

JP “Rolling Out an Integrated Approach to the SDG financing in Mongolia”

FINAL PROJECT REVIEW REPORT

[2020-2022]

United Nations Development Programme Mongolia

Project title “Rolling Out an Integrated Approach to the SDG financing in Mongolia”

Project ID:	00128705
Output ID:	00122623
Project Duration:	01.07.2020-01.07.2022
Implementing Partner:	UNDP, UNICEF
UNDP:	USD 630,016
UNICEF:	USD 206,938
Joint SDG Fund contribution:	USD 836,954
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Background/Context:

Mongolia was one of the first countries to adopt a national development strategy aligned with SDGs. It adopted its own Sustainable Development Vision for 2030 (SDV) in 2016, which has been superseded in 2020 with a longer-term development policy document, ‘Vision-2050’. Though Mongolia has set out a longer-term development trajectory, this document has not fully considered the SDGs attainment in the first phase of the document, which covers 2020-2030. Due to this, Mongolia faces specific challenges in the effective delivery of SDGs overall. Due to the weak link between policy planning and financing which exists in Mongolia, there is a need to not only better align development policy with the SDGs but also to solidify the financing of this development, which is the aim of this Joint Programme and the establishment of the Integrated National Financing Framework (INFF) in Mongolia. The Joint Programme (JP) expects to produce the following outcomes: 1) INFF governance structure, monitoring and review for the financing of ‘Vision-2050’/SDGs function effectively; and 2) INFF produced financing strategy leverages resources for Vision2050/SDGs from public and private sources. Rather than focusing on a specific financing policy, the JP aims to apply a broader approach to financing national development (including coordination and oversight of institutional arrangements, monitoring and review, both integrated and sectoral financial strategies, private and financial resources), with the intent to enable the realignment of existing resources and unlock new sources of financing for sustainable development in Mongolia. The emphasis on the INFF and the financing of SDGs and development policy has become critical in light of the COVID-19 pandemic and the need to utilize sizable state resources for fiscal measures to support the people and economy of Mongolia which were not envisaged or planned for.

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I. SUMMARY

Mongolia has both medium-term plans and a long-term vision in place, to take its development agenda forward for sustainable development in Mongolia. In 2020, the Parliament of Mongolia revised the Law on Development Policy, Planning, and Management. In line with this new legal framework, a long-term strategic policy document "Vision-2050" and medium-term policy documents "Five-Year Development guidelines for 2021-2025" and the "Government Action Program for 2020-2024" under the umbrella of Vision 2050 have been prepared and approved. In addition, the government is developing a series of the medium-term targeted development programs to achieve the Vision 2050.

However, the country faces challenges in financing and transforming the medium-term policies and plans into effective programmes and actions. These challenges mainly due to Covid-19 pandemic situations and increased exposure to external price fluctuation shocks. Pandemic related emergency spending and increased support for welfare policies have resulted in an increase in budget deficit and debt pressures, and narrowed budget space for development goals (IMF 2021¹, UNDP 2021a², UN and ADB 2018³). Extended border closure and global contraction had led to export losses and reduction in revenue from mining sectors.

The Development Finance Assessment (DFA)⁴ conducted in 2018 reveals critical challenges in effective delivery of the national policies and strategic plans. These include i) the need to develop diversified national and sector financing strategies, ii) strengthening policy and institutional coherence, iii) strengthening performance-oriented planning, budgeting and management, iv) developing a robust monitoring, evaluation and learning system; and v) creation of an enabling framework for accountability and dialogue. Similar findings were revealed by several other assessments, such as Mongolia Volunteer National Review Report (VNR)⁵, the Mainstreaming, Acceleration and Policy Support mission report (MAPS)⁶, Mongolia Public Financial Management Performance Report (MPFMPR)⁷, IMF Report on Article IV Consultations⁸, etc. In general, the weak link between SDG-aligned development plans and effective allocation of limited financing resources is a result of the interrelated problems of 1) the public finance management and governance of SDGs, and 2) lack of coordinated mainstreaming of private finance into development.

II. REVIEW OF PROGRESS AND RESULTS ACHIEVED

The project’s main objective is to establish sustainable governance, monitoring, and financing architecture development systems in Mongolia that can effectively streamline and mobilize financing for SDGs.

The main stakeholders of the JP are the Ministry of Finance, Ministry of Economy and Development, Ministry of Health, Ministry of Education and Science, Ministry of Labour and Social Protection, National Audit Office, Development Bank of Mongolia, Bank of Mongolia, and Financial Regulatory

¹ IMF (2021) Article IV consultation. <https://www.imf.org/en/Publications/CR/Issues/2021/11/29/Mongolia-2021-Article-IV-Consultation-Press-Release-Staff-Report-and-Statement-by-the-510086>

² UNDP (2021a) Baseline Assessments for Integrated National Financing Framework

³ UN and ADB (2018), SDGs Mainstreaming, Acceleration, and Policy Support

⁴ UNDP, ADB et al(2018), DFA <https://www.undp.org/content/dam/rbap/docs/dg/dev-effectiveness/RBAP-DG-2018-Development-Finance-Assessment-Mongolia.pdf>

⁵ See <https://www.mn.undp.org/content/mongolia/en/home/library/mongolia-voluntary-national-review-report-2019.html>

⁶ ibid

⁷ WB(2015), <http://documents.worldbank.org/curated/en/303421468000598092/pdf/96546-WP-PUBLIC-Box391458B-PEFA-final-version-with-cover.pdf>

⁸ <https://www.imf.org/en/Publications/CR/Issues/2021/11/29/Mongolia-2021-Article-IV-Consultation-Press-Release-Staff-Report-and-Statement-by-the-510086>

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Commission. The key stakeholders from UN system are UNRC, UNDP, and UNICEF. UNRC office convenes all partners and engages with the highest level of government on INFF. UNDP is a lead agency providing technical expertise on developing INFF, especially focusing on developing financing strategy, result-based budgeting, MTEF, and gender responsive budgeting etc. and coordinate with other development partners including the World bank, ADB, and EU which are also key stakeholders to this JP. UNICEF supports child-focused and evidence-based budget analysis and expenditure reviews and tracking in the social sectors.

The project’s key expected outcomes and outputs are as in the following:

Outcome 1. INFF governance structure, monitoring and review for financing of Vision-2050/SDGs function effectively.

Output 1.1. The high-level multi-stakeholder platform for Sustainable Development is established to oversee and coordinate the SDGs implementation and financing,

Output 1.2. National institutions (Parliament, audit, CSOs) have guidelines for INFF monitoring and review, and applied them to social sectors,

Outcome 2. INFF produced financing strategy leverages resources for Vision-2050/SDGs from public and private sources.

Output 2.1. The gender responsive integrated financing strategy is formulated based on previously conducted Development Finance Assessment

Output 2.2. Medium-term and result-based budgeting in social sectors is strengthened

Output 2.3. Sustainable development considerations are integrated into the strategic/business plans of the Development Bank of Mongolia

Output 2.4. Private sector is mobilized to contribute to Vision-2050/SDG financing

During the project implementation phase the following results were achieved:

- ✓ Overall results achieved by the JP are 1) establishment of a coordination mechanism that can support the INFF operationalization, 2) development of the gender responsive financing strategy that leverage various financing sources to achieve sustainable development goals and national development priorities.
- ✓ A coordination mechanism for Sustainable development was established between UN Resident Coordinator and the Parliament sub-committee on SDGs to coordinate the SDGs implementation and to bring stakeholders of all sectors of society into integrated consultations . The INFF for financing sustainable development has further strengthened by the capacity built for National Audit Office, focusing on monitoring and reviewing of social sectors expenditures.
- ✓ The gender responsive Integrated National Financing Strategy (INFS) for sustainable development was developed that seeks to guide the government to operationalize financial architecture for SDGs and leverage more resources from public and private sectors. Many important reforms under the strategy are being successfully implemented to accelerate the progress toward SDGs including upgrading of MTEF, introducing of the results-based budgeting, integration of sustainable development considerations into activities of Development Bank of Mongolia, and private sector

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mobilizations for development financing. More details on the achieved results per outcome and output lay out in the following section.

