

# Methodology for the Allocation of Functions in Mongolia

Stefan Pfäffli

SDC Fiscal Decentralisation Course

1

## Content

1.1 Reform organisation.....	3
1.2 Main elements of the methodology.....	6
1.3 List of functions.....	8
1.4 Functional review.....	12
1.5 Functional allocation.....	14
- Types of functions.....	16
- Need for good cooperation.....	19
- Template for the allocation of functions.....	20
1.6 Time frame 2018.....	29

2

Chapter 1.1

## REFORM ORGANISATION

Slide 3

3

### Reform Organisation

## Organisation of Reform: Working Groups Overview

### Technical working groups per ministries

- Set up by a decisions of the respective minister
- Heads appointed by State Great Khural and at Governors office in aimags and capital city
- Representatives from soums/districts, private sector and NGOs involved in the implementation are included in working groups at aimag/capital city level
- *Preparing* reform proposals

### Consultative working groups

- Set up by Cabinet Secretariat
- Composed of principal officers, experts in charge of state administrative central organisations, local governance, legal affairs; they include representatives of Ministry of Legal Affairs and Ministry of Finance
- *Discussing and finalizing* reform proposals prepared by working groups at ministry, aimag and capital city level

Slide 4

4

## Organisation of Reform: Working groups Special Roles

- **Head of working group:** leads and oversees process including the preparation of reform proposals and related legal amendment drafts
- **Secretary of working group:**
  - information on meeting date and time
  - preparatory work for meetings
  - minutes of meetings
  - archiving documents and research materials
- **Officer who established working groups:**
  - oversees progress and results of working group

Slide 5

5

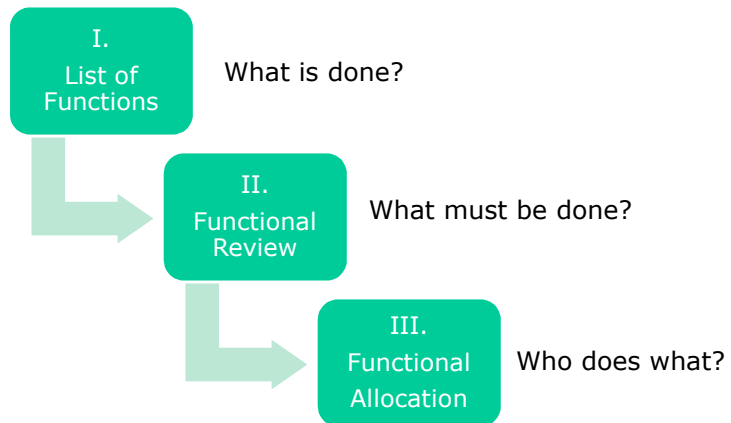
Chapter 1.2

## MAIN ELEMENTS OF THE METHODOLOGY

Slide 6

6

## Main Elements of the Methodology



Slide 7

7

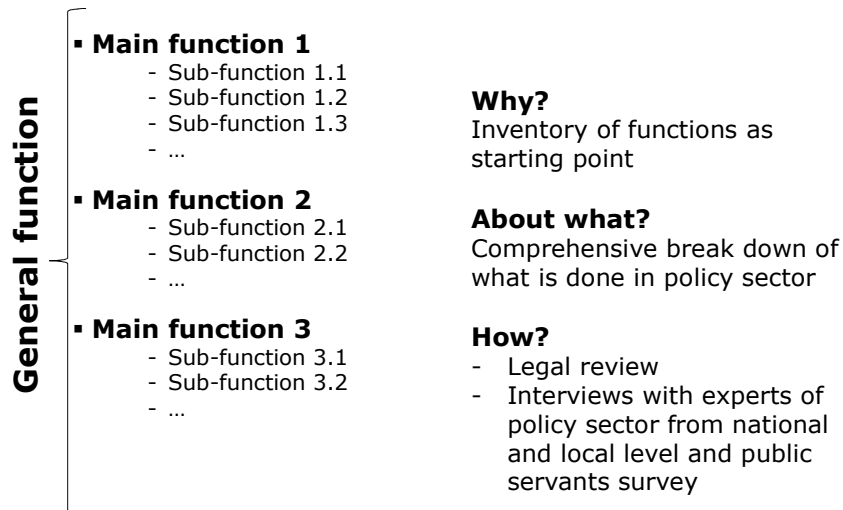
Chapter 1.3

## LIST OF FUNCTIONS

Slide 8

8

## Inventory and hierarchy of policy functions



Slide 9

9

## Example from pilot main function on forestry



Slide 10

10

### **Example from pilot sector: main functions Ministry of environment and tourism**

1. Green development policy planning
2. Weather and environmental monitoring
3. Forest policy and regulation
4. Policy coordination of special protected areas
5. Water policy coordination
6. Policy coordination of land protection
7. Policy coordination of soil pollution, land degradation and prevention from desertification
8. Integrated waste management policy and coordination
9. Policy and coordination of chemical and dangerous substances
10. Cadastre of natural resources
11. Use, protection and rehabilitation of plant reserve
12. Protection, reproduction and appropriate use of animals
13. Ensuring biodiversity
14. Assessment of impacts on environment
15. Tourism policy and coordination

