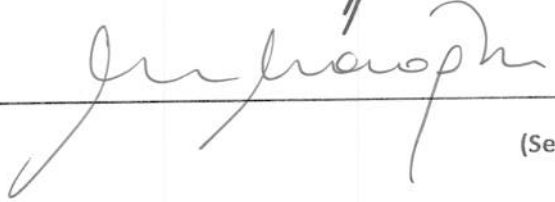


United Nations Development Programme

Country: Mongolia

Project Title	Local Governance Support Programme (LGSP)
UNDAF Outcome (s)	Democratic processes are strengthened through institution building, civil society empowerment, and enhanced accountability and transparency to reduce disparities and human poverty
Expected CP Outcome (s)	3. Capacity for democratic and participatory governance enhanced in national and local governing institutions
Expected Output (s)	3.1. Capacity for local governance in rural and urban areas increased through policy support for legal, institutional and decentralization reform 3.2. Representative and oversight role of the Parliament and local hurals enhanced
Implementing Partner	Cabinet Secretariat, Government of Mongolia
<p>Extension of Project Duration (three months from Jan to Mar 2012)</p> <p>1) This is a budget neutral extension. 2) The project is extended to allow finalization and dissemination of lessons learned of the project both in Mongolian and English, to interested parties, non-pilot aimags and development partners.</p>	
<p>Programme Period: 2007- 2012</p> <p>Project extension 1: 6 months (Jun – Dec 2010)</p> <p>Project extension 2: 1 year (Jan – Dec 2011)</p> <p>Project extension 3: 3 months (Jan-Mar 2012)</p>	<p>Total Budget: US\$ 1,915,000</p> <p>Government in kind contribution: ₮50 mln</p>

Agreed by (Implementing Partner):  _____
(Ch. Khurelbaatar, Chief, Cabinet Secretariat)

Agreed by (UNDP):  _____
(Sezin Sinanoglu, Resident Representative)

14 December 2011

**United Nations Development Programme
Country: Mongolia**

Project Extension

Project Title	Local Governance Support Programme (LGSP)
UNDAF Outcome (s)	Democratic processes are strengthened through institution building, civil society empowerment, and enhanced accountability and transparency to reduce disparities and human poverty
Expected CP Outcome (s) (Those linked to the project and extracted from the CP)	3. Capacity for democratic and participatory governance enhanced in national and local governing institutions
Expected Output (s)	3.1. Capacity for local governance in rural and urban areas increased through policy support for legal, institutional and decentralization reform 3.2. Representative and oversight role of the Parliament and local hurals enhanced
Implementing Partner	Cabinet Secretariat, Government of Mongolia

Project Extension Justification

1. The objective of the project is to improve local service delivery and the broader context of good local governance through i) piloting an improved arrangement for planning, financing and managing local service delivery in selected Aimags; and ii) supporting the development and implementation of national policies, strategies and operational procedures for local governance and devolved service delivery. Through supporting institutional reform, capacity development, and increased public participation and accountability by local governments, the project aims to contribute to the localization and achievements of MDGS.
2. In accordance with the project duration indicated in the Project Document, the project was completed in June 2010.
3. Taking into account i) the successful implementation of pilot activities; ii) major legislative changes in local governance expected in late 2010; and iii) the need to design the follow-up local governance project reflecting these legislative changes and subsequent capacity building requirements, UNDP and the Government of Mongolia agree to extend the project for six months till 31 December 2010.
4. Project outputs and activities remain as envisaged in the original Project Document.

