



## PROJECT DOCUMENT

<b>Project Title</b>	SUPPORT TO INTEGRITY AND TRANSPARENCY EFFORTS IN MONGOLIA
<b>UNDAF Outcome(s):</b>	Accountability and transparency in governing institutions enhanced People's participation in governance increased
<b>Expected CP Outcome(s):</b> <i>(linked to the project and extracted from the CPAP)</i>	Capacity for democratic and participatory governance enhanced in national and local governing institutions
<b>Expected Output(s):</b> <i>(resulting from the project and extracted from the CPAP)</i>	- Participatory democracy assessment and MDG9 , using Democratic Governance Indicators (DGIs) institutionalized for improving policy and practice - Capacity strengthened for compliance with the United Nations Convention Against Corruption (UNCAC) - Capacity for local governance in rural and urban areas increased
<b>Implementing Partner:</b>	Independent Authority Against Corruption (IAAC)
<b>Responsible Parties:</b>	Civil Service Commission, Ministry of Health, State Specialised Inspection Authority, Cabinet Secretariat (representing the pilot aimags)

### Brief Description

*This project is part of Government of Mongolia and UNDP partnership in strengthening democratic governance for the attainment of national MDGs. The project builds on previous experience and on-going initiatives for strengthening national integrity systems. The project strategy rests on the identified need for a four prong approach to address (a) UNCAC and MDG 9 monitoring and reporting, (b) IAAC functional capacities, (c) sectoral integrity initiatives, and (d) strengthening accountability and transparency in local management. For the implementation of this strategy the project will take a programme approach in the design, planning and execution of deliverables, and work with a range of responsible partners. The project will be implemented under the leadership of the IAAC and CSC for stakeholder coordination and programme coherence. The project will be aligned with on-going ministerial integrity initiatives and other emerging needs including for increased participation of civil society actors in the fight against corruption. The project will seek positive synergies and complementarities with similar initiatives supported by other international development partners.*

Programme Period:	2008-2011	Total resources required	USD
Key Result Area (Strategic Plan):	Fostering Democratic Governance	Total allocated resources:	_____
Atlas Award ID:	_____	• UNDP TRAC	USD 750.000
Start date:	December 2008	• Other:	
End Date:	December 2011	○ Donor	_____
LPAC Meeting Date:	October 2008	○ Government	_____
Management Arrangements:	NEX	Financial gap:	USD
		Government In-kind	
		Contributions	MNT 75,000,000

Agreed by Ch. Sangaragchaa, Commissioner General, IAAC

10 December 2008

Agreed by Debora Comini, UNDP RR

10 December 2008

## Acronyms and Abbreviations

<b>ADB</b>	Asian Development Bank
<b>APR</b>	Annual Project Review
<b>CP</b>	Country Programme (UNDP)
<b>CSC</b>	Civil Service Commission
<b>CSO</b>	Civil Society Organization
<b>GOPAC</b>	Global Parliamentarians against Corruption
<b>IAAC</b>	Independent Authority against Corruption
<b>IPSL</b>	Institute of Philosophy, Sociology and Law
<b>MDG</b>	Millennium Development Goals
<b>MECS</b>	Ministry of Education, Culture and Science
<b>MoF</b>	Ministry of Finance
<b>MoH</b>	Ministry of Health
<b>MoJHA</b>	Ministry of Justice and Home Affairs
<b>MOPAC</b>	Mongolian Parliamentarians against Corruption
<b>NACC</b>	National Anti-Corruption Council
<b>NEX</b>	National Execution
<b>NISE</b>	National Integrity Systems Enhancement
<b>NPM</b>	National Project Manager
<b>NSO</b>	National Statistical Office
<b>POPP</b>	Programmes and Operations Policies and Procedures
<b>SSIA</b>	State Specialised Inspection Agency
<b>TAF</b>	The Asia Foundation
<b>TOR</b>	Terms of Reference
<b>UNCAC</b>	United Nations Convention Against Corruption
<b>UNDAF</b>	United Nations Development Assistance Framework
<b>UNDP</b>	United Nations Development Programme
<b>UNODC</b>	United Nations Office for Drugs and Crime
<b>WB</b>	World Bank

## I. Situation analysis and project justification

Mongolia has come a long way in fighting corruption. A first Anti-Corruption Law was adopted in 1996, but lack of political will, understanding of the causes of corruption and weak legal enforcement have since continued to fuel public scepticism. The lack of a special anti-corruption agency was also considered to be one of the impediments to more decisive action, but opinions on the need for such an organisation have continued to be mixed. In 2002, a National Program to Combat Corruption was approved and a National Anti Corruption Council (NACC) established (as a coordinating body at the Parliament) to oversee the implementation of the program.

The initial years of the new Millennium witnessed a series of events that have influenced decisions in the policy debate on anti-corruption measures and related institutional arrangements in Mongolia. First, after years of intensive disagreements on the content of a new Anti-Corruption Law and the need for an Independent anti-Corruption Agency, the signing (April 2005) and ratification (January 2006) of the United Nations Convention Against Corruption (UNCAC) led to a breakthrough in the policy debate. The new law on anti-corruption was approved in July 2006 and came into force on 1 November 2006 and the Independent Authority Against Corruption (IAAC) became operational in early 2007. A Law on Political Parties was also adopted, with provisions to control the financing of political parties. A Media Law had already been adopted in February 2005, providing for the further privatization of media outlets. An Anti-Money Laundering law was also adopted in 2006.

Second, with the adoption of the Millennium Declaration and the Millennium Development Goals (MDG), the debate on good governance became more closely linked to the goals for socially equitable economic growth, poverty reduction and environmental protection. In April 2005, the State Great Khural adopted a Resolution on MDGs with an additional MDG9 "Fostering Democratic Governance and Strengthening Human Rights", which contains a specific target to "create an environment of zero-tolerance for corruption". More recently in February 2008, the parliament adopted a resolution on the monitoring system for the MDGs in Mongolia, which includes indicators on MDG 9 (see table below). The Ministry of Finance is responsible for overall coordination of monitoring and reporting on the country's progress in achieving the MDGs. Specific responsibility for collecting data and reporting on progress on MDG9 targets on anti-corruption has been assigned to the IAAC and the National Statistical Office (NSO). Preparatory work on governance indicators was conducted by the UNDP MDG9 project, executed by the Institute of Philosophy, Sociology and Law (IPSL). Steps have already been taken to institutionalise elements of the work done by the MDG9 project, through the household surveys conducted by the NSO. Sustainable use of anti-corruption indicators and reporting on MDG9 by the IAAC will require additional support. This will also provide an opportunity for enhancing coordination in the use of various methodologies among the IAAC's institutional donors.

Lastly, accountability for achieving the MDGs' also resulted in targeted integrity initiatives at the sectoral level. With UNDP support an innovative pilot project was launched in 2006 to strengthen ethics and integrity in the Ministry of Health (MoH). The initiative aimed to increase transparency and accountability of the ministry and selected health organizations. In 2008, a similar project was launched to strengthen ethics and professional standards at the State Specialised Inspection Agency (SSIA). In a nutshell, the sectoral approaches are aimed to review bureaucratic procedures and practices on procurement, finance, personnel and recruitment, develop and adopt benchmarks of transparency and accountability requirements, improve procedures regulating conflict of interests and code of conduct, access to information and communication within the ministry and its broad client base. While important progress has been made, feedback from various stakeholders (including development partners) still points to serious integrity deficits. A more detailed overview of the ongoing sectoral integrity initiatives in Mongolia is provided in Annex 2.

