Project Title: *Supporting the Implementation of the 2030 Agenda in Mongolia*
Project Number: 00109306
Implementing Partner: UNDP
Start Date: May 2018   End Date: May 01, 2021   **PAC Meeting date:** May 1, 2018

Brief Description

In February 2016 the Parliament of Mongolia approved the 'Sustainable Development Vision 2030' (SDV), which is anchored in the 2030 Agenda for Sustainable Development. SDV/SDG implementation in the country is constrained by lack of coherence between the sectoral policies, weak capacity of planning institutions, and uncoordinated monitoring and evaluation efforts.

The Extended Fund Facility (EFF) program agreed with the International Monetary Fund (IMF) in May 2017 to support the stabilization of Mongolia's economy and restore debt sustainability will require Mongolia to carefully prioritize public investments into the SDGs to fit them within the limited fiscal space.

The project will focus on SDG acceleration through reaching the following results: (i) multi-stakeholder partnerships are established to support innovative approaches for SDG acceleration; (ii) planning, budgeting, M&E and financing frameworks aligned with 2030 Agenda, and (iii) data eco-system strengthened using innovative approaches to facilitate evidence-based solutions and accountability.

Contributing to the **UNDAF Outcome 1:** *By 2021, poor and vulnerable people are more resilient to shocks and benefit from inclusive growth and a healthy ecosystem* Contributing to the **CPD output 1.1:** *National and sub-national medium-term plans and budgets, as well as sector plans, prioritize achievement of SDGs and sustainable development, with corresponding monitoring and oversight processes with reliable data in place*	**Total resources required:**		$800,000
	Total resources allocated:	**UNDP TRAC:**	$ 230,000 (year 1)
		Government:	
		In-Kind:	
	Unfunded:		$570,000

Agreed by (signatures):

UNDP
Beate Trankmann, Resident Representative
Date: 7/6/2018

I.   DEVELOPMENT CHALLENGE

Country Context

Mongolia's economy was one of the fastest-growing in the world reaching an average of 13.8 percent during 2011-13. While the country transitioned to upper middle-income country status[1] in 2015, by 2016 it returned to lower middle-income country status with a GNI per capita of $3,830[2]. Mongolia is now ranked 90th in the HDI in the high human development category[3]. Poverty declined from 27.4 percent in 2012 to 21.6 percent in 2014[4], but increased to 29.6 percent in 2016 (rural: 34.9 percent and urban: 27.1 percent). However, the country remains highly vulnerable. In 2016 GDP growth fell to 1% largely due to decreasing foreign direct investment (FDI), falling commodity prices and slower growth in China As a result, macroeconomic stability has deteriorated with the balance of payments coming under pressure and external debt repayments of more than $1.2 billion due in 2017-2018. The government has taken extensive measures to stabilize the economy, which resulted in 5.1 percent[5] of economic growth by the end of 2017.

In May 2017 the Government and the International Monetary Fund (IMF) agreed on an economic reform program with a total financing package of $5.5 billion including support from the Asian Development Bank (ADB), the World Bank, Japan, Korea and China. The programme aims to stabilize the economy, restore debt sustainability and improve fiscal and monetary management. It also seeks to lay the foundation for sustainable and inclusive growth in the future. According to the first three reviews Mongolia's performance has been positive, despite delays related to political developments. Mongolia was able to meet all quantitative targets under the program. The fiscal results have been better than expected, supported by stronger revenues and tight expenditure control, and the fiscal deficit this year, at 7.6 percent of GDP, is less than half of what it was in 2016[6]. The recently approved 2017 Supplementary Budget and the 2018 Budget are in line with the program.

Mongolia's economy remains dependent on the mining and to a lesser extent the agricultural sector. The low productivity in non-mining sectors continues to affect economic growth. The share of mining in GDP is 20 percent, its share of exports is close to 90 percent, and 20 percent of state revenue are directly from mining[7] yet it only employs 3.7 percent of the workforce. Agriculture represents 14 percent of GDP[8] but employs 28 percent[9] of the population, albeit mainly at subsistence levels. The extractive and agriculture dependent growth model puts high pressure on ecosystems causing degradation of pasture (land), forest and water resources, habitat destruction and decline in biodiversity. Over 70 percent of the land is already classified as degraded. Due to its geographic location and fragile ecosystems, Mongolia is heavily affected by climate change. The frequency and magnitude of natural disasters and weather hazards (dzud, snow, dust and sandstorms, forest and steppe fires and flash flood) have increased[10]. Climate change further exacerbates desertification, water scarcity and pasture degradation negatively impacting on rural livelihoods. An estimated 80% of the country was affected by drought conditions, resulting in severe yield and area losses of the 2017 crops. The cold winter of 2018 combined with drought consequences has further reduced production. The sector growth has declined to 2.3 percent compared to 6.2 percent in 2016.

Mongolia experience large regional disparities. Over two thirds of the population now reside in urban areas with an increasing share of poor people living in informal and semi-formal settlements (ger districts). Growing vulnerabilities due to the lack of diversified livelihood opportunities and exposure to climate change are major drivers of migration into cities, especially Ulaanbaatar and rising disparities. During the last decade, HDI is growing steadily, and Ulaanbaatar has the highest

[1] 10 Countries Move Up in Income Bracket, World Bank, 2015; Mongolia's GNI per capita is US$ 4,280, World Bank, 2015
[2] http://data.worldbank.org/country/mongolia, 2016
[3] UNDP, Human development Report 2014
[4] Poverty headcount ratio at national poverty lines (% of population), World Bank, 2014
[5] www.1212.mn
[6] IMF, First and Second Reviews under the Extended Fund Facility—Press Release; Staff Report; and Statement by the Executive Director for Mongolia, December 2017
[7] Economic and Social Survey of Asia and the Pacific 2015, ESCAP
[8] Key Indicators for Asia and the Pacific 2015, Asian Development Bank
[9] Statistics Yearbook 2014, NSO
[10] Mongolia Assessment Report on Climate Change, MEGDT, 2014

HDI, at 0.812, which is almost 9 percent higher than the national average. Moreover, urban rural disparities remain large with the lowest poverty rate of 16.4 percent in Ulaanbaatar and an average of 27.9 percent in rural soums[11]. The Multimensional Poverty Index (MPI)[12] was calculated in 2013 by the independent researchers. The 2013 MPI for Mongolia has been computed based on an adjusted assets indicator and the Social Indicator Sample Survey (SISS), and it covers three dimensions and 11 indicators. Accordingly, in 2013, 5.4 percent of total population or 162.0 thousand individuals were poor in multi-dimension and 15.4 percent of total population or 462.0 thousand individuals were close to poor in several dimensions. The share of the population living in severe poverty was 0.4 percent. As a result, urban public and social services systems are under pressure and cannot deliver quality services to all people. This results in inequality in opportunities, especially related to health, education, water and sanitation and affordable heating. Another consequence is the increasing soil, water and air pollution. Ulaanbaatar is one of the most polluted cities in the world in terms of air quality and exposes its population, especially in the informal settlements, to serious health hazards[13].

Inequality also has a gender dimension. Women earn less than men (GNI per capita PPP for women was 70.5% that of men)[14]. Women are disproportionately concentrated in low-paying sectors and occupations[15]. In addition, unpaid family workers are also predominantly women[16]. Family properties are often registered under the husband's name[17].

The lack of economic diversification, vulnerability-driven rural poverty, overexploitation of natural resources, loss of livelihoods through natural hazards are closely intertwined with each other. They are the cause for rising inequality and lack of opportunities and drive internal migration to urban areas and the corresponding increase in the proportion of urban poor as well as urbanization related social and environmental challenges.

National Planning and Budgeting Context

In February 2016 the parliament approved the 'Sustainable Development Vision 2030' (SDV). This vision is anchored in the 2030 Agenda for Sustainable Development and seeks to address the development challenges described above. The SDV envisions that Mongolia in 2030 will lead the region by its economic growth, reach upper middle income group countries based on its GNI per capita, ensure a diversified and stable growing economy, build a society dominated by upper middle income class, free of income inequality and poverty, have accountable and democratic governance, have a transparent business environment built on fair competition, preserve its mother nature and ecological balance and value green development[18]. While the SDV already reflects many of the SDGs, gaps remain. The SDV has few quantified goals and targets and policy coherence and trade-offs are inadequately reflected.

In January 2016, the Parliament of Mongolia approved the Action Plan for implementation of Green development policy of Mongolia. Based on 6 strategic goals and 51 targets of the Green development policy the Action Plan prioritized 255 activities to be implemented in two phases; up to 2020 and to 2030. The Action Plan has incorporated green development indicators, green jobs, green economy learning, sustainable public procurement, green building, sustainable financing and waste management. The Action Plan for implementation of Green development policy is designed to reorient national economic development planning as well as guide sectoral policies towards inclusive and green growth.

According to the government resolution of September 9, 2016 , the newly established Government of Mongolia formed after 7th election of the Parliament has defined its Government Action Programme (GAP) to implement for 2016-2020 based on Mongolia's Sustainable Development Vision 2030, electoral action plan of the Mongolian People's Party which participated in the

---

[11] Millennium Development Goals and Poverty Map, UNDP, 2012
[12] Multi-dimensional poverty in Mongolia, https://www.unece.org, 2016
[13] Curbing Air Pollution in Mongolia's Capital, World Bank, 2012
[14] Global Gender Gap Report, World Economic Forum, 2015
[15] Mongolia: Gender Disparities in Labor Markets and Policy Suggestions, World Bank, 2013
[16] Mongolia Statistical Information Service, 2016
[17] Gender Analysis in Pastoral Livestock Herding in Mongolia, SDC, 2015
[18] Long-term Sustainable Development Vision of Mongolia 2016-2030, Government of Mongolia

Parliamentary elections of 2016, recommendations and suggestions from civil society organizations and citizen of Mongolia as well as international treaties and agreements.