Result 1: INFF governance structure, monitoring and review for financing of Vision-2050/SDGs function effectively.

Result 1.1. The high-level multi-stakeholder platform for Sustainable Development is established to oversee and coordinate the SDGs implementation and financing led by UNRCO:

Establishment of the Multistakeholder Platform for Sustainable Development (MPSD) was announced by the Parliament of Mongolia at the First High-level National Forum on the SDGs organized under the leadership of the UN Resident Coordinator and the Parliament of Mongolia on 4 October 2021 and was [officially launched in March 2022 under the name of “Multistakeholder Council for Sustainable Development \(MCSD\)”](#). UNRC office had a [leading role in engaging government officials and establishing MCSD](#).

The main objective of the Multi-Stakeholder Council for Sustainable Development (MCSD) is to support the country in fulfilling its commitments to realize the 2030 Agenda for Sustainable Development. It aims at bringing together multiple stakeholders including key donors, international development organizations, financial institutions, government institutions, private sector, and civil society. On 23 March 2022, the first meeting of the MPSD was organized and was attended by Parliamentarians, Cabinet Ministers, representatives from the UN systems, international development partners, private sector and academia, who comprise the MPSD.



Caption: The first panel discussion with the Members of Parliament focused on localizing the SDGs in Mongolia – Adoption of nationalized targets and indicators by the Parliament.

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Caption: The first meeting of the Multi-stakeholder Council for Sustainable Development

Result 1.2. National institutions (Parliament, audit, CSOs) have guidelines for INFF monitoring and review, and applied them to social sectors led by UNDP and UNICEF:

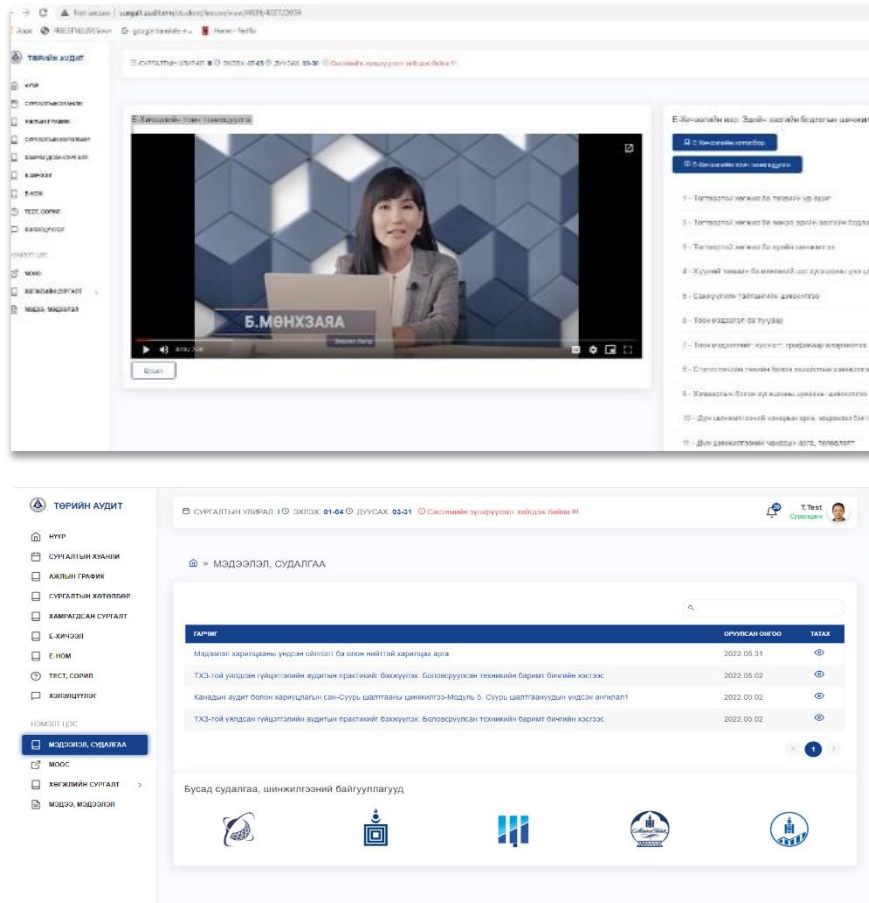
As the first milestone in creating a monitoring guideline for the National Audit Office (NAO) on the implementation of the SDGs, the NAO finalized and approved its scope of work and terms of reference for building capacity in relation to conducting the SDG Audit, an international new practice. SDGs Implementation Audit was legally mandated for the National Audit Office but it was not implemented in practice due to lack of methodology, guideline, and understanding.

With the updated guidelines on performance audit, the National Audit Office has improved its approach to effectively analyse and audit budget programmes linking actual audit performance with declared objectives and targets as per national development policies and plans. Using the updated guidelines, the performance audit in food and education-related SDGs was conducted in 2021, and the performance audit in education sector is being conducted in 2022. **The guidelines and the lessons learned from these two consecutive audits lay a foundation for the NAO to establish a practice and culture of SDGs Audit in the country.**

Additionally, a greater visibility of youth-related issues was promoted in the government budgeting processes through a Youth-focused Expenditure Review, conducted in 2021. It was conducted in partnership with the Ministry of Labour and Social Protection and UNFPA and presented at the Mongolian National Youth Forum. UNICEF commissioned Child focused budget and expenditure review in the social sectors aiming to assess the extent to which budgets and expenditures in the education, health, social protection and child protection sectors are aligned to child-focused policy goals and commitments in these sectors. It was completed in November 2021. **MoF and MLSP discussed and agreed to incorporate the results and recommendations from the review studies into the state budget proposal for 2023. These reviews provided evidence and a case for tracking and analyzing public spending over time against policy goals and performance indicators and the extent to which LNOB principle is being exercised.**

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Online modules of SDGs Audit were developed and integrated into the NAO’s regular online training platform “surgalt.audit.mn” as one of the compulsory modules. Such integration brought the SDGs to the forefront of the education focus of the current and future generation of auditors in the country. **Multiple trainings on SDG performance auditing were organized for capacity building purposes.** And 384 auditors nationwide have participated in their professional development programme. This e-training module is planned to be expanded for over 330 auditors from about 60 private audit firms.

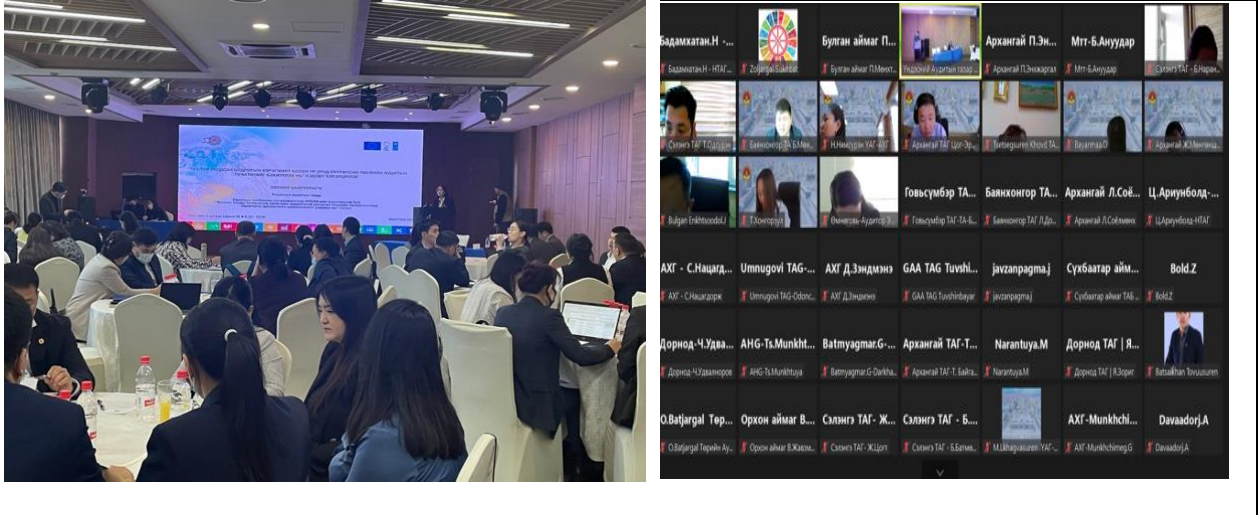


Caption: The online training modules, “Audit and Sustainable Development”, “Economic Policy Analysis”