Programme Period: 2007-2011 Project Duration: 3 years June 2007-June 2010 Project Extension: 6 months June 2010 – December 2010	Total Budget: US\$ 1,433,000 Government in kind contribution: ₮50 mln
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Agreed by (Implementing Partner): _____
(Ch. Khurelbatar, Chief, Cabinet Secretariat)

Agreed by (UNDP): _____
(Shoko Noda, Resident Representative a.i)

8 July 2010



PROJECT DOCUMENT

Country: MONGOLIA

UNDAF Outcome(s)/Indicator(s):	Democratic processes are strengthened through institution building, civil society empowerment, and enhanced accountability and transparency to reduce disparities and human poverty.
Expected Outcome(s)/Indicator (s):	3. Capacity for democratic and participatory governance enhanced in national and local governing institutions.
Expected Output(s)/Annual Targets:	3.1 Capacity for local governance in rural and urban areas increased through policy support for legal, institutional and decentralization reform 3.2 Representative and oversight role of the Parliament and local hurals enhanced
Implementing partner:	The Cabinet Secretariat, the Government of Mongolia
Responsible parties:	The Ministry of Finance, General Election Commission, Local Governments, Academy of Management, CSOs.

Narrative

The objective of the project is to improve local service delivery and the broader context of good local governance through: (i) piloting and improved arrangement for planning, financing and managing local service delivery in selected Aimags; and (ii) supporting the development and implementation of national policies, strategies and operational procedures for local governance and devolved service delivery.

Through supporting institutional reform, capacity development, and increased public participation and accountability by local governments, the project aims to contribute to the localisation and achievements of MDGs.

Programme Period: 2007-2011
Programme Component:
Project Title: Local Governance Support Programme
Project ID:
Project Duration: 3 years June 2007 - June 2010
Management Arrangement: NEX

Total Budget	<u>US\$ 850.000</u>
Allocated resources:	
• UNDP TRAC	<u>US\$ 850.000</u>
• Government in kind contributions	<u>MN₮ 50 MLN</u>

Agreed by (Implementing partner): 

/S. Batbold, Chief, the Cabinet Secretariat/

Agreed by (UNDP): 

/Pratibha Mehta, Resident Representative/

Part I. Situation Analysis

Mongolia is a unitary state with a central government and three levels of sub-national governments. Currently, there are 21 aimags with 329 soums, and 1544 bags. The capital city comprises 9 districts with 121 horoos. According to the Constitution, the administrative and territorial units of Mongolia are organised on the basis of combination of both self-governance and state administration. As a result, Mongolia has a dual system in which administrative and territorial unit has both a governor and a local council.

Since the 1990s, decentralisation has been part of Mongolia's reform agenda. However, the process of decentralisation in Mongolia has been centrally driven, implemented slowly, and is so far incomplete. Politically, citizens elect local parliaments, but governors are nominated by these parliaments and appointed by the next higher level of government. Administratively, local governments (aimags and soums) have some control over local personnel, but decisions over sectoral policy-making remain centralised. Fiscally, local governments have some revenue raising powers but there is no coherent intergovernmental transfer system in place.

While legal reforms are frequently made, Mongolia lacks an integrated decentralisation strategy and, most fundamentally, national consensus on how to operationalize decentralization with concrete arrangements for the intergovernmental sharing of responsibilities for service delivery and financing. Some recent reforms have reversed the decentralisation process. In 2001, a reform to the General Taxation Law reduced local budgets significantly and the Consolidated Budget Law mandated that since 2002 the personal income tax be centralised in the state budgets. The Public Sector Management and Finance Law (PSMFA), which came into effect in 2003, has recentralised all expenditure responsibilities for social service delivery, including education and health, from local administrations to the line ministries' portfolio. Due to these facts, there is an increasing pressure from local governments to relax legislations that limit their autonomy.

Disparities between rural and urban areas are widening. Rural residents have less access to education, health care, safe drinking water, information, and other basic services. Rising rural-to-urban migration is another manifestation of the growing poverty and increasing vulnerability.

At the same time, the capacity of local governments in Mongolia to provide quality social services is greatly limited by constrained financial resources and lack of the technical capacity to perform their duties in an efficient and equitable manner thereby impeding efforts to bring about local development. Local level accountability is weakened, on one hand, by the top-down appointment system of civil servants from the centre, on the other hand, by lack of capacity among local citizens to enforce accountability.