Primary goal of the Government during these difficult times of economic and financial hardship is to quickly recover the economy, regain economic growth, support social sectors and drastically improve livelihood of the citizen. In addition, specific goals were set to build capacity of civil, state and public services, ensure professional personnel on all levels of civil service in order to provide fast, easy, trouble-free, open and transparent delivery of public services as well as strengthen social trust and guarantee national security.

In order to ensure the GAP implementation, the Government has recently developed a 'government action plan' covering a period of 4 years (equivalent to the elected government mandate and it 91 pages length document). The Action Plan is in line with the GAP major pillars and each action has target for 2017, 2018, 2019 and 2020 and costing with sources of financing. Moreover, the major infrastructure projects are allocated by aimags. The lead agency for each action is identified alone with partnering and participating stakeholder. The Cabinet Secretariat has to present progress report to the Cabinet by March 25 each year. The first time the government has produced the action plan in a very comprehensive and detailed way. It intends to mobilise the resources from the private sector. Since the GAP does not explicitly depict the alignment with SDGs, the actions are not linked to SDV/SDGs. For instance, the poverty targets have not been shown in the plan per se, and the actions are broadly classified by the development pillars. The document intends to be administrative type of document of instead being development oriented. It is difficult to monitor towards the SDGs, and it is document is fragmented and looks as "wish list" and does not match the budget classification items. In addition, it becomes another planning document with annual reporting requirements. The annual socio-economic development guidelines are prepared based on some actions.

In January of 2018 the "Three-Pillar Development Policy" was approved by the government. The three pillars are diverse economy, good governance, and people-centered social policy. This policy will serve as basis for developing and implementing the country's investment programme.

A Sustainable Development Goal-level review of the SDV shows that the SDV is broadly consistent with many of the SDGs, although heavily focused on promotion of economic growth, diversification and infrastructure building. This economic growth promotion polices are in line with the agreed IMF package. Some of the SDGs which are at the heart of "Leaving No One Behind" – notably, gender equality and reducing inequalities – are only included in the SDV as general principles, and lack specific objectives and actions. The SDV does not sufficiently recognize the trade-offs and synergies between economic, social and environment dimensions of development. The Government Action Programme (GAP) 2016-2020 (the medium-term plan) was largely informed by concerns about the fiscal crisis and debt unsustainability and most of its objectives relate to the SDGs on economic growth, poverty reduction, health, education and governance. However, objectives of the SDV related to the environment – such as those on clean energy, water and sanitation, and climate change action - as well as those related to economic diversification - such as those on science and innovation, found limited reflection in the medium-term GAP. Similar to GAP, the Socio-Economic Guideline (SEG) 2018 (the annual plan) has a disproportionately strong emphasis on goals related to economic growth, governance, poverty, education and health.

In 2016 the responsibility for development policy and planning, including the Public Investment Plan (PIP), was transferred to the National Development Agency (NDA), that was instituted as the key planning agency under the Prime Minister. Hence, NDA was assigned responsibility for long-term, and medium-term policy planning, and the key government institution to coordinate SDV/SDGs development planning and investments. As the regulatory agency in charge of the PIP and medium and long-term development planning, the NDA is also given mandate to conduct assessments on national policy documents coherence with global commitments, and on coherence of sector strategies and local development plans with the national planning objectives.

In overall, the majority of documents have not quantified targets and costing, which make them difficult to implement and monitor. Even the programs or policies have costed, they are not

secured by the financing sources. The policy coherence has not been ensured both horizontally and vertically. Institutionally, the policy planning functions regarding SDG/SDV within the government have not been clarified yet.

Challenges

The implementation of the SDV and the 2030 Agenda faces a number of challenges which this project seeks to address. These include:

Unclear Institutional Coordination Arrangements and Institutional Capacity Constraints

Over the past years, institutional arrangements and responsibilities for planning and coordination have been shifting. In 2009-2012 responsibility for planning lay with the Prime Minister's Office[19] and then moved to the Ministry of Economic Development. During 2014 the Ministry of Economic Development was dissolved, and economic policy development and planning functions were moved to the Ministry of Finance without adequate staffing, budget and mandates to fulfil these functions. This change had an adverse impact on the government's ability to effectively coordinate policy related issues both at the horizontal as well as the vertical level. Capacity of the core division responsible for the nation's economic policy has also relied heavily on external support with several staff positions funded by development partners – indicating that the Government is yet to fully institutionalise this crucial function within its structure.[20]

Subsequent to the elections in the summer 2016, the newly elected government established the National Development Agency (NDA). However, some of the core functions related to planning and resource allocation decisions remain with the Ministry of Finance, and the Cabinet Secretariat assumes responsibility for monitoring and evaluating implementation. This unclear division of labour leads to overlapping responsibilities, a key concern for the implementation of the SDV and 2030 Agenda. In order to strengthen the policy and institutional coherence and coordination in the policy planning the Law on Development Policy Planning amendments are proposed. The major change will be about clarifying the role of planning agency in development process, and ensuring participation of all related stakeholders in decision-making. The amendment is expected to be discussed during the spring session of the Parliament.

Unclear institutional arrangements are compounded by institutional capacity constraints. Elections often result in significant changes of key personnel, erosion of capacity and lack of continuity in policy making. There is a need to continue the drive for civil service reforms aimed at creating a culture of professionalism, stability of systems and ethics within the civil service while developing a similar cadre of professional civil servants at the subnational level and enforcing robust accountability mechanisms.

Lack of Realistic Costing and Financing Strategy

To date sectoral and sub-national strategies and policies have been prepared and approved with varying timeframes, mostly without realistic costing and financing to implement these strategies and policies. Recently, at the moment all on-going national programs, sectoral and inter-sectoral policies (about 162) as well as governors' action plans have been reviewed and updated in view of their alignment with the SDV. The review indicated that only 416 percent are aligned with SDGs, which demonstrates that the ambitions of an integrated agenda and of 'leaving no one behind' and 'reaching the furthest behind first' has not been reflected in these strategies, action plans, policies and annual socio-economic guidelines.

Public investment is partially planned on an annual basis by the Ministry of Finance based on investment proposals received from the line ministries and provinces and budget thresholds are used as the main criteria for selection for funding without consideration of the overall policy objectives of the government, either annually or in the medium term. In an effort to make public

---

19 The government agency under Prime Minister's Office was called National Development and Innovation Committee (NDIC). It operated from March 2009 - August 2012 and later transformed into MED after the 2012 election.
20 UNDP Mongolia CPAP 2012-16 evaluation, 2016.

investment more driven by policy objectives, the Government developed a medium-term public investment program (PIP) for 2018-2020, which included investment plans from different sources (public, private, loans and ODA etc.,). In addition, the recently adopted the "Three-pillar development policy" will serve as basis for refining the PIP.

Another persisting challenge is a lack of information related to non-budgetary investment. There is no central repository of information on development financing flows (public/private and national/international) which makes it difficult for government to manage, leverage and explore new development financing opportunities.

Lack of Policy Coherence and Short-Term Planning Horizon

Coherent policy approaches and improved coordination among sectoral ministries and between different levels of government are essential to accelerate progress towards the SDGs. A policy shift is required from targeting short-term gains of resource exploitation and managing fiscal crises to a balanced and diversified economic growth ensuring investment in natural capital. This will be particularly challenging during the implementation of an IMF reform program. Robust prioritization and sequencing that can support political decision making is critical to ensure such coherence. While prioritization is largely a political process, the quality of prioritization is significantly improved if it is done on the basis of evidence – assessing and comparing the social and environmental impacts of programs. Prioritization is particularly relevant at this time in Mongolia, given the limited fiscal resources for financing development. At this time, there are no robust criteria used for assessing the social and environmental impact of public investments, before they are approved.[21]

In 2017, UNDP supported the government to conduct review of water sector in Mongolia using Network Analysis[22] developed by the Stockholm Environmental Institute. The main purpose of the pilot was to understand interlinkages between SDG targets, to assess interactions between national development goals, and SDGs and the water sector priorities. The water sector and SDGs linkages were analyzed using two–order interactions. This analysis revealed that the most pressing challenge is related to governance issues within the water sector. The governance issues related to weak accountability and capacity constraints on designing, implementing and following up the policies were highlighted as the key challenges. In addition the lack of leadership in public service was identified as priority influential objective, followed by a need to focus on urban planning and adaptation to climate change. Based on this pilot the methodology to analyse the policy coherence within and between sectors was developed by the National Development Agency. The methodology was consulted with the ministries and agencies staff during the series of sector-specific consultations.

Weak Local Governance Systems and Sub-National/ Vertical Policy Coherence

Despite positive developments (e.g. revision of the Law on Administrative and Territorial Unit and their Governance; increase in Local Development Fund allocations; enhanced oversight roles for Hurals), local governance suffers from the absence of a comprehensive legal framework that clearly defines the relationships between the different government tiers, functional assignments and fiscal resources. This is compounded by weak citizens' demand for downward accountability and a low level of trust in local administrations. The capacities and incentives of subnational authorities to actively drive regional/local development is therefore limited and needs to be enhanced to facilitate the delivery of the SDV. In the current political context where subnational governments are politicized, a cadre of civil servants is needed to improve the performance and independence of the local administrations. Providing the authority and resources (under the

---

[21] Although the Law on Environmental Impact Assessment (2012) provides for carrying out Environmental Impact Assessments and such assessments are now carried out for public investment projects, the practicality and usefulness of these assessments is questioned by the MOF. In addition, there is no mechanism to assess social impact of public investments.

