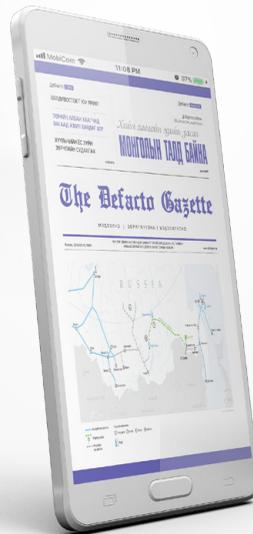
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