Recognising these shortcomings with the system of local governance, in November 2005, the Parliament of Mongolia established a Provisional Committee on Increasing Local Governments' Autonomy and Decentralisation with a task to review major legislations that inhibit local independence, including PSMFA. The Provisional Committee has conducted a number of background research and collected feedback

from local administrations on the proposed amendments and has been facilitating a nation-wide consultation on the proposed reform agenda. As a first result, the Parliament approved the amendments in the Law on Administrative and Territorial Units and their Governance in December 2006 and abolished the top-down appointment systems in relevant sectoral laws. Once further legal reforms will have taken place, there will be an increasing need for capacity development of local administrations in order for them to assume the newly assigned functions.

As the performance of MDG targets to halve poverty varies significantly between different locations of the country, there is an increasing need to target funding for public investments for poor people and poorer areas. The challenge is to reform local government systems to ensure that resources allocated for local public expenditure on pro-poor investment are used effectively, efficiently, equitably and accountably.

Part II. Strategy

The project will contribute to the achievement of the United Nations Development Assistance Framework (UNDAF) Outcome 1: Pro-poor good quality socio-economic services available to vulnerable population in disadvantaged regions and areas; Outcome 2: Democratic processes strengthened through institution building, civil society empowerment, and enhanced accountability and transparency; Outcome 3: A holistic approach to environmentally sustainable development promoted and practiced for improving the well-being of rural and urban poor, with particular focus on improved environmental governance.

The objective of the project is to improve local service delivery and the broader context of good local governance through: (i) piloting and improved arrangement for planning, financing and managing local service delivery in selected Aimags; and (ii) supporting the development and implementation of national policies, strategies and operational procedures for local governance and devolved service delivery.

Hence, supporting institutional reform, capacity development, and increased public participation citizen accountability, the project will thus contribute to the localisation of MDGs. Localising the MDGs entails investing in democratic governance processes at the local level, including engaging participation by the people who are most likely to be affected by the achievements of the MDGs in the relevant planning and decision-making processes, and simultaneously encouraging responsive and participatory action by local governments and other actors.

The project strategy is to provide local governments with incentives to increase their capacity for administration, planning, financial management, pro-poor service delivery and good local governance processes. Combining block grants with technical assistance, the project provides the pilot local governments with hands-on experience in managing development funds and service delivery responsibilities in a participatory and accountable manner. At the same time, the project will assist in further developing national policies, laws, rules and procedures required drawing on the lessons learned within the pilot programme

The focus will be on the role of the democratically elected councils at *aimag* level and will thus also explore the opportunities for increased inter-soum collaboration in

service delivery in key areas relevant to the attainment of the MDGs. Through facilitation of discussions on the possible development of service delivery units (schools, clinics etc) benefiting more than one soum and support for planning and development of new infrastructure, the project will assist in addressing key issues in Mongolia related to the viability of the existing soums as local government units.

In order to achieve the above outcomes and objectives the project will produce the following two outputs:

Output 1:

Policy relevant piloting of improved local governance for the achievement of MDGs implemented

The aim of the programme is to pilot an expanded role of the elected local governments in planning, financing and managing primary infrastructure and service delivery in order to illustrate their potential for assuming incrementally assigned new functions and responsibilities thus promoting advocacy for national policy reform.

The programme will select 3-5 aimags based on a set of agreed criteria such as poverty level and other MDGs results, organisational capacity, support for rural development not received from other donor programmes, and commitments to participate from individual aimag hurals. The pilot aimags will receive support for two annual cycles (F.Y. 2008-09).

Block grants will be provided to these aimags in order to design and demonstrate innovative pilots to improve various principles of good local governance in planning, budgeting, financing, management of service delivery and accountability arrangements and to develop relevant capacities.

The LGDP will design the grant modality and develop detailed operational guidelines and procedures for the grant allocation, management and control which will be agreed with the government and participating aimags, thus piloting an improved national regulatory framework A Memorandum of Understanding (MoU) will be signed between the Cabinet Secretariat and each participating aimag hural.

