

The Defacto Gazette

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WEEKLY



DeFacto **ARTICLE**

№497

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HARMS OF

CLASSIFIED INFORMATION, MISINFORMATION, AND DISINFORMATION

DeFacto **REVIEW**

➤ EXTERNAL DEBT OF MONGOLIA

The external debt of Mongolia's public and private sectors had reached 29.7 billion USD by June 2019. If we look at the debt structure, 7.2 billion USD is government debt, 2 billion USD is the Bank of Mongolia debt and 2.3 billion USD is commercial banks debt.

➤ IS MONGOLIA READY FOR DIGITAL TRANSFORMATION?

➤ WHY DOES THE GOVERNMENT CLASSIFY INFORMATION?

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The public right to information plays a crucial role in preventing government officials from abusing power with an aim to extract bribes and countering attempts to undermine democracy. Any information held by state bodies, especially by state-owned enterprises, is still non-transparent or kept classified, and hence, Mongolians have limited opportunities to exercise their rights to information. In addition to that attempts to manipulate elections are made by spreading misinformation and disinformation. On one hand, the government cannot ensure citizen's right to information, and on the other hand, citizens cannot distinguish between misinformation and disinformation.

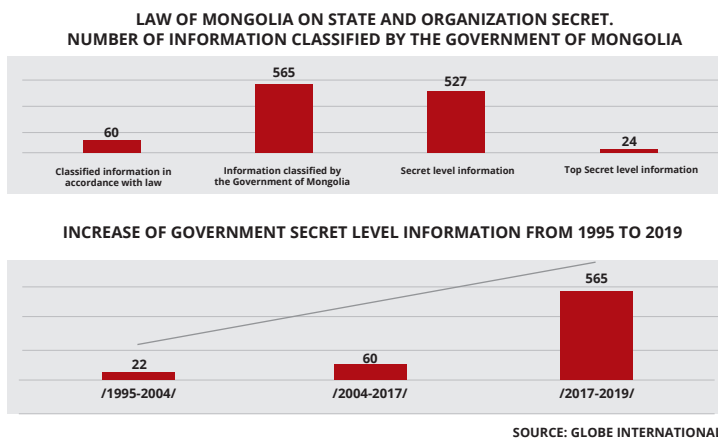
CLASSIFIED INFORMATION

The state and state-owned enterprises are required to provide transparent and open information for citizens under the Law on Information Transparency and Right to Information which was adopted in 2011. However, with the adoption of this law other relevant laws were not amended accordingly. Consequently, due to contradicting laws, state bodies and officials intentionally classified information that is supposed to be open to public.

The non-governmental organization Globe International has carried out a project called "Promoting the public right to information through legislation consistent to the international standards". In this project, the organization conducted a case study and "Analysis of the act limiting the right to information". In this case study, requests for specific information were made to 16 state bodies. The Ministry of Labor and Social Protection and the Authority for Family, Youth, and Child Development, an



▶ implementing agency of the government, did not respond to the request for information. Moreover, the study revealed that the right to information is getting further restricted in Mongolia. The number of information that was classified as state secret reached 22 between 1995-2004 and 565 in 2019.



In Mongolia, information is secretive. Moreover, there is no agency responsible for implementing the Law on Information Transparency and Right to Information and, as a result, citizens cannot exercise their rights. Furthermore, a rise of classified information is becoming an underlying reason for corruption and unfair competition in Mongolia.

MISINFORMATION AND DISINFORMATION

In Mongolia, citizens cannot fully exercise their right to information because information held by the state bodies is concealed. At the same time, it is becoming more common that the collected information is misinformation or disinformation. The public is not able to separate truth from misinformation or check if information that is disseminated through social or mass media is reliable and has verifiable sources. The public is likely to trust in widely shared misinformation and it is misleading society.

Furthermore, a deliberately disseminated disinformation leads to polarization of the society and weakens democratic values such as freedom of expression, freedom of association, and protection of human rights. Disinformation weakens democracy by manipulating a democratic election, limiting the public right to vote freely, and lowering the trust in candidates and state bodies.

Certain countries are taking various measures to combat misinformation and disinformation that is vigorously spreading in our society today. Those measures can be organized in terms of their time frame into short-term and long-term.

