

## Mongolia: The Role of Civil Society in MfDR

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- As a result of frequent organizational structure changes, short-term thinking, little accountability on the part of the public leaders, and the absence of performance measuring systems, Mongolia has faced many challenges in its transition from a centrally planned economy to a market economy.
- Initiatives such as the National Development Dialogue, the Social Auditing Pilot Model for Participatory Assessment and Monitoring, and the World Bank's Public Expenditure Tracking Survey, the Open Society Forum (OSF) is helping to build a successful national dialogue and shared vision for Mongolia's future.
- The active role of civil society is a key factor in the success of these initiatives. This requires informed citizen participation in policy formulation, implementation and monitoring processes of public management.

### Introduction:

Over the past 15 years, Mongolia has experienced a transition from a centrally planned economy to a market economy. The country has faced challenges in managing for results because of rapidly changing national development strategies, minimal accountability of public leaders, and unpredictable and frequent changes in public management mechanisms such as organizational structure, legal process and administrative environment. The chaotic organizational culture creates uncertainty and short-term thinking on the part of the private sector, which in turn limits strategic thinking and major foreign and domestic investment.

Poor performance in the public management system is also caused by the virtual absence of any type of performance measuring system. The fact that public officers receive low salaries reduces incentives for efficiency and increases corruption. When Mongolian officials do report on the progress of government

projects, the amount of money spent is the primary measurement. This type of evaluation reflects a digression to the use of the monitoring methods of a centrally planned economy where the primary government indicator of performance is the number of goods and services produced.

Despite these challenges, Mongolia's civil society has been actively engaged in public management reform and maintains that the country could create a more successful transition if the leaders and citizens efficiently joined their efforts to achieve development results.

### **Application:**

A significant number of non-governmental organizations (NGOs) are involved in addressing the issues described above. One the most well-known organizations, the Open Society Forum (OSF), aims to support the active participation of informed citizens in forming public policies as well as monitoring and implementing the progress of these programs. The OSF has developed a number of programs in the past, and the following sections demonstrate the organization's commitment to this issue.

### **National Economic Development Strategy Planning**

The prerequisite to a successful strategy for economic development is the commitment by private sector and civil society stakeholders to outline a shared vision of the country's future. The OSF established the "National Development Dialogue," a forum for experts to regularly discuss national issues and contribute to the identification and evaluation of critical economic policies. One of the programs under this new initiative was a series of lectures and discussions led by economists and targeted to Mongolian policy makers and others in the policy community. In 2005, the OSF co-hosted two separate events in Mongolia featuring two Nobel Prize winner economists, Robert Mundell and Professor Joseph Stiglitz.

The results of another program, a public discussion of future national development scenarios, will be published as a journal. Mongolians of different age groups and experiences created the scenarios as articles, to be published in magazine format worldwide in the year 2025. The contents of the journal are simple and presented in an entertaining manner. In parallel, the OSF hosted a web page for these scenarios, which initiated further online discussions and debates.

The third program under the initiative was the development of a web portal, which has since transformed into one of the main tools to directly reach the public on this issue. On this website (see: [www.opensocietyforum.mn](http://www.opensocietyforum.mn)), the OSF posts articles on policy issues written by leading economists and enables the web-audience to post their own comments.

### **Problem Solving:**

#### **Public Management Performance Monitoring**

In Mongolia, the initial stage of the integration of performance quality measurement into public management is characterized by a shift from outputs to outcomes.

Civil society's first priority was to gather all available public sector management information and make it accessible to society, in other words, create public governance transparency. This information includes key economic issues, projects, influences on and processes of decision making, names of people involved, size of budgets and final project outcomes.

The OSF supports this initiative to provide broad public access to information resources about policies, laws and regulations. It has created a physical and virtual space for quality research and analysis of policy and governance in the economic and social development fields. As a result of many years of advocacy by the OSF and other civil society organizations, the Mongolian Parliament adopted the

“Public Service Broadcasting (PSB)” law in January 2005, and the former state-owned National Radio and TV service was converted into a public broadcasting entity.

Civil society’s second priority has been to enforce accountability of local and central government officials. To address this issue, the OSF initiated and developed a coalition of organizations to promote open and responsible budgeting processes. The entire budget framework statement document for 2006 was published for the first time on the OSF website. In addition, the OSF organized the first public debate on the government budget with the Minister of Finance, civil society, donor institutions and local province representatives. The OSF also co-convened monthly meetings on the harmonization of donor activities focused on small and medium size enterprises (SMEs) and the development of micro-credit. Related officials were required to make progress reports in terms of outcomes rather than outputs. Finally, a memorandum of understanding between the Ministry of Finance, the Parliament Standing Committee and the OSF on regular releases of detailed budget information, cooperation in the area of public discussions, and analysis of budget documents is planned.

