



# Technical Assistance Report

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Project Number: 47199-001  
Policy and Advisory Technical Assistance (PATA)  
December 2013

## Mongolia: Public Finance Resource Management

## CURRENCY EQUIVALENTS

(as of 3 December 2013)

Currency unit	–	togrog (MNT)
MNT1.00	=	\$0.00058
\$1.00	=	MNT1,732.50

## ABBREVIATIONS

ADB	–	Asian Development Bank
DSA	–	debt sustainability analysis
FSF	–	Fiscal Stability Fund
GDP	–	gross domestic product
GFMIS	–	government financial management information system
GRP	–	governance reform program
HDF	–	human development fund
MOF	–	Ministry of Finance
MSWF	–	Mongolian Sovereign Wealth Fund
TA	–	technical assistance

## TECHNICAL ASSISTANCE CLASSIFICATION

<b>Type</b>	–	Policy and advisory technical assistance (PATA)
<b>Targeting classification</b>	–	Targeted intervention—MDGs
<b>Sector (subsector)</b>	–	Public sector management (public expenditure and fiscal management)
<b>Themes (subthemes)</b>	–	<b>Governance</b> (public administration [national, decentralized, and regional]), economic growth (promoting macroeconomic stability), capacity development (institutional development)
<b>Location (impact)</b>	–	National (high), urban (medium)

## NOTE

In this report, "\$" refers to US dollars.

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## I. INTRODUCTION

1. During the reconnaissance mission in June 2013, the Government of Mongolia requested the Asian Development Bank (ADB) to provide technical assistance (TA) to strengthen public finance resource management.<sup>1</sup> A TA fact-finding mission visited Ulaanbaatar from 22 to 24 October 2013, where an understanding was reached on the TA impact, outcome, outputs, cost estimates, financing plan, implementation arrangements, and terms of reference for consultants. The design and monitoring framework is in Appendix 1.<sup>2</sup> The TA is closely aligned with the country partnership strategy, 2012–2016 for Mongolia, which promotes good governance.<sup>3</sup>

## II. ISSUES

2. The Mongolian economy, traditionally based on livestock herding, has started to grow and transform rapidly because of the discovery of large mineral deposits and the consequent development of a booming mining industry. In 2011, the share of mining in gross domestic product (GDP) reached 20% and contributed about one-third of total government revenue through tax and royalty payments. The export share of minerals reached a peak of 90% of the total value of exports. While the economy of Mongolia grew rapidly by 17.3% in 2011 and 12.3% in 2012, further growth in the coming years will depend to a large extent on commodity prices. The reliance on mineral exports has made the economy vulnerable to the risks associated with commodity price volatility.

3. Mongolia has put in place essential infrastructure for the public finance resource management system and strengthened fiscal discipline by establishing a fundamental legal framework with assistance from ADB.<sup>4</sup> The government has successfully introduced a legal framework; established medium-term and annual budget planning frameworks; and implemented an effective nationwide government integrated financial management information system (GFMS) for budget execution, monitoring, and reporting. The passage of the Public Sector Management and Finance Law in 2002 was a major achievement under ADB's Governance Reform Program Phase 1 (GRP I), which improved the legal and institutional environment for public finances by centralizing revenue and expenditure management and strengthening budget execution. Through ADB's GRP II, approved in October 2003, institutional capacity to implement reforms to budget, planning, and financial management has been further enhanced. In addition, the Fiscal Stability Law was adopted in 2010 to put strict limits on the structural fiscal deficit (2% of GDP), public expenditure increases (the greater between its 12-year moving average value and the budget year's GDP growth rate), and public debt (40% of GDP).<sup>5</sup> To improve public debt management operation, a debt management law is being drafted that aims to institutionalize the establishment of medium- and long-term debt management strategy, determine the optimal debt level, and create a proper debt register and monitoring framework.

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<sup>1</sup> The TA is included in ADB. 2013. *Country Operations Business Plan: Mongolia, 2013*. Manila.

<sup>2</sup> The TA first appeared in the business opportunities section of ADB's website on 13 November 2013.

<sup>3</sup> ADB. 2012. *Country Partnership Strategy: Mongolia, 2012–2016*. Manila.

<sup>4</sup> Since 1995, ADB has approved 1 loan and 10 TA projects in support of public sector governance reforms. Through the Governance Reform Program (GRP) I, ADB supported the government in implementing the initial phase of public sector governance reform. ADB continued to support the government through the GRP II and capacity building programs to enhance public finance resource management reform.

