

## DEVELOPMENT COORDINATION

### A. Major Development Partners: Strategic Foci and Key Activities

1. Mongolia became a member of the Asian Development Bank (ADB) in 1991, and from the start of its membership, public sector management, particularly in public finance, has been a key area of engagement. With a cumulative lending, grant, and technical assistance portfolio of \$248.24 million, public sector management is the third largest sector in ADB's partnership with Mongolia (12.29% of total approvals).

2. Mongolia has a long-standing engagement with other development partners in the area of public financial management, notably including the International Monetary Fund, the World Bank, the Korea International Cooperation Agency, and the Japan International Cooperation Agency. Key activities of these organizations, and the established arrangements for coordination with the government and amongst each other, are discussed in para 3 to para 6.

3. **Recent initiatives of development partners.** Prior support from development partners has promoted improvements in both public investment programming and tax administration. Since 2015, the Korea International Cooperation Agency has provided technical assistance to the Budget Investment Department of the Ministry of Finance (MOF) of Mongolia to develop a medium-term fiscal framework system. The World Bank has provided support to various areas of public financial management. The International Monetary Fund has provided support through its Extended Fund Facility and technical assistance focused on improving the efficiency of public investment programming and tax administration.

4. As noted in the 2015 Public Expenditure and Financial Accountability Assessment report, there is still space to improve donor coordination in the area of public finance, including the need to get all external assistance on-budget, but significant progress has been made.<sup>1</sup>

5. The government continues to endorse the need for automation of information systems, including through its ongoing E-government initiative. The World Bank is supporting the development of the national enterprise infrastructure that will host government e-services and provide a platform for interagency collaboration on data exchange. The Policy and Coordination Department of State Property already operates an e-procurement system, which technically can be integrated with the public investment management information system (PIMIS), but the decision to do so is still pending.

6. Ongoing support in public finance is shown in the table. As part of the preparation process of the present support, extensive consultation with the listed development partners has taken place.

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<sup>1</sup> Government of Mongolia. 2015. *Public Expenditure and Financial Accountability Assessment*. Ulaanbaatar.

### Major Development Partners

Development Partner	Project Name	Duration	Amount (\$ million)
IMF	Extended Fund Facility	2017–2020	434.4
ADB	Strengthening Institutional Framework and Management Capacity	2016–2019	35.0
ADB	Social Welfare Support Program, Phase 2	2017	150.0
ADB	Improved Registry System to Strengthen the Delivery of Social Services	2017–2020	1.5
World Bank	Strengthening Fiscal and Financial Stability	2017–2022	12.0
World Bank	Economic Management Support Operation (DPF)	2017–2018	120.0
KOICA	Improving Budget Investment Midterm Fiscal Framework	2015–2018	4.0
JICA	Enhancing Tax Collection Operation and International Tax Issues of Mongolian Tax Administration, Phase 2	2017–2022	

ADB = Asian Development Bank, DPF = development policy financing, IMF = International Monetary Fund, KOICA = Korea International Cooperation Agency, JICA= Japan International Cooperation Agency.  
Source: ADB staff research.

#### **B. Institutional Arrangement and Processes for International Cooperation**

7. The Development Financing Department of the MOF is playing an increasingly effective role in aid coordination, and has the development of long-, medium-, and short-term policies and strategies for the unified management of official development assistance (ODA) loans and technical assistance as part of its mission. The rationale behind this mission is the need to avoid duplication of effort and increase the efficiency and productivity of public investments. The department is also responsible for the monitoring of the ODA portfolio.

8. Communication with the public and consultations with development partners and key stakeholders are conducted on a regular basis as part of project preparation and during project implementation.

#### **C. Achievements and Issues**

9. The lack of an integrated information and communications technology approach to tax administration and public investment programming hampers the MOF's efforts to coordinate ODA. The proposed ADB support for a comprehensive PIMIS is envisioned to further streamline the process of public investment programming and to facilitate the MOF's role in coordinating ODA.

#### **D. Summary and Recommendations**

10. The development and deployment of the PIMIS, and the integration (interface) of this system with the information systems of other organizations, necessitate the need for further investment in capacity development. Systematic engagement and capacity building of not only the staff of the MOF but also of the officials in other ministries, agencies, and local governments will be crucial in the future.