Further work in this area will need to be aligned with the recently developed anti-corruption ministerial action plans.

But despite these initiatives and institutional reforms, low accountability of public institutions and high levels of corruption in the public, private and political sectors continue to be seen as one of the causes of persisting inequality, poor basic service delivery and high levels of poverty. While much progress has been made, the mandate of the IAAC is still largely expected to be “enforcement” oriented by the public. The quality of investigation and related case management can still be improved, to ensure full respect of due process and external oversight. The capacity to analyse the root causes of corruption in Mongolia and monitor and report on progress with regard to the implementation of the international treaties, laws, regulations and policies to reduce corruption opportunities also remains to be strengthened. The latter need has become increasingly pressing, now that the IAAC has been given formal responsibility to report on UNCAC and monitor two of the three indicators on the MDG9 anti-corruption target. IAAC also needs support to fulfill its statutory reporting requirements on a bi-annual basis to the Parliament. In terms of its preventive mandate, IAAC will be facing an increasing workload when coordinating/monitoring the implementation of the anti-corruption action plans prepared by the ministries and agencies.

**Table: MDG 9 Goal – targets, indicators and responsible agencies**

<b>Target</b>	<b>Indicators</b>	<b>Responsible agency</b>
<b>Target 22:</b> Fully respect and uphold the Universal Declaration of Human Rights, ensure the freedom of media, and provide the public with free access to information	1. Human Development Index	UNDP
	2. Expert evaluation of conformity of Mongolian laws and regulations with international human rights treaties and conventions	National Human Rights Commission
	3. Percentage of implementation/enforcement of judicial decisions	Ministry of Justice and Home Affairs
	4. Number of attorneys that provide services to poor citizens	Ministry of Justice and Home Affairs
	5. Public perception of political, economic, and financial independence of mass media	National Statistical Office
	6. Number of state organizations that regularly place reports of their budgets and expenditures on their websites	Ministry of Finance
<b>Target 23:</b> Mainstream democratic principles and practices into life	1. Public perception of activities of state organizations	National Statistical Office
	2. Number of civil society organizations that have officially participated and expressed their views in the process of developing and approving the state budget	Ministry of Finance
	3. Percentage of voters that have participated in nominating governors of soums and baghs	Cabinet Secretariat
<b>Target 24:</b> Develop a zero-tolerance environment to corruption in all spheres of society	1. Index of corruption	IAAC
	2. Perception of corruption in political organizations, judicial and law enforcement institutions	IAAC
	3. Public perception of corruption in public administration and public services	National Statistical Office

## II. Project approach

With the ratification of UNCAC, an international normative framework is now available that can guide improvements to anti-corruption prevention, education and enforcement policies and related institutional arrangements. But UNCAC (and fighting corruption) is not an end in itself, it is a means towards reaching the broader goal of achieving a just and equitable society that is governed by accountable and transparent institutions that operate under the rule of law, and in full respect of international human rights norms and standards. That goal is reflected in the country's MDG9 on “Fostering Democratic Governance and Strengthening Human Rights”.

Hence, the expected outcome of UNDP's support in this sector is not primarily to strengthen the Anti-Corruption Agency but to support efforts that can inflict incremental behavioral changes in the overall culture of the public service and society, towards more ethical, transparent and accountable management of scarce resources in the delivery of

services. It explains why UNDP's support will target tangible integrity, accountability and transparency initiatives at sectoral and local levels, while at the same time supporting institution building of the IAAC and the Civil Service Council (CSC), in collaboration with other development partners. Hence, in line with the United Nations Development Cooperation Framework (2007-2011) outcome of having "*democratic processes strengthened through institution building, civil society empowerment and enhanced accountability and transparency*" the new UNDP 'Support to Integrity and Transparency Efforts in Mongolia' project aims to achieve that outcome through a mixture of support to policy research, legislative review, functional capacities, monitoring and reporting and tangible integrity initiatives at the sectoral and local levels, that involve both service providers and end users.

The main outputs to be achieved under the project are outlined in the Results and Resources Framework with deliverables that will be further detailed in the annual workplans by the different responsible partners. The Annual Work Plan describes the specific inputs to achieve agreed outcomes and will form the basic agreement between the Project Board and each responsible partner on the use of resources. Those responsible partners may enter into agreements with other organizations or entities to assist in successfully delivering project outputs. While support to core institutions is needed, it is equally imperative to transform the traditional culture of information hoarding within government into one that provides easier access to information, as a powerful tool for citizens to scrutinize and monitor government decision-making and bring public officials and politicians to account, beyond election time. The sectoral initiatives aim to address these challenges on a pilot basis, within a sectoral context. In line with UNDP's country strategy, strengthening civil society for greater participation and transparency will be promoted whenever possible.

Rather than having isolated small projects, each with their own project management units and support staff, the "Support to Integrity and Transparency Efforts in Mongolia" project features a programme approach, with central management support (and close coordination with other development partners), while allowing for sufficient responsibility of action at the level of the different responsible partners. Overall management and coherence among the different initiatives will be the responsibility of the National Project Director, while team managers will be responsible for achieving the deliverables at the level of the different responsible partners.

At central level, the project will liaise closely with both the IAAC and the CSC, which both have responsibilities with regard to coordinating and monitoring ethics and integrity initiatives in the ministries. In a country where centralized management styles still prevail, the challenge for the project is to ensure that tangible integrity initiatives are pursued at the level of the pilot sectors and local entities. The project management set-up aims to address these challenges, while at the same time allowing for effective coordination, monitoring and reporting at central level.

A regular interaction and knowledge sharing, in particular between development projects working on ethics and integrity and anti-corruption will be promoted. Particular collaboration will be secured between UNDP democratic governance projects, in particular the local governance project and the MDG9 projects.

To respond to some of the main challenges identified in the situation analysis – and after close consultation with government agencies and development partners - the project will support the delivery of main outputs for which detailed activities are outlined below:

- I. Capacity is in place to monitor the implementation of the UNCAC and MDG9 reporting on anti-corruption

- II. The IAAC has the capacity to conduct investigations in respect of human rights norms and principles of due process
- III. The capacity of pilot entities is enhanced to improve integrity, accountability and transparency in their respective sectors
- IV. Local stakeholders have the capacity to initiate and monitor local accountability and transparency initiatives in pilot aimags and soums

### **III. Prior and current assistance to the sector**

UNDP Mongolia has been a key player in the fight against corruption for nearly ten years now. Initial support (review of draft anti-corruption legislation, study tours, workshops) was provided under UNDP's former global Programme on Accountability and Transparency (PACT). That support mainly targeted the parliamentary Anti-corruption working group (PACWG) that was established by the State Great Hural in 2000. The working group was responsible for drafting a new Anti-corruption Law and for preparing a National Programme for Combating Corruption (NPCC). The National Action Plan to implement the NPCC was finalised with the support of UNDP's Good Governance for Human Security project - GGHS) and approved in 2002.