Slide 11

11

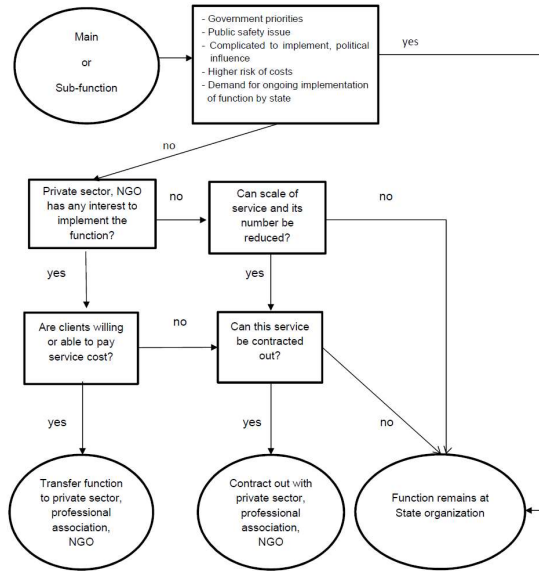
### Chapter 1.4

## **FUNCTIONAL REVIEW**

Slide 12

12

**Decision tree  
for possible  
transfer of  
functions to  
NGOs or  
private sector**



Slide 13

13

Chapter 1.5

**FUNCTIONAL ALLOCATION**

Slide 14

14

## Functional Allocation: Overview

1. Types of functions
2. Need for good cooperation
3. Practical application: Functional Allocation Template

Slide 15

15

## Types of fully disentangled functions

Type	Name
SD	Soum and District functions
AM	Aimag functions
CC	Capital City functions
CS	Central State functions
CS-1	Central State functions with centralised implementation by central state
	Central State functions with de-centralised implementation
CS-2	(de-concentration and delegation)

Slide 16

16



## Shared functions SF

Type	Name
SF-CS-AM	Shared functions between Central State and Aimag
SF-CS-CC	Shared functions between Central State and Capital City
SF-CS-SD	Shared functions between Central State and Soums/Districts
SF-AM-SD	Shared functions between Aimag and Soums/Districts

- Vertical collaboration
- Joint interest and financing

Slide 17

17

## Horizontal collaboration functions HC

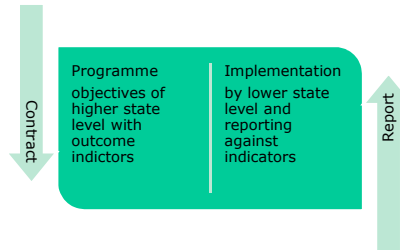
Type	Name
HC-AA	Horizontal collaboration function between Aimag and Aimag
HC-SS	Horizontal collaboration function between Soum and Soum
HC-DD	Horizontal collaboration function between District and District

Slide 18

18

## Cooperation principle

In case of shared or delegated functions, collaborative management approaches should be applied which facilitate the effective and efficient provision of services by higher together with lower state levels.



Should also apply in case of spill-over effects across jurisdictions or in case of economies of scale where horizontal collaboration is needed.

Slide 19

19

## Assessment sheet on functional reallocation Overview of Functional Allocation Template

- A. Current status of function
- B. Problems with the current allocation of the function
- C. Assessment of decentralisation potential
- D. Proposal for adequate type of function
- E. Justification of the suggested allocation
- F. Administrative implications
- G. Cost implications
- H. Legal implications

Slide 20

20

## A. Current status of the function

### 1. Name of function

- i. General function
- ii. Main function
- iii. Sub function

### 2. Legal basis of function

- i. Name of law, articles, etc.
- ii. Other relevant acts with specifications

### 3. Involved actors and their role

	Policy	Coordination	Regulation	Financing	Human resource	Service provision	Monitoring and evaluation
Ministry							
Agency							
Aimag							
Capital city							
Soum							
District							
NGO, private entity, professional association							

Slide 21

21

## B. Problems with the implementation

- 1. ....  
.....
- 2. ....  
.....
- 3. ....  
.....