Additionally, in November 2021, in-person capacity building training among 58 national and local auditors were conducted. A seminar on “Strengthening audit practice on SDG-aligned policy and result-based budgeting” was successfully co-organized on 30 March 2022 with the support of the Mongolian National Audit Office and in collaboration with the EU-funded “SDG-aligned Budgeting to Transform Employment in Mongolia” project, implemented by UNDP, ILO and FAO. Deputy Auditor General of Mongolia Ms. Erdenetsetseg and over 280 officials from the Mongolian National Audit Office attended.

With these interventions of the JP, the INFF monitoring, and review capacity of the national institutions has been strengthened in the country.

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Caption: Seminar on “Strengthening audit practice on SDG-aligned policy and result-based budgeting” on 30 March 2022.

Result 2: INFF produced financing strategy leverages resources for Vision-2050/SDGs from public and private sources.

Result 2.1 The gender-responsive integrated financing strategy is formulated based on previously conducted “Development Finance Assessment”, “SDGs Mainstreaming, Acceleration and Policy Support” and other assessment led by UNDP:

The INFF technical work group has been established at the Ministry of Finance in 2020, co-chaired by the Vice Minister of Finance and the UNDP Deputy Resident Representative, including UN agencies, IFIs, the EU, the National Audit Office, Bank of Mongolia, Financial Regulatory Commission, National Committee for Gender Equality, the Development Bank of Mongolia, the private sector representatives, and CSOs. This technical working group has main objectives of strengthening the integrated financing framework and providing leadership and coordination in developing integrated national financing strategy.

Caption: First working group meeting on



developing INFF for sustainable development, February 1, 2021

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The draft **Integrated National Financing Strategy (INFS)** was formulated in 2021, providing **multilateral strategic steps to address the prevailing challenges** by outlining a three-pronged approach to a financing strategy, which includes a focus on public and private sector financing and creating an economic environment. Revisions were made to the draft in 2022 reflecting comments from multi-stakeholders and the final version is expected to be adopted in July 2022 during the NCSD meeting. Providing critical evidence, the number of assessments have served as a foundation for the development of the national financing strategy, including Development Finance Assessment and SDGs Mainstreaming, Acceleration and Policy Support conducted in 2018; Baseline assessment of integrated national financing framework with SDG costing and SDG prioritization studies conducted in 2021. The development of financing strategy was also informed by the other assessment documents including the IMF Article IV, and Mongolia Voluntary National Review Report (2019), and individual consultations with the key stakeholders, including the Ministry of Finance, National Development Agency, Development Bank of Mongolia, National Audit Office, the Central Bank of Mongolia, Financial Regulatory Commission, Mongolian Sustainable Finance Association and Mongolian Bankers Association.

Multistakeholder ownership of the financing strategy and approaches for sustainability of interventions: Among high level key stakeholders, international organizations, and IFIs, the technical working group meetings were held in January, May and [November 2021](#) to discuss the items in the draft INFS. National workshop on the draft INFF financing strategy was organized on 18 March 2022 where the stakeholders and participants shared their thoughts, provided their inputs to the draft strategy and discussed the way forward towards approval and implementation of the strategy.



Caption: “Financing the Future We Want: Rolling out integrated SDG Financing in Mongolia” workshop was organized with over 70 representatives from key stakeholders on 9 June 2022.

The [final workshop](#) on the UN Joint Programme on “Rolling Out an Integrated Approach to the SDG financing in Mongolia” was organized on 9 June 2022. With the active audience in the event, the participants and the stakeholders debated about the tools and mechanisms in support of SDG Financing and highlighted the importance of SDG Financing in Mongolia by introducing INFF and its financing strategy. A close collaboration and consultation with the key stakeholders including the Government of Mongolia, the international community, donor organizations, civil society organizations, and private sector ensured multi-stakeholder ownership of the strategy.

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Caption: The Integrated National Financing Strategy was presented at the Mongolian Sustainable Finance Forum by Ms.Mungunchimeg, Deputy Finance Minister, on 25 November 2021.

The draft strategy was also presented at the [Mongolian Sustainable Finance Forum-2021](#) by the Deputy Minister of Finance, where around 150 public and private sector and international organisation representatives⁹ participated in. Deputy Minister of Finance highlighted that INFF would facilitate for the Government and its partners to align financial and development policies and mobilize different sources of financing to achieve the national sustainable development goals and targets. The draft strategy was also presented at the workshops for [Financial Regulatory Commission](#), at the National Audit Office, and Ministry of Finance.



Caption: The "Strengthening sustainable finance in the non-banking sector" workshop.

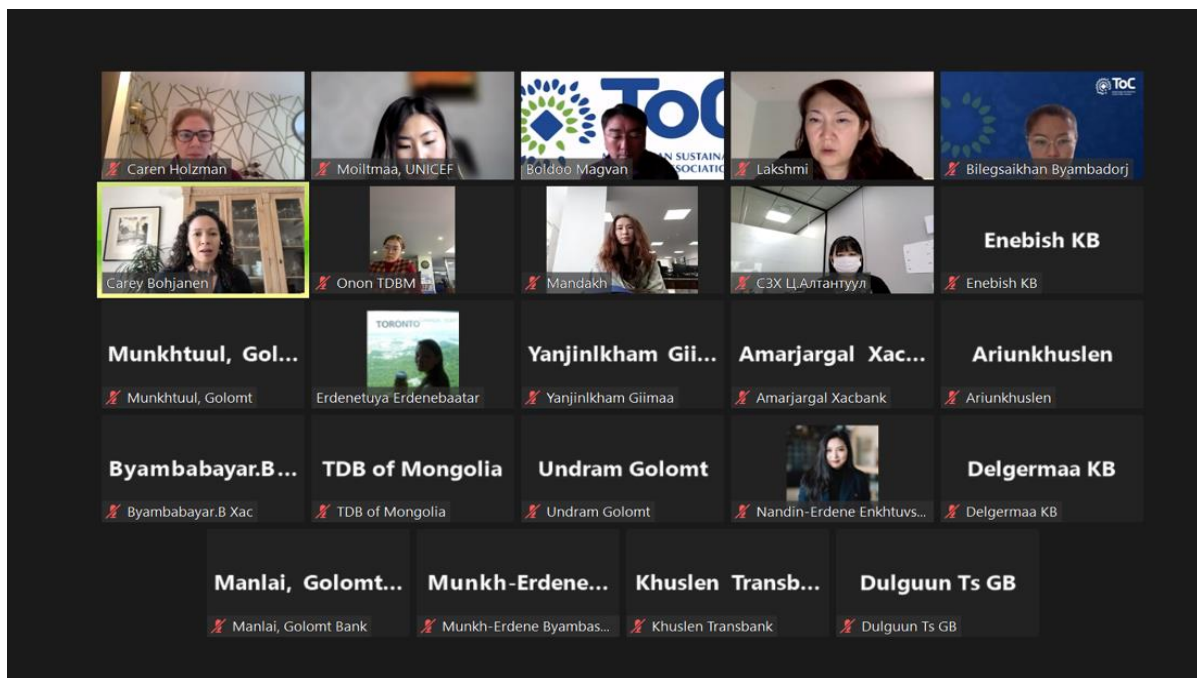
Also, to integrate gender considerations, the Joint Programme supported development of a sectoral strategic document “Framework Application for Gender Mainstreaming in

⁹ Including Government of Mongolia, the Bank of Mongolia, Financial Regulatory Commission, Development Bank of Mongolia, commercial banks, Mongolian Mortgage Corporation (MIK), non-banking financial institutions, UN agencies, EU Delegation, IFC, British Embassy Ulaanbaatar, GGGI, GIZ, European Investment Bank, European Bank for Reconstruction, Development, The Asia Foundation etc.

