



Strengthening Governance in Mongolia (P168248)

EAST ASIA AND PACIFIC | Mongolia | Governance Global Practice |
Recipient Executed Activities | Investment Project Financing | FY 2019 | Seq No: 3 | ARCHIVED on 15-May-2022 | ISR51311 |

Implementing Agencies: Ministry of Finance of Mongolia, Mongolia

Key Dates

Key Project Dates

Bank Approval Date: 26-Apr-2019

Effectiveness Date: 30-Apr-2019

Original Closing Date: 31-Dec-2021

Revised Closing Date: 28-Feb-2023

Project Development Objectives

Project Development Objective (from Project Appraisal Document)

The Project Development Objective is to support the Government's efforts to improve fiscal discipline, public financial management (PFM), and transparency and accountability processes for strengthened governance of public resource management in Mongolia.

Has the Project Development Objective been changed since Board Approval of the Project Objective?

No

Overall Ratings

Name	Previous Rating	Current Rating
Progress towards achievement of PDO	<input type="checkbox"/> Satisfactory	<input type="checkbox"/> Satisfactory
Overall Implementation Progress (IP)	<input type="checkbox"/> Satisfactory	<input type="checkbox"/> Satisfactory

Implementation Status and Key Decisions

Since declared effective on April 30, 2019, the Recipient-Executed part of the Strengthening Governance in Mongolia Project trust funded by the European Union has been providing technical assistance to the Ministry of Finance (MOF) and the Fiscal Council to support the government's efforts to improve fiscal discipline, public finance management, transparency and accountability for strengthened governance in Mongolia.

Key activities supported under the Project have been those identified as priority actions in the government's Public Financial Management Strategy and Action Plan (2018-2022) and those include, inter alia, monitoring and reporting on the implementation of the PFM action plan, improving tax transparency and exchange of information for tax purposes, strengthening the economic forecasting and policy analysis capacity, introducing Gender Responsive Budgeting on piloting basis, modernizing production of Citizen's Budgets, creating the BOOST platform for open budget data, and advancing the work towards revamping the Glass Account Portal.

Risks

Overall Risk Rating

Risk Category	Rating at Approval	Previous Rating	Current Rating
Overall	<input type="checkbox"/> Moderate	<input type="checkbox"/> Moderate	<input type="checkbox"/> Moderate



5. Results

Project Development Objective Indicators

► A comprehensive PFM strategy adopted and under implementation to support the achievement of fiscal discipline and strategic budget planning and execution as set forth in the FSL and the IBL. (Yes/No, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	Yes	Yes	Yes
Date	31-Jan-2019	31-Dec-2020	30-Jun-2021	31-Dec-2021
Comments:	<p>Achieved: To help operationalize and implement the 3-year PFM Strategy approved by the Finance Minister's Order No. 234 in September 27, 2018, with the support of the Project, the MOF revised and obtained approval for a higher order objective level Action Plan by the Ministerial order No. 192 on August 30, 2019. Subsequently, a more detailed Action Plan at the activity level was also prepared with the Project support and was approved by the State Secretary of the MOF on September 30, 2019 (Order No. A281). Currently, the PFM Strategy and Action Plans continue to be under implementation, with progress being tracked as a management tool within the MOF. A refresh of the action plan is currently under preparation and anticipated for consultation and approval in Q1 of 2022, reflecting the results of the PEFA assessment and the agenda of the new Government.</p>			

► Fiscal Council fully operational and producing independent fiscal reports towards increased transparency and accuracy of government macroeconomic and fiscal policy formulation. (Yes/No, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	No	No	Yes
Date	31-Jan-2019	31-Dec-2020	31-Mar-2022	28-Feb-2023
Comments:	<p>Delayed but back on track: In 2019, 2020, and 2021, the FSC issued a number of independent recommendations and reports on fiscal and socio-economic issues and submitted them to the Standing Committee on Budget and other structural units of Parliament. Improvement has been made in terms of analytical (macro-fiscal forecasting approaches) capacity of staff of FSC and Budget Analysis Department of Parliament Secretariat with the support of consultants hired under the project. Also, an advisory note has been developed on possible options of monitoring and evaluation for the FSC operations.</p>			