In order to access funds, LGs will have to meet minimum conditions which derive from LG related laws in the area of planning, financial management, functioning of local hurals, transparency and communication (e.g. transparency on planning decisions, hural meetings and processes complied with, citizens access to expenditure records, and audit carried out). The programme will test a set of simple indicators with more complex indicators incrementally added in the subsequent years as agreed with the local governments.

Block grants will be restricted to funding development expenditures, which have been legally defined as local government expenditure assignments, with clear outputs and within a limited time frame. These include primary infrastructure and services such as primary health, education (maintenance), drinking water, rural roads, solid waste management and environment protection.

Piloting Participatory and Accountable Local Governance Processes

In order to strengthen participation in local *MDG planning and budgeting*, local hurals will develop detailed procedures for involving the general public, including women and the poor, the private sector and civil society organisations at the local level. In addition, local hurals will set up rules for transparent appraisal and prioritising of expressed needs and priorities in order to limit political manipulation and capture by local elites. Selection criteria will have a pro-poor focus such as the value of the improved service or access resulting from the investment, number of poor people, including women and other marginalised groups benefiting, special weight for environmental benefits etc.

The programme will also help facilitate *decision-making processes* with an active role of the local elected representatives in identifying development challenges, discussing priorities and making planning decisions, and monitoring project implementation and service delivery performance.

The participating aimags will develop a detailed communications/information strategy aimed to ensure *transparency* in planning and management. The purpose of the strategy is to make information on local government activities, resources (inputs, planning, budgeting, expenditure), LG decisions (approved plans and budgets, land allocation, etc.) and performance to encourage meaningful public participation, basic regulations governing local government affairs (citizen's rights, LG procedures, LG obligations, etc) publicly available in a form that is easily understood.

Procedures for *participatory audit of local government service delivery* will be developed. Practical tools such as Social Audit (Citizens' Report card) will be tested for service delivery performance to assist developing processes to strengthen accountability of local hurals to their constituencies.

Over time, the project might also test a system for performance-based grants with additional resources provided to hurals based on performance with respect to, for instance, pro-poor elements such as quality of poverty analysis, environmental analysis, expenditure prioritisation (reward for poverty focus in expenditure allocation), gender mainstreaming performance, etc. The grants will provide incentives to LGs to improve their performance through an active involvement of the citizens in the scrutiny of performance.

Delivery Strategy for Capacity Development Support

Support will be provided for the local governments to develop the *technical capacity* for project implementation in order for both elected representatives and staff in the administrations to perform their respective functions. Assistance will also be provided to further develop *financial management systems* and ensure that *audits* are conducted as needed. In addition, assistance will be provided to the elected councils to strengthen their capacity to *monitor and supervise* local activities.

Rather than just identifying 'training needs', the programme will explore wider factors and constraints affecting LG performance such as human resource constraints,

material and logistical constraints, inappropriate or vague procedures, systems and rules and inadequate incentives.

To ensure local ownership, a combination of demand and supply driven approaches will be used in capacity development.

Demand-driven component

LGs are expected to assess their “capacity gaps” in relation to functional areas such as planning, implementation, general organisation/management, financial management, service delivery, monitoring and evaluation and identify corresponding CD needs. LGs will develop simple CD plan, specifying what and whose capacities are to be strengthened. Such CD plans will be purposeful – activities to be undertaken need to lead to deliverables and specific outputs, and all such outputs need to be linked to the overall programme objectives. The programme will provide CD services to LGs based on these plans.

Supply-driven component

The aim is to develop improved procedures and systems (for local planning and budgeting, etc.) that will be managed by local authorities, thereby enhancing the poor delivery performance of those local authorities (effectiveness, efficiency and accountability) and to demonstrate best performance practices through innovative pilots. Therefore, recommended core competencies would be participatory techniques, communication, decision-making, local government planning, investment appraisal, monitoring and evaluation, financial management, accounting and reporting on use of funds, policy and procedural development. To assist participatory processes and help increase awareness on local governance, specialised local facilitators will be deployed in the selected aimags.