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Mongolian Financial Institutions”, based on a Baseline Study on “Integration of Gender Responsive Practices of the Mongolian financial sector” which was also presented among the financial sectors. The baseline study to understand the current status of gender mainstreaming in the banking and non-banking sectors was conducted and the results were reported in December 2021, with the development of guidelines, tools, and templates to help banks and non-banking financial institutions (NBFIs).

Based on the developed tools and guidelines, gender-mainstreaming training for financial institutions is being conducted to strengthen financial sector capacity to recognize gender-related risks, to consider gender-wise due diligence, and to effectively engage with their client so that gender-related risks are converted into opportunities. A several trainings were organized between December 2021 and January 2022 among around 100 participants.



Caption: The “Gender mainstreaming framework for Mongolian financial sector” Open Forum on 8 February 2022.

The “Gender mainstreaming in the financial sector” expert workshop was held in November 2021, partnering with the National Committee on Gender equality, EBRD, UNICEF, and the Asian Foundation among 150 participants of the Mongolian Banking sector.

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Caption: Gender mainstreaming in the financial sector, November 2021

INFS integrates gender considerations and includes a number of action plan items in the framework for introducing gender-responsive budgeting (GRB) in all sectors and creating a gender-responsive financial system. The Mongolian Sustainable Finance Principles was improved by integrating critical elements to contribute gender equality and women empowerment and to increase financial inclusions, with newly added focus on gender consideration, social inclusion, ILO convention on Equal pay, Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW), Financial Inclusion Toolkit on sex-disaggregated data. This advancement was made by the joint effort of the JP and Mongolian Sustainable Finance Association. Additionally, BoM and FRC are collecting and reporting gender disaggregated data in financial and non-financial sectors to lay out foundation for gender mainstreaming progress.

Result 2.2 Medium-term and result-based budgeting in social sectors is strengthened led by UNDP and UNICEF:

Several expenditure reviews have been conducted to assess the alignments of budgets and expenditures with the sectoral goals and KPIs, in the framework of introducing medium-term, result-based budgeting (RBB) framework in social sectors. Youth expenditure review, Child-focused expenditure review and educational expenditure review were conducted to assess the extent to which budgets and expenditures in the education, health, social and child protection sectors are aligned to respective policy goals and commitments in these sectors. The analysis on child protection sector has highlighted that although the country has robust framework legislation for managing planning and budgeting processes, it is notable that these principles do not include “the best interests of children”. This has the potential to transform the nature of these processes into truly forward-looking processes that seek to protect and invest in children to the benefit of children, their families, communities, the economy and society generally. Accordingly, the key recommendations from the above-mentioned child focused expenditure analysis are being implemented and advocated by UNICEF in collaboration with the line ministries.

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Meantime, UNICEF engaged with the international consultant who developed a guideline on programme based budgeting (PBB) in social sector. To bring effective investment in child protection and increase benefits to children, the guideline on PBB with programme costing techniques and standard operating procedures will be followed during budget preparation and implementation processes in social sectors with practical examples in child protection programme (CPP) area. To make the guidance more practical, the International Consultant also developed a training module content to build the capacity of Government staff engaged in budget planning. The pilot training was conducted in Zavkhan province with presence of the State Secretary of MLSP, a Head of the Division on Family and Child Development Policy of the MLSP, the budget expenditure department consultants from the MoF and the decision makers and stakeholders from Zavkhan, Bayankhongor and Gobi-Altai provinces.

Manuals and templates for RBB and GRB on education sector and youth-related expenditure were developed to facilitate faster adoption of result-based budgeting. SDG-aligned, result-based and medium-term expenditure templates and KPIs were developed to promote youth development and participation in 2021 in line with international experience. These templates serve as the foundation for piloting the medium-term, results-based budgeting at the Ministry of Education and Science and the Ministry of Labour and Social Protection for the preparation of 2022 Budget proposal. Consequently, new result-based budget proposals for 2022 were formulated and submitted for approval by the Parliament in the education sector. Furthermore, expenditure reviews on other sectors are being conducted and guidelines and tools are being developed under the JP including on science, road and transport sectors.

For capacity building purposes, series of trainings and workshops were organized on RBB and GRB. For example, about 150 ministerial and local education department staffs were trained in 2021 and familiarized themselves with result-based budgeting templates, manuals and practices so that they are able to implement results-based planning and budgeting practice on their own throughout the sector. His Excellency Mr. L. Enkh-Amgalan, Minister of Education and Science, participated in a [consultation workshop](#) and highlighted the importance of budgetary reforms for improving the quality of education.

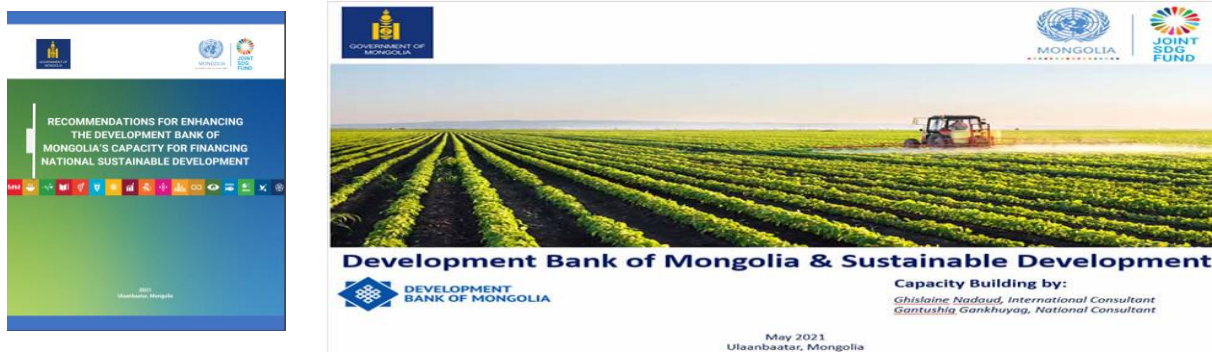
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Caption: Workshop on result-based budgeting to further reforms in the education sector, Ministry of Education and Science implements, 18 June 2022.

Similarly, to strengthen capacity, another training workshop on the integrated and result-based planning was conducted for stakeholders from Ministry of Education and Science, Ministry of Labour and Social Protection, Ministry of Road and Transport Development, and workshop on RBB/GRB for Ministry of Food, Agriculture and Light Industry, Ministry of Education and Science under the EU-funded “SDG-Aligned Budgeting to Transform Employment in Mongolia” project.

Result 2.3 Sustainable development considerations are integrated into the strategic/business plans of the Development Bank of Mongolia led by UNDP:



The Development Bank of Mongolia integrated sustainable financing principles into their revised 3-year strategic plan to align their operation with SDGs. In the new strategic plan, DBM states that it aims to become a leading sustainable financial institution in Mongolia and pursues the SDGs as a financial institution. More specifically, DBM’s strategy focuses on contributing to SDG3, SDG6, SDG7, SDG8, SDG9, and SDG11. The approval of DBM’s strategic plan is pending due to the changes in its Board of Directors.

This achievement was supported by the JP technical assistance through their international and national consultants. The draft lending policy and guidelines, risk assessment tools and

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templates have been developed by the consultants with close cooperation of DBM. These documents will serve as the basis for introducing sustainability principles into their operations.