To support the implementation of that Action Plan, UNDP in 2003 launched the "National Integrity System Enhancement (NISE)" project, which had four main objectives: (1) to support selective initiatives under the NPCC; (2) public awareness raising; (3) further support to finalise the policy, legal and regulatory framework for combating corruption and (4) management support for the coordination and monitoring of the implementation of the NPCC.

When in April 2005, the State Great Khural of Mongolia adopted an additional MDG9 "Fostering Democratic Governance and Strengthening Human Rights", which also included a target to create an environment of zero-tolerance for corruption, UNDP launched an additional MDG9 project. That project was implemented by a group of academics, public officials and civil society representatives responsible for developing a set of national governance indicators needed to measure progress with the implementation of this MDG 9.

As part of a new MDG-related sectoral approach, in 2006 UNDP launched an innovative pilot project with support from Democratic Governance Thematic Trust Fund to strengthen ethics and integrity in the Ministry of Health. In 2008, in line with the initial positive results obtained in the health sector, a new pilot project has been designed and approved to provide support to the State Professional Inspection Authority with strengthening of ethics and professional standards, and the introduction of selective ICT solutions to reduce opportunities for corruption at the regulatory inspection authority. UNDP has also been requested by the Office of the President to provide additional support in the process of finalizing the Conflict of Interest Law and revised Civil Service Code of Ethics.

Currently, the two other main players in this sector are the World Bank and USAID. The World Bank, through its "Governance Assistance project" provides support to the CSC, the Ministry of Justice and Home Affairs (MoJHA) and the IAAC. Assistance to the latter includes UNCAC legal gap analysis, updating of laws and regulations, logistical support and ICTs, asset declaration management, conflict of interest legislation, and capacity development. The World Bank has also been requested by the government to facilitate coordination among the different donors that assist the IAAC. The Asia Foundation is supporting the prevention and awareness raising activities of the IAAC (and related capacity development efforts) and assists the agency with corruption perception surveys

and public information campaigns. TAF is also increasing its efforts to build capacity of prosecutors and judges and also plans to do more work on corruption investigation.

The Asian Development Bank has recently commissioned a governance risk assessment in education and transportation sectors and has expressed its intention to also provide longer-term support the IAAC and help to implement some of the integrity action plans in the ministries.

#### **IV. Outputs and Description of Activities**

For achieving CP outcomes to *enhance capacities for democratic and participatory governance*, the project will produce the following outputs in accordance with its four prong approach adopted in this document.

##### **Output 1: Capacity is in place to monitor the implementation of the UNCAC and to ensure effective and coordinated UNCAC and MDG 9 reporting on anti-corruption**

As the IACC has now been given formal responsibility to report on UNCAC and monitor two of the three indicators on the MDG9 anti-corruption target, to achieve this output, the UNDP project will provide research support, and assistance in monitoring implementation of the UNCAC and support in developing/adjusting and using the MDG 9 corruption-related indicators. To avoid stretching the capacity of the IAAC, research will be outsourced to independent research institutes or local think tanks. The research support provided by the project will liaise closely with the sectoral and local integrity initiatives, as well as with the ongoing and future initiatives on governance and anti-corruption indicators. The purpose of the research is to have well-informed citizens and decision-makers on the face of corruption and its impact in Mongolian society which will allow the IAAC, the CSC and the sectors and local governments to contribute to the building of a more honest and transparent society. Research should also further inform the respective action plans in the ministries and agencies.

UNCAC monitoring will allow the IAAC to better assume its mandate of proposing new or amended legislation where needed. Mongolia has put in place many components of the legal environment to support the implementation of anti-corruption policies and programs. While initial work has been conducted with support of the MoJHA, there is also a consensus that a more comprehensive review of the existing anti-corruption legislation is needed, to bring Mongolia's integrity infrastructure fully in line with the key principles of the Convention. In collaboration with other development partners, the project will assist the government, as needed, with further reviewing the existing national legislation and regulations in comparison with the UNCAC provisions. Further assistance could also be provided by the United Nations Office for Drugs and Crime (UNODC). Hence, analyzing legal gaps or deficiencies will be part of the UNCAC monitoring process. Efforts need to be made to get parliamentarians closer involved in the anti-corruption efforts. Special workshops can be organized to reach a core group of dedicated parliamentarians. The possibility will be explored of establishing a voluntary initiative of Mongolian Parliamentarians Against Corruption (MOPAC) that would constitute the national chapter of GOPAC (Global Organisation of Parliamentarians against Corruption).

The project will support the on-going initiatives and processes to improve the anti-corruption legislative framework and institutional arrangements. An immediate activity that will be supported by the project is to help the special working group on Conflicts of Interests (Col), headed by the Legal advisor in the Office of the President, to help finalise the new legislation. Further work will be needed to ensure broad training and awareness raising, once the new Col legislation is approved. This activity could be undertaken jointly with the other development partners.

Support to the monitoring of MDG9 anti-corruption target will be done in close collaboration with the MDG9 support project for which an extension has been planned under the Global "Governance Assessments" project. Progress in adjusting the methodology, surveys and data needed to report on the two MDG9 indicators for which the IAAC is responsible will be done in close coordination between the UNDP, the World Bank and the Asia Foundation. The role of the Public Council in these monitoring and functions needs to be further clarified and strengthened. The Project management team will conduct regular assessment of the political environment of the project, not just assessing the capacity challenges in the IAAC, but essentially analyzing the political economy of corruption in Mongolia. The annual report of the project will need to go beyond reporting on activities and address also the trends and challenges within the external environment of the project.

Reporting on IAAC's activities (and on the broader integrity and transparency initiatives that are ongoing) should become an important element in the awareness raising and advocacy strategy of the IAAC and the government. Coordinated support from the development partners would also facilitate the consolidated reporting on integrity initiatives.

Effective monitoring and reporting requires responsible agencies to stay connected to comparative experiences and regional and global capacity building events. Hence the need for Mongolia to maintain its presence in sub-regional, regional and international events where experiences of UNCAC party states and other countries are shared. Regional and global networking not only informs from comparative experiences but can also facilitate peer support. Hence, the project will provide limited support (on a cost-sharing basis) to allow Mongolia's integrity institutions to join various regional and global fora and networks (e.g. the ADB-OECD Anti-Corruption initiative for Asia Pacific, the Anti-Corruption Practitioners Network for Eastern and Central Europe). Project management will need to establish solid monitoring mechanisms to ensure that investments made for such international exchanges are also resulting in tangible results at national level (whether in terms of training, policy changes or institutional and legal developments).

## **Output 2: The IAAC has the capacity to conduct investigations in respect of human rights norms and principles of due process**

The IAAC is currently building up its capacity to ensure delivery on its three-pronged mandate of prevention, education and enforcement. While most other functions of the IAAC are receiving support from various development partners, the investigation function has not yet been the subject of more systematic capacity building efforts. Without such support there is a risk that results achieved will remain at the level of legal analysis, training, research, monitoring and reporting without any visible impact on much needed punitive action against the various forms of grand and petty corruption. Without visible improvements, popular support for the anti-corruption initiatives will rapidly wane.