Output 2:

Capacity for local governance increased through support for the development of the national policy, legal and institutional framework for decentralisation

The LGSP will assist the Government of Mongolia in developing the policy, legal and operational framework for decentralization, formulating of a national integrated programme on decentralisation and support the national dialogue on policy options. Technical support will be provided to the Parliamentary Sub-Committee on Local Administration, the Cabinet Secretariat/Department of Local Administration, the Ministry of Finance, and the General Election Commission.

The support will primarily consist of policy studies and support for further developing policy options as well as national workshops with participation of national/local government officials and partners/CSOs. Independent think tanks will be supported to provide input to the policy debate. In addition, technical input on draft working papers and legislation will be provided. The support will focus on three policy areas:

(a) Functional responsibilities

Provision of technical inputs for reviewing sectoral functions of Soum, Aimag and Municipal governments and the roles and powers of elected Hurals. For each service,

the project will support an assessment of the current pattern of policy, provision and production arrangements for the various functions and how they are defined and actually practiced; identifies any arising problems (e.g. ambiguities, contradictions, overlaps, etc.); and serves to provide guidance to more informed debate on which functions may be best assigned to the aimag and soum level and overall how to reform the institutional framework for local service delivery. This includes the role of the non-state actors, in particular the private sector in producing the services, through utility companies and formal public-private partnerships (PPPs).

(b) Local Government Financing

Support comprises of assessing financing needs for development and service delivery functions assigned to local governments and operational expenditure needs, assignment of revenue sources, and design of fiscal transfer systems and facilitating national dialogue on policy options. Policy option for inter-regional equalisation through equalisation grants will be developed and the impact on quality of services will be assessed. Also, a dialogue will be supported on how to increase the allocation of local tax revenues for development. Finally, assistance will be provided in the completion of a study to assess the impact of taxes and user fees on income distribution and the poor.

(c) Inclusiveness and Accountability of Elected Councils

Finally, the local representational arrangements, including inclusiveness with respect to women, various occupational and ethnic groups, and the functioning of the electoral systems and political parties at local levels will be reviewed with the aim to make local bodies more representative and accountable to citizens.

The project will facilitate the sharing of experiences between pilot aimags. The lessons learned from the pilots (output 1) will be systematically analysed and communicated to national decision-makers and non-governmental partners.

Part III: PROJECT RESULTS AND RESOURCES FRAMEWORK

<p>Intended Outcome as stated in the Country Programme Action Plan Results and Resource Framework: Capacity for democratic and participatory governance enhanced in national and local governing institutions.</p> <p>Outcome indicators as stated in the Country/ Regional/ Global Programme Results and Resources Framework, including baseline and targets:</p> <p>3.1 Capacity for local governance in rural and urban areas increased through policy support for legal, institutional and decentralization reform</p> <p>3.2 Representative and oversight role of the Parliament and local hurals enhanced</p> <p>Applicable MYFF Service Line: Decentralisation, local governance and urban/rural development</p> <p>Partnership Strategy: Partnerships to be forged with the Cabinet Secretariat, Parliament, Ministry of Finance, relevant line ministries, local governments, CSOs, the private sector, academic institutions and key donors</p> <p>Project title and ID (ATLAS Award ID):</p>			
<p>Intended Outputs</p> <p>Output One: Policy relevant piloting for improved local governance and local development processes implemented</p>	<p>Output Targets for (years)</p> <p>Target for 2007: Operational guidelines developed and finalised, preparatory work for pilots conducted</p> <p>Capacity development (CD) support provided to aimags</p>	<p>Indicative Activities</p> <ul style="list-style-type: none"> Finalise selection and agreements (including MoUs) with pilot aimags Design funding modality and develop operational guidelines and approve through a consultative process Recruit and train field facilitators Relevant procedures developed by the participating aimag Hurals as per the programme requirements Develop a framework and conduct capacity development assessment in the selected aimags Develop capacity development plans and adopt by aimag hurals Provision of capacity development support to strengthen participatory planning, financial management, costing, supervision/monitoring of implementation, and transparency and accountability in these processes Document lessons learned and promote 	<p>Responsible parties</p> <p>Cabinet Secretariat, Ministry of Finance, UNDP, Participating aimags, NPM</p> <p>Cabinet Secretariat, Academy of Management, Local Governments</p>
			<p>Inputs</p> <p>International consultants US\$ 10,000</p> <p>Local consultants US\$ 10,000</p> <p>Contractual services US\$ 10,000</p> <p>Workshops/training US\$ 15,000</p> <p>Travel US\$ 15,000</p> <p>Procurement US\$ 50,000</p> <p>Project management US\$ 5,000</p> <p>Miscellaneous US\$ 5,000</p>