<sup>5</sup> The recent economic slowdown in the People's Republic of China and falling commodity prices negatively affected fiscal sustainability, with the structural deficit rising to 8.3% in 2012 from 4.8% in 2011. The decline in public revenues from 40.3% in 2011 to 35.3% in 2012 due to lower mining prices and reduced royalty and tax receipts also tamped down public expenditure from 45.1% in 2011 to 43.7% in 2012. Public debt increased from 45.0% in 2010 to 46.9% in 2011.

4. **Debt management.** There have been several important recent developments in debt management. First, since the adoption of the Fiscal Stability Law in 2010, the Ministry of Finance (MOF) has been able to build a foundation to enhance fiscal discipline, break away from a boom–bust fiscal policy, and contribute toward achieving sustainable growth. Second, the approval and publication of the Debt Management Strategy for 2012–2014 has been an important step toward building a medium-term debt management framework for the MOF that is consistent with the medium-term budget framework. Third, the Integrated Budget Law was passed in 2012 to secure smooth implementation of the Fiscal Stability Law, and now fully accounts for contingent liability.<sup>6</sup> However, the MOF has suffered from insufficient staff capacity to establish a debt management strategy, and to effectively identify and manage the contingent liabilities. Furthermore, the government currently engages in multiple activities that may create uncertain demands on future fiscal resources, and therefore complicate fiscal policy. These include provision of loan guarantees, onlending to state-owned enterprises and local governments, and entering into public–private partnerships. These activities and their related risk are growing in range, complexity, and size. For example, the Development Bank of Mongolia could potentially become a major source of contingent liabilities. The initial government guarantee of \$600 million for bond issued by the Development Bank of Mongolia is equivalent to 4.5% of 2012 GDP. Depending on how they are structured, public–private partnerships can also create significant contingent liabilities and quasi-fiscal debt.

5. **Cash management.** Since the GFMS was set up in 2005, the Treasury Department of the MOF has been able to perform national budget reporting, execution, and monitoring in an efficient manner. However, the lack of a sophisticated government cash flow forecasting model and technical know-how in the Treasury Department exposed the vulnerability of government expenditure management, especially during the rapid boom–bust economic cycle in Mongolia. The current GFMS cannot generate detailed cash management reports, which makes it difficult for the Treasury Department to effectively monitor cash management and establish a medium- to long-term cash management strategy. During the Treasury Department’s recent initiative to establish a medium-term government cash management strategy, the major challenges identified were developing a government cash flow forecasting model and reporting system, and increasing staff capacity.

6. **Sovereign wealth fund management.** Normally, sovereign wealth funds in countries with natural resource abundance have two objectives: (i) to act as a stabilization mechanism against fluctuation in natural resource revenues due to volatility in international prices, and (ii) to accumulate wealth for the benefit of future generations.<sup>7</sup> In Mongolia, the Human Development Fund (HDF) and the Fiscal Stability Fund (FSF) were established in accordance with the Human Development Fund Law, 2009 and the Fiscal Stability Law, 2010.<sup>8</sup> While the HDF and the FSF

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<sup>6</sup> Contingent liabilities expose the government to the possibility of unexpected and substantial obligations over a short period of time, and could lead to a severe strain on its fiscal resources. Explicit contingent liabilities represent the government’s legal obligations to make a payment only if a particular event occurs. State guarantees and financing through state-guaranteed institutions are examples of this type of liability. Implicit contingent liabilities are those that are not officially recognized until a failure occurs. The triggering event, the value at risk, and the required size of the government outlay are uncertain. In most countries, the financial system represents the most serious source of implicit contingent liabilities for the government.

<sup>7</sup> There is no universal definition for sovereign wealth fund. It is commonly defined as a state-owned pool of money created for macroeconomic purposes. Sovereign wealth funds are for holding, investing, and managing assets in line with predetermined investment strategies, in order to achieve financial objectives.

