



Strengthening Fiscal and Financial Stability Project (P161048)

EAST ASIA AND PACIFIC | Mongolia | Governance Global Practice |
IBRD/IDA | Investment Project Financing | FY 2017 | Seq No: 4 | ARCHIVED on 10-Sep-2019 | ISR38401 |

Implementing Agencies: Mongolia, Ministry of Finance

Key Dates

Key Project Dates

Bank Approval Date: 09-Jun-2017

Effectiveness Date: 11-Sep-2017

Planned Mid Term Review Date: 30-Jan-2020

Actual Mid-Term Review Date:

Original Closing Date: 31-Jan-2022

Revised Closing Date: 31-Jan-2022

Project Development Objectives

Project Development Objective (from Project Appraisal Document)

The Project Development Objective is to contribute to the Government of Mongolia's efforts to strengthen fiscal and financial stability and improve the quality of expenditure management.

Has the Project Development Objective been changed since Board Approval of the Project Objective?

No

Components

Name

Component A: Strengthening Macroeconomic and Fiscal Management:(Cost \$2.71 M)

Component B: Improving the efficiency of Public Financial Management:(Cost \$3.80 M)

Component C: Enhancing Financial Sector Stability:(Cost \$2.85 M)

Component D: Strengthening of the Social Protection System:(Cost \$2.00 M)

Component E: Project Management and Monitoring:(Cost \$0.64 M)

Overall Ratings

Name	Previous Rating	Current Rating
Progress towards achievement of PDO	● Moderately Satisfactory	● Moderately Satisfactory
Overall Implementation Progress (IP)	● Moderately Satisfactory	● Moderately Satisfactory
Overall Risk Rating	● Moderate	● Moderate

Implementation Status and Key Decisions

Despite delays experienced in early 2018, the project ended the fiscal year with good results including a healthy disbursement rate of around 9% of the total amount of the project which exceeded the forecast at the time of design. By February 2019, the workplan and the procurement plan (PP) for the current calendar year were approved by the State Secretary and the Steering Committee of the project, thus helping to expedite the implementation of core activities and moving towards achieving the projected disbursement rate for the second year of implementation meeting the projected disbursement rate at the time of approval of the project. This trend is expected to continue for the remaining months of 2019. Also, all the beneficiary units both at the MoF and other agencies supported by the project finalized the local and overseas training plans which are greatly



contributing to strengthen the technical capacity of all units in implementation of the project. Good progress was also reported with regards to the achievement of the intermediate result indicators (two of them are already achieved and the rest partially achieved and/or in progress). During the next supervision mission to take place before the end of the year, the team will assess the progress made towards achieving the project results which will inform the preparation of mid-term review which will be completed by end of January 2020. The current rates of the project will be maintaining until the next supervision mission where the team will assess them after meeting and discussing with the main counterparts of the project both the progress in the implementation of the WP 2019 and the one to be prepared for 2020.

Risks

Systematic Operations Risk-rating Tool

Risk Category	Rating at Approval	Previous Rating	Current Rating
Political and Governance	● Substantial	● Substantial	● Substantial
Macroeconomic	● Substantial	● Substantial	● Substantial
Sector Strategies and Policies	● Moderate	● Moderate	● Moderate
Technical Design of Project or Program	● Low	● Low	● Low
Institutional Capacity for Implementation and Sustainability	● Moderate	● Moderate	● Moderate
Fiduciary	● Moderate	● Moderate	● Moderate
Environment and Social	● Low	● Low	● Low
Stakeholders	● Low	● Low	● Low
Other	● Low	● Low	● Low
Overall	● Moderate	● Moderate	● Moderate

Results

PDO Indicators by Objectives / Outcomes

Aggregate expenditure deviation is contained within 15% and commitment controls in place				
▶ Aggregate deviation of expenditures is reduced to 15% or less and commitment controls are in place. (Text, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	Aggregate deviation is >15% and no commitment controls in place	Aggregate deviation is >15% and no commitment controls in place	Aggregate deviation is >15% and no commitment controls in place	Aggregate expenditure deviation is contained within 15% and commitment controls in place
Date	13-Oct-2017	21-Sep-2017	21-Sep-2017	31-Jan-2022



Financial Sector Stability improved by decreasing percentage of non-performing loans.

►Financial sector stability improved by decreasing percentage of non-performing loans (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	12.10	7.30	7.30	10.00
Date	13-Oct-2017	31-Jul-2018	31-Jul-2018	31-Jan-2022

Aggregate poverty-targeted social welfare support going to the poorest 20% is increased.

