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## **CORRUPTION IN MONGOLIA — REASONS OF EXISTENCE, WIDESPREAD AND PERSPECTIVES OF FIGHTING**

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The Government of Mongolia announced a «One-year Whistleblower campaign against corruption» starting from May 2023. In this article authors are taking an attempt to estimate whether this campaign is a real way of fighting corruption or just a trick to crush political competitors and the businesses who lobby them. Also, the authors are trying to analyze the concept of corruption culture in Mongolian society, its widespread, reasons of existence, outcomes and possible perspectives for economic development of the country, production and transparency for foreign investment.

*Keywords:* whistleblower, corruption, Mongolia, lawmaking

The Government of Mongolia announced a «One-year Whistleblower campaign against CORRUPTION» starting from May 2023. There is a heavy doubt in society whether this campaign is to fight corruption or it's only a trick to crush political competitors and the businesses who lobby them. Let's see why Mongolians are so bad at fighting and controlling corruption.

It is important to start with the last dimension in the Good Governance Indicators because of the recent political and government events that have been occurring in Mongolia. More corrupt the country — less foreign trust, less foreign trust then less international cooperation. No wonder why foreign investors are extra cautious about Mongolia.

First, we must understand what the world means under the term «CORRUPTION», and then discover slowly corruption culture of the Mongols and our understanding of it before analyzing the whistleblower system.

The UN head Kofi Annan once said: «Corruption is an insidious plague that has a wide range of corrosive effects on societies. It undermines democracy and the rule of law, leads to violations of human rights, distorts markets, erodes the quality of life, and allows organized crime, terrorism, and other threats to human security to flourish» [1].

What is corruption then? We deal with it every day in Mongolia. Every time someone needs permission, he or she has to find someone who knows the government official who is in charge of that. If a person needs to speed up public services, he or she has to invite an official to dinner or karaoke. If there is a need to get a government contract for bidding, the shortest way is to bribe anyone possible on the Assessment committee, and etc.

Corruption is all about money and power. There is a quite a substantive definition «Corruption is a form of dishonesty or a criminal offense which is undertaken by a person or an organization which is entrusted in a position of authority, in order to acquire illicit benefits or abuse power for one's personal gain» [2].

Unfortunately, Mongolia is already used to corruption. When we need something from those in power, we do not ask lawyers for legal algorithms for the task, the first question we ask is do we know someone (танил хүн) in that organization? Why such a culture of doing business in Mongolia?

Mongols are used to the principle of «monkey see monkey do». Someone does it so we try to copy them. Who does it? According to a Transparency International study of 2021, every 3 Mongols out of 10 do corrupt, and there are a lot of reasons for this [3].

First of all, politicians who are in power appoint the Cabinet of the Government of Mongolia. They would spend billions of US dollars on election campaigns and bribing their own political parties to get the mandate for elections. Political parties are the most profitable

business in Mongolia, doing nothing but selling out power to govern the people for hundreds of millions of US dollars. So, in order to reimburse their election campaign and profit from the power many politicians initiate corruption schemes. Here is where the corrupt officials are getting away with corruption and showing the example to the nation. One of the biggest examples — so-called «Coal theft» for over 20 billion USD by State Owned Enterprises and «Bond Theft» for over 200 million USD in Development Bank of Mongolia.

The latest is a court hearing of squandering the bond investments of the Development Bank of Mongolia. The hearing process took 3 months on plundering the bond money of 200 million USD with conflict of interest, abuse of power, bribery, and corruption of politicians, government officials, risk and assessment committee bank employees, and businesses. Hundreds of millions of US dollar investments through Government bonds were illegally distributed to some businesses, where over 200 million USD investments were proven with a conflict of interest, bribery, and abuse of power, but only a total of 22.800 USD collateral fine was awarded by the court of first instance.

The world is already putting more regulation pressure on corruption and bribery in both sectors: government and private corporations, e.g. Singapore and Great Britain. Mongolian Anti-Corruption Law has no criminal sanctions for bribes between businesses. Although the top management of all State Owned Enterprises in Mongolia submit their income and conflict of interest forms to the Anti Corruption Agency there is still corruption and budget theft going through SOEs which ended up in blowing a whistle and protests against «Coal Theft» in November 2022.