<sup>8</sup> The HDF was established to transform nonrenewable natural resources into assets yielding sustained returns for equal distribution among citizens. Since 2010, 70% of royalties collected from all mining companies and dividends have been placed in the HDF. The HDF has been used to finance social benefits of Mongolian citizens. The FSF was established to ensure medium- and long-term fiscal stability. Excess revenues caused by higher mineral prices during the boom period are accumulated in the FSF to be drawn from to make up for structural fiscal deficit. The fund asset needs to be maintained above 5% of GDP in any fiscal year, and the central bank is in charge of the fund’s asset management.

have functioned effectively as fiscal stabilization and social protection mechanisms, long-term savings for intergenerational equity have not been created. Natural resources are finite and revenues from natural resources need to be saved for the needs of future generations as well. In response, the MOF has established the Sovereign Wealth Fund Division to develop an institutional and legal framework that will transform the existing HDF and FSF into the effective and fully functioning Mongolian Sovereign Wealth Fund (MSWF). This new fund will function not only as fiscal stability mechanism, but also as an intergeneration fund. The MSWF will need to be independently and professionally managed without being affected by any political influence. ADB has provided institutional support, including capacity building and policy advisory assistance, to the MOF to develop a proper legal and institutional framework for the MSWF through TA for Managing for Development Results; while the World Bank has provided knowledge support to the Sovereign Wealth Fund Division through its multisector TA.<sup>9</sup> At present, the MOF is mandated to (i) formulate the legal and institutional framework for the MSWF, (ii) set up the management team for the MSWF, and (iii) implement long-term investment strategies for different asset classes.

7. Building on past achievements in Mongolia's public finance resource management, Mongolia will need to further upgrade its existing public finance resource management system so that it can efficiently respond to fundamentally changing economic environments, thereby helping to ensure sustainable and inclusive economic growth. To accomplish this, it needs to (i) build the strategic and operational framework for public debt management, and strengthen institutional capacity; (ii) supplement the GFMS with an effective government cash management system for efficient management of public revenues and expenditures; and (iii) raise the level of institutional capacity in line with international best practice, especially with that of mineral-rich economies, to limit the effects of risks associated with high mineral dependency while balancing the needs of current and future generations.

### III. THE TECHNICAL ASSISTANCE

#### A. Impact and Outcome

8. The impact of the TA will be improved fiscal sustainability. The outcome will be improved public finance resource management by the government.

#### B. Methodology and Key Activities

9. The TA will help the government (i) strengthen its public finance resource management by improving its institutional capacity to manage public debt, (ii) enhance treasury operations through the development of a sophisticated cash flow forecasting model, and (iii) build sufficient institutional capacity to establish an efficient and independent MSWF management institution.<sup>10</sup>

10. The TA will have three output components of (i) enhancing the strategic and operational framework for public debt management; (ii) establishing an effective government cash management system; and (iii) developing institutional capacity to establish MSWF management institution.

#### 1. Public Debt Management

<sup>9</sup> ADB. 2010. *Technical Assistance to Mongolia for Managing for Development Results*. Manila (TA 7596-MON, approved on 7 September 2010); World Bank. 2010. *Multi-Sectoral Technical Assistance Project*. Washington, DC (approved on 28 June 2010).

<sup>10</sup> With regard to public debt management, the findings and lessons from the International Monetary Fund's contingent liabilities management and debt sustainability analysis framework projects will be reflected in the TA outputs.

11. This component will include the following tasks.

- (i) A contingent liability management framework will be established. This involves assessing and reviewing the existing contingent liability management system in the MOF, comparing it against international best practices to derive lessons. A technical note will be published as a knowledge product and service.
- (ii) Implementation of the new Debt Management Law, to become effective in 2014, will be supported and a medium-term debt management strategy will be formulated. A review report with recommendations will be produced.
- (iii) The capacity of the MOF's Debt Management Division will be improved. Activities will include providing training on public debt management, focusing on contingent liability management, and on implementing the new Debt Management Law. Workshops and seminars will be organized to bring in experts to share lessons and experiences in developing successful public debt management systems.

## **2. Cash Management System**

12. This component will include the following tasks.

- (i) The government cash flow forecasting model will be developed. Training modules for running the cash flow forecasting model will be developed and training will be conducted.
- (ii) A medium-term government cash management strategy will be formulated. International best practices will be reviewed and individual case studies will be undertaken. A study tour will be organized to enable government officials to learn directly from effective government cash management in middle-income and developed economies.