With most staff coming from the police services, skills are not lacking; what is more specifically needed is to ensure that the punitive mandate (investigation and case management for prosecution) of the IAAC is addressed with full respect of human rights norms and principles of due process. Training is intertwined with the development (and improvement) of work processes. Hence, unless improved work processes are mapped out training will not be meaningful. The project will therefore support the preparation of an operational manual which details the work processes, and which will then also be used as training manual. The project will focus its support particularly on four areas: (1) drafting of a capacity development plan for the IAACs investigative function; (2) establishing a coherent system of complaints and case management allowing to eliminate backlogs,

reduce vulnerability to mismanagement of cases and to improve annual reporting; (3) preparation of an operational manual and (4) advanced training on anti-corruption investigations in line with the new operations manual. Further logistical support to improve the intelligence work of the commission, allowing it to engage better in covert activities to detect corruption will need to be secured from additional donor sources.

The aim of this intervention, which will be undertaken in collaboration with the UNODC, is to increase the IAAC's capacity to manage and monitor cases from complaints registration to preliminary analysis to investigation, to legal review and finally to prosecution and adjudication and to ensure that this whole process is done in a transparent manner with full respect for due process. The output will be produced through technical advisory functions and international expertise, also with involvement of the UNODC (for the training component).

Finally, over the three year period, the project would also assist the IAAC in looking at options to improve the external oversight over the investigative functions of the agency. The role of the Public Council needs to be further studied as well as potential other organizational devices to ensure effective scrutiny of the IAAC.

**Output 3: Mechanisms are in place and people are trained to enhance integrity, accountability and transparency at selected sectoral levels**

UNDP's main objective with this project is not to fight corrupt practices (as a negative behavior), but to promote positive developments in the public service and in society, in terms of ethical behavior, accountability and transparency. Even though the fight against corruption has to take place at many fronts, the role of the public service in promoting ethical values and professional standards will be crucial. For this reason, a key role in the project will also be played by the CSC. In this regard, it is important to note amendments to the Law on the Civil Service which places much more emphasis on merit based services, political neutrality and ethical standards.

While action at the central policy level in terms of research, monitoring and legal developments is important, laws, action plans, surveys and capacity building efforts alone will not improve the general perception that the Mongolian people have about the weak results achieved so far in combating corruption. To reverse the general wave of cynicism, a series of initiatives will be initiated at the sectoral levels to enhance transparency and accountability in selected organizations, aiming for a visible integrity impact in certain sectors. UNDP has been engaged in a series of initial integrity initiatives in the MoH and the SSIA. These efforts will be continued and closely linked to the *integrity action plans of the ministries and agencies* concerned, which have been developed in coordination with the IAAC. If resources permit, this output could possibly be expanded during the second half of the project to another sector critical for the attainment of national MDGs. The project's link to the IAAC as the main coordinator for these ministerial integrity action plans allows the project to upscale results achieved and exchange experiences and tools with other partners working at sectoral levels.

Positive developments have been witnessed in the MoH, but a series of integrity deficiencies persist and need to be addressed during the implementation of this project. To get a better view on what has been achieved, lessons learned and tools used documented, UNDP will conduct an in-depth assessment of the integrity initiatives conducted in the MoH. The assessment report, for which funds will be made available by the UNDP Regional Centre in Bangkok, will also include a draft annual work plan with recommendations for project activities to be continued or initiated by the project.

Indicative activities to be addressed at the sectoral level may include but not be limited to:

- Perception survey within the sector on integrity deficiencies ( and participatory discussions to identify the issues of most concern to the staff and the public and the means to address them)
- Public information campaign implemented to ensure the provision of timely, transparent and accessible information on fees and procedures for obtaining services provided by the ministry.
- Ethics Committees established in the ministry and policies in place to enhance ethical conduct in ministerial operations (including implementation of the code of ethics and conflict of interest policies, and with broad participation and buy-in from the staff)
- Training delivered to civil servants in the ministries on the new civil service law, ethical standards and new conflict of interest legislation (when approved)
- Introduction of E-governance solutions to reduce opportunities for corruption
- Counseling services for public officials who are faced with questions on ethics and conflict of interest cases and who need advice (this mechanism will liaise closely with the Civil Service Council).
- Specific integrity initiatives for targeted service delivery functions (e.g. permits)
- Documentation of lessons learned and tools and training materials developed

These specific sector level interventions will be aligned with ministerial action planning and other integrity documents for improved stakeholder coordination and programming coherence.

Participatory workshops will bring together various stakeholders in order to identify the types and forms of corruption, determine their root causes, point out the consequences and develop possible solutions. The workshops, and action-oriented awareness raising campaigns directed at both public officials and the citizens, will generate public debate on how to address the identified key problems in the selected organisations. Enhanced access to information and getting civil society increasingly involved as a pressure group for demanding more open and ethical government will be part of these initiatives.

**Output 4: Stakeholders at pilot local entities have the capacity to monitor the quality of service delivery and related accountability and transparency in local management**

Nowhere are the effects of corruption and lack of accountability and transparency felt more directly by citizens than at the level of local governments. This output will complement the work that is undertaken at the level of the UNDP Local Governance Support project, which has project facilitators in four pilot aimags, namely Tuv, Khenti, Gobi-Altai and Bayanulgi. The project will select at least two of the pilot aimags and soums where the Local Governance support project is operating to conduct additional transparency and integrity initiatives. Preference will be given to poor but resource abundant communities, where lack of transparency and accountability has a direct negative impact on the environment and livelihoods of the people.

Operations in this area will start with a *local transparency survey*, which is needed to develop a deeper understanding of the types and scale of problems affecting the local governance system and also to establish a baseline of data against which the impact of the projects integrity activities over time can be measured. The survey is also an important means through which an initial constituency to lobby for more transparency and integrity can be formed. MDG9 project can provide technical support in conducting the survey The survey aims for citizens to get a better understand the existing realities related to corruption, transparency and the quality of governance in their local constituency and thus to get more public interest in the issue of local corruption. The survey should be designed to capture information from all key stakeholders – the public and private sectors as well as civil society. The project team can decide whether specific surveys are needed for some of

the public agencies at the local level, or even to specific activities or sections within the local government and public and private service providers. These activities will also be linked with the report card system, developed by the CSC, and that will be piloted by the Local Governance Support project.

Based on the initial transparency survey, the project will organize *stakeholder/community consultations* on the findings of the survey. *Position papers* on the key integrity issues identified by the community members will be commissioned and developed by national consultants in consultation with local discussion groups. These papers will be on themes identified as crucial by the project, such as land management, natural resource management, health, education etc. The aim of these position papers is to provide more detailed information on specific issues that preoccupy the communities or particular constraints to change.

The results of all these surveys and focus group discussions will be shared with the local communities and decision-makers and recommendation for further action discussed. This would lead to local integrity action plans that would be presented to a larger audience (local government officials, local CSOs, local leaders, local journalists).