► Improved budget transparency by making available to the public key budget documents in accessible and user-friendly formats, as measured by the Open Budget Index (OBI). (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	46.00	56.00	56.00	61.00
Date	31-Jan-2019	31-Dec-2020	31-Mar-2022	28-Feb-2023
Comments:	<p>On track: Mongolia's score on the 2019 OBI was increased to 56, approximately a 20-percentage point increase from the Project baseline in 2017. The Project continues to support the MOF in further improvement on the OBI score including the production of online booklet version of the Citizen's Budget (2018-2021), first interactive web-based Citizen's Budget partially launched in February 2021 and further development is currently underway, BOOST historical dataset creation and maintenance for Mongolia, and revamping of the Glass Account Portal, which promotes "Open by Default" principle. These efforts are expected to be reflected in Mongolia's score in the next Open Budget Survey.</p>			

Intermediate Results Indicators



► Develop core documents and guidelines to support Future Heritage Fund's transition into the operational stage (Yes/No, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	No	No	Yes
Date	31-Jan-2019	31-Dec-2020	31-Mar-2022	31-Dec-2022
Comments:	Partially met. Within the current legal context of the FHF, the project supported the development of FHF's interim investment program as a primary step to start off FHF's investment management activities. The program covers transition from interim management arrangements into FHF Corporation-led investment activities. To further advance in implementation of the FHF effort, the project will concentrate the support on the development of select core documents and guidelines. As required by the FHF legislation, there are 10 documents to be adopted by the Minister for Finance and/or the Cabinet such as the Articles of Incorporation of FHF Corp., methodology for calculation and depositing of FHF's sources/inflow, investment mandate etc.			

► Fiscal Council has developed and adopted its operational procedures. (Yes/No, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	No	No	Yes
Date	31-Jan-2019	31-Dec-2020	31-Mar-2022	31-Dec-2022
Comments:	On track. Final drafts of the operational plan and proposed legislative amendments for approval by the Parliament are currently underway.			

► Improved monitoring of contingent liabilities by consolidating balance sheets of SOEs and improving the fiscal sensitivity analysis. (Yes/No, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	No	Yes	Yes
Date	31-Jan-2019	31-Dec-2020	31-Mar-2022	31-Dec-2021
Comments:	Achieved: Methodology and mechanisms for monitoring and registering contingent liability were developed and approved/adopted at the MOF. SOEs are registered in the DMFAS to facilitate improvement in monitoring of contingent liabilities. A government decree was approved to improve the legal environment of contingent liabilities. Thus far, with support of consultants hired under the project, balance sheets of 83 SOEs have been retrieved and compiled from the E-balance system, and a database of financial ratio analysis was created. Further, a risk assessment methodology was developed to determine entity's profitability, debt ratio, and liquidity. Based on the methodology, risk assessment was conducted for SOEs with regards to on-lent loans from the government.			

► Better planning of capital investments by adopting a new PIM guideline that includes the Government of Mongolia's investment strategies fully costed (capital, recurrent operational and maintenance). (Yes/No, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	Yes	Yes	Yes
Date	31-Jan-2019	31-Dec-2020	31-Dec-2020	31-Dec-2020



Comments:

Achieved: The following regulations were developed and approved by the Ministerial Order # 2018/295 and being implemented:

1. Regulation on assessing, prioritizing and selecting the projects and activities to be financed by the state budget investment;
2. Methodology for re-evaluating the projects being implemented by state budget investment;
3. Methodology for estimating the economic benefits and social significance of a project to be financed by the state budget investment; and
4. Methodology for assessing, prioritizing and selecting the new projects to be financed by the state budget investment.

Moreover, a simple yet effective pre-screening methodology and tool was developed and built into the Public Investment Management System (PIMS) as part of the overall appraisal, selection and rationalization methodology adopted by the MOF. This way, all proposals entering the PIM system would be subject to the same level of scrutiny and only those projects that are needed and viable are considered for possible financing.

► A new PFM plan has been adopted by fiscal year 2020. (Yes/No, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	Yes	Yes	Yes
Date	01-Mar-2019	31-Dec-2020	31-Dec-2020	31-Dec-2020

Comments:

Achieved: PFM Strategy and Action Plan for the operationalization and overall implementation of the 3-year PFM Strategy was approved by the Ministerial Order#234 in September 27, 2018. The MOF with the support of the Project, finalized the higher order, 5-year Action Plan accompanying the PFM Strategy approved by the Ministerial order No. 192 in August 30, 2019 and the more detailed Action Plan approved by the State Secretary of the MOF in September 30, 2019 (Order No. A281). Currently the Strategy is under implementation with 74% of achieved results. The World Bank and the MOF completed the Public Expenditure and Financial Accountability (PEFA) assessment, which will be an input to a planned update to the Government's PFM Reform Strategy.