АЛСЫН ХАРАА, ЭРХЭМ ЗОРИЛГО, ҮНЭТ ЗҮЙЛС

АЛСЫН ХАРАА (VISION)

ТОГТВОРТОЙ ХӨГЖЛИЙГ ХҮН БҮРТ.

ЭРХЭМ ЗОРИЛГО (MISSION)

ХҮРЭЭЛЭН БҮЙ ОРЧИНД ЭЭЛТЭЙ, НИЙГЭМ ЭДИЙН ЗАСАГТ ҮР АШИГТАЙ ТӨСӨЛ, ХӨТӨЛБӨРИЙГ ДЭМЖИХ ТЭРГҮҮЛЭГЧ БАЙГУУЛЛАГА БАЙНА.

ҮНЭТ ЗҮЙЛС (VALUES)

- **Хөгжлийн төлөөх итгэл үнэмшил/ Commitment to development** - (МУХБ-ны ажилтан бүр эх орныхоо ирээдүйн хөгжил, цэцэглэлтэнд итгэл дүүрэн байдаг)
- **Мэргэжлийн бүтээлч хандлага/ Professionalism** - (Мэргэжлийн ур чадвараа тасралтгүй хөгжүүлэх замаар дэвшүүлсэн зорилгодоо хүрдэг)
- **Хамтын ажиллагаа/ Collaboration** - (Бүтээлч хамтын ажиллагаа нь хөгжлийн хөдөлгөгч нэгэн хүч байдаг)
- **Ногоон/ Green** - (Хүрээлэн буй орчин, байгаль, эх дэлхийдээ ээлтэй хөгжлийг дэмждэг)
- **Ёс зүй, шударга байдал/ Integrity** - (Өрсөлдөөнийг дэмжиж, ёс зүйн хэм хэмжээг баримтлал болгодог)

Caption: The three-year strategic plan (2021-2025) of Development Bank of Mongolia. The figure shows the integration of SDG into the plan.

DBM staffs were trained by attending [capacity building workshop](#), by getting familiar with guidelines, tools and templates for integrating sustainable financing principles into the DBM operations. This training had important aims of facilitating policies, tools and methodologies to align and mobilize investments/loans in accelerating national sustainable development goals and providing assistance for building solid foundation of becoming sustainable financing institution.

I. БОДЛОГЫН БАРИМТ БИЧИГТЭЙ ҮЯЛДСАН БАЙДАЛ

Тогтвортой хөгжлийн зорилго, зорилт

2015 оны НҮБ-ын Ерөнхий Асамблейн 70 дугаар чуулганаар нийгэм, эдийн засаг, байгаль орчин гэсэн гурван тулгуурт суурилсан 17 зорилго, 169 зорилт бүхий тогтвортой хөгжилд хүрэх “Тогтвортой хөгжлийн зорилго” (ТХЗ) дэлхий нийтийн урт хугацааны бодлогын баримт бичгийг батлан НҮБ-ын бүх гишүүн орон, дэлхий нийтээр хэрэгжүүлж эхэлсэн. Энэ хүрээнд манай улс “Монгол Улсын тогтвортой хөгжлийн үзэл баримтлал-2030” баримт бичгийг 2016 онд батлан, холбогдох арга хэмжээг хэрэгжүүлж ирсэн ба 2020 онд үр баримт бичгийг агуулаа, зорилтын хувьд өмнө тусгай “Алсын харваа-2050” Монгол Улсын урт хугацааны хөгжлийн бодлогоор шинэчлээд байна.

Тогтвортой хөгжлийн зорилгуудын биелэлтийг хангахад улс орнуудын засгийн газар тэргүүлэх үүрэг оролцоотой байх бөгөөд холбогдох бүсэд байгууллагууд болон иргэдийн оролцоо мөн чухал нөлөөтэй байна. МУХБ нь үндэсний хөгжлийн тэргүүлэгч санхүүгийн байгууллагын хувьд тогтвортой хөгжлийн зорилтуудыг үйл ажиллагааныхаа зорилго, зорилттай уялуулах нь улс орны түвшинд тогтвортой хөгжлийн зорилгодоо хүрэхэд өндөр ач холбогдолтой юм. Иймд МУХБ-ны стратеги төлөвлөгөөний зорилго, зорилт, үндсэн чиглэлийг тогтвортой хөгжлийн холбогдох зорилго, зорилтод нийцүүлэн боловсруулав. Тухайлбал,

- Хүн амыг орон сууцнуулах төсөл, хөтөлбөрийг хэрэгжүүлж хүрээлэн буй орчин, амьдралын чанарыг дээшлүүлэх нь ТХЗ-ын Зорилго 3 - Бүх түвшинд эрүүл амьдралыг хангах, сайн сайхан аж байдлыг хөгжүүлэн дэмжих, Зорилго 6 - Хүн бүрд ус, ариун цэвэр, байгууллагын хүртээмжтэй хэрэг, тэдгэрийн тогтвортой менежментийг хангах, Зорилго 11 - Хот, хүн амын суурьшил бүх талын оролцоог хангасан, аюулгүй, эрсдэлийг даван туулах чадвартай, тогтвортой болгох.
- Дэд бүтэц, эрчим хүчний салбарын төсөл хөтөлбөрийг дэмжин хэрэгжүүлж импортын хамаарлыг бууруулж, дотоодын хэрэгсэл найдвартай хангах нь ТХЗ-ын Зорилго 9 - Уян хатан дэд бүтцийг байгуулж, хүртээмжтэй, тогтвортой аж үйлдвэржилтийг дэмжиж, инновацийг хөгжүүлэх, Зорилго 7 - Хүн бүрийг боломжийн, найдвартай, тогтвортой, орчин үеийн эрчим хүч хэрэглэх боломжоор хангах.
- Дотоодын үйлдвэрлэл, ХАА-н салбарын төсөл хөтөлбөрийг дэмжин хэрэгжүүлснээр аялын байр, экспортыг нэмэгдүүлэх нь ТХЗ-ын Зорилго 9 - Тогтвортой, хүртээмжтэй эдийн засгийн өсөлт, бүрэн, бүтээмжтэй ажил эрхлэлт, зохицой хөдөлмөрийг хөгжүүлэн дэмжиж зэрэг тогтвортой хөгжлийн зорилго, зорилтуудын биелэлтэд шууд хамааралтай юм.

“Алсын харваа-2050” Монгол Улсын урт хугацааны хөгжлийн бодлого, 2021-2030 онд хэрэгжүүлэх үйл ажиллагаа

2020 оны 05 дугаар сарын 13-ны өдрийн УИХ-ын 52 дугаар тогтоолоор батлагдсан Алсын харваа-2050 Монгол улсын урт хугацааны хөгжлийн бодлогын баримт бичигт Үндэсний нэгдмэл үнэт зүйл, Хүний хөгжил, Амьдралын чанар ба дундаж давхарга, Эдийн засаг, Засаглал, Ногоон хөгжил, Амар тайван, аюулгүй нийгэм, Бүс нутгийн хөгжил, Улаанбаатар ба дагуул хот гэсэн 9 зорилго, 47 зорилтын хүрээнд хүрэх үр дүн, шалгуур үзүүлэлт, суурь түвшин, зорилтот түвшинг тодорхойлсон.

Development Bank of Mongolia & Sustainable Development

Capacity Building by:
 Ghislaine Nadaud, International Consultant
 Gantushig Gankhuyag, National Consultant

May 2021
 Ulaanbaatar, Mongolia

Introduction

Ms. Ghislaine Nadaud – International Consultant

Ms. Nadaud is an experienced Sustainability/ESG/CSR Expert with a demonstrated history of working in the international banking, sustainable development, and legal industry.