An important part of the work to be done at the local levels is also to ensure training of government officials on the new civil service statute, code of ethics, the potential new Conflict of Interest Law and the provisions on asset declarations and means for the public to access these declarations and provide comments, in accordance with the anti-corruption law. An important element of this output is also to organize broad information campaigns at local level about the kind of institutions that are available for the people in tackling corruption. Information campaigns will be organized to explain to citizens the role and procedures of each of the existing integrity institutions, existing complaints mechanisms at local and national level, asset declarations and existing opportunities to question them.

At the next stage, when a better understanding of the local integrity deficiencies has been gained, the project could also explore the possibility of additional small scale, targeting specific service delivery functions in a government agency (e.g. birth certificates or traffic licenses) or building permits, allowing adequate measures to be taken in a specific context.

## V. Results & Resources Framework

**Intended Outcome as stated in the Country Program Document:** Capacity for democratic and participatory governance enhanced in national and local governing institutions

### Outcome indicators as stated in the Country Program Results and Resources Framework, including baseline and targets

- National legislations reviewed and made consistent with UNCAC;
- Detailed procedures and regulations for implementing the Anti-Corruption Law developed and enforced, including strengthening of capacity of the IAAC;
- Support provided for development and implementation of standards on transparency, accountability and ethics by public agencies and sector specific DGIs piloted in selected agencies
- Democratic governance indicators streamlined and a set of specific target indicators developed to assess democracy and MDG 9 and approved by the Government;
- Independent monitoring and reporting system on the implementation of MDG-9 established using Devinfo and institutionalized and human capacity for participatory monitoring improved;

**Partnership Strategy:** UNDP will liaise closely with the other development partners that are currently supporting the IAAC or that are planning to do so in the future. There is potential for much closer collaboration and joint programming with several of these development partners, in particular in the area of local governance, and sectoral approaches. For some activities under the project, UNDP could seek additional technical assistance from the United Nations Office for Drugs and Crime (UNODC), in particular with regard to UNCAC monitoring, and training and capacity building to improve corruption investigations and related case management.

### Project title and ID (ATLAS Project ID): Support to Integrity and Transparency Efforts in Mongolia

Intended Outputs	Output Targets for (years)	Indicative Activities	Responsible parties	Inputs
<p><b>1. Capacity is in place to monitor and report on the implementation of anti-corruption policies the UNCAC and MDG 9 targets on anti-corruption policies and programmes</b></p> <p><u>Baseline:</u></p> <ul style="list-style-type: none"> <li>- No progress reports available yet but IAAC now appointed as lead agency for UNCAC</li> <li>- Initial work started but no comprehensive legal UNCAC gap analysis has been conducted - several laws and regulations are seen to be in need of revision.</li> <li>- Initial work on indicators conducted but further consolidation of surveys and methodologies needed. IAAC has limited capacity to monitor anti-corruption indicators</li> <li>- National action plan available but in need of updating</li> </ul> <p><u>Output indicators:</u></p> <ul style="list-style-type: none"> <li>- Regular progress reports submitted to the UNCAC secretariat, the Ministry of Finance (MDG reports) and the parliament</li> <li>- Legal and institutional gap analysis available</li> <li>- Corruption indicators in support of MDG9 reporting updated and used by IAAC</li> <li>- IAAC reports presented and discussed in broader stakeholder meetings and the media</li> <li>- Key legislation is prepared/amended and adopted</li> </ul>	<p>1.1. First progress report submitted to UNCAC secretariat (2009)</p> <p>1.2. Revision of priority legislation based on gaps and priorities identified in UNCAC report (2009 - 2011)</p> <p>1.3. Methodology agreed to report on MDG9 corruption indicators (2009) and monitoring on basis of indicators conducted (2009-2011)</p> <p>1.4. Participatory review of the National Anti-Corruption Action Plan (2009)</p>	<p>1.1.1. Training on use of UNCAC self-assessment tool</p> <p>1.1.2. Working group led by IAAC to report on UNCAC implementation (both mandatory and non-mandatory provisions)</p> <p>1.1.3. Small workshops with key partners to discuss findings and recommendations to feed into the country's UNCAC monitoring report (UNCAC report includes questions on assistance needed which need to be discussed in the partner coordination meetings)</p> <p>1.1.4. Stakeholder meetings to present the annual reports</p> <p>1.2.1. Expertise recruited to conduct review of priority legislation</p> <p>1.2.2. Consultation process on the revised draft legislation</p> <p>1.2.3. Training to ensure wide dissemination of new laws and regulations (e.g. conflict of interest policies)</p> <p>1.3.1. Establish working group to select national anti-corruption indicators and UNCAC monitoring indicators</p> <p>1.3.2. Stakeholder workshops and discussion groups</p> <p>1.4.1. Stakeholder workshop (including with Parliament) on National AC program and Action Plan</p> <p>1.4.2. Review of the National Anti-Corruption program and Action Plan</p>	<p>IAAC MOJHA CSC Parliament</p> <p>IAAC MOJHA CSC Institute of Philosophy NSO IAAC</p>	<p>Project management costs (salaries, procurement, travel, miscellaneous): 20,000 US\$</p> <p>Workshops: 6,000 US\$</p> <p>Stakeholder meetings (contribution): 4,000 US\$</p> <p>Revision of priority laws (consultancies, translation, printing): 50,000 US\$</p> <p>Workshops: 5,000 US\$</p> <p>Training: 10,000 US\$</p> <p>Workshops and discussion groups: 10,000</p> <p>Workshops and discussion groups: 10,000</p> <p>Consultancy: 5,000</p>