[22] Griggs, D., M. Nilsson, A. Stevance and D. McCollum (eds) (2017). A guide to SDG interactions: from science to implementation. International Council for Science (ICSU), Paris.https://www.icsu.org/publications/a-guide-to-sdg-interactions-from-science-to-implementation

oversight of respective local Hurals) to the Governors' technical departments to actively lead local development agendas and influence sector planning and budgeting is essential. Combined with stronger downward accountability mechanisms, this will help better address regional/local priorities, align sector plans (horizontally and vertically) and utilize more efficiently public resources and inter-government fiscal transfers. Recent review of aimag and district planning process revealed that sub-national level of the government focus on implementation of the projects designed and allocated from the central or city government. Due to centralised approach the local authorities have limited room to change the project allocation from the ministry or higher level of administration. The ministries allocate the resources under the same general goal with certain list of potential actions. The Employment Promotion Fund, the SME development Fund and Local Development Fund have own directions and procedures for implementation, and the local authority have limited power to address local needs. On other side, the local government has limited capacity to assess their current status and develop polices, and in some instances the political interference deludes resources from real needs.

Monitoring and evaluation system is not integrated in decision-making

A key challenge with the monitoring and evaluation system in Mongolia is that despite the presence of all the building blocks, these elements do not function together as a system. A vast amount of data is generated, oversight over financial expenditures is done at multiple levels, various plans and programmes are prepared, there is a well-oiled system of reporting on the government's action programmes and annual plans (Annual Socio-Economic Guidelines); and there is a tremendous amount of research studies including evaluations that are carried out.

At the same time, however, there is a widely shared perception that monitoring is not helping to achieve better development results. Evaluation functions are not well developed and are largely conducted attached to ODA-funded projects. Evaluative thinking is not sufficiently embedded in the planning process and feedback loops ad hoc.

With regard to monitoring of the SDGs, indicators relevant for Mongolia have been mapped,[23] the availability of data assessed,[24] targets and baselines have been set[25]. In addition, a study was done to explore the possibility of collecting data from 'unconventional' sources.[26] These initial assessments revealed that there are a number of sectoral policies/areas for which data is available and could be provided by the NSO, including sex-disaggregated data, but related sectoral policy targets are in many cases either absent, conflicting or repetitive in a number of various policy documents.

Limited Stakeholder Involvement

To date there have been limited consultations and involvement of stakeholders in planning and in developing policies. Private sector as well as civil society are often only consulted on an ad hoc basis. According to the Mongolia NHDR 2016 on *"Building a Better Tomorrow: Including Youth in the Development of Mongolia"*, youth have a poor perception of the quality of governance, and they are passive in engaging directly with their elected representatives because they feel such contacts are ineffective and only symbolic. Only 15 percent of young people are involved in lobbying or political activism to solve local problems. Policymakers and political leaders should view the trust deficit as a serious reminder that improvements in governance are required to engage with youth on policies that impact youth and to include young people in the development process.[27]

The recently approved laws on Legislation, General Administrative Procedures, Public Hearing and Development Policy and Planning require policy makers to conduct public consultations. This new legal framework represents an opportunity to strengthen civil society and citizen participation

[23]Government of Mongolia. May 2016; and UNDP and PAGE 2016.
[24] UNDP and UNEP 2015.
[25] UNDP 2016.
[26] UNDP 2017b.
27 Mongolia National Human Development Report 2016, UNDP Mongolia

also in the planning and development processes related to the 2030 Agenda and SDV implementation.

II.   STRATEGY

Below outlines the overall approach the project will take. A more detailed overview of outputs is included in Section III.

The project will work both at the national and the sub-national level.

A Flexible Approach

The project will use a flexible approach to accommodate the evolving institutional coordination arrangements. As indicated above, currently institutional responsibilities for the implementation of the SDV and the 2030 Agenda remain unclear. The newly established NDA, the Ministry of Finance and the Cabinet Secretariat are all involved in the implementation of the SDV but there is no clear coordinating body or agency with sufficient capacity and a clear mandate to coordinate. The National Sustainable Development Council, chaired by the Prime Minister, which could assume such a function, has not yet met.

Considering the multiple institutions involved and the unclear division of labour, UNDP will implement the project under the Direct Implementation Modality. There are calls to revise the Development Policy and Planning Law to clarify the respective mandates of the NDA and Ministry of Finance. Once the institutional responsibilities have been clarified and a clear lead government agency identified, the Direct Implementation Modality will be re-considered.

Strong Partnerships with other UN Agencies and Development Partners

Throughout the implementation of the project other UN agencies and development partners will be encouraged to align their support under one umbrella and approach. The project will build on existing partnerships with other UN agencies and development partners including the following initiatives:
(i)   MAPS approach to ensure mainstreaming, define the SDG accelerators and provide support coordinated with the development partners;
(ii)   An integrated approach to water resource management, a joint initiative led by UNICEF and UNDP, ADB water governance program
(iii)   UNDP Youth Entrepreneurship support
(iv)   A partnership with UNICEF on a health/ pollution public expenditure review (see below).
(v)   The joint UNDP-UNEP Poverty Environment Initiative (PEI)[28] which seeks to address poverty through sustainable natural resource management and moving towards a green economy (see further details below);
(vi)   Development Finance Assessment provides an overview of the financial flows in Mongolia, and the recommendation on options for additional resource mobilization in the country.
(vii)   Recently started UNICEF-UNDP "Review of national evaluation systems and capacities in Asia Pacific" initiative will to generate information to guide national evaluation capacity development for the SDGs and presented as case study.

As the government is now under an IMF reform program, the project will also engage in policy dialogue with the IMF and other IFIs and development partners to ensure that the reform programme considers social and longer-term sustainability issues. The government's Economic Recovery Program, supported by the IMF, aims to stabilize the economy, reduce the fiscal deficit and debt, rebuild foreign exchange reserves, introduce measures to mitigate the boom-bust cycle and promote sustainable and inclusive growth. Since EFF's signing three reviews were

---

28 The Poverty-Environment Initiative (PEI) of the United Nations Development Programme (UNDP) and the United Nations Environment Programme (UNEP) is a global programme that supports country-led efforts to put pro-poor, pro-environment objectives into the heart of government by mainstreaming poverty-environment objectives into national development and sub-national development planning, from policymaking to budgeting, implementation and monitoring.

undertaken. The last performance review of March 2018, indicated that Mongolia's performance under the program thus far has been strong. The economy is recovering better than expected, with real GDP growth of 5.1 percent in 2017 and a significant improvement in the fiscal balance of 15 percentage points of GDP. The combination of strong policy implementation and a supportive external environment has helped the authorities over-perform on all end-December 2017 quantitative targets.

In November 2017, a joint United Nations - Asian Development Bank MAPS[29] mission visited Ulaanbaatar to identify and offer assistance to the Government in addressing challenges to Mongolia's achievement of the Sustainable Development Goals, and the Government's Sustainable Development Vision. The mission has identified that three core recommendations regarding measures that could enhance ability to achieve the SDGs under current tight fiscal conditions such as (i) coordinated and coherent policy making and implementation, (ii) systems are needed at the Cabinet level to carefully monitor SDG progress, including the effectiveness of SDG-related government-financed programs, and (iii) Policy and budget allocations need to be better aligned with Mongolia's Sustainable Development Vision 2030 to enhance impact. The same recommendations were drawn in the Development Finance Assessment of Mongolia, including (i) performance-oriented planning, budgeting and monitoring, (ii) strengthening the public sector reforms, and (iii) mobilize additional resources by diversifying financing strategies.

The Development Finance Assessment (DFA) provides an extensive overview of development finance flows and the institutions and policies that align this finance with national development goals and priorities. The assessment includes recommendations for a roadmap, using the concept of an Integrated National Financing Framework (INFF), to increase the alignment of financing flows to national development goals and the SDGs, improving the basis for achieving development results.

UNDP commissioned study on Air Pollution and Costs of Inaction or Ineffective Measures in Mongolia: Public Expenditure Analysis. The study reviewed the expenditure and institutional arrangements concerning air pollution in the past and the present and looking ahead over plans to address the challenges of air pollution in Mongolia, in particular the capital city. The study anchored the overall lack of policy coordination in policy planning and financing. It concluded that there is a need for fundamental reforms in areas of governance to ensure that expenditure is targeted in the most appropriate direction and corruption levels are reduced. Effective monitoring mechanisms to ensure that the required reductions in air pollution are being achieved is also required. Fiscal space to create more opportunities for funding for air pollution reduction measures is available in a number of potential forms, including better-controlled and targeted public expenditure, the rationalization of tariffs, better governance and anti-corruption measures, concessional grants, PPPs and others. The study provides recommendations for immediate implementation, and for medium-to-long term.

Alignment between SDV and 2030 Agenda

Mongolia's SDV is rooted in the 2030 Agenda. The adoption of the SDV, which was carried by a consensus of all major political parties, signals a commitment to achieve greater policy continuity and coherence. The project strategy uses this as an entry point to improve the effectiveness of planning, budgeting and M&E and ensuring alignment with the ambitions of the 2030 Agenda.