## **3. Mongolian Sovereign Wealth Fund**

13. This component will include the following tasks.

- (i) A report will be prepared with recommendations on a strategy, road map, and plan to develop institutional capacity and human resources for sovereign wealth fund management in support of establishing a new independent MSWF management institution. The recommendation will be based on the review of international best practices. The report will be published as a knowledge product and service.
- (ii) Technical training workshops and seminars will be conducted to learn from international skills and expertise in these fields, as well as to study successful experiences of establishing and managing sovereign wealth fund management institutions and developing fund management strategies. The MOF's capacity will be strengthened in the following areas:
  - (a) formulating and adopting the legal and institutional framework for the MSWF;
  - (b) enhancing knowledge on financial markets, investment instruments analysis, investment operations, funds management infrastructure, etc.; and
  - (c) formulating an investment policy and guidelines for MSWF management institutions.



### **C. Cost and Financing**

14. The TA is estimated to cost \$550,000, of which \$500,000 will be financed on a grant basis by ADB's Technical Assistance Special Fund (TASF-V). The government will provide counterpart support in the form of data access, office space, logistics support, and other in-kind contributions.

### **D. Implementation Arrangements**

15. The executing agency will be the Department of Financial Policy and Debt Management of the MOF. The implementing agencies will be the Debt Management Division, Financial Policy and Debt Management Department of the MOF for the public debt management component; the Financing, Accounting, and Reporting Division, Treasury Department of the MOF for the cash management component; and the Sovereign Wealth Fund Division, Financial Policy and Debt Management Department of the MOF for the MSWF component. The advance payment facility procedure will be adopted following ADB's *Technical Assistance Disbursement Handbook* (2010, as amended from time to time), and established with the MOF to facilitate timely organization of training, seminar, and conference activities. Purchase of equipment will be done in accordance with ADB's Procurement Guidelines (2013, as amended from time to time).

16. The TA will be implemented from 2 January 2014 to 30 June 2016. The three international consultants (9 person-months in total: a public sector debt management specialist, a public sector financial management specialist, and a sovereign wealth fund management specialist); and three national consultants (28 person-months in total: a public sector debt management expert, a public finance information technology expert, and a sovereign wealth fund expert) will be individually selected and engaged by ADB in accordance with the Guidelines on the Use of Consultants (2013, as amended from time to time). The terms of reference for consultants are in Appendix 3.

17. The progress of the TA will be evaluated during review missions based on the performance targets and indicators defined in the design and monitoring framework specified in Appendix 1. The MOF will provide baseline data and will verify the data with other government authorities.

## **IV. THE PRESIDENT'S DECISION**

18. The President, acting under the authority delegated by the Board, has approved the provision of technical assistance not exceeding the equivalent of \$500,000 on a grant basis to the Government of Mongolia for Public Finance Resource Management, and hereby reports this action to the Board.

## DESIGN AND MONITORING FRAMEWORK

<b>Design Summary</b>	<b>Performance Targets and Indicators with Baselines</b>	<b>Data Sources and Reporting Mechanisms</b>	<b>Assumptions and Risks</b>
<b>Impact</b> Improved fiscal sustainability	Structural fiscal deficit kept below 2.0% of GDP by 2018 (baseline: 8.6% in 2012)	MOF reports	
<b>Outcome</b> Improved public finance resource management	Adoption of contingent liabilities and debt sustainability analysis framework by 2016  Government cash flow forecasting model installed by 2016  Size of MSWF grows to 5.0% of GDP by 2016 (baseline: 2.5% in 2012)	MOF reports	<b>Assumption</b> The government retains strong support for the technical assistance.  <b>Risks</b> Unexpected economic shock leads to an immediate debt crisis.  Turnover of government staff increases.
<b>Outputs</b> 1. Enhancing the strategic and operational framework for public debt management  A contingent liability management framework will be established  Implementation of the new Debt Management Law will be supported  Medium-term debt management strategy will be formulated.  The capacity of the MOF's Debt Management Division will be improved	Contingent liability management framework developed by 2015 and a technical note published by 2016 as a knowledge product and service  Regulations and guidelines to support the law will be drafted.  A review report with recommendations prepared by 2016  Training and workshops for relevant authorities conducted (estimated number of participants is 25–30)	Consultant's report approved by MOF  MOF review and approval  MOF reports  Participants' evaluation of workshops, seminars, and training	<b>Assumptions</b> Sufficient data is provided by government agencies.  There is good coordination among ADB and the executing and implementing agencies.  <b>Risks</b> Turnover of government staff increases.  Mobilizing of qualified consultants is delayed.