►Aggregate poverty-targeted social welfare support going to the poorest 20% is increased (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	2016: 17	42.20	42.20	2022: 25.5
Date	13-Oct-2017	21-Sep-2017	21-Sep-2017	31-Jan-2022
Comments:	Indicator measured in MNT (billions)			

Intermediate Results Indicators by Components

Component A: Strengthening Macroeconomic and Fiscal Management

►Component A1: Fully operational comprehensive revenue forecasting model and financial model for mega-projects. (Yes/No, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	No	No	Yes
Date	13-Oct-2017	26-Nov-2018	26-Nov-2018	31-Jan-2022

►Component A2: Government Debt management strategy and action plan are updated and approved by MoF. (Yes/No, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	No	No	Yes
Date	13-Oct-2017	26-Nov-2018	26-Nov-2018	31-Jan-2022

Component B: Improving the efficiency of Public Financial Management

►Component B1: GFMIS upgraded to version 7 and accounting and financial reporting functionality operationalized to support IPSAS implementation. (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	Current version of the GFMIS is not integrated	Current version of the GFMIS is not integrated	Current version of the GFMIS is not integrated and	Financial reporting is fully integrated into



	and reporting is done in stand-alone systems.	and reporting is done in stand-alone systems.	reporting is done in stand-alone systems.	version 7 of Free Balance (GFMIS)
Date	13-Oct-2017	26-Nov-2018	26-Nov-2018	31-Jan-2020
►Component B2: Policy document on budget control and risk management is drafted and approved by MoF. (Yes/No, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	No	No	Yes
Date	13-Oct-2017	26-Nov-2018	26-Nov-2018	31-Jan-2022
►Component B3: Public outreach activities on proposed changes to legislation conducted. (Text, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	1.00	1.00	2 at the end of the project life
Date	13-Oct-2017	26-Nov-2018	26-Nov-2018	31-Jan-2022
Comments:	In accordance with the Law on Legislation Acts, public outreach activities were organized per se, collected and analyzed the data of the public opinion poll; Consolidated report of submitted suggestions from the public opinion poll and responses regarding how they were included in the revised draft version of the package law and summarized data report regarding the outcome of the public opinion poll was prepared.			
►Component B4: The PIM Guideline for regulating the procedures and responsibilities of PIM project strategy/planning, appraisal, selection/prioritization and budgeting developed. and endorsed by MoF. (Yes/No, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	No	No	Yes
Date	13-Oct-2017	26-Nov-2018	26-Nov-2018	31-Jan-2022
Comments:	Good process has been made in achieving the intermediate result indicator. The Public Investment Division at MoF has developed the first draft of the PIM regulation which sets forth the general principles for the methodology for managing the entire PIM portfolio for both new and on-going projects (project evaluation, analysis/appraisals (new) and re-evaluation/rationalizations of on-going ones). It is expected that the regulation will be finalized in the coming months and approved by the Minister early next year.			

Component C: Enhancing Financial Sector Stability

►Component C1: Financial Sector Medium-term Development Strategy: 2017-2025 is prepared and submitted to Parliament. (Yes/No, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	Yes	Yes	Yes
Date	13-Oct-2017	26-Nov-2018	26-Nov-2018	31-Jan-2022
Comments:	The Ministry of Finance, the Bank of Mongolia and the Financial Regulatory Commission jointly formulated a "Financial Sector Medium-term Development Strategy: 2017–2025" national program and it was approved by the Government resolution # 299 on October 3, 2017			
►Component C2: DBM's corporate governance structure is compliant with international standards. (Yes/No, Custom)				



	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	No	No	Yes
Date	13-Oct-2017	26-Nov-2018	26-Nov-2018	31-Jan-2022
►Component C3: Laws/regulations are revised to ensure that DICOM is properly mandated, operated resourced, and governed, with proper means to reimburse insured deposits of failed banks. (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	5.00	5.00	5.00	10.00
Date	13-Oct-2017	26-Nov-2018	26-Nov-2018	31-Jan-2022
►Component C4: Regulatory legislation for the non-bank financial sector prepared and submitted to Parliament. (Yes/No, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	No	No	Yes
Date	13-Oct-2017	26-Nov-2018	26-Nov-2018	31-Jan-2022
►Component C5 Operational macro-prudential framework designed and web-based database system operationalized. (Yes/No, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	No	No	Yes
Date	13-Oct-2017	26-Nov-2018	26-Nov-2018	31-Jan-2022

Component D: Strengthening of the Social Protection System				
►Component D1: Amendments for social insurance legislation in line with the State Policy on Pension Reform (2015-2030) are submitted to the Parliament. (Yes/No, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	No	No	Yes
Date	13-Oct-2017	26-Nov-2018	26-Nov-2018	31-Jan-2022
Comments:	Good progress has been made in achieving this indicator. MLSP with the support of national experts is currently reviewing package laws on social insurance in order to prepare and submit to parliament the draft amendments.			
►Component D2: A plan for consolidation of the existing social welfare programs has been adopted by the MLSP. (Yes/No, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	No	No	Yes
Date	13-Oct-2017	26-Nov-2018	26-Nov-2018	31-Oct-2020



