

Project Sheet

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Governance and Decentralisation Programme of Mongolia/Decentralisation Policy Support

Overview

The Governance and Decentralisation Programme of Mongolia, supported by SDC, was launched already in 2012. In summer 2015, the 2nd phase of this programme was started; it will end in 2018. The third component of the 2nd phase is dedicated to the decentralisation process in Mongolia. This component is implemented by the Cabinet Secretariat under the Prime Minister in collaboration with the Ministry of Finance. The two HSLU specialists, Stefan Pfäffli and Roland Fischer were asked to support this process. In the first year, a decentralisation strategy was elaborated together with a methodology for the allocation of tasks and finances and a decentralisation index serving to measure decentralisation progress over time. In the second year, the current allocation of functions and finances will be revisited and where necessary, drafts for legal requirements will be prepared. In a global balance, financial implications for each sub-national government will be identified in detail. In the third and last year, a new fiscal equalisation system will be designed.

First achievements

- Input for the decentralization strategy of Mongolia, approved by the National Government in May 2016
- Concept paper for a new fiscal equalization system for Mongolia, drafted by Stefan Pfäffli on request of the Office of the President. The idea is to further develop the existing transfer systems towards a combined revenue equalization and cost compensation system.
- Methodology for the re-allocation of functions and finances prepared by Stefan Pfäffli and Roland Fischer. The methodology was widely discussed with the Mongolian counterparts and further developed in a workshop together with the project implementation unit. It was tested on a first sector and then further improved, before it will be used for all sectors.
- Draft methodology for the decentralization index developed by Stefan Pfäffli and Roland Fischer. The index will be used for determining the base-line and then measure the progress made in 2018.
- Concept paper on revenue allocation to subnational governments and fiscal equalisation in Mongolia with preliminary proposals prepared by Roland Fischer and Stefan Pfäffli.
- Study visit for high ranking personalities from the Ministry of Finance, the Cabinet Secretariat, the Capital City, Aimags (provinces) and Soums (local governments) in Switzerland on related decentralization issues prepared by Roland Fischer. Discussion on lessons learned for the decentralization strategy in Mongolia.