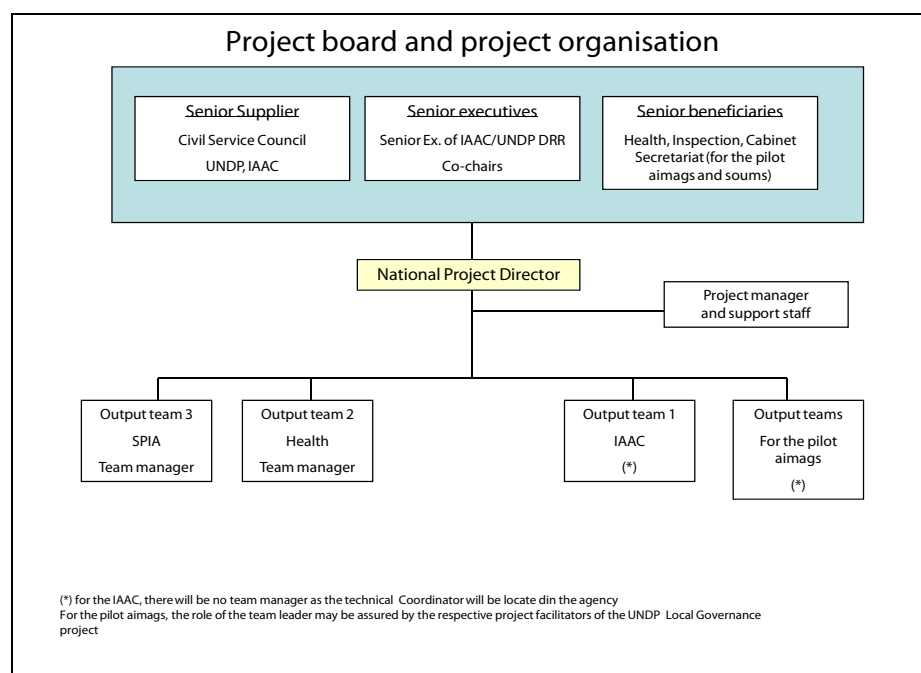
<p><b>2. The IAAC has the capacity to conduct investigations in respect of human rights norms and principles of due process .</b></p> <p><i>Baseline:</i></p> <ul style="list-style-type: none"> <li>- IAAC has basic capacity to conduct investigations but case management is not yet optimal, timely data are lacking and an operational manual is not available</li> <li>- There is no automatic tracking of complaints handling and automated reporting</li> <li>- Training is not linked to a systematic evaluation of operational procedures</li> <li>- There is no oversight mechanism that can guarantee due and unbiased investigation process</li> </ul> <p><i>Output indicators:</i></p> <ul style="list-style-type: none"> <li>- A training needs assessment for the investigation department available</li> <li>- Operational manual to support case management available</li> <li>- Staff of the investigation department trained in advanced investigation techniques.</li> <li>- Annual IAAC reports testifies of improved ratio investigations/convictions</li> <li>- Surveys show increased popular confidence in IAAC operations</li> <li>- A mechanism for independent oversight of IAACs operations available</li> </ul>	<p>1.5. Research as conducted and comparative studies undertaken to inform key integrity institutions (2009-2011)</p> <p>Operational analysis and capacity needs assessment of the Investigative Department conducted (2008)</p> <p>An operational manual for case management available (2009).</p>	<p>1.5.1. Following surveys and monitoring process, research outsourced to local think as needed</p> <p>1.5.2. Mongolia participates actively in global, regional and sub-regional forums</p> <p>2.1.1. Selection of consultant</p> <p>2.1.2. Operational analysis (Case management analysis) of the Division conducted</p> <p>2.1.3. Capacity needs assessment conducted</p> <p>2.2.1. Design of operations manual based on optimized work processes</p> <p>2.2.2. Internal consultations and approval by senior management – operations manual to become training manual</p> <p>2.2.3. Capacity development plan prepared for the Investigation Division based on new operations manual</p> <p>2.3.1. Organisation of in-country and overseas training</p> <p>2.4.1. Analyse current accountability structure of IAAC, study best international practices and make recommendations for improved oversight over IAAC's activities</p> <p>2.4.2. Stakeholder meeting to present findings and options of the report</p>	<p>IAAC</p> <p>IAAC</p> <p>IAAC</p> <p>IAAC</p> <p>IAAC</p>	<p>esearch: 30,000 US\$ Networking: 40,000 US\$</p> <p><b>Estimated cost output 1:== 190,000 US\$</b></p> <p>Project management costs (salaries, procurement, travel, miscellaneous): 20,000 US\$</p> <p>Int. Consultancy: 75,000 US\$</p>
<p><b>3. Capacity enhanced to improve integrity, accountability and transparency in pilot sectors</b></p> <p><i>Initially activities under this output will mainly concern the Ministry of health and the State Professional Inspection Agency. Additional resources could be added as and when additional resources become available.</i></p>	<p>3.1. Assessment of status of integrity, accountability and transparency in the health sector (study to be undertaken jointly with ADB) (2008)</p> <p>3.2. Refinement of Ministerial and Integrity Action Plan based on result of integrity assessment and launched at the International Anti-Corruption Day (2009)</p>	<p>3.1.1. Conduct assessment of Ministry of Health</p> <p>3.1.2. Stakeholder workshop to discuss findings</p> <p>3.1.3. Codification of lessons learned and tools introduced in the ministry during the previous UNDP support project</p> <p>3.2.1. Stakeholder workshop to discuss results of the integrity assessment and working groups to prepare action plan</p>	<p>MOH UNDP ADB</p>	<p>Funds will be made available from the Regional centre in Bangkok ADB contribution</p> <p>Project management costs (salaries, procurement, travel, miscellaneous): 20,000 US\$</p> <p>Workshops: 45,000 USD\$</p> <p>Stakeholder Meetings: 25,000 USD\$</p> <p><b>Estimated cost output 2:= US\$: 155,000</b></p>

<p><i>Baseline:</i> -Very few sectoral integrity initiatives undertaken so far but efforts have started in two sector (health and State Inspection Agency).</p> <p><i>Output indicators:</i> - 50% of senior and middle managers in pilot sectors trained on ethics and conflict of interest policies</p>				<p>Training: 50,000 USD\$          Consultancy: 30,000 USD\$          Publications: 50,000 USD\$          Public Campaigns: 50,000 USD\$          Networking: 50,000 USD\$</p> <p><b>Estimated cost output 3:=          US\$: 320,000</b></p>
<p><b>4. Stakeholders have the capacity to initiate and monitor local integrity initiatives in pilot aimages and souns</b></p>	<p>4.1. Transparency surveys and studies available to get better understanding of integrity, accountability and transparency challenges in the local pilots (2009)</p> <p>4.2. Awareness raising campaigns and integrity training for various groups of stakeholders (2010-2011)</p> <p>4.3. Local integrity action plan and compact available between community and local government (2011)</p>	<p>4.1.1. Stakeholder meetings organized to explain the purpose of the integrity initiative in the pilot soun</p> <p>4.1.2. National think tank contracted and survey conducted and local transparency survey in selected pilot aimages/central souns</p> <p>4.1.3. Study on current status of availability/awareness of complaints mechanisms at the local soun</p> <p>4.2.1. Awareness raising and education campaigns on current anti-corruption legislation and venues for people's complaints</p> <p>4.2.2. Integrity training organized for local civil servants and elected officials (code of ethics, conflict of interest, anti-corruption laws and implications – e.g. asset declarations)</p> <p>4.2.3. Integrity training for local media</p> <p>4.3.1. Stakeholder consultations organized on the outcome of the local integrity survey</p> <p>4.3.2. Position papers commissioned and national consultants recruited to develop issues papers on topics on high concern/interest to the communities</p> <p>4.3.3. Local integrity action plans developed and agreed with local government and local communities</p> <p>4.3.4. Stakeholder workshop to present local integrity action plan involving communities, CSos, businesses and local government</p>		<p>Project management costs (salaries, procurement, travel, miscellaneous): 20,000 US\$          Workshops: 10,000 US\$</p> <p>Campaigns: 15,000 US\$          Training: 20,000 US\$          Media training: 10,000 US\$</p> <p>Stakeholder workshops: 10,000 US\$</p> <p><b>Estimated cost output 4:=          US\$: 85,000</b></p>

## A. Project management arrangements

The project shall be implemented in the National Execution (NEX) modality and shall be managed in accordance with the rules and procedures outlined in UNDP POPP.

Overall responsibility for project implementation will be with the **Project Board (the Board)**. The Board will provide policy guidance and monitor the performance (timely implementation of all components) of the project, review progress on a periodic basis in terms of the delivery of project results and benefits, approve progress reports and end of project report, managing risks and ensure that project milestones are managed and completed. It provides guidance on matters concerning overall project management and project finances approves project revisions and addresses project issues as raised by the Project Manager. It ensures that required resources are committed and arbitrates on any conflicts within the project or negotiates a solution to any problems between the project and external bodies. Board members individually and collectively will ensure that potential risks in the project's policy and political environment that may undermine the achievement of project objectives or production of its outputs are removed or mitigated in a timely and effective manner. Hence, it is responsible for overall quality assurance of the project. In addition, it approves the appointment and responsibilities of the project manager and defines the latter's responsibilities.



