

January 2016

Implemented by:



The Cabinet Secretariat of  
the Government of Mongolia

Swiss Agency for Development  
and Cooperation SDC

## DECENTRALISATION POLICY SUPPORT PROJECT

### FACTS

**Programme name:**

Governance and Decentralisation  
Programme

**Project name:**

Decentralisation Policy Support Project

**Duration:**

2015 - 2018

**Budget:**

CHF 600,000

**Target group:**

Citizens of Mongolia  
Sub-national governments (aimags,  
soums, the capital city and its  
districts)

**Target area:**

Nationwide

Decentralisation is high on the Mongolian government's agenda. With the adoption of a number of new laws, Mongolia has made significant progress in both administrative and fiscal decentralisation reform. Switzerland is supporting Mongolia's reform efforts, and is sharing its experience and expertise in decentralisation and democratisation.



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### BACKGROUND

The Mongolian government views decentralisation as critical to economic growth and equitable and sustainable development, particularly regional development. Reforms in this area have been possible through the adoption of the Integrated Budget Law in 2011 and implementation of the Local Development Fund - a block grant transfer for the development of local communities as agreed upon by citizens. However, despite

improvements in the legal framework, Mongolia still lacks a clearly defined and well-sequenced decentralisation strategy. This is largely the result of poorly delineated responsibilities among the different levels of government, which has led to significant functional overlap and duplication. A comprehensive decentralisation policy, targeting both functional and financial reallocations, can address these challenges.

*SDC will provide support in clarifying the functions, finances and responsibilities of soums, khoroos, districts and the capital city.*

**SDC's Strategic Goal:**

To contribute to equitable and sustainable social and economic development in Mongolia

**GOAL**

To develop a comprehensive, coherent and well-sequenced strategy for political, fiscal and administrative decentralisation in Mongolia

## EXPECTED OUTCOME

With project support, the Government of Mongolia will have elaborated policies, laws, rules and processes, which equitably

assign clear functions, responsibilities, administrative authority and resources to sub-national governments.

## EXPECTED RESULTS

### A decentralisation strategy:

The Cabinet Secretariat will elaborate a decentralisation strategy, including a methodology for the allocation of different functions that will be submitted to Parliament for discussion.

### A pilot application of methodology for reallocation of functions:

The Cabinet Secretariat will pilot a methodology to clarify the roles and responsibilities within one social sector, and based on the lessons learned will make revisions and improvements for broader replication.

### Replication of methodology for the reallocation of functions:

With support from the Technical Working Group, the Cabinet Secretariat will use the tested methodology to clarify roles and

responsibilities in all sectors, and will amend rules and regulations based on findings and proposals for improved allocations.

### New fiscal equalisation system:

The Cabinet Secretariat, in collaboration with the Ministry of Finance, will elaborate a new fiscal equalisation system, which addresses the financial aspects of reassigned functions, as well as resource disparities and extra cost burdens. Ulaanbaatar City's municipal situation will be reflected in the new fiscal equalisation system.

### Continuous policy support:

The Project Implementation Unit will regularly monitor and assess the legislative and regulatory processes that impact on decentralisation in relation to their consistency with the decentralisation strategy.

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## Partner organisations:

- The Ministry of Finance
- The Office of the President of Mongolia
- Line ministries
- Local governments
- Local self-governing bodies
- The Lucerne University of Applied Sciences and Arts

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## Contacts:

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Mongolian and Swiss government representatives signed a cooperation agreement on 8 September, 2015.

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