An analysis of the level of alignment between the SDV and the 2030 Agenda reveals that the SDV includes many of the SDGs and some of the targets. According to the NDA's analysis out of 162

---

[29] MAPS stands for Mainstreaming, Acceleration, Policy Support and describes a common approach adopted by the UN Development Group (UNDG) to support the implementation of the SDGs around the globe. The joint UN-ADB SDG MAPS mission is part of a series of efforts across all regions and country contexts to provide integrated policy support tailored to different country settings.

SDG targets 21.3 percent are aligned, 24.3 percent partially aligned, 9.5 percent are not applicable and 45 percent are not reflected in SDV. Further, there is inadequate attention to a balanced approach to development, one that considers the social, economic and environmental dimensions and therefore ensures overall policy coherence. While there are goals related to addressing poverty and inequalities, references and policies related to the ambition of the 2030 Agenda of 'reaching the furthest behind first' and 'leaving no one behind' could be strengthened and overall definition of vulnerable groups and targeting improved.

As mentioned above, the government is currently reviewing all strategies and policies and annual socio-economic guidelines in light of their alignment with the SDV both at national as well as sub-national level. This presents an opportunity to revisit and ensure the alignment of these strategies and policies also with the ambitions of the 2030 Agenda. Using the 2030 Agenda as a framework for Mongolia's development planning processes provides a number of advantages:

(i)   Most importantly, the emphasis on integrated approaches of the 2030 Agenda and the importance it attaches to policy coherence at vertical and horizontal level and over time. This emphasis provides an opportunity for a renewed focus on long-term considerations of sustainability and inclusion, even as the immediate priorities of the Mongolian government focus on economic revitalization and addressing the fiscal crisis. This is of particular importance in light of the current IMF reform programme which focuses to a large extent on short-term macroeconomic policy measures (see further details below).

(ii)   Multi-year budgeting is key to ensuring that budgets are allocated towards achievement of the government's objectives. Therefore, thorough analysis of medium term expenditures with the SDGs/SDV and translating into the annual budget is critical to accelerating SDGs achievement (see further details).

(iii)   The focus on 'leaving no one behind' and 'reaching the furthest behind first' of the 2030 Agenda provides an opportunity to review drivers of poverty, vulnerability and inequality and to design more holistic, better targeted and integrated policy solutions (see further details below).

(iv)   The 2030 Agenda opens new opportunities for a 'whole-of-society' approach, fostering participation and active engagement of multiple stakeholders in the design and implementation of policies and resource mobilization; and

(v)   Further, it allows adoption of a systematic monitoring and evaluation framework that is based on the SDGs, is rigorous and internationally consistent.

Building on Lessons Learnt from UNDP's Long-Term Engagement

This project builds on the experience and lessons learnt from UNDP's long-term engagement in supporting development policy and planning in Mongolia. UNDP supported development policy and planning over the past 10 years through two main projects: Poverty and MDG Monitoring (PMMS) (2005-2013) and Strengthening National Capacity on Development Policy and Planning in Mongolia (NDPP) (2013-2016). The PMMS project supported the preparation of the MDG-based national development strategy for 2008 to 2021 approved in 2008. Support was also provided to a web-based MDG database,[30] the localization of MDGs in four aimags and two districts of the UB city as well as local MDG reports. The project also supported the preparation of the second poverty mapping of Mongolia which provided disaggregated poverty indicators at the lowest administrative level.

The Strengthening National Capacity on Development Policy and Planning project contributed to the drafting of the Development Policy and Planning Law approved in November 2015. This law, the first legal framework for planning since Mongolia transitioned to the market economy, serves as a legal basis for development policies, planning, budgeting and monitoring and evaluation. The project also supported capacity building of planning officers at line ministries and local Government. The T-21 modelling introduced through the project enabled the Ministry of Finance to conduct scenario planning which has informed the development of important policies including the SDV[31]. The project supported the National Statistical Office to publish statistical compendiums for 21 aimags and the capital city, analysing local trends and providing comparative analysis across

30 See www.devinfo.mn
31 UNDP Mongolia CPAP 2012-16 evaluation, 2016, Page 18

locations[32]. Through this initiative, statisticians were trained to collect, interpret and provide data for policy making, thus bridging the gap between gathering of data and policy making. It is the first time that such local data and analysis have been conducted on scale and this is already proving to be an extremely valuable source of information for local and national policy makers[33].

Maximizing Synergies with Other UNDP and joint UN Projects and Initiatives

The joint UNDP-UNEP Poverty Environment Initiative (PEI) supported awareness building on the green economy and a number of assessments with a view to strengthen poverty and environmental considerations in planning and budgeting processes. These assessments include: poverty-environment gap analysis of the mining sector, review of the public investment programme and development of a poverty-environment checklist, and review of decentralization of mining revenues. At subnational level, it has conducted assessments with a focus on Uvurkhangai, Orkhon aimags, including a review of policy documents and a vulnerability assessment. At the national level the institutional capacity of planning agency was assessed by the UNDP contracted consultants and their focus was on how the planning will be changed after the passing the Law on Development Policy Planning, and it has provided recommendations on future improvement. The study noted about the immediate need to ensure horizontal integration of national, sectoral, regional and local policy and improve the coordination of operations in institutions. UNDP also played a significant role in contributing to the formulation of Mongolia's green development policy by facilitating technical inputs from across the UN system and in creating a favourable legal environment for sustainable use of natural resources, aligned with internationally recognized norms and principles. The Partnership for Actions on Green Economy (PAGE) partnership in Mongolia has directly linked the development and implementation of the Green Development Policy (GDP), by providing technical support, fostering political commitment, and modelling economic, social and environmental implications of growth targets. One of the key work streams of the PAGE is to support the Government in the implementation of the SDV. An initial assessment has been made by the PAGE on alignment of key objectives/goals between SDV, GDP and SDGs.

In 2017, the public expenditures review was conducted under the BioFin initiatives. An assessment of financing options for biodiversity identified that there are considerable opportunities of financing for the environment – biodiversity. These financing options can include: 1) Introducing new or increasing existing fees and charges such as pasture fees, livestock taxes, natural resource use fees, ecosystem service fees, protected area entrance fees, concession fees for tourism activities within specially protected areas, hunting and fishing fees and taxes; 2) Mobilizing financing from the private sector and the financial sector, such as impact investment, green banking and biodiversity offsets by mining companies; 3) Climate change mitigation compensatory mechanisms such as REDD+; 4) Mobilizing and reallocating funds from within the budget, such as environmental trust funds – Biodiversity Trust Fund - and results-based budgeting. [34]

UNDP efforts regarding SDG localization, including preparing road map for SDG achievement and target setting, building ownership for the goals achievement shall be utilised in other regions.

Mongolia's data ecosystem assessment was conducted in 2016[35]. The assessment reviewed the current Mongolian data ecosystem, and it ability to mobilize a data revolution for better carrying out and monitoring SDG indicators in the country. The assessment was conducted from two perspectives: a top-down perspective, examining the big picture of Mongolia's data ecosystem, and a bottom-up perspective, which studies indicators identified as currently unmeasured by the National Statistical Office (NSO) and that cannot be captured by readily available data collection methods. It analyses these issues through case studies related to meeting SDGs in two sectors: health and governance. Recommendations on data availability has been used for defining SDG indicators system at UB level, defining the methods of SDG 16 indicators, and designing dashboard for SDG monitoring. SDG dashboard will define the indicators at Tier 2 and 3, and will

---

32 Government of Mongolia/UNDP. Inclusive sustainable growth: Country Programme Action Plan 2012-2016, Progress Report (2014), January 2015
33 UNDP Mongolia CPAP 2012-16 evaluation, 2016, Page 18
34 UNDP 2017c.
35 ICG, Mapping and Assessment of the Data Ecosystem for SDG Monitoring in Mongolia, 2016

be linked with the relevant data sets within the government. The SDG targets and indicators defined for UB city will be aligned with the national targets and indicators.

Mongolia is being selected as part of country case study on review of Evaluation Capacities carried out as UNICEF regional programme.

SDGs advocacy has been promoted under the various UN initiatives. The most relevant and policy advocacy oriented measures are being implemented with READ project and TV advocacy. A series of talk-shows, articles, documentary, and clips were developed and disseminated to the public by the various advocates of the sustainable development and SDGs.

A Focus on Integrated Approaches and Identification and Support for 'Accelerator' Investments

The Mongolian economy and people's livelihoods are heavily dependent on natural resource-based sectors – livestock herding and mining – and these sectors will continue playing a key role for Mongolia's development in the foreseeable future. So far, policies promoting growth in Mongolia have been based on resource-intensive expansion of mining and livestock sectors. However, there are already indications that the livestock sector is running against sustainability limits, with pasture carrying capacity and land degradation becoming an increasing concern. The competition between mining and livestock sectors for water and land is growing. Climate change effects, while not neatly identified, are putting further stress on the availability of water and land in Mongolia. Pressure on natural resources first and foremost affects poor and vulnerable groups, driving them to migration and exclusion. Therefore, for development to be inclusive and sustainable, greater priority needs to be placed on resource-efficient use of natural resources and better environmental stewardship in livestock herding and mining.

A number of UNDP projects (PEI; Ecosystem-based Adaptation; Land Degradation Offset; and Local Governance projects) have addressed poverty and environment through various ways – improving planning, local governance, improving farming and livestock management techniques while managing land and ecosystems; and adopting innovative techniques to address land degradation. Some solutions emerging from these projects can contribute to the achievement of SDGs if they are anchored in subnational plans with adequately allocated budgets. At the national level, these solutions can be supported by complementary policies.