The Board will be chaired by a senior executive of the IAAC and co-chaired by the UNDP Deputy Resident Representative. As the **Executives**, the head of the IAAC and the UNDP Deputy Resident Representative represent the ownership of the project and assume ultimate responsibility for its successful implementation. Other members of the Board will include a representative of the Civil Service Council, a representative of the Ministry of Health, a representative from the State Specialised Inspection Authority, and a representative of the Cabinet Secretariat (representing the pilot local governments). The NPD, the UNDP programme officer for the project and the project coordinator will participate in the meetings of the Board without having voting powers. The Board meetings are open to representatives of the third-party cost-sharing donor(s), and other development partners that assist the IAAC, who will be notified of the forthcoming meeting and provided with relevant documents in advance so as to ensure transparency and coordination among donors supporting the IAAC.

The Board decides on a consensus basis. In case a consensus cannot be reached, final decision shall rest with the UNDP Resident Representative. The organigramme shows the composition of the board and key roles on the project.

The Board will allocate responsibility for day-to-day implementation and management of the project to the **National Project Director** who is responsible for project implementation according to an agreed work plan and within set budget ceilings. The NPD will essentially be responsible for the successful running of the project, and for the delivery of outputs under this project document. The NPD shall lead the coordination efforts between the IAAC and other concerned agencies and responsible parties. The NPD will also provide coordination, management and oversight over the establishment and activities of the various teams that will be established to help achieve the outputs at the level of the responsible parties, and coordinate also with other projects that contribute to the same outcome in the country programme. Hence, the NPD will be responsible for all matters concerning the day-to-day running of the project on behalf of the Board, to ensure that the project produces the required products, to the required standard of quality and within the specified constraints of time and cost. In collaboration with the team managers, the NPD will also be responsible for producing regular progress reports and end of project report. The NPD, project coordinator and team managers will meet on a regular basis with the governance cluster leader and the responsible UNDP Programme Officer.

UNDP will select and recruit – endorsed by the Board - a project manager who will support the NPD with daily project management. The PM is expected to be a highly-qualified professional who apart from his managerial expertise will also provide substantive technical and policy advice and inputs, where needed. He/she will liaise, on behalf of the NPD with the different team managers that are established by the responsible parties. Team managers will be hired by the project to support work planning and implementation of project activities at the level of the Responsible parties. On behalf of the NPD, the Project Manager will guide the Team Managers in designing and implementing the project outputs.

**Project Assurance** is the responsibility of each Project Board member and a function of objective oversight and monitoring which is independent of the Project Manager. Project assurance support will be provided to the Project Board by a designated Senior Specialist from the Civil Service Council and UNDP Programme Officer.

The Project Support Office (PSO) will be located in the IAAC, which will be the main implementing agency for the project. UNDP will also recruit an Administrative and Financial Assistant. The PSO will recruit National Consultants and International Consultants on a need-basis as per the Annual Work Plans (AWPs).

The main responsible parties will be the Civil Service Council, the Ministry of Health and the State Specialised Inspection Authority and the Cabinet Secretariat (and possibly other agencies/ministries – to be defined as the project evolves and more resources are being mobilized. These RPs are responsible for producing specific project deliverables in accordance with approved team work plans.

The Lead Agency (IAAC) will open a separate bank account for the project. UNDP will advance the funds to the Lead Agency according to UNDP rules, regulations and guidelines. The NPD will disburse the funds to the Responsible Partners (RP) according to the project's activities and work plans. The RPs will report back to the NPD who will report on project implementation to the Board. It will be the responsibility of the NPD (assisted by the project coordinator) to prepare a consolidated financial report, in the required format, and provide it to UNDP at regular and necessary intervals. It will also be the

responsibility of the NPD to provide the required progress reports to UNDP after receiving inputs from the RPs.

**B. UNDP Support Services.**

UNDP will provide human resource, procurement and other administrative and management services in line with the *Standard Letter of Agreement Between the UNDP and the Government for the Provision of Support Services* (Please refer the letter available in the UNDP Mongolia website), and under NEX arrangement modality.

**C. Prior obligations and prerequisites.**

It is assumed that the changes in the government composition and/or structure that may occur as a result of the general election in June 2008 will not affect the agreed project design, objectives and outputs. No major institutional changes are to be expected at the level of the IAAC and the CSC. Changes in the portfolio of the selected ministries should not affect per se the intended project objectives at sectoral level.

The national project counterparts shall provide the following in-kind contribution:

<b>Contribution</b>	<b>Contributor</b>	<b>Terms of provision</b>
Project Implementing Unit office space	IAAC	In kind contribution
Team managers office space	Responsible parties	In kind contribution
Office space for short-term consultants (international and national)	IAAC, CSC and other national counterparts	In kind contribution
Meeting venues	IAAC	In kind contribution
Time and salary of NPM and respective Government staffs	IAAC and national counterparts	In kind contribution
Transportation, if and when required	IAAC and other national counterparts	On a cost-sharing basis (the driver's time and petrol used, or applicable government-approved rental fee)

**D. Audit arrangements.**

The project shall be subject to management and financial audits in accordance with UNDP's POPP and National Execution Guidelines. The National Audit Office (NAO) may undertake the audits of the Government Implementing Partner (IP). If the NAO chooses not to undertake the audit of specific IPs to the frequency and scope required by UNDP, UNDP will commission the audits to be undertaken by the private sector audit service.

## **E. Monitoring and evaluation**

Project monitoring and evaluation will be conducted in compliance with the programming policies and procedures set out in UNDP's POPP and on the basis of a Monitoring Schedule Plan to ensure the achievement of the stated results within the agreed budget and schedule.

Quarterly progress reports shall be submitted by the NPD to the Project Board members and the UNDP Governance Cluster leader and program officer. The reports will record progress towards the completion of key results, based on quality criteria and methods captured in the Quality Management table below.

An Annual Review Report shall be prepared by the NPD and shared with the Project Board. The Annual Review Report shall provide a summary of results achieved against pre-defined annual targets at the output level.

Based on the annual review report, the Board shall conduct a meeting to assess the performance of the project and appraise the Annual Work Plan (AWP) for the following year. This annual review may involve other stakeholders as required.

Other monitoring activities will be:

- Regular field visits as outlined in the Monitoring Schedule Plan;
- Periodic project management meetings and meetings with partners and stakeholders, as required.

In accordance with UNDP Evaluation Policy, UNDP and the Government in consultation with other stakeholders will jointly agree on the purpose, use, timing, financing mechanisms and terms of reference for such an evaluation. UNDP shall commission the evaluation, and the evaluation exercise shall be carried out by external independent evaluators identified jointly by the Project Board and the cost-sharing donor(s).

Additional monitoring and evaluation activities may be undertaken as requested by stakeholders and/or cost-sharing donor(s).