A short-term solution is to readily identify misinformation and disinformation, and immediately expose it through social or traditional media to the public. Therefore, it is necessary to closely monitor and check information (Social Media Monitoring) that is disseminated via social and traditional media. The civil society organizations must be deeply involved in social media monitoring.

For instance, there is a fact-checking civil society organization called the Mongolian Center for Investigative Reporting (MCIR) in Mongolia. The MCIR checks whether information is reliable or not, and offers research and training on identifying misinformation or disinformation. In September 2019, the center launched a program called “Fact Check Mongolia” in collaboration with the German DW Akademie. The program aims to co hone the fact-checking skills of journalists.

Furthermore, the tools and software used for monitoring social networks in technologically advanced countries need to be utilized by the Mongolian mass media to a greater extent.

A long-term solution consists of teaching skills to the public that are necessary for finding information and reading any information critically. This means building citizen’s skills through media literacy. For instance, from 2018 all middle schools in Sweden began to teach specific skills and tools for distinguishing between reliable and unreliable information. In Mongolia’s middle and high schools, there is an urgent necessity of additional teaching on how to read and examine any information critically. Now is the time to equip citizens in offline and online forums with essential media literacy skills. The Globe International organized a meeting on “Media and Information Literacy in the Digital Era” to participate in improving citizen’s media literacy. In addition, they run specific programs designed to train investigative journalists.

Citizens can actively participate in the democratic process and establish good governance only if they have reliable information. An independent agency must be created to ensure the implementation of the Law on Information Transparency and Right to Information so Mongolian citizens can fully exercise their right to information. Moreover, an amendment of the relevant laws, particularly the Law on State Secrets, is needed. Appropriate solutions for combating misinformation and disinformation consist of media literacy education, inspection of information, and social media monitoring by NGOs.



DeFacto **REVIEW**

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EXTERNAL DEBT OF MONGOLIA

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If we look back, the accumulation of foreign debt began in 2012 when the coalition government declared that they will act as a guarantor of stability for private businesses and that they will boost economic growth in Mongolia. If we look at our external debt in 2011, prior to this decision, it was around 10 billion USD, a modest figure but it rose to 17 billion USD in 2012.

In 2012, the Ministry of Economic development and the Development Bank of Mongolia attempted to raise investment from private equity fund for the first time. They issued the Chinggis Bond worth 1.5 billion USD. Following this, 250 million USD was raised through the Samurai Bond, 1 billion USD Uguudei Bond, 160 million USD through the Dim Sum Bond, 500 million USD Mazaalai Bond and the 800 million USD Gerege Bond, all of which hinder the ability of Mongolia to repay existing loans. Repaying debt with more debt is simply unfeasible. This was why the government passed a legislation prohibiting the acquisition of more debt than 58.3% of the GDP in 2014.


The government put forward lofty aspirations in 2012 with no clear strategy for the distribution or the repayment of loans and it seems that the ordinary taxpayers will be responsible for the repayment of the loan. A large part of the Chinggis bond went to improving the road infrastructure across Mongolia but there is still no information on the beneficiaries of

the loan. The windfall from suddenly having 1.5 billion USD in their possession as well as the lack of a clear, comprehensive distribution and repayment strategy meant that the bonds meant to stimulate economic growth through the opening of business opportunities or through large infrastructure projects such as railroad modernization or energy were not effectively allocated. In short, the government failed to produce a sustainable ecosystem that is efficient and allows for the repayment of loans without burden on the taxpayer.

With our GDP at 13 billion USD despite a 7.6% increase, it is unlikely that the government would be able to repay the loans as of today. Support for the private sector that generates taxes is essential for the repayment of the loans. The Development Bank of Mongolia is responsible for financing large-scale infrastructure projects with a minimum threshold of 20 billion MNT. Projects of this scale are difficult to implement in Mongolia and the fact that the Ministry for Economic Development ceased to exist, there is very little accountability that can be placed.

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IS MONGOLIA READY FOR DIGITAL TRANSFORMATION?

Supported by the Government of Mongolia, the University of Oxford's Blavatnik School of Government, Bill and Melinda Gates Foundation and Access Solutions LLC organized the 'Nomads in the Digital Age' conference in Ulaanbaatar on September 17. The report and policy recommendations of the "Mongolia in Digital Age" project was presented during the conference. With Prime Minister Khurelsukh and Mayor of Ulaanbaatar, Amarsaikhan in attendance, the conference brought together government, businesses, civil society and international stakeholders to discuss the global agenda for the use of technology to enhance education and produce an inclusive society.