The project will help identify 'accelerator interventions', interventions that can trigger progress across multiple goals and targets, and develop scalable solutions that help accelerate progress towards the SDGs. This includes exploring ways of implementing these solutions by supporting broader sub-national planning and local governance capacity building, and by supporting complementary national policies. This process also presents an opportunity for greater coherence among various components of the UNDP's Country Programme 2017-2021 and the UNDAF 2017-2021.

There is a strong need to improve knowledge and skills of personnel responsible for investment and policy planning on wide variety of areas including developing terms of references for preparing the policy documents; conduct research and analyses; use social and environmental impact assessment effectively; train on public administration, law, budgeting, reporting and accountability; developing quantitative and qualitative indicators to be used for M&E; determine the targets for these policies; data collection; reporting on the implementation; and take part in developing policy documents.

Linking medium-term priorities with budget

Medium-term expenditure framework (MTEF) is a key to achieve SDGs, however, its implementation is hampered by problems such as limited capacities of line ministries to do costing of multi-year sectoral plans, weak links between MTEF and annual budgeting, and poor prioritization of public investments. In addition, the current period of fiscal austerity calls for strengthened focus on improving the efficiency and effectiveness of public spending through the prioritization of investments that provide good value-for-money in the use of public resources. Assessing more

closely the impact of the fiscal reforms on social and environmental expenditures will be important to ensure sufficient appropriate budget allocations, particularly now as the country is setting priorities for the 2019 budget. Going further, such analyses should be performed for multi-year budgets. As a starting point pilot analysis can be carried out for the health sector and based on its analysis to define the approach on SDG-budgeting to be applied for the entire budget.

Strong Focus on the Sub-National Level

This project builds on the results of the UNDP-SDC project "Capacity Strengthening of Local Self-governing Bodies" which is recognized for having increased the capacities of local Hurals to represent the interests of their constituents and oversee the performance of local administrations. Continued joint activities with the "Local Governance Project" will be explored to encourage local parliaments to play a more active role in the prioritization, decision making and monitoring of the SDGs/SDV at the subnational level.

With UNDP support SDG localization[36] has been taken place at UB city level, and a roadmap for UB city SDV/SDG 2030, that sets out institutional mechanism, SDV/SDG baselines and goals, and the implementation, financing and monitoring frameworks was developed. The process was facilitated by the Working Group established under the Deputy Governor. Based on review of the policy implementation the UB city has proposed a set of targets for SDGs for 2030, measuring indicators which applicable for the city level and development priorities financing schemes and sources. Currently, the targets are review by the city council and will be approved by the city citizen representatives.

Whole-of-Society Approach

The project adopts a 'whole-of-society' approach to achieving the SDGs. In practical terms, it means mobilizing different actors in the society behind various SDGs or sustainable development priorities. The 'whole-of-society' approach recognizes that, along with the government, the public (citizens) and the private sector are important stakeholders in sustainable development, and seeks to spread broad understanding of SDGs in the society, to empower non-government stakeholders to demand accountability from the government, and to mobilize them to contribute toward achieving the SDGs. The project will seek to help establish a platform to help the government to mobilize development partners, the public and the private sector to implement SDGs in a coordinated, complementary and efficient way.

III.   KEY RESULT AREAS AND PARTNERSHIPS

Expected Results

As mentioned above, the institutional arrangements for SDV and 2030 Agenda implementation are still evolving and with an ongoing IMF reform program the government's focus is largely on short-term stabilization measures and on the reforms agreed as part of the IMF program. The project approach will therefore need to be flexible. The following outlines the five key result areas and covers both the national and, where relevant, the sub-national level.

Key Result Area 1:
Multi-stakeholder partnerships are established to support innovative approaches for SDG acceleration

Capacity of parliamentarians and committees strengthened to support SDG implementation
The parliament, various committees, sub-committees and working groups as well as many individual parliamentarians, have been strong advocates of the 2030 Agenda. It plays an important role in overseeing the implementation of the SDV, in ensuring the alignment of the SDV and the

---

[36] UNDP project on Localizing Sustainable Development Goals in Ulaanbaatar city, 2017

2030 Agenda with other strategies, policies and the annual socio-economic guidelines and budget allocations. The project will strengthen the capacity of parliamentarians and committees/ sub-committees in above functions.

Partnerships strengthened with private sector, civil society and population groups based on their needs
UNDP will continue work with youth groups in area of developing young entrepreneurs in various sectors through provision of training, skills assessments, and networking opportunities. In addition, capacity on new financing sources will be taken place, and piloting with fund raising will carried out based on lessons learned from other private sector related initiatives.

Mongolia's visibility on SDG achievement elevated at global level

Based on MDGs lessons UNDP will provide support to the national stakeholders to demonstrate Mongolia's progress in SDGs achievement. One of channels will be extensive participation in the UN global online platform on the Partnerships, which facilitates the stakeholders' engagement in support of SDG implementation. The platform is managed by UN DSD/DESA. As the initial it can share experience with SDG advocacy through media channels.

Key Result Area 2:
Planning, budgeting, M&E and financing frameworks aligned with 2030 Agenda

Legal basis for development planning strengthened
Following the adoption of the 2030 Agenda the Parliament of Mongolia approved the Development Policy Planning Law (DPPL) in November 2015, which requires improvements to actualize its implementation so that it ensures horizontal and vertical policy coherence, based on clear institutional arrangements and ensure continuity of policies and institutions. The legal amendment will be proposed on extensive consultations with all relevant stakeholders.

Strengthened institutional coordination mechanisms
As mentioned above, multiple agencies are involved in the implementation of the SDV and the 2030 Agenda. There is no clear coordination body or mechanism. UNDP commissioned study on options based on lessons learnt from implementing the MDGs as well as building on the experience of other countries. This will contribute to the ongoing policy dialogue to establish clear coordination mechanisms.

The project will strengthen the capacity of the institutions involved in the implementation of the SDV, in particular the NDA, Ministry of Finance and the Cabinet Secretariat. Specific attention will be on ensuring vertical and horizontal policy coherence and multi-stakeholder engagements. Once the institutional arrangements and the lead/ coordinating agency have been identified, the project will provide technical and capacity building assistance to the coordinating agency.

Alignment of national and sub-national strategies, policies supported

The project will support the government in its assessment of the level of alignment between the SDV, relevant sector and sub-national strategies and the 2030 Agenda. This will include a review of trade-offs and synergies, including the identification of inconsistencies and a review to what extent the SDV reflects the level of ambition of the 2030 Agenda in terms of 'leaving no one behind' and 'reaching the furthest behind first'. Based on the findings, technical support will be provided to address trade-offs, capitalize on synergies with the identification of 'accelerator interventions' (see also above and below) and to improve the alignment of various government strategies, policies and resource allocations.

Capacity building and policy advisory support to 'localizing' SDGs

The project will support the government's efforts to better align budget spending with the SDGs by providing the assistance to the Mongolian Ministry of Finance and core sectoral line ministries with strengthening the linkages between annual budget allocations and long-term planning objectives.

In 2018 a group of the international and local consultants will assist the ministries to review 2018 budget from SDG perspectives, develop guidelines and rules for evaluating the MOH budget from SDGs achievements, and develop SDG-aligned budget for 2019. In 2019 the training will be conducted and pilot will be extended to the entire national and sub-national budget process

Development finance flows analysed and integrated financing frameworks developed

The various assessments such as DFA, Air pollution expenditure analysis, budget reviews from SDG perspectives will help inform prioritization and sequencing and the identification of so-called 'accelerator interventions', interventions that trigger progress across a range of goals and targets. The project will support, in partnership with other UN agencies and development partners, also the scaling up of such interventions. The Development Finance Assessment (DFA) concluded that mobilization of finance for development will require that the planning and budgeting processes should be results oriented, and geared towards identifying and mobilizing additional public revenue sources and private finance that can be utilized to achieve development objectives. Among them the sector specific development strategies and to pro-actively mobilize the resources and technical knowledge of non-state actors. In addition, the government needs to review the economics growth policies from the environmental sustainability and establish strong incentive structures for capital investments and green technology development. Following the international trend, an Environmental Tax Reform (ETR) may facilitate the investments into non-mining sectors and help to optimize the number of livestock and its composition. UB newly established unit will be trained on opportunities to increase financing for SDGs priorities.

Integrated modelling tools, tools for understanding SDG interactions rolled out to support prioritization and sequencing
The Network analysis to define the policy coherence was piloted in water sector which will be used to define generic methodology. As mentioned above, UNDP has been supporting the roll-out of the T-21 model and is currently providing, jointly with UNDESA, support to the development of an economy wide model that will support the development of the new medium-term policy. A series of training was conducted for the government staff and academia on using the model and producing various policy simulations. The project will continue to support the roll out of modelling and other tools (such as the SEI/ICSU framework for SDG interactions) for identifying and better understanding interlinkages between SDG targets. Moreover, the model results will be complemented by the other economic tools used by different agencies.

Key Results Area 3:
Data eco-system strengthened using innovative approaches to facilitate evidence-based solutions and accountability

Roadmap for filling data gaps developed
Based on a joint UNDP-UNEP data availability assessment, a gender/sex disaggregation study by UNDP, the data ecosystem mapping, and the work of SDG Working Groups on localizing SDGs, a roadmap on monitoring the SDV and SDGs has been developed by the national authorities. This roadmap outlines steps and resources required for filling data gaps and suggest sequencing and prioritization. Based on the roadmap, UNDP and the government will jointly mobilise necessary resources for the roadmap implementation.