	<p>Target for 2008 and 2009: Block grants provided tested to finance the newly assigned functions</p>	<p>experience sharing among aimags</p> <ul style="list-style-type: none"> • Assessment of compliance with minimum conditions conducted and decisions made • Announcement of grants to the pilot aimags • Participatory planning and budgeting process conducted • Approval of plan by aimag hurals • Allocation of budgets • Implementation of development projects • Participatory audit of project implementation and project accounts 	<p>Cabinet Secretariat, MoF, UNDP, Participating aimags, NPM</p>	<p>Grants for the aimags: \$400,000 Local consultants US\$ 40,000 Contractual services US\$ 50,000 Workshops/training US\$ 30,000 Travel US\$ 30,000 Procurement US\$ 40,000 Project management US\$ 10,000 Miscellaneous US\$ 20,000</p>
	<p>CD support provided to aimags</p>	<ul style="list-style-type: none"> • Technical support provided for design, implementation and monitoring • Assistance provided in methodologies and tools for participatory audit such as Citizen's report card • Document lessons learned and promote experience sharing • Organise policy dialogues based on the lessons and experiences 	<p>Cabinet Secretariat Academy of Management, CSOs,</p>	
<p>Output Two: Capacity for local governance increased through policy support for legal, institutional and decentralisation reforms</p>	<p>Targets for 2007-10: Policy development supported in key areas identified. National dialogue on policy options promoted in key areas identified</p>	<ul style="list-style-type: none"> • Review sectoral functions at sub-national levels and develop policy options • Review the roles and powers of elected <i>hurals</i> in planning and managing services • Review financing needs for development and service delivery functions assigned to local governments, assignment of revenue sources, design intergovernmental fiscal transfers (to include inter-regional equalization) and develop policy options • Review local representational arrangements, including inclusiveness of women, various 	<p>Cabinet Secretariat, Parliament, MoF, Sectoral Ministries, General Election Commission, Local governments Mongolian Association of Local Authorities (MALA)</p>	<p>International consultants US\$ 40,000 Local consultants US\$ 20,000 Workshops/training US\$ 20,000 Travel US\$ 20,000 Miscellaneous US\$ 10,000</p>

		<p>occupational and ethnic groups and the functioning of the electoral systems and political parties.</p> <ul style="list-style-type: none"> • Assess the impact of local taxation on income distribution and the poor and make policy recommendations • Design of a national integrated decentralization programme • Facilitate national dialogue on policy options through seminars and workshops • Provide capacity building support to the Department of Local Administration of the Cabinet Secretariat in managing local government affairs 		
Total Budget				\$850,000