She's skilled in Corporate Social Responsibility, Responsible & Sustainable Finance, (ESG) Risk Management / Due Diligence, Sustainable Development, Supply Chain Management, Stakeholder Management & Engagement, Corporate Law, Employment Law, and Human Rights.

She has a Master of Law degree from Leiden University and a Post-graduate degree from Erasmus University Rotterdam.

Mr. Gantushig Gankhuyag – National Consultant

Mr. Gantushig is an experienced banking and finance professional with extensive experience in resource mobilization, economic development, and public sector strategy.

Currently, he is providing consultancy services to various international organizations in Mongolia on issues related to economic development, sustainable finance, and financial management. Previously, he worked with the Development Bank of Mongolia and Khan Bank, where he was primarily responsible for wholesale funding and investor relations activities.

He received his Master of Public Administration (MPA) from Cornell University and his B.S. in Finance from Indiana University.

Project Overview

1	2	3
Assessment	Recommendations	Capacity-Building
Overview of DBM	Policies	Consultation
DBM's current effort to finance SDGs	Guidelines	Training materials
GAP assessment and baseline	International standards	Workshops
Overall recommendation	Others	Further recommendation

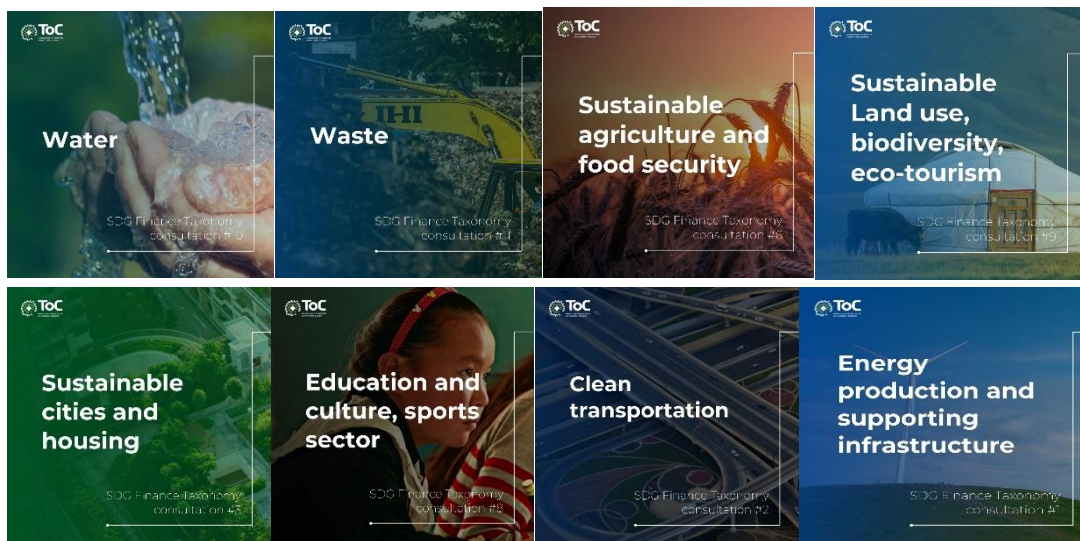
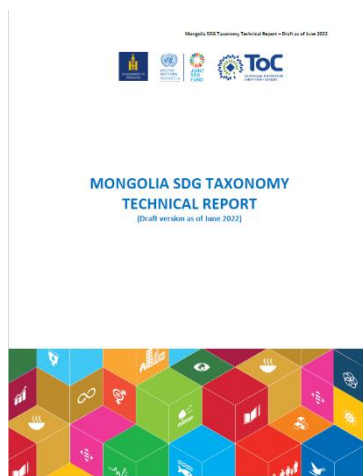
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Caption: Capacity building workshop on the integration of sustainable financing principles into the Development Bank of Mongolia, May 2021.

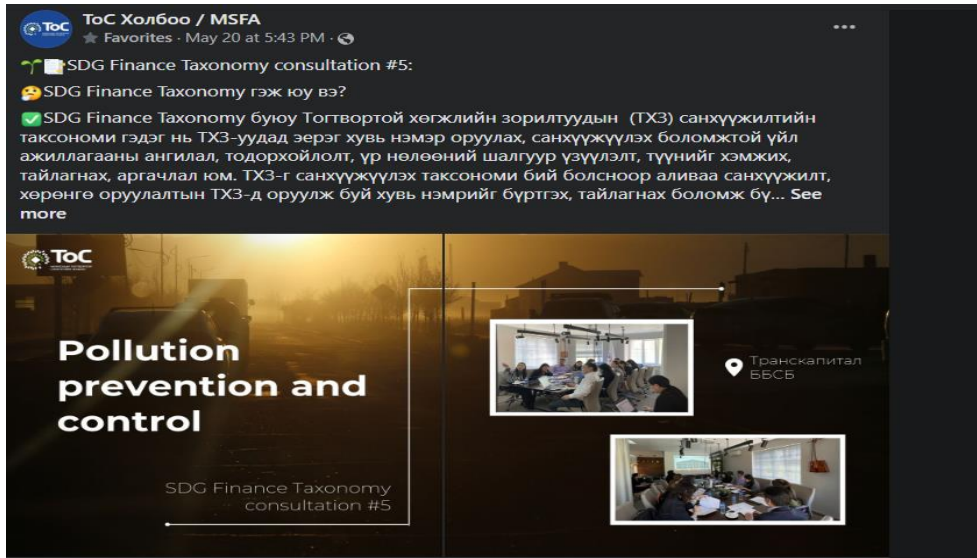
Result 2.4 Private sector is mobilized to contribute to Vision-2050/SDG financing led by UNDP:

JP has developed draft SDG Finance Taxonomy that helps to align private sector investment to the sustainable development, in collaboration with Bank of Mongolia and MSFA. Specifically, SDG Finance Taxonomy is a classification, identification, and reporting of activities aimed at the sustainable development of the private sector that guides private sector investments to the national development priorities and SDGs. It **consists of 13 sectors, 57 sub-sectors, and 225 technologies** as the activities that are bankable, and with positive impacts to Mongolia SDG targets.

More than 10 series of consultations on SDG Finance Taxonomy development were organized to ensure well coverage of bankable and sustainable activities that are not only available now but also future sustainable activities, and developing practical and accountable impact measurements and thresholds, with multiple stakeholders in various sectors including water, waste management, agriculture, food security, biodiversity, eco-tourism, cities and housing, education, culture, sports, transportation, energy, pollution, IT and health. The draft SDG finance taxonomy was also under focus group consultations with line ministries and private sector institutions between 18-25 May 2022, seeking for further improvements. The draft is expected to be finalized by June 2022 and potentially be approved in June/July by the Financial Stability Committee.



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Caption: Series of SDG Finance Taxonomy Consultations.

Another important tool through which private sector contributes to SDGs and development priorities is sustainability reporting standard which aims to be introduced in the private sector. **Environmental, Social and Governance (ESG) reporting guidelines for the Mongolian capital market was introduced for purpose of reviewing and monitoring of private sector financing towards SDGs**, which was jointly developed by the FRC, MSE, MSFA, the International Finance Corporation (IFC), the UNDP-hosted Financial Centres for Sustainability Network (FC4S), United Nations Environment Programme (UNEP), United Nations Development Programme (UNDP) and United Nations (UN) Resident Mission in Mongolia.

To introduce Sustainability Reporting Guidance and Indicators for Mongolian Companies, a [webinar](#) on "Introducing Environmental, Social and Governance (ESG) Standards into the Mongolian Capital Markets" was organized in 2021. A guidance with the ESG reporting template recently has been added to the MSE Listing Rules (optional as of now), so that MSE listed companies can disclose and report their ESG and sustainability-related activities if they opt to.



Caption: Webinar on "Introducing Environmental, Social and Governance (ESG) Standards into the Mongolian Capital Markets" in 2021.