Design Summary	Performance Targets and Indicators with Baselines	Data Sources and Reporting Mechanisms	Assumptions and Risks
<p>2. Establishing an effective government cash management system</p> <p>Government cash flow forecasting model will be developed</p> <p>Training modules will be developed and trainings will be conducted</p> <p>A medium-term government cash management strategy will be formulated</p> <p>3. Developing institutional capacity to establish MSWF management institution</p> <p>A report with recommendations on a strategy, road map, and plan to develop institutional capacity for sovereign wealth fund will be prepared</p> <p>Technical training workshops and seminars will be conducted</p>	<p>Cash flow forecasting model developed and adopted by 2016</p> <p>Training modules developed by 2015 and training conducted by consultants (estimated number of participants is 10)</p> <p>Medium-term government cash management strategy formulated by 2016</p> <p>A final report published as a knowledge product and service</p> <p>Training, workshops, and seminars conducted (estimated number of participants is 30–40)</p>		

Activities with Milestones	Inputs	
<p>1.1 Recruitment of consultants (by March 2014)</p> <p>1.2 Conducting of study on contingent liability management framework and provision of recommendations (by September 2014)</p> <p>1.3 Development of medium-term debt management strategy (by March 2015)</p> <p>1.4 Trainings and seminars for effectively managing contingent liabilities (by June 2015)</p>	<p><b>ADB: \$500,000</b> (TASF-V)</p>	
	<p><b>Item</b></p>	<p><b>Amount</b> (\$'000)</p>
	<p>Public management component</p>	<p>160.00</p>
	<p>Cash management component</p>	<p>170.00</p>

Activities with Milestones	Inputs	
2.1 Study tour to learn from advanced countries performing systematic government cash management with short-term, medium-term, and long-term cash management strategies (by June 2014)	MSWF component	150.00
2.2 Development of government cash flow forecasting model (by December 2014)	Contingency	20.00
2.3 Development of training modules and conducting of capacity development activities for cash flow forecasting model (by March 2015)	Note: The government will provide counterpart support in the form of counterpart staff, office space, transportation and other in-kind contributions.	
2.4 Establishment of medium-term government cash management strategy (by June 2015)		
3.1 Development of policy recommendations to build institutional capacity in support of the establishment of the MSWF management institution (by June 2014)		
3.2 Conducting of capacity development activities for the Sovereign Wealth Fund Division to support establishment of the MSWF management institution (by December 2015)		
3.3 Production of final reports and knowledge product and service publications (by March 2016)		

ADB = Asian Development Bank, MOF = Ministry of Finance, MSWF = Mongolian Sovereign Wealth Fund.  
Source: Asian Development Bank.

**COST ESTIMATES AND FINANCING PLAN**  
(\$'000)

Item	Amount
<b>Asian Development Bank<sup>a</sup></b>	
<b>A. Public Debt Management Component</b>	
1. Consultants	
a. Remuneration and per diem	
i. International consultant (3 person-months)	60.00
ii. National consultant (16 person-months)	50.00
b. International and local travel <sup>b</sup>	20.00
c. Reports and communications <sup>c</sup>	10.00
2. Training, seminars, and conferences	
a. Seminars and workshops <sup>e</sup>	20.00
<b>B. Cash Management Component</b>	
1. Consultants	
a. Remuneration and per diem	
i. International consultant (3 person-months)	60.00
ii. National consultant (6 person-months)	20.00
b. International and local travel <sup>b</sup>	20.00
c. Reports and communications <sup>c</sup>	10.00
2. Training, seminars, and conferences	
a. Study tours <sup>d</sup>	30.00
b. Seminars and workshops <sup>e</sup>	10.00
3. Equipment and software <sup>f</sup>	20.00
<b>C. Mongolian Sovereign Wealth Fund Component</b>	
1. Consultants	
a. Remuneration and per diem	
i. International consultant (3 person-months)	60.00
ii. National consultant (6 person-months)	20.00
b. International and local travel <sup>b</sup>	20.00
c. Reports and communications <sup>c</sup>	10.00
2. Training, seminars, and conferences	
a. Seminars and workshops <sup>e</sup>	30.00
b. Resource persons	10.00
<b>D. Contingency</b>	<b>20.00</b>
<b>Total</b>	<b>500.00</b>

Note: The technical assistance (TA) is estimated to cost \$550,000, of which contributions from the Asian Development Bank are presented in the table above. The government will provide counterpart support in the form of counterpart staff, office space, transportation and other in-kind contributions. The value of government contribution is estimated to account for 9.1% of the total TA cost.