► The Glass Account Portal publishes at least annual data on programs as defined by the new program classification. (Yes/No, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	No	No	Yes
Date	01-Mar-2019	31-Dec-2020	31-Mar-2022	31-Dec-2022

Comments:

On track: Important advances were made regarding revamp of the GAP including finalization of the beta version of the front-end development of the Portal and internal and user testing on the Module-2, which is the core module for information entry. Advances were also made with regards to starting the system integrations/connectivity of external and internal systems.

Data on Financial Performance

Disbursements (by loan)

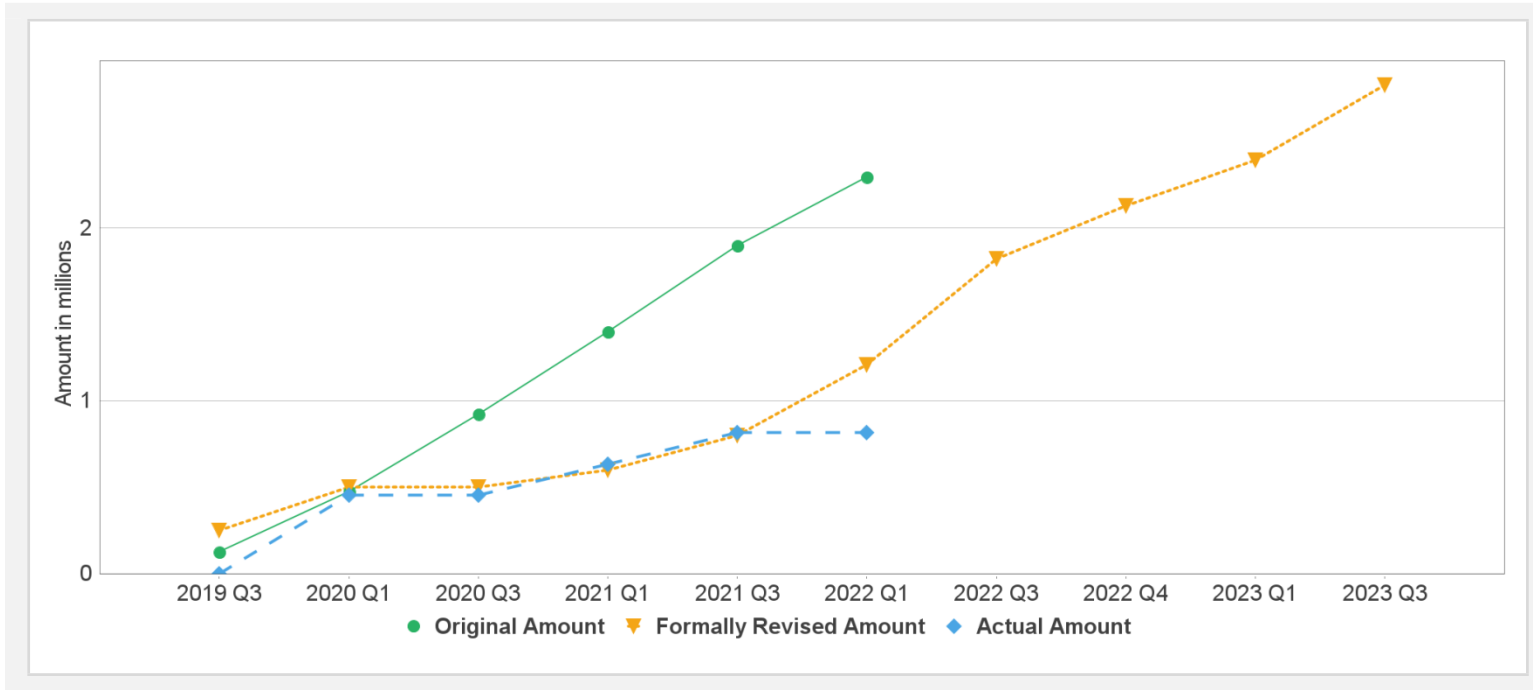
Project	Loan/Credit/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	% Disbursed
P168248	TF-B0063	Effective	USD	2.83	2.83	0.00	1.01	1.83	36%



Key Dates (by loan)

Project	Loan/Credit/TF	Status	Approval Date	Signing Date	Effectiveness Date	Orig. Closing Date	Rev. Closing Date
P168248	TF-B0063	Effective	26-Apr-2019	30-Apr-2019	30-Apr-2019	31-Dec-2021	28-Feb-2023

Cumulative Disbursements



Restructuring History

Level 2 Approved on 30-Dec-2021

Related Project(s)

There are no related projects.