### **Individual Project Monitoring**

#### ***Secondary Education Budget Monitoring***

The OSF, in collaboration with the World Bank, analyzed the educational sector’s budget spending in Mongolia, focusing on the secondary education sub-sector. The Public Expenditure Tracking Survey (PETS) method developed by the World Bank was applied to assess transparency of the budgeting process (e.g., public access to budget information). The goal of the exercise was to identify misuse of educational funds, which causes delays and hampers effective delivery of education services in urban and rural schools.

Budget data was collected from local education authorities, 118 randomly selected schools (representing a national pool of over 700 schools), and the Ministry of Education. Extensive and in-

depth analytical reports were prepared around themes central to education budget programming such as education budget laws and regulations, funds allocation (salary and non-salary expenditure by schools), and budgeting processes (budget submission, approval and disbursement processes). The report will be used as a basis for public discussions on transparency in the educational finance system, which is necessary to create public awareness and participatory opportunities. The database compiled under this initiative was the first collection of school budget information on a national level, which will be available to the public online. The final report was released in the fall of 2006 in English and Mongolian.

The results of this research are expected to have a visible impact on the education sector's decision-making, especially in the area of participatory budget spending at school levels as well as some impact on resource allocation decisions at the central level. For example, the study shows that 80 percent of the school system's fixed costs goes to heating buildings, and 70 percent of the variable costs per student goes to teacher salaries.

This study also helped the OSF to learn directly about the application of international-level research tools and gain skills in implementing budget tracking studies. This experience will allow the OSF to apply the same skills in research of other social sectors (e.g. health) and implement activities aimed at monitoring the allocation and expenditure of public funds.

### ***Social Service Quality Monitoring Project***

The OSF initiated the Social Auditing Pilot Model for Participatory Assessment and the Monitoring of the Quality of Social Services by collecting relevant data. The key challenge in the assessment of social services is the lack of good analytical studies and systemic evaluations. Since the public has limited information and knowledge on social service performance, there is not a clear demand for improvement. In order to present an evaluation of the existing situation and offer alternative policy options, the OSF

commissioned a study in one of the Ulaanbaatar city districts in Mongolia.

Songino-Khairkhan (SK) is a major in-migration area of Ulaanbaatar. In this district, apartment houses and “gers”(nomads’ houses) are predominantly populated by migrants from rural areas. The OSF research covered issues related to living conditions, access to education, health and administrative services in SK. Important problems included confusing census data from various sources, lack of registration of migrants, and limited access to safe drinking water, public schools, and police and health services.

### **Results:**

- Civil society is an integral player in public management performance monitoring.
- Information monitoring should be disseminated to all levels of society, and community MfDR practitioners should make the data available to their districts.
- Society’s capacity to create broad dialogue on public management outcomes is essential to success.
- Cooperation with government institutions is also important to ensure accurate monitoring.
- Multilateral and bilateral institutions have rich experiences in implementing MfDR systems.
- Monitoring of the public performance is possible only when the government is fully committed.
- Incentives for MfDR must be created by civil society.
- Monitoring of public management performance is a large, expensive and long-term job.

## Conclusion:

The OSF is interested in establishing a local community of practitioners, including individual researchers, policy makers, and academic, public organization and NGO representatives, to focus on achieving nation-wide development results. The purpose of this community of practice (CoP) will be to more effectively involve communities in project implementation and monitoring.

In the development of this program, the OSF must recognize that it is critical for every individual stakeholder to contribute to the assessment of public management performance at local, regional and national levels, and that the integration of performance measures into public budgeting and management should be done on a step-by-step basis.

At the beginning, the initiative will focus on specific development program issues, and the local community will be a "project and program monitoring body" (PPMB). The first immediate action will be to train NGOs on result-based management and monitoring concepts. The training will focus on community participation in project implementation and project monitoring.

The CoP will have a Mongolian and English language website that will be updated daily with NGO information and comments. It will focus on project outcomes through performance measurement and related programs. The website, a visible interface, will display well-structured information with a creative and efficient database to avoid the risk of becoming a chat-room. Participants would be the actual beneficiaries of international and bilateral projects and local civil societies. (I don't understand this sentence)

Finally this community will be responsible for incorporating performance indicators in project creation; examining how aid resources are received, included in the budget and used; and identifying the person in charge of measuring the end results.