Slide 22

22

### C. Assessment of decentralization potential

Criteria	True	Partially true	False	Total
Score	1	0,5	0	
<b>Allocative efficiency:</b>				
1/ Uniform needs across subnational governments exist				
2/ Spill-over effect exists, need for coordination				
<b>Operational efficiency:</b>				
3/ Economies of scale exist				
4/ High technology, expensive know how is required				
5/ No frequent contact with local clients				
<b>Equity:</b>				
6/ Uniform standards required				
7/ Affects equal rights issue				
<b>Total score</b>				

Slide 23

23

### D. Proposal for functional allocation

- Which type of function is the best solution?
  
- What are the legal implications? Which laws are concerned and how?  
(Consider specification of function types!)

Slide 24

24

### E. Justification of suggested allocation

- Decentralisation Potential index

$$DPI = \left(1 - \frac{\text{actual score}}{7}\right) * 100$$

Score	DPI	Spectrum
7	0.0%	
6.5	7.1%	
6	14.3%	
5.5	21.4%	
5	28.6%	
4.5	35.7%	
4	42.9%	
3.5	50.0%	
3	57.1%	
2.5	64.3%	
2	71.4%	
1.5	78.6%	
1	85.7%	
0.5	92.9%	
0	100.0%	

- Crosscheck: Match with the *specifications* for the suggested type of function and what is mentioned there under considerations

Slide 25

25

### F. Administrative implications

Indicate who should be responsible for which management task.  
[Avoid responsibility of various actors for the same task!]

	Policy	Coordination	Regulation	Financing	Human resource	Service provision	M&E
Ministry							
Agency							
Aimag							
Capital City							
Soum							
District							
NGO, Private							

Slide 26

26

### G. Cost implications in case of reallocation

/in thousand tugrug/

Expenditure item	Current	Proposal	Change
<b>A STATE BUDGET:</b>			
1 Operational expenditure			
1.1 -salary			
1.2 -social security			
1.3 -other expenditure for goods and services			
1.4 -Subsidy, transfer			
1.5 - other			
2 Capital expenditure			
<b>B AIMAG, CAPITAL CITY BUDGET:</b>			
1 Operational expenditure			
1.1 -salary			
1.2 -social security			
1.3 -other expenditure for goods and services			
1.4 -subsidy, transfer			
1.5 - other			
2 Capital expenditure			
<b>C SOUM, DISTRICT BUDGET:</b>			
1 Operational expenditure			
1.1 -salary			
1.2 -social security			
1.3 -other expenditure for goods and services			
1.4 -subsidy, transfer			
1.5 - other			
2 Capital expenditure			
<b>TOTAL (A+B+C)</b>			

Slide 27

27

### H. Legal Implications

Law /act	Article	Current provision	Suggested new provision

Slide 28

28

Chapter 2.8

# TIME FRAME 2018

Slide 29

29

## Time Frame

### Time Frame for 2018 Technical Working Groups

1. Conduct functional analysis in the selected sector according to the "FA methodology".	April- May	Technical working groups, PIU
2. Prepare proposals on functional reallocation together with relevant law drafts and submit them to Consultative working group.	June- July	Technical working groups, PIU
3. Use new user-friendly software for the implementation of "FA methodology" and prepare proposal to update and utilize the software.	June- July	Technical working groups, PIU

Slide 30

30

Hochschule Luzern  
Business

## Time Frame

### Time Frame for 2018 Consultative Working Groups

1. Discuss and consolidate proposals prepared by Technical Working Groups in accordance with "methodology for functional reallocation", finalize the proposals and submit them to Cabsec.	September-October
2. Select next sectors to implement FA methodology, make proposals and submit them to CabSec.	April-October
3. Provide Technical Working Groups with policy guidance and methodical assistance for the implementation of "methodology for functional reallocation"	on regular basis

Slide 31

31

Hochschule Luzern  
Business

## Time Frame

### Time Frame for 2018 Decentralisation Policy Support Project

- Research
  - Administrative norms for possible transfer of tasks from ministries and agencies to NGOs or to local government organisations
  - Possible amendment of relevant legislation to increase financial resources of local budget
- Provide information to Working Groups
  - Relevant legislation
  - Research papers of local or international experts
  - Manuals, etc.
- Cost control of project
- Support activities within framework of related projects
  - Organise public discussions on proposals prepared by working groups
  - Prepare legal proposals for facilitating vertical collaboration at local level, for improving local procurement and for clarifying the city status
- Trainings for working groups
- Further use of software for the implementation of FA methodology
- Public awareness building, media relations

Slide 32

32