Analysis to identify and track vulnerable groups and joint development partner advocacy to ensure that 'no one is left behind'
Jointly with other UN agencies and other development partners, the project will support data collection and analysis to allow for a better identification and tracking of those 'furthest behind' or 'left behind' including through multi-dimensional poverty measurements. This will include also analysis of the drivers of poverty and vulnerability including those related to the environment and climate change. Based on this work, the project will support joint development partner advocacy to ensure that the findings feed into government policies, in particular better targeting.

Innovative solutions developed to fill data gaps, particularly for SDG 16
SDG 16 "Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels" has 12 targets and 23 indicators. In Mongolia, the data on governance and justice are mainly compiled from the administrate records, the Household Socio-Economic Survey and other surveys. Currently, the data collection sources and methodologies for 18 indicators need to be newly established in Mongolia. The project will support to improve the availability of the SDG16 data by developing methodologies and collecting the data from the relevant sources, and link them with the overall SDG data platform/dashboard.

SDG data platform and performance dashboard developed
The project will support the development of an online data platform which will include all SDG indicators with the appropriate level of data disaggregation. This will build on existing data platforms and over time seek to integrate other data platforms/ data streams for it to evolve into a performance dashboard.

M&E system established and strengthened, SDG reporting
The project will support the development and strengthening of an M&E framework to track progress against the SDV and the 2030 Agenda. This will include also support to strengthening evaluation capacities and systems to ensure that evaluations feed back into planning and policy-making. Further, the project will support the government in its regular reporting on SDV and SDG progress. Support will also be provided for Mongolia to report to the High-Level Political Forum in 2019.

Resources Required to Achieve the Expected Results

A project manager will be hired to provide overall policy advice, quality assurance and to ensure linkages between and overall coherence of various outputs. The TOR can be found in Annex XXX. These linkages will include ensuring coherence and cross referencing across terms of references for different outputs, ensuring common communications across outputs, shared implementation plans across outputs (including shared technical assistance) and systematic cross-referencing of the analyses under different outputs. Depending on the project progress senior technical advisor can be mobilised.

The project manager, in close coordination with the UNDP country office and UN country team, will also lead the overall policy dialogue with development partners with a view to ensure greater alignment of development partner support to the 2030 Agenda.

Experts from UNDP's Bangkok Regional Hub from the Inclusive and Sustainable Growth Team and the Governance Ream will provide technical inputs and advice to deliver outputs listed above.

The indicative overall project budget required is USD 800 thousand. UNDP's initial contribution of USD 230,000 is to be viewed as the seed funding that should leverage additional resources from government, development partners, other UN agencies and private sector.

Partnerships and Stakeholder Engagement

This project will closely involve various government institutions in the implementation: Cabinet Secretariat, National Development Agency, Ministry of Finance, Ministry of Justice and Home Affairs, Ministry of Health, National Statistics Office and line ministries. It will also work with relevant sub-national government entities.

In addition, the project will seek opportunities for greater involvement of the parliament standing and sub-standing committees, relevant agencies, private sector and civil society.

Risks and Assumptions

The main risks related to the implementation of the project include:

- Unclear institutional arrangements for SDV and 2030 Agenda implementation with various agencies involved in the implementation including Ministry of Finance, National Development Agency and Cabinet Secretariat. This will be mitigated by UNDP assuming the coordination function until a clear lead coordinator is being assigned by government and responsibilities of the respective institutions are clarified (through for instance the amendment of the Planning Law).

- Capacity constraints in agencies responsible for planning, budgeting and overseeing implementation.

- Difficulty of finding appropriate, suitably qualified domestic TA – some of the activities require specialised expertise and an understanding of the integrated nature of development which may be difficult to find on the domestic job market. This risk will be mitigated by a strong engagement of CO staff and support from UNDP's Bangkok Regional Hub.

- Lack of resources - with many donors exiting or scaling down their development assistance in Mongolia, it may be difficult to mobilize sufficient resources. Similarly opportunities for government cost-sharing are constrained by the very tight fiscal situation and the IMF reform programme. This risk will be mitigated by the joint resource mobilisation between UNDP and the government as well as prioritisation of government's budget allocation towards those interventions that have biggest potential to accelerate achievement of the SDGs.

- The focus of government at the moment is largely on 'firefighting', on short-term measures to stabilize the economy and on implementing the reform measures agreed under the IMF program rather than long-term sustainability and inclusion. The project will seek to mitigate the risk through policy dialogue with the IMF and other IFIs and development partners to ensure that the reform program considers social and longer term sustainability issues. Further, the project will seek to mobilize other stakeholders including civil society, private sector and the parliament to ensure that longer term issues are adequately considered.

Sustainability and Scaling Up

The project is supporting the government's SDV and its translation into medium-term and short-term strategies and plans both at national and sub-national level.

Sustainability of results will be ensured through synergies between project activities and on-going government processes to roll out and implement the SDV in Mongolia.

IV. PROJECT MANAGEMENT

Cost Efficiency and Effectiveness

The project will tap into the existing expertise of the national and sub-national governments, UN agencies and other development partners as relevant. Cooperation with civil society and private sector committed to actively pursue the 2030 Agenda in Mongolia will be sought for the dual purpose of their own capacity building and advocacy and broader public outreach initiatives. Experience from other countries in the SDGs implementation will be shared through UNDP's global and regional networks as relevant and applicable to Mongolia.

Whenever possible, the project will attempt to pair international and national experts for the purpose of local capacity development and building of a pool of experienced national experts. Cost-efficiency will be achieved through relying also on in-house expertise both in government as well UNDP, other UN agencies such as UNICEF and academia and think tanks.

As indicated above, the project will create synergies with a number of global UN/DP initiatives implemented in Mongolia, such as Poverty and Environment Initiative, Development Finance Assessment, SDG data ecosystem Assessment, PAGE and Biodiversity Finance Expenditure Reviews Initiative, since they all touch upon the issues of planning and policy making and are directly relevant to the localisation of certain indicators or targets of the 2030 Agenda.

Project Management

Project activities will be delivered by UNDP and its partners. UNDP's national Program Officer will be responsible for the overall project coordination and a project manager (TORs are included in Annex 1) will be sub-contracted by UNDP to guide and execute the planned activities under the project. Short-term national and international technical experts will be hired to deliver on specific activities as needed using UNDP procurement policies and procedures.

Task-specific technical working groups will be established with relevant national and sub-national institutions to conceptualise, guide and design the focus, scope and methodological approach to the deliverables outlined under each key result area. These working groups will ensure that project outputs feed into government decision-making, policy-review and planning processes as relevant.

The project will be audited annually by an external audit firm which has a long-term agreement with UNDP to conduct audits for all UNDP supported projects. The cost of audits is shared among the projects. In line with the UNDP Executive Board approved Policy on Cost Recovery (EB document DP-FPA/2012/1, and DP-FPA/2013/1 and EB Decision 2013/9), organizational costs incurred by UNDP in terms of staff time and other implementation costs of a policy-advisory, technical and implementation nature essential to deliver development results of the project will be included in the project budget and directly charged.

V.   RESULTS AND RESOURCES FRAMEWORK

Intended Outcome as stated in the Country Programme Results and Resource Framework:
CPD output 1.1: *National and sub-national medium-term plans and budgets, as well as sector plans, prioritize achievement of SDGs and sustainable development, with corresponding monitoring and oversight processes with reliable data in place*

Outcome indicators as stated in the Country Programme Results and Resources Framework, including baseline and targets:
Indicator 1.1.1. Extent to which new national, subnational and sectoral plans prioritize SDG-related interventions in budget allocations:
Baseline (2016): 1 (partially); target (2021): 2 (largely) Data source: independent national expert review report, Frequency: every 4 years

Applicable Key Result Area (from 2018-2021 Strategic Plan): Outcome 1: Accelerate structural transformations for sustainable development

Project title and ID (ATLAS Award ID): 00109306

INTENDED OUTPUTS	OUTPUT TARGETS FOR (YEARS)	INDICATIVE ACTIVITIES	RESPONSIBLE PARTIES	INPUTS
Output 1: Multi-stakeholder partnerships are established to support innovative approaches for SDG acceleration Indicators: Engagement mechanism became regular Baseline: none	**Year 1** - Engagement mechanism became regular – SDG sub-committee meetings held ad hock - SDG National council meeting held once a year **Year 2** - Engagement mechanism became regular – SDG sub-committee meetings held on quarterly basis - SDG National council meeting held twice a year - SDG Mongolia experience is shared at UN on-line platform **Year 3** - Engagement mechanism became regular – SDG sub-committee meetings held on quarterly basis - SDG National council meeting held twice a year - SDG Mongolia experience is shared at UN on-line platform	Capacity of parliamentarians and committees strengthened to support SDG implementation Partnerships strengthened with private sector, civil society with a particular focus on different population groups Mongolia's visibility on SDG achievement elevated at global level	Members of Parliament, Cabinet Secretariat, NDA, MOF, NSO, line ministries, Science Council under NDA	Consultations / training Consultancy services Travel
Output 2: Planning, budgeting, M&E and financing frameworks aligned with 2030 Agenda	**Year 1** - legal basis is amended - amendments are approved and enforced	• Legal basis for development planning strengthened	Members of Parliament, Cabinet Secretariat,	Consultations / training Consultancy services