Secondly, many government and public employees are informed how much a bribe one needs to pay in order to solve one's problem in no time. As they aspire to stay in public service, he/she justifies their corruption with low pay and a lack of realized dreams in their careers. Moreover, they are the ones who would actually freeze the process of any lawful processes one needs for so long, that at last they would be forced to pay bribes to at least get what they are entitled by law.

Several whistleblowers, faced with such injustice, came out with public announcements and got hurt since more pressure from the relevant government offices was put in order to tame the shrews. Most businesses prefer not to blow a whistle and follow the common unwritten rule: to pay bribes instead of getting more attention from government agencies and being bombarded with multiple sanctions, inspections, and even real physical and psychological threats. Threats are quite common among those who are related to power position holders in Mongolia.

Thirdly, businesses, in order to operate at least some business without pressure, would be on the edge of deciding whether to accept corruption culture or close the door. The right question here would have been —

What would be the legal framework to get what we need? But instead, our corruptive culture dictates asking another question such as — Do we know someone (танил хүн) who can expedite the process of getting what we need? Meaning, instead of working on the legal process of obtaining some permits, business meetings start with a question: «Who knows someone in a particular government organization so we would get what we want without any headache?». You need to know someone in that niche, usually persons with the right and in-demand contacts.

Moreover, it is extremely difficult to compete in a corrupt environment when one business lobbies its people to power so it would push the products bypassing fair market competition and anti-monopoly principles.

So, what is the best way out in the eyes of competing businesses? They lobby their own people to power through political parties or push their people to membership in political parties by donating large amounts of bribes.

Therefore, it is not surprising, that The World is ranking what Mongolia has accomplished between 1996–2021 as follows:

- 77th ranking above zero (0,32) and stable declining at Voice and Accountability
- 67th ranking and stable declining in Political Stability and Absence of Violence/Terrorism (the number is relatively high only due to the Zero-Terrorism-Land factor, meaning no single terrorist act was recorded to date),
  - 123rd ranking negative (–0,47) and stable declining in Government Effectiveness,
  - 102nd ranking negative (–0,21) and stable decline in Regulatory Quality
  - 101st ranking negative (–0,21) and stable declining in Rule of Law
  - 124th ranking negative (–0,53) and stable declining in Control of Corruption.

World financial ranking organizations such as Moody's, Standard & Poor, and Fitch rank Mongolian Credit potentials at «B Stable» for 7 consecutive years, meaning as considered speculative and are subject to high credit risk [4].

Asian Development Bank ranked Mongolia as

«Institutional capacity and governance need to be improved. Key aspects of governance, such as the rule of law, transparency, accountability, and the presence of a high-quality and impartial civil service, all need strengthening. Political instability has historically been a major issue, creating challenges for long-term planning and policy continuity, and uncertainty for investors and the business climate. Independent institutions such as the Fiscal Council, and regulatory or specialized agencies are often unable to fully fulfill their roles because of a lack of resources, and often because of political interference. Fighting corruption has been a major target for consecutive governments, but the perception of corruption remains high and weaknesses in the judiciary have slowed progress» [5].

In the end, all these facts became available thanks to the whistleblowers. Good or bad but even without legal regulations they manage to contribute to fighting the fight that Government and Anti-Corruption Agency solely cannot keep up, so the government announced a one-year Whistleblower campaign to fight corruption, to improve Mongolia's Corruption Index Rating. The program is to:

1. Sweep the corruption with the help of whistleblowers
2. Sweep the corruptors from the public jobs
3. Sweep the corruptors finding them around the world
4. Sweep the corruptors by getting back corrupt offshore money
5. Sweep the corruptors with total transparency [6].

The society in Mongolia believes that the program is going to fail or even turn the situation to the worse. The reasons for this will be analyzed in the further research. ■

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**Коррупция в Монголии — причины существования, широкое распространение и перспективы борьбы**

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Правительство Монголии объявило о «Годовой whistleblower кампании по борьбе с коррупцией», которая начнется в мае 2023 года. Авторы статьи пытаются оценить, является ли данная кампания реальным способом побороть коррупцию, или же способом влияния на политических соперников и лоббирующие их бизнесы. Также предпринимается попытка проанализировать саму суть явления коррупции в культуре и обществе Монголии, ее причины, масштаб, последствия и возможные перспективы для экономического развития страны, ее производства и прозрачности для иностранных инвестиций.

*Ключевые слова:* коррупция, законотворчество, Монголия, whistleblower