## IX. Potential risks that could hamper project implementation:

Description of risk	Potential impact on the project	Mitigation measures
Lack of political will to support the IAAC as a credible and effective institution	As the main implementing partner, the robustness of the IAAC is an important element of success for the project	Project activities do not only target the IAAC but also other stakeholders at sectoral and local levels. Various levels of reporting/monitoring supported by the coalition of development partners will allow maintaining high visibility on the anti-corruption policies and potential obstacles including lack of political will.
Risk of duplication with other development partners in what seems to become an increasingly crowded sector	In terms of financial inputs, UNDP is a relatively small player and could thus become marginalized as larger players are becoming involved in supporting the IAAC and other sectors	UNDP may be a small player in financial terms but remains a key partner because of its local capacity in the governance sector. Also, more regular donor coordination mechanisms have been established involving the four key partners (World Bank, Asian Development Bank, UNDP and the Asia Foundation). Additional funds can be secured through DGTTF funds and global program funds.
[Risk of top-down centralized project management by IAAC, leaving insufficient flexibility to the teams to implement project activities at sectoral and local levels.	The success of the previous sectoral projects builds on ownership and initiative taking by the concerned ministries/agencies. Too much centralized management at the level of the IAAC could reduce sectoral commitment to the project	The composition of the project board with co-chairing by UNDP and project management arrangements (approval of annual workplans for the sectors) aims to reduce that risk.
The activities related to the investigation department could become politically sensitive with a risk that UNDP becomes linked to politically motivated corruption investigations.	Getting too much involved in the investigation function of the IAAC could impact negatively on UNDP's credibility and neutrality and thus have a negative impact the general appreciation that UNDP currently has in this area.	Project activities in this area are limited to capacity needs assessments, preparation of operational manuals and training. Partnership with UNODC allows to link this sensitive output to UNCAC implementation. A rights-based approach will ensure that the interests of suspects of investigation are also taken into account in the training modules (human rights principles, due process).
This is a complex project that requires good coordination and technical steering. UNDP needs to manifest technical leadership in the sector.	Lack of technical resources in the governance team and in the project will hamper project implementation and have a negative impact on UNDP's professional credibility which is currently well respected.	UNDP will need to ensure that the governance team remains at its current strength. In addition, UNDP will ensure that a well-qualified project manager is recruited and located in the IAAC.

## **ANNEX 2: Rationale for a sectoral approach**

So far, UNDP's integrity activities in most countries mainly focused on key anti-corruption institutions responsible for the implementation of the anti-corruption laws and strategies. But while support to core institutions is needed, improvements in the overall integrity of service delivery will be doubtful unless attention is also paid to the institutional and behavioral factors that affect performance in particular sectors. The efforts undertaken at central level would not yield lasting results if at the sectoral level service delivery remains deficient, staff are frequently absent and continue moonlighting, citizens continue to pay illegal fees and basic inputs are misappropriated without any consequences for those who mismanage or corrupt the system. If the sectors do not take preventive measures to reduce corruption, the central effort will be mainly punitive and confrontational and performance will remain poor.

The pilot approach underway in Mongolia, where support is provided to integrity initiatives in the Ministry of Health, involves not only the government staff but also citizens and the business community in addressing issues most of concern to various stakeholders. These initiatives could be replicated in other sectors in Mongolia (coordinated by the IAAC). The sectoral approach also offers opportunities for cooperation with other development partners some of whom have large projects in support of the sectors.

Effective sectoral integrity approaches depend on a diagnosis and good understanding of the policy making, planning, budgeting and service delivery mechanisms in the sector. Starting with a survey and focus group discussions on how corruption is perceived in the sector, both by staff and clients, the project will develop and adopt a set of benchmarks of transparency and accountability requirements. Bureaucratic procedures and practices on procurement, finance, personnel and recruitment would be reviewed, training manuals and guidebooks on ethics, conflict of interest and code of conduct would be designed and ethics issues would be introduced in the performance reviews, the operations of the Ethics Committee in the ministry could be rendered more effective through intensive training of its members. Pilot training centers would adopt the new curriculum on medical ethics. Access to information and communication within the ministry and between the ministry and the customers/clients would be improved, information made more easily available, and procedures for complaints handling would also be streamlined, including provisions on whistleblower protection. A number of pilot organizations (e.g. hospitals and health centers, ...), would volunteer to implement project components at the service delivery level, and apply the new benchmarks for human resource and financial management, with reported improvements as to how citizens were received and treated. Training on the new Conflict of Interest Regulations – once approved – can be done on the basis of case studies developed in a sectoral environment.

The pilot initiatives at sectoral level would also look into the issues of Code of Conduct and their practical implications, ensuring a shared vision by individual staff members, launching sector wide discussion on ethics, transparency and accountability, identifying the issues of most concern to the public and the staff and in developing the means to address them. Links to the social audit/report card system (piloted by the Civil Service Council) are therefore essential, also to ensure that the results of the social audits on the sector are taken into account in the planning process. Important concepts such as conflict of interest, income and asset declaration, which are part of the overall implementation plan will be studied and discussed in sectoral context, and based on shared understanding. From this groundwork and participatory approach, acceptable codes of conduct could be developed for each sector.

In summary, these pilot integrity initiatives aim to address:

- A revision of specific government regulations and procedures (including licences) used in the sector and propose amendments (including ICT and E-governance solutions) to ensure procurement, financial management processes and human resources practices are fair and just.
- Surveys in the sector to get a feeling of perceptions on sectoral corruption and its main causes, leading to focus group discussions to agree on problems and solutions ((with a particular focus on youth groups, women and other target groups). These surveys, at the outset of the joint project provide timely indication of what the project should focus on.
- An agreement within the sector (staff and clients) on a set of benchmarks of transparency and accountability (including on access to key information) that would apply to the sector, based on an identification of current constraints and bottlenecks, and mechanisms agreed upon to address these.
- A study of existing incentive systems and proposal for improvement to enhance ethical conduct of working in the sector.
- The promotion of ethics and integrity of staff through open discussions, training, code of conduct and complaints handling;
- Sectoral ethics management systems through training and advocacy, including on government-wide leadership and management code of conduct in a sectoral setting;
- Effective complaints handling mechanism put in place for the sector. This could also involve the establishment of citizens committees to oversee the delivery of services;
- Addressing whistle blowing regulations and practices in a sectoral setting;
- Establish effective monitoring and evaluation system to follow-up on progress made in the sector
- Pilot applications in service delivery units that have volunteered to implement integrity initiatives<sup>1</sup>.
- Joint activities with the Civil Service Commission in terms of adapting codes of ethics and performance appraisal standards for the staff.

Equally important is to have an excellent communication and public relations policy, to ensure documentation and broader awareness raising on the activities and achievements in the sectors. The experience of the pilot initiatives (e.g. ethics and integrity initiatives in pilot hospitals or schools) need to be shared within the ministry but also within the public service as a whole and with the broader public.

Involvement of the Public Service Commission is also important, in particular given the links with public service code of ethics and codes of conduct and staff incentives.

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<sup>1</sup> There are now 20 pilot hospitals and health centers that have volunteered to implement project components.