Output / Indicators	Activities	Responsible	Inputs
Indicators: legal basis is amended Baseline: the DPPL is approved in 2015, need revisions SDV/SDG Policy coherence and budget coherence are ensured Baseline: 30% - SDV/SDG Policy coherence and budget coherence are ensured – methodology is drafted **Year 2** - legal basis is amended - amendments are materialised - SDV/SDG Policy coherence and budget coherence are ensured – 60% **Year 3** - SDV/SDG Policy coherence and budget coherence are ensured – 60%	• Strengthened institutional coordination mechanisms • Alignment of national and sub-national strategies, policies supported • Capacity building and policy advisory support to 'localizing' SDGs • Development finance flows analyzed and integrated financing frameworks developed • Integrated modelling tools, tools for understanding SDG interactions rolled out to support prioritization and sequencing	NDA, MOF, NSO, line ministries, Science Council under NDA	Travel
Output 3: Data eco-system strengthened using innovative approaches to facilitate evidence-based solutions and accountability Indicators: Proportion of SDG available indicators Baseline: 58% (2018, May) Indicators: SDG dashboard is operational Baseline: none (2018 May) Indicators: multi-dimensional poverty mapping is developed Baseline: done in 2012/2013 Indicators: Voluntary report is presented to HLF Baseline: none Indicators: SDG progress rate Baseline : none **Year 1** - Proportion of SDG available indicators - 70% - SDG dashboard is ready for operationalizing – available data are entered and tested - multi-dimensional poverty mapping is developed - draft is ready Voluntary report is presented to HLF – draft is ready SDG progress rate – none **Year 2** - Proportion of SDG available indicators – 90 % - SDG dashboard is operational – include all Tier 2 indicators – multi-dimensional poverty mapping is developed – used for policy purposes Voluntary report is presented	• Roadmap for filling data gaps developed • Analysis to identify and track vulnerable groups and joint development partner advocacy to ensure that 'no one is left behind' • Innovative solutions developed to fill data gaps, particularly for SDG 16 • SDG data platform and performance dashboard developed • M&E system established and strengthened, SDG reporting	Members of Parliament, Cabinet Secretariat, NDA, MOF, NSO, line ministries, Science Council under NDA	Consultations / training Consultancy services Travel Publications

to HLF – presented at HLF SDG progress rate – 40%		
Year 3 - Proportion of SDG available indicators – 98 % - SDG dashboard is operational – include all Tier 2 indicators SDG progress rate – 50%		
Year 4 - SDG dashboard is operational - covers all ministries SDG progress rate – 60%		

VI.   MONITORING AND EVALUATION

In accordance with the programming policies and procedures outlined in the UNDP User Guide, the project will be monitored through the following:

<u>Within the annual cycle</u>
- ➢ On a quarterly basis, a quality assessment shall record progress towards the completion of key results, based on quality criteria and methods captured in the Quality Management table below.
- ➢ An Issue Log shall be activated in Atlas and updated by the Project Manager to facilitate tracking and resolution of potential problems or requests for change.
- ➢ Based on the initial risk analysis submitted (see annex 1), a risk log shall be activated in Atlas and regularly updated by reviewing the external environment that may affect the project implementation.
- ➢ Based on the above information recorded in Atlas, a Project Progress Reports (PPR) shall be submitted by the Project Manager to the Project Board through Project Assurance, using the standard report format available in the Executive Snapshot.
- ➢ a project Lesson-learned log shall be activated and regularly updated to ensure on-going learning and adaptation within the organization, and to facilitate the preparation of the Lessons-learned Report at the end of the project
- ➢ a Monitoring Schedule Plan shall be activated in Atlas and updated to track key management actions/events

<u>Annually</u>

- ➢ **Annual Review Report**. An Annual Review Report shall be prepared by the Project Manager and shared with the Project Board and the Outcome Board. As minimum requirement, the Annual Review Report shall consist of the Atlas standard format for the QPR covering the whole year with updated information for each above element of the QPR as well as a summary of results achieved against pre-defined annual targets at the output level.
- ➢ **Annual Project Review**. Based on the above report, an annual project review shall be conducted during the fourth quarter of the year or soon after, to assess the performance of the project and appraise the Annual Work Plan (AWP) for the following year. In the last year, this review will be a final assessment. This review is driven by the Project Board and may involve other stakeholders as required. It shall focus on the extent to which progress is being made towards outputs, and that these remain aligned to appropriate outcomes.

VII.   GOVERNANCE AND MANAGEMENT ARRANGEMENTS

The Project will be implemented directly by UNDP, and once institutional arrangements for the coordination and implementation of the SDV and 2030 Agenda have been clarified, the project will transition to UNDP's National Implementation Modality (NIM).

UNDP will be responsible for implementing the planned activities according to the DIM guidelines and will be accountable to the Project Board for the disbursement of funds and the achievement of project outputs and deliverables.
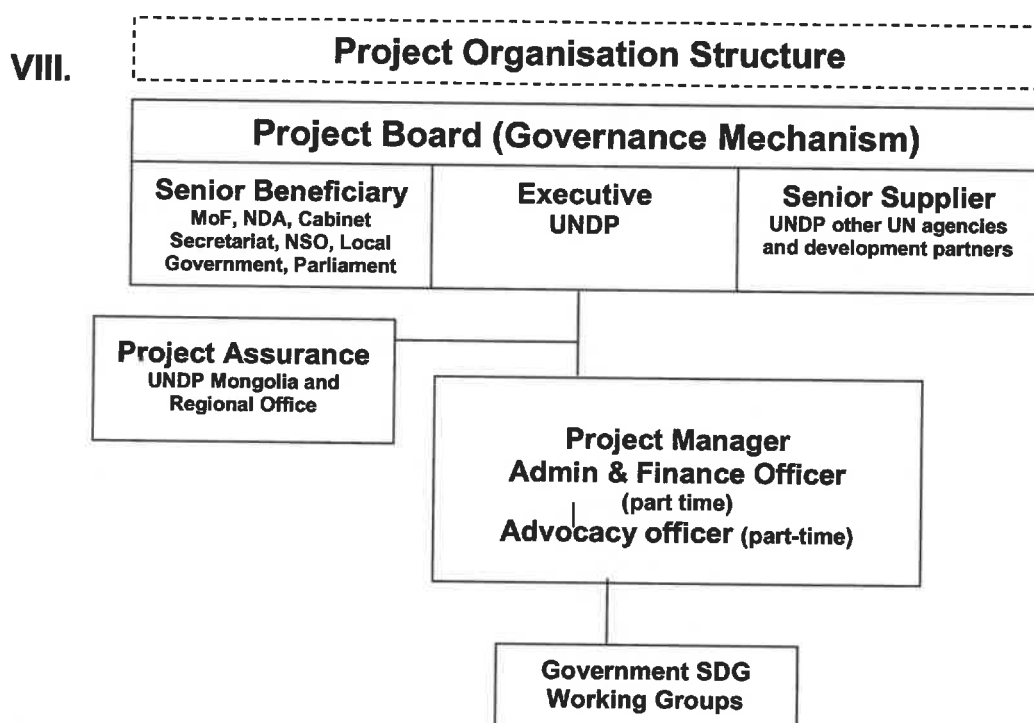
In particular, UNDP will be responsible for:

- • coordinating activities to ensure the delivery of agreed activities;

- certifying expenditures in line with approved budgets and work-plans;
- facilitating, monitoring and reporting on the procurement of inputs and delivery of outputs;
- approval of Terms of Reference for consultants and tender documents for sub-contracted inputs; and
- reporting on project financial delivery and results.

While there will be international technical support on some of the thematic areas, the project will be locally driven by national teams for different components.

The Project Board will be responsible for making management decisions for a project when guidance is required by the Project Manager, including recommendation for UNDP/Implementing Partner approval of project plans and revisions. In order to ensure UNDP's ultimate accountability, Project Board decisions should be made in accordance with standards that shall ensure management for development results, best value money, fairness, integrity, transparency and effective international competition. In case a consensus cannot be reached within the Board, final decision shall rest with the UNDP. Detailed Terms of Reference for the Project Board are in the Annex 2.

The overall project governance structure is as shown below:

VIII. Project Organisation Structure

Project Board (Governance Mechanism)

Senior Beneficiary MoF, NDA, Cabinet Secretariat, NSO, Local Government, Parliament	Executive UNDP	Senior Supplier UNDP other UN agencies and development partners

Project Assurance
UNDP Mongolia and Regional Office

Project Manager
Admin & Finance Officer
(part time)
Advocacy officer (part-time)

Government SDG Working Groups

LEGAL CONTEXT AND RISK MANAGEMENT

This project document shall be the instrument referred to as such in Article 1 of the Standard Basic Assistance Agreement between the Government of Mongolia and UNDP, signed on 28 September 1976. All references in the SBAA to "Executing Agency" shall be deemed to refer to "Implementing Partner." The implementing partner for this project is the Parliament Secretariat, the Parliament of Mongolia.

1. Consistent with the Article III of the SBAA, the responsibility for the safety and security of the Implementing Partner and its personnel and property, and of UNDP's property in the Implementing Partner's custody, rests with the Implementing Partner. To this end, the Implementing Partner shall:
   a) put in place an appropriate security plan and maintain the security plan, taking into account the security situation in the country where the project is being carried;
   b) assume all risks and liabilities related to the Implementing Partner's security, and the full implementation of the security plan.

2. UNDP reserves the right to verify whether such a plan is in place, and to suggest modifications to the plan when necessary. Failure to maintain and implement an appropriate security plan as required hereunder shall be deemed a breach of the Implementing Partner's obligations under this Project Document.