<sup>a</sup> Financed by the Asian Development Bank's Technical Assistance Special Fund (TASF-V).

<sup>b</sup> Limited to transport costs only.

<sup>c</sup> Includes translation cost for policy notes, inception reports, interim reports, and final reports.

<sup>d</sup> The study tours will be conducted in ADB member countries.

<sup>e</sup> Includes the costs of arrangement of venues, translation or interpretation of seminar- and workshop-related items, and external training participation. Specific budget and arrangements are subject to prior approval from the Asian Development Bank.

<sup>f</sup> Hardware, software, and related services for installing the government cash flow forecasting system will be procured according to the TA recommendation. The equipment will be turned over to the government upon TA completion.

Source: Asian Development Bank estimates.

## OUTLINE TERMS OF REFERENCE FOR CONSULTANTS

1. The three international (9 person-months in total) and three national consultants (28 person-months in total) will be individually selected and engaged by the Asian Development Bank (ADB) in accordance with the Guidelines on the Use of Consultants (2013, as amended from time to time). Consultants will be required to provide (i) an inception report within 4 weeks of commencement of work, defining a detailed work plan and milestones consistent with the design and monitoring framework; (ii) knowledge products and services consistent with the design and monitoring framework activities, outputs, and delivery dates; and (iii) other papers and submissions required by the Ministry of Finance (MOF) for submission to ADB and the MOF. Reports are to be of high quality, delivered on time, and produced in English, with copies in Mongolian.

### Indicative Individual Consulting Services Inputs

Position	Person-Months
<b>International Consultants</b>	
Public sector debt management specialist	3
Public finance resource management specialist	3
Sovereign wealth fund management specialist	3
<b>Subtotal international consultants</b>	<b>9</b>
<b>National Consultants</b>	
Public sector debt management expert	16
Public finance information technology expert	6
Sovereign wealth fund expert	6
<b>Subtotal national consultants</b>	<b>28</b>
<b>Total Inputs</b>	<b>37</b>

Source: Asian Development Bank estimates.

#### A. International Consultants (9 person-months)

2. **Public sector debt management specialist (3 person-months, intermittent).** The specialist will be responsible for overall management and implementation of the public debt management component; timely delivery of high-quality reports and knowledge products, including a policy note; and arranging workshops and training. The specialist will deliver a report reviewing the existing public debt management system with recommendations for adopting a contingent liability management framework and debt sustainability analysis (DSA) tool. The specialist will also support the MOF in preparing the medium-term public debt management strategy. The specialist will prepare a policy note based on the report. The consultant must have comprehensive knowledge of public debt management and at least 10 years of practical experience in public finance management, particularly in contingent liability management and DSA. The expert will have strong English language skills. Experience in Asia, particularly in Mongolia, will be an advantage. The tasks and responsibilities of the specialist include the following:

- (i) assess the existing public debt management framework, especially with a focus on contingent liability management and the MOF's debt management strategy;

- (ii) prepare a technical note with a review of international best practices and case studies of successful development of a contingent liability management framework in other countries;
- (iii) develop a contingent liability management framework tool that fits the circumstances of Mongolia;
- (iv) support the MOF in implementing the new Debt Management Law and developing a medium-term public debt management strategy;
- (v) conduct training, seminars, and workshops on the contingent liability management framework and DSA tool for government officials; and
- (vi) perform quality control on the final English version of all reports.

**3. Public finance resource management specialist (3 person-months, intermittent).**

The specialist will be responsible for the overall management and implementation of the cash management system component. The specialist will be responsible for developing a new cash flow forecasting model and a reporting system. The specialist will also be responsible for supporting the MOF in preparing the medium- and long-term government cash management strategy. The specialist should have extensive knowledge on public finance management and treasury operations, and experience in developing advanced government cash management and reporting systems. The specialist should have at least 10 years of relevant experience and will have strong English language skills. Experience in Asia, particularly in Mongolia, will be an advantage. The tasks and responsibilities of the specialist include the following:

- (i) assess and review the existing government cash management and reporting system against international best practices and case studies;
- (ii) develop a government cash flow forecasting and reporting system that meets medium- and long-term requirements of the Treasury Department of the MOF;
- (iii) support the MOF in developing a medium-term government cash management strategy;
- (iv) conduct training, seminars, and workshops on government cash management and reporting systems for government officials;
- (v) arrange and manage the meetings and schedule for the study tour to the most relevant location; and
- (vi) perform quality control on the final English version of all reports.