Data on Financial Performance

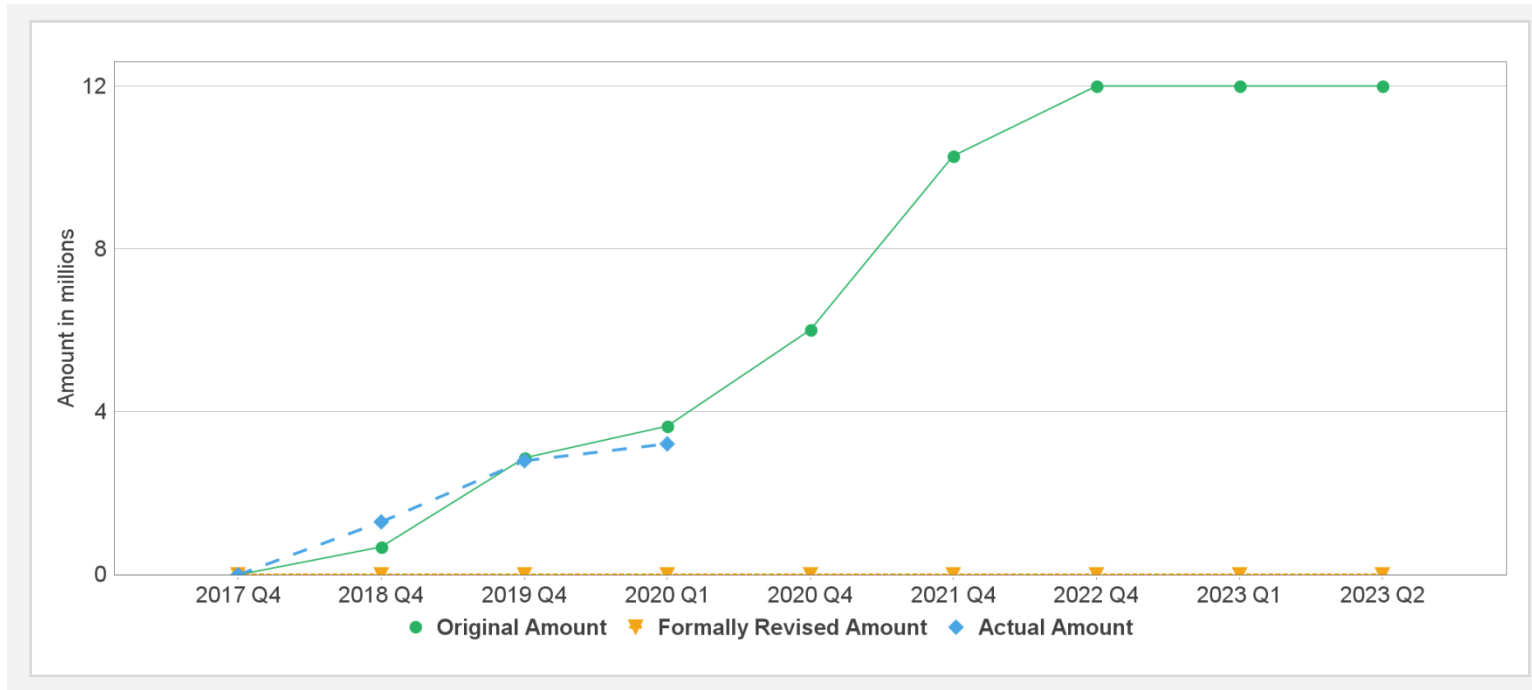
Disbursements (by loan)

Project	Loan/Credit/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	% Disbursed
P161048	IDA-60840	Effective	USD	8.20	8.20	0.00	0.00	8.54	0%
P161048	IDA-60850	Effective	USD	3.80	3.80	0.00	3.20	0.71	82%

Key Dates (by loan)

Project	Loan/Credit/TF	Status	Approval Date	Signing Date	Effectiveness Date	Orig. Closing Date	Rev. Closing Date
P161048	IDA-60840	Effective	09-Jun-2017	05-Jul-2017	11-Sep-2017	31-Jan-2022	31-Jan-2022
P161048	IDA-60850	Effective	09-Jun-2017	05-Jul-2017	11-Sep-2017	31-Jan-2022	31-Jan-2022

Cumulative Disbursements





Restructuring History

There has been no restructuring to date.

Related Project(s)

There are no related projects.