Part IV: ANNUAL WORK PLAN BUDGET SHEET

Year: 2007

EXPECTED CP OUTPUTS and indicators including annual targets	PLANNED ACTIVITIES <i>List all activities including M&E to be undertaken during the year towards stated CP outputs</i>	2007				Responsible party	Planned budget		
		Q 1	Q 2	Q 3	Q 4		Source of Funds	Budget Description	Amount US\$
Operational guidelines are developed and finalised, preparatory work for pilots conducted	<ul style="list-style-type: none"> - Finalise selection and agreements (incl. MoUs) with pilot aimags - Design funding modality and develop operational guidelines and approve through a consultative process - Recruit and train field facilitators - Relevant procedures developed by the participating aimag Hurals as per the programme requirements 			+		CS, MoF, UNDP CO, participating aimags, NPM	UNDP	71200	10,000
								71300	7,000
								71400	5,000
								71600	10,000
				+	+			72200	0
								74100	5,000
								74500	5,000
Capacity development (CD) support is provided to aimags	<ul style="list-style-type: none"> - Develop framework and conduct capacity development (CD) assessment in the selected aimags - Provision of CD support to strengthen participatory planning, financial management, costing, supervision monitoring of implementation, and transparency and accountability in these processes 			+		CS, Academy of Management	UNDP	71200	0
								71300	3,000
								71400	5,000
								71600	5,000
								72200	0
					+			74100	0
								74500	0
Subtotal								55,000	
Policy development supported in key areas identified	<ul style="list-style-type: none"> - Review of sectoral functions at sub-national levels and develop policy options - Review of intergovernmental fiscal arrangements and develop policy options - Organise workshops to facilitate policy dialogue - Capacity building support provided to the Cabinet Secretariat 			+	+	CS, MoF, UNDP CO, participating aimags, NPM		71200	20,000
								71300	5,000
								71400	0
				+	+			71600	10,000
								72200	15,000
								74100	0
								74500	3,000
Subtotal								53,000	
Project Management	Personnel and other administration			+	+	UNDP/CO, NPM		71400	10,000
								72200	40,000
								74100	2,000
								74500	5,000
Subtotal								57,000	
Total								165,000	

Part V. Management Arrangements

The LGSP will be managed by the Government of Mongolia and will be implemented in partnership with UNDP and key donors. Through the programme, UNDP will provide technical assistance for the pilot and capacity development support for planning, financing and implementation, including the management of the funding modality. UNDP will provide pilot funds for the grants to local governments and the national decentralization programme will be designed so as to allow for other donors to provide funds for development. This modality would draw on the local government funding modality created in a number of other countries such as Cambodia, Nepal and Bangladesh.

The LGSP will be implemented in close synergy between the UNDP assisted projects on “Institutionalisation of MDGs Monitoring in Mongolia” and “Support the National Poverty and MDG Monitoring and Assessment System (PMMS)”, currently implemented by the Ministry of Finance.

The management arrangements for LGSP follow the principles of UNDP’s Results Management Guide (RMG).

The LGSP shall be implemented in a National Execution (NEX) modality with the Implementing Partner, the Cabinet Secretariat, responsible for the delivery of project outputs and overall accountability to project beneficiaries and contributors for the proper and effective use of the UNDP resources. The management structure for the LGSP will be as follows.

Outcome Board		
UNDP (DRR)	CS/DLA (Secretary)	Parliamentary Sub-Committee, MoF, GEC, Open Society Forum