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JP conducted two studies to support private sector resource mobilization towards development priorities of Ulaanbaatar city, in collaboration with the UB City Governor’s Office. A preliminary legal and financial due diligence assessment is being made to identify optimal municipal bond issuance mechanism to raise SDGs targeted funding in Ulaanbaatar city to raise funding from international and domestic capital market. The other study is on developing an effective public-private partnership mechanism for ger-area development to leverage private sector financing and exploit technical expertise capacity. The draft final reports were submitted to the UB City Governor’s office and project unit. The project unit provided comments to the report; final comments from the UB City Governor’s office are expected.

III. PERFORMANCE REVIEW

Project outcomes /outputs	Project indicators/Targets	Achievements against indicators
Outcome 1: INFF governance structure and monitoring and review for financing of Vision2050/SDGs function effectively.	Indicator: Core institutional arrangements for oversight, coordination and scrutiny over the INFF	<ul style="list-style-type: none"> INFF technical working group was established at the Ministry of Finance in 2021 which worked toward the drafting the financing strategy and putting in place the INFF building blocks (led by UNDP). Institutional arrangements for oversight, coordination and monitoring over the INFF are proposed as part of the draft financing strategy. The draft financing strategy is expected to be endorsed during the National Committee for Sustainable Development meeting to be held in July 2022 .
Output 1.1: The high-level multistakeholder platform for Sustainable Development (MPSD) is established to oversee and coordinate the SDGs implementation and financing	Indicator 1: Mandate of the MPSD defined; Number of stakeholders in MPSD; Number of meetings held;	<ul style="list-style-type: none"> The launch of the Multistakeholder platform for Sustainable Development was announced at the high-level National Forum on the SDGs in October 2021 and it was officially launched on 23 March 2022 under the name of “Multistakeholder Council for Sustainable Development” (MPSD) The first meeting of the MPSD was attended by the members which comprise of parliamentarians, representatives from the UN systems, international development partners, private sector, academia, and CSOs. The mandate of MPSD is to support the country in fulfilling its commitments to realize the 2030 Agenda for Sustainable Development .

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	<p>Indicator 2: The MPSD Secretary has working procedures and action plan to support the MPSD</p>	<ul style="list-style-type: none"> • As MPSD has recently established, working procedures and action plans are yet to be developed. The MCSD will support SDG sub-committee of the State Great Khural in its role to: <ul style="list-style-type: none"> ○ monitor and analyse the implementation of SDGs ○ promote decision-making that supports sustainable development ○ ensure effective coordination between the government, development partners, private sector and other key stakeholders in their efforts to implement and achieve the SDGs ○ provide the Government with recommendations on the planning, financing, implementation and monitoring of SDGs ○ increase awareness of SDGs issues.
	<p>Indicator 1: Number of Parliamentary public hearings on budget;</p>	<ul style="list-style-type: none"> • UNDP twice requested the Parliamentary Budgetary Standing Committee to organize parliamentary public hearings on budget but the hearings were not arranged before the JP closed.
<p>Output 1.2: National institutions (Parliament, audit, CSOs) have guidelines for INFF monitoring and review, and applied it in social sectors</p>	<p>Indicator 2: Number of performance audits conducted, using updated guidelines incorporating gender</p>	<ul style="list-style-type: none"> • In collaboration with UNDP’s EU funded “SDG-aligned Budgeting to Transform Employment in Mongolia” project, performance audit guidelines and online training modules were developed and multiple trainings on SDG auditing were conducted. For example, the performance audit in food and education related SDGs was conducted in 2021, and the performance audit in education sector is being conducted in 2022 .
	<p>Indicator 3: Budget session of Mongolian Youth Forum strengthened</p>	<ul style="list-style-type: none"> • Youth-focused expenditure review was conducted in partnership with the Ministry of Labour and Social Protection and UNFPA. The results promoting greater visibility of youth-related issues into the government budget were presented at the budget session of Mongolian National Youth Forum on 25 August 2021, increasing public awareness on the issue. The next Budget session of Mongolian Youth forum will be held in August 2022 .

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	Indicator 4: Child focused expenditure findings inform the budget preparation and monitoring guidelines for social sectors	Child focused expenditure review is conducted in 2021 Results and recommendations of the study were delivered to the Ministry of labour and Social Protection to incorporate them into budget proposal on November 2021. .
Outcome 2: INFF produced financing strategy leverages resources for Vision2050/SDGs from public and private sources.	Indicator 1: Amount/percentage of financing re-structured and mobilized for Vision-2050/SDGs.	Not reported due to data constraints
Output 2.1: The Gender Responsive INFF financing strategy is formulated based on previously conducted Development Finance Assessment.	Indicator 1: The Gender responsive integrated financing strategy is adopted, through multistakeholder engagement	<ul style="list-style-type: none"> • INFF financing strategy was developed and finalized by the multistakeholder technical working group. It will be adopted by the endorsement during the NCS meeting expected to be held in July 2022 . • In order to develop the strategy, the INFF baseline assessment with SDG costing and SDG prioritization studies was conducted.
Output 2.2: Medium-term and result-based budgeting in social sectors is strengthened	Indicator 1: Guidelines for RBB developed, in collaboration with MoF and line ministries	<ul style="list-style-type: none"> • Result-based budgeting tools were developed in education sector and youth sector, are being developed in science, road and transport sectors on June 2022. The new budget circular sent by Ministry of Finance on 5 July 2022, is incorporated with the templates and guidelines provided by the JP which the Ministry of Finance sent to which the SDG-aligned budgeting template and methodology are incorporated to Ministry of Education and Science. • Child-focused RBB manual, handbooks were developed and made available on 19 May 2022. • Manuals and templates for RBB/GRB were developed in education sector, youth-related expenditure and being used in Ministries of Education and Science, Labor and Social Protection and have been adopted for developing budget proposal for 2022.

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	<p>Indicator 2: Trainings on result-based, multi-year budgeting and gender responsive budgeting</p>	<ul style="list-style-type: none"> • Two trainings on the RBB and data-driven decision making for participants from ministry of Education and Science and subnational education agencies in 2021. • With UNDP’s EU funded SDG-Aligned Budgeting to Transform Employment In Mongolia project, the training workshop on the integrated and result-based planning was conducted for stakeholders from Ministry of Education and Science, Ministry of Labour and Social Protection, Ministry of Road and Transport in 2021 . • In collaboration with World Bank, one training on GRB was conducted in 2021. With UNDP’s EU funded SDG-Aligned Budgeting to Transform Employment in Mongolia project, RBB/GRB workshops in Ministry of Agriculture, Ministry of Education and Science were conducted in 2022.
<p>Output 2.3: Sustainable development considerations are integrated into the strategic/business plans of the Development Bank of Mongolia</p>	<p>Indicator 1: Integration of sustainable development aspects in the updated strategic/business plans of the Development Bank.</p>	<ul style="list-style-type: none"> • DBM’s business plan integrates sustainable development considerations and DBM states that it aims to become a sustainable financial lead institution in Mongolia and pursues the SDGs as a financial institution. The approval of DBM's business plan is pending due to the changes in its board. • The new lending policy which integrates sustainable financing aspects is being adopted and risk assessment tools and templates for integration of ESG principles are being piloted. • Capacity building workshop on the integration of sustainable financing principles into the DBM’s operation was organized in May and November 2021. .
<p>Output 2.4: Private sector is mobilized to contribute to Vision2050/SDGs financing</p>	<p>Indicator 1: National thematic investments, criteria and classifications are determined.</p>	<ul style="list-style-type: none"> • SDG Finance Taxonomy was drafted with their definitions, classifications, criteria and reporting of activities aimed at the sustainable development of the private sector • Draft SDG Finance Taxonomy covers 13 sectors, 57 sub-sectors, and 225 technologies as the activities that are bankable, and with positive impacts to Mongolia SDG targets with project classification system with impact assessment and reporting criteria. The SDGs finance taxonomy consists of classification, identification, and reporting of activities aimed at the