The "Mongolia in Digital Age" project concluded that Mongolia was ready for the digital age following a survey conducted

1. On the readiness of Mongolia's ICT infrastructure dealing with hardware, software and services
2. Human resources in the ICT sector involving the qualifications and capacity of Mongolian IT professionals and the IT literacy of ordinary citizens
3. Financial services dealing with the prevalence of financial aggregators and venture capitalist funds to support start-ups
4. Robustness of the current legislative environment to protect investors, venture capitalists, intellectual property and so forth.

As an IT professional, I agree with the assessment that Mongolia is ready for the digital age as far as the basic infrastructure and understanding is concerned. There is therefore plenty of room for improvement with the first one being that telecom operators need to become aware of the tremendous costs of rolling out infrastructure. For

example, in order to roll out 4G network in Ulaanbaatar and 21 provinces will require 30-35 million USD stand alone and the network would have to be extended every year in order to meet the traffic.

This is a bottleneck in that the revenue per user of telecom operators is actually declining. This leads to attempts to create new profit centers such as through the shift of platforms, service and the content itself as services. More importantly, Mongolia seems to be lacking most in the human resources and financial environment surrounding ICT. In order to drive the digital transformation, there is a need for qualified professionals who understand the benefits of and are ready to work towards a transformation. However, everything comes to the structure of the K-12 and higher education system. If this is not attended to, we will always be lagging behind. Starting from the most basic issues such as improving the methodology of ICT training in primary and secondary schools will allow us to us to assure that the digital transformation takes place in an efficient manner.

Another obstacle is the relative lack of financial opportunities with only a few ventures such as lend.mn and khuur.mn managing to secure substantial funding through local IPO's but these are exceptions to the rule. If we look at the broader picture, we see that the capital market is not yet available for Mongolian start ups because of the lack of professionals. I am a true believer that the digital economy has significant potential in Mongolia. In a physical business such as mining and agriculture, one is limited to their physical boundaries but in a digital economy, there are no boundaries. Given that Mongolia regularly tops rankings for intellectual ability, the opportunities are limitless.



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If we look at the example of Israel, an incredibly small country with a population of 8 million and a GDP of 350-400 billion USD, with its main industry being high-tech production in military, aviation, communication, telecommunication, hardware, software pharmaceuticals, chemical products and financial services just to name a few areas. Digital transformation will impact every aspect of our daily life in one way or another. Start-up nation is an incredibly interesting book

in this area and demonstrates how Israel unwavering commitment to and support for high-tech production since its inception.

The issue facing Mongolia today is if it is going to remain “Minegolia” or if we will diversify our economy for a brighter future. The only way to move away from “Minegolia” is through digital transformation because it makes life significantly easier.

WHY DOES THE GOVERNMENT CLASSIFY INFORMATION?

Government needs to comprehend one simple principle that the more open they are, the less problems they will face. A small lie creates a chain reaction of bigger lies that eventually inevitably becomes undone. Restricting access to information allows politicians the opportunity to misrepresent and manipulate them for their political purposes. However, I would term anyone attempting to restrict access to information as digital criminals as we live in an open era where information is available in one form or another.

In a survey 3 years ago, we determined that 95% of government computers were using illegal software and the prevalence of the use of personal emails by

government officials is also disheartening. In the light of the upcoming election, political strategies such as the dissemination of misleading information will be extensively utilized. Government restriction of access to public information creates a vacuum that is filled with misleading or untrue information. The creation of a sound e-governance platform will allow us to tackle these issues. There are funds available from the Asian Development Bank and World Bank to implement this platform but there is someone blocking this. There is no information on how documents is classified and who classifies and it is the government’s job to clarify these issues.

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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Moody's International Credit Agency assigned B3 rating to TransBank for the second consecutive year. This is the same level as the Mongolian sovereign credit rating.



Moody's credit rating for TransBank

Outlook	Stable
Bank Deposits - Domestic currency	B3/NP
Bank Deposit - Foreign currency	Caa1/NP
Baseline Credit Assessment	b3
Adjusted Baseline Credit Assessment	b3
Issuer Rating	B3
Counterparty Risk Assessment	B2(cr)/NP(cr)