Project Organization Structure

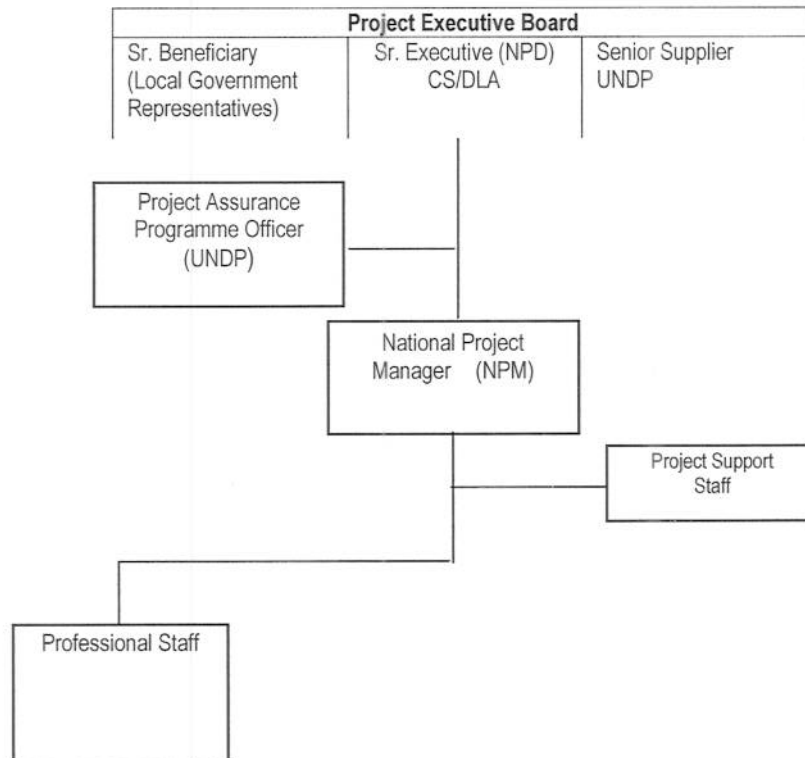


Figure 1

Outcome Board

The Outcome Board will have representation of UNDP (DRR/P), CS/DLA (Secretary), Parliamentary Sub-Committee on Local Administration, Ministry of Finance, General Election Commission, Local Government and CSOs representatives (Open Society Forum). The board is responsible for monitoring the realization of the expected outcome under its programme component and approves annual work-plans (see also M&E section).

Project Board (PB)

A Project Board shall be set up and consists of the following roles:

- Senior Executive role (National Project Director (NPD), chief of the Department of Local Administration, the Cabinet Secretariat) representing the project ownership to chair the group;

- Senior Supplier role (UNDP DRR) role to provide guidance regarding the technical feasibility of the project, and
- Senior Beneficiary role (Participating local governments) to ensure the realization of project benefits from the perspective of project beneficiaries.

The Project Board is responsible for making by consensus management decisions for the project when guidance is required by the Project Manager, including recommendation for UNDP/Implementing Partner approval of project revisions. In order to ensure UNDP's ultimate accountability, final decision making rests with UNDP in accordance with its applicable regulations, rules, policies and procedures. Project reviews by this group are made at designated decision-making points during the running of the project, or as necessary when raised by the Project Manager (PM). This group is consulted by the PM for decisions when PM tolerances (i.e. constraints, normally in terms of time and budget) have been exceeded.

Project Assurance

This will be the primary responsibility of UNDP who will support the PB and the Outcome Board by carrying out objective and independent project oversight and monitoring functions. This role ensures that appropriate project milestones are managed and completed.

Project Manager

The Project Manager has the authority to run the project on a day-to-day basis on behalf of the PB within the constraints laid down by the PB. The Project Manager will be responsible for day-to-day management and decision-making for the programme. The Project Manager's prime responsibility is to ensure that the project produces the results specified in the project document and work-plans, to the required standard of quality and within the specified constraints of time and cost.

Programme Team

LGSP's technical assistance and advisory activities will be the responsibility of a small team of international (long and short term) and national (long and short term) experts. This team will have a central, UB-based, unit and a regional unit to cover the pilot aimags.

Project Support team

Project Support role shall provide project administration and management support to the Project Manager as required by the needs of the project. This role shall consist of an Administrative and Financial Assistant, Secretary/Translator and Driver/Messenger.

The Implementing partner shall provide for office premises, telecommunication lines and other agreed inputs to the project.

Part VI. Monitoring and Evaluation

UNDP corporate principles for monitoring, measurement and evaluation will be applied for the project. The project shall be audited every year, in accordance with the NEX guidelines.

Part VII. Legal Context

“This document together with the CPAP signed by the Government and UNDP which is incorporated by reference constitute together a Project Document as referred to in the SBAA [or other appropriate governing agreement] and all CPAP provisions apply to this document.”

Part VIII. Annexes

Annex I: Annual Work Plan Monitoring Tool

Annex II: Terms of Reference