**4. Sovereign wealth fund management specialist (3 person-months, intermittent).**

The specialist will be responsible for overall management and implementation of the Mongolian Sovereign Wealth Fund (MSWF) component. The specialist will prepare a report on recommendations for a road map, strategy, and business plan to develop investment management capacity and human resources for the MSWF management institution. The specialist will be also responsible for organizing and conducting capacity building activities for government officials and key stakeholders. The specialist should have sufficient knowledge on capital markets, investment management of sovereign wealth funds, and the legal and regulatory framework for establishing sovereign wealth fund management institutions. He or she should have at least 10 years of relevant experience and will have strong English language skills. Experience in Asia and mineral-rich countries with well-established sovereign wealth funds will be an advantage. The tasks and responsibilities of the specialist include the following:

- (i) produce a report on recommendations for a road map and comprehensive business plan to develop investment management capacity and human resources for the MSWF management institution based on international best practices and case studies;

- (ii) prepare a detailed strategy on human resource and capacity development for the MSWF management institution;
- (iii) conduct training, seminars, and workshops on sovereign wealth fund management and investment management for government officials and key stakeholders;
- (iv) arrange and manage the meetings and schedule for the study tour to the most relevant location; and
- (v) perform quality control on the final English version of all reports.

## **B. National Consultants (28 person-months)**

5. **Public sector debt management expert (16 person-months, intermittent).** The expert will assist the international public sector debt management specialist in developing a contingent liability management framework and DSA tool for the public debt management component. The expert will also support the specialist and the MOF in implementing the new Debt Management Law and developing a medium-term public debt management strategy. The expert should have at least 6 years of relevant work experience and have strong English language skills. The consultant will perform the following tasks:

- (i) provide inputs to develop a contingent liability management framework and DSA tool;
- (ii) provide support to the international public sector debt management specialist and the MOF in implementing the new Debt Management Law and establishing a medium-term public debt management strategy;
- (iii) coordinate all three components of the TA and be responsible for coordination and communication among ADB, the MOF, and the consultants;
- (iv) manage overall implementation and quality of the public debt management component, and ensure timely completion of training and reports based on the TA design and monitoring framework;
- (v) provide logistical support for organizing seminars, workshops, and international conferences;
- (vi) manage team discussions, ongoing stakeholder dialogue, and construction of the final reports to help ensure that international good practice is taken into account; and
- (vii) perform quality control on the final Mongolian version of all reports.

6. **Public finance information technology expert (6 person-months, intermittent).** The expert will assist the public finance resource management specialist under the cash management component in developing a government cash flow forecasting model and reporting system. The expert will also support the specialist and the MOF in establishing a medium-term government cash management strategy. The expert should have at least 6 years of relevant work experience in treasury operations, and information technology systems and software development. Strong English language skills are preferred. The consultant will perform the following tasks:

- (i) support the international public finance resource management specialist in developing a government cash flow forecasting model and reporting system;
- (ii) provide inputs to support the public finance management specialist and Treasury Department of the MOF in developing a medium-term government cash management strategy;



- (iii) provide logistical support for organizing seminars, workshops, and international conferences;
- (iv) manage team discussions, ongoing stakeholder dialogue, and preparation of the final reports; and
- (v) perform quality control on the final Mongolian version of all reports.

7. **Sovereign wealth fund expert (6 person-months, intermittent).** The expert will assist the international sovereign wealth fund management specialist in assessing and reviewing human resource and capacity development needs of the MSWF component. The expert must have in-depth knowledge of and a solid background in legal and regulatory issues related to sovereign wealth funds, capital markets, and investment management. The expert should have at least 6 years of relevant work experience and have strong English language skills. The consultant will perform the following tasks:

- (i) provide inputs to the international sovereign wealth fund management specialist to produce a strategy, road map, and plan to develop capacity and human resources for a sovereign wealth fund management institution in Mongolia, based on international best practices and case studies;
- (ii) plan and conduct training activities for officials and key stakeholders on investment management and financial markets;
- (iii) manage overall implementation and quality of the MSWF component, and ensure timely completion of the study tour, workshops, and reports based on the TA design and monitoring framework;
- (iv) manage team discussions, ongoing stakeholder dialogue, and preparation of the final reports to help ensure that international good practice is taken into account; and
- (v) perform quality control on the final Mongolian version of all reports.