3. The Implementing Partner agrees to undertake all reasonable efforts to ensure that no UNDP funds received pursuant to the Project Document are used to provide support to individuals or entities associated with terrorism and that the recipients of any amounts provided by UNDP hereunder do not appear on the list maintained by the Security Council Committee established pursuant to resolution 1267 (1999). The list can be accessed via http://www.un.org/sc/committees/1267/aq_sanctions_list.shtml. This provision must be included in all sub-contracts or sub-agreements entered into under/further to this Project Document.

4. Consistent with UNDP's Programme and Operations Policies and Procedures, social and environmental sustainability will be enhanced through application of the UNDP Social and Environmental Standards (http://www.undp.org/ses) and related Accountability Mechanism (http://www.undp.org/secu-srm).

5. The Implementing Partner shall: (a) conduct project and programme-related activities in a manner consistent with the UNDP Social and Environmental Standards, (b) implement any management or mitigation plan prepared for the project or programme to comply with such standards, and (c) engage in a constructive and timely manner to address any concerns and complaints raised through the Accountability Mechanism. UNDP will seek to ensure that communities and other project stakeholders are informed of and have access to the Accountability Mechanism.

6. All signatories to the Project Document shall cooperate in good faith with any exercise to evaluate any programme or project-related commitments or compliance with the UNDP Social and Environmental Standards.

Work Plan for 2018 (attached as separate file)

Annex 1: TOR for Project manager

General responsibilities and duties:

- Under the guidance of the Project Board, take a lead to build consensus among the project stakeholders on key results, expected outcomes and impacts of the project;
- Prepare and submit Annual work plan, Semi-annual workplans, Semi-annual and Annual reports, and project Final report in a timely manner;
- Implement the project activities and monitor the progress against the initial project quality criteria and M&E indicators;
- Monitor project financial resources and accounting to ensure accuracy and reliability of financial reports;
- Provide substantive guidance and support to relevant areas of SDG implementation, where needed;
- Provide guidance to the responsible parties on results-based project management;
- Manage and monitor project risks, issues, and lessons learned, and regularly update the Project Board on the status of risks;
- Mainstream gender equality in the project activities, planning, monitoring and reporting;
- Coordinate and create synergies with other relevant projects and initiatives;
- Lead and manage project communications, advocacy and partnership strategies;
- Initiate and managed project-related procurement actions, including drafting of clear technical specifications for the provision of goods and services under the project workplan;
- Ensure the quality and timeliness of goods, services and works delivered by sub-contractors, through close supervision and pro-active risk mitigation strategies;
- Maintain the project documentations, manage the transfer of project deliverables, documents, files, equipment and materials to national counterparts and beneficiaries as relevant;
- Assist in undertaking of annual audits, independent project and outcome evaluations;
- Prepare and implement a strategy for sustaining the project results beyond the project duration;

Annex 2: Project Board Terms of Reference

Overall responsibilities: The Project Board is the group responsible for making by consensus management decisions for a project when guidance is required by the Project Manager/UNDP PO, including recommendation for UNDP approval of project plans and revisions. In order to ensure UNDP's ultimate accountability, Project Board decisions should be made in accordance to standards that shall ensure best value to money, fairness, integrity transparency and effective international competition. In case a consensus cannot be reached, final decision shall rest with the UNDP Programme Manager. Project reviews by this group are made at designated decision points during the running of a project, or as necessary when raised by the Project Manager. This group is consulted by the Project Manager for decisions when PM tolerances (normally in terms of time and budget) have been exceeded.

Based on the approved annual work plan (AWP), the Project Board may review and approve project quarterly plans when required and authorizes any major deviation from these agreed quarterly plans. It is the authority that signs off the completion of each quarterly plan as well as authorizes the start of the next quarterly plan. It ensures that required resources are committed and arbitrates on any conflicts within the project or negotiates a solution to any problems between the project and external bodies. In addition, it approves the appointment and responsibilities of the Project Manager and any delegation of its Project Assurance responsibilities.

Composition and organization: This group contains three roles, including:

1) An Executive: UNDP will chair the Board
2) Senior Supplier: UNDP representing the interests of the parties concerned which provide funding and/or technical expertise to the project. The Senior Supplier's primary function within the Board is to provide guidance regarding the technical feasibility of the project.
3) Senior Beneficiary: Cabinet Secretariat, NDA, MOF, NSO, National Audit Office, MOH, Local Government representing the interests of those who will ultimately benefit from the project. The Senior Beneficiary's primary function within the Board is to ensure the realization of project results from the perspective of project beneficiaries.

Proposed members of the Project Board are reviewed and recommended for approval during the Project Review Meeting. Additional Project Board members may be suggested as necessary.

Specific responsibilities:

Defining a project
- Review and approve the Project Initiation Plan

Initiating a project
- Agree on Project Manager's responsibilities, as well as the responsibilities of the other members of the Project Management team;
- Delegate any Project Assurance function as appropriate;
- Review and appraise detailed Project Plan and AWP, including Atlas reports covering activity definition, quality criteria, issue log, updated risk log and the monitoring and communication plan.

Running a project
- Provide overall guidance and direction to the project, ensuring it remains within any specified constraints;
- Address project issues as raised by the Project Manager;
- Provide guidance and agree on possible countermeasures/management actions to address specific risks;
- Agree on Project Manager's tolerances in the Annual Work Plan and quarterly plans when required;

- Conduct regular meetings to review the Project Quarterly Progress Report and provide direction and recommendations to ensure that the agreed deliverables are produced satisfactorily according to plans.
- Review Combined Delivery Reports (CDR) prior to certification by the Implementing Partner;
- Appraise the Project Annual Review Report, make recommendations for the next AWP, and inform the Outcome Board about the results of the review.
- Review and approve end project report, make recommendations for follow-on actions;
- Provide ad-hoc direction and advice for exception situations when project manager's tolerances are exceeded;
- Assess and decide on project changes through revisions;

Closing a project
- Assure that all Project deliverables have been produced satisfactorily;
- Review and approve the Final Project Review Report, including Lessons-learned;
- Make recommendations for follow-on actions to be submitted to the Outcome Board;
- Commission project evaluation (only when required by partnership agreement)
- Notify operational completion of the project to the Outcome Board.

Executive
The Executive is ultimately responsible for the project, supported by the Senior Beneficiary and Senior Supplier. The Executive's role is to ensure that the project is focused throughout its life cycle on achieving its objectives and delivering outputs that will contribute to higher level outcomes. The Executive has to ensure that the project gives value for money, ensuring a cost-conscious approach to the project, balancing the demands of beneficiary and supplier.

Specific Responsibilities (as part of the above responsibilities for the Project Board)
- Ensure that there is a coherent project organisation structure and logical set of plans
- Set tolerances in the AWP and other plans as required for the Project Manager
- Monitor and control the progress of the project at a strategic level
- Ensure that risks are being tracked and mitigated as effectively as possible
- Brief Outcome Board and relevant stakeholders about project progress
- Organise and chair Project Board meetings

The Executive may delegate some responsibility for the project assurance functions.

Senior Beneficiary
The Senior Beneficiary is responsible for validating the needs and for monitoring that the solution will meet those needs within the constraints of the project. The role represents the interests of all those who will benefit from the project, or those for whom the deliverables resulting from activities will achieve specific output targets. The Senior Beneficiary role monitors progress against targets and quality criteria. This role may require more than one person to cover all the beneficiary interests. For the sake of effectiveness, the role should not be split between too many people.

Specific Responsibilities (as part of the above responsibilities for the Project Board)

- Ensure the expected output(s) and related activities of the project are well defined
- Make sure that progress towards the outputs required by the beneficiaries remains consistent from the beneficiary perspective
- Promote and maintain focus on the expected project output(s)
- Prioritise and contribute beneficiaries' opinions on Project Board decisions on whether to implement recommendations on proposed changes
- Resolve priority conflicts

The assurance responsibilities of the Senior Beneficiary are to check that:
- Specification of the Beneficiary's needs is accurate, complete and unambiguous
- Implementation of activities at all stages is monitored to ensure that they will meet the beneficiary's needs and are progressing towards that target
- Impact of potential changes is evaluated from the beneficiary point of view

28

➤ Risks to the beneficiaries are frequently monitored

Senior Supplier
The Senior Supplier represents the interests of the parties which provide funding and/or technical expertise to the project (designing, developing, facilitating, procuring, implementing). The Senior Supplier's primary function within the Board is to provide guidance regarding the technical feasibility of the project. The Senior Supplier role must have the authority to commit or acquire supplier resources required. If necessary, more than one person may be required for this role. Typically, the implementing partner, UNDP and/or donor(s) would be represented under this role.

Specific Responsibilities (as part of the above responsibilities for the Project Board)
➤ Make sure that progress towards the outputs remains consistent from the supplier perspective
➤ Promote and maintain focus on the expected project results from the point of view of supplier management
➤ Ensure that the supplier resources required for the project are made available
➤ Contribute supplier opinions on Project Board decisions on whether to implement recommendations on proposed changes
➤ Arbitrate on, and ensure resolution of, any supplier priority or resource conflicts

The supplier assurance role responsibilities are to:
➤ Advise on the selection of strategy, design and methods to carry out project activities
➤ Ensure that any standards defined for the project are met and used to good effect
➤ Monitor potential changes and their impact on the quality of deliverables from a supplier perspective
➤ Monitor any risks in the implementation aspects of the project

If warranted, some of this assurance responsibility may be delegated.