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		<p>sustainable development of the private sector that guides private sector investments to the national development priorities and SDGs.</p> <ul style="list-style-type: none"> • The draft SDG finance taxonomy was developed and will potentially be approved in December 2022 by the Financial Stability Committee.
	<p>Indicator 2: The policy dialogues with policy makers and private sector to leverage the private capital to these thematic investments.</p>	<ul style="list-style-type: none"> • Mongolian Sustainable Finance Forums- 2020, 2021 were co-organized by JP with Central bank, Financial Regulatory Commission, MSFA, development partners, Commercial banks and other private sector. • Webinar on “Introducing Environmental, Social and Governance (ESG) standards into the Mongolian Capital Markets was organized in 2021, supporting thematic investments to the private sector s. • The final draft of an assessment to identify optimal municipal bond issuance mechanism to raise SDGs targeted funding in Ulaanbaatar city was submitted to the UB City Governor’s office. Ulaanbaatar for asking their final comments and review, which will be finalized in July 2022. • The final draft report of the study on developing an effective public-private partnership mechanism for ger-area development to leverage private sector financing was submitted to the UB City Governor’s office for asking their final comments and review, which will be finalized in July 2022.

IV. COMMUNICATION AND PUBLICITY

Press releases and articles on effective project implementation were published on the websites and social media channels of UNDP Mongolia UN Mongolia and Joint SDG Fund as well as other local mass media sources, see enclosed links for the communication activities that received media coverage, such as knowledge products, trainings, workshops and seminars etc.

- Project webpages
 - <https://www.mn.undp.org/content/mongolia/en/home/projects/rolling-out-an-integrated-approach-to-the-sdg-financing-in-mongo1.html>
 - <https://www.jointsdgfund.org/programme/rolling-out-integrated-approach-sdg-financing-mongolia>
 - <https://inff.org/country/mongolia>

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- Project Launch Event:
 - <https://www.mn.undp.org/content/mongolia/en/home/presscenter/pressreleases/2020/united-nations-and-government-of-mongolia-commence-joint-program/>
 - <https://www.jointsdgfund.org/article/united-nations-and-government-mongolia-commence-joint-programme-integrated-financing>
 - <https://montsame.mn/en/read/238804>
 - <https://www.facebook.com/111902085626055/posts/today-the-un-mongolia-in-partnership-with-the-government-of-mongolia-commenced-a/1793431947473052/>
 - <https://www.facebook.com/page/425275964233802/search/?q=commence%20Joint%20Programme>
 - <https://flic.kr/s/aHsmRPKinG>
 - <https://twitter.com/ElaineUNDP/status/1313772372172795904>
 - https://twitter.com/montsame_en/status/1313765236076232705
 - <https://twitter.com/UNDPMongolia/status/1313750194433880065>
 - <https://twitter.com/JointSDGFund/status/1313842522096111622>
- Final workshop: Rolling out integrated SDG Financing in Mongolia
 - <https://newspress.mn/v1/%D0%9D%D0%B8%D0%B9%D0%B3%D1%8D%D0%BC/news/29731>
 - <https://ikon.mn/n/2kw2>
 - <https://www.peak.mn/news/mongol-uls-togtwortoi-khugjliin-zoriltuudaa-sank>
 - <https://www.montsame.mn/en/read/298770>
 - <https://www.facebook.com/media/set/?vanity=undp.mongolia&set=a.2288126218003620>
 - <https://www.facebook.com/undp.mongolia/posts/2287265521423023>
 - <https://bit.ly/3O8juz3>
 - <https://bit.ly/3zoyt3L>
 - <https://twitter.com/UNDPMongolia/status/1534773630177247232>
 - <https://twitter.com/UNDPMongolia/status/1534773617409806336>
 - <https://www.facebook.com/watch/?v=756915812152331> – MNB World Coverage of the Workshop
 - <https://www.facebook.com/mungunchimeg.s/posts/562414771925717>

INTEGRATED NATIONAL FINANCING FRAMEWORKS AND STRATEGY

- Working Group and Steering Committee Meeting – INFS related
 - <https://www.mn.undp.org/content/mongolia/en/home/presscenter/pressreleases/2021/the-first-working-group-meeting-for-developing-integrated-nation.html>
 - https://www.mn.undp.org/content/mongolia/en/home/presscenter/pressreleases/2021/_-_-_-_-_-_.html
 - <https://www.mn.undp.org/content/mongolia/en/home/presscenter/speeches/working-group-meeting-on-strengthening-the-integrated-national-f/>
 - <https://www.mn.undp.org/content/mongolia/en/home/presscenter/speeches/2021/first-meeting-of-the-integrated-national-financing-framework-tec.html>
 - <https://www.facebook.com/undp.mongolia/posts/2128425307307046>

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- <https://www.facebook.com/undp.mongolia/photos/a.111905902292340/1897741923708720/>
 - <https://www.montsame.mn/en/read/252052>
 - <https://montsame.mn/en/read/281568>
 - <https://www.jointsdgifund.org/article/first-working-group-meeting-developing-integrated-national-financing-framework-sustainable>
- **Trainings, consultations and other communications – INFS related**
- <https://www.facebook.com/unmongolia/posts/4950049735089713>
 - <https://www.facebook.com/undp.mongolia/posts/2267817810034461>
 - <https://www.facebook.com/undp.mongolia/photos/a.111905902292340/1899084270241152>
 - <https://www.mn.undp.org/content/mongolia/en/home/presscenter/speeches/2021/Gender-and-Inclusion-Conference-2021/>
 - <https://www.facebook.com/undp.mongolia/posts/2129679647181612>
 - <https://twitter.com/UNDPMongolia/status/1463802447915225092>
 - <https://twitter.com/ElaineUNDP/status/1460819292157407236>
 - <https://www.montsame.mn/en/read/292627>
 - <https://www.jointsdgifund.org/article/how-can-mongolia-mobilize-more-financial-resources-sustainable-national-development-0>
 - <https://unsdg.un.org/latest/blog/how-can-mongolia-mobilize-more-financial-resources-sustainable-national-development>
 - <https://www.facebook.com/mungunchimeg.s/posts/438988117601717>
 - Bloomberg TV Interview on INFS with Vice Minister of Finance
 - Mongolian Economy Magazine Interview with Vice Minister of Finance
 - <https://www.jointsdgifund.org/article/ring-bells-gender-equality>

Bank of Mongolia Consultation

- <https://www.mn.undp.org/content/mongolia/en/home/presscenter/pressreleases/2021/the-bank-of-mongolia-organises-consultation-meeting-on-inclusive/>
 - <https://jointsdgifund.org/article/bank-mongolia-organises-consultation-meeting-inclusive-growth-and-sustainable-financing-new>
 - <https://twitter.com/ElaineUNDP/status/1435423952940122117>
 - <https://twitter.com/INFFplatform/status/1445731817600942083>
- **SDG Finance Taxonomy Consultations and Development**
- <https://www.mn.undp.org/content/mongolia/en/home/presscenter/pressreleases/2021/mongolian-sdg-finance-taxonomy-development-discussed-at-2021-gfl.html>
 - <https://www.jointsdgifund.org/article/mongolian-sdg-finance-taxonomy-development-discussed-2021-gflp-webinar-sustainable-finance>
 - <https://www.montsame.mn/en/read/277654>
 - <https://www.facebook.com/undp.mongolia/posts/2252168781599364>
 - <https://www.facebook.com/undp.mongolia/posts/2267817810034461>
 - <https://www.facebook.com/undp.mongolia/posts/2096794183803492>

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 - <https://www.facebook.com/undp.mongolia/posts/2062704347212476>
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Project Knowledge Products and Technical Studies

<p>Integrated National Financing Strategy (in finalization process)</p>	<p>Integration of Gender Responsive Financial Practices in Mongolia’s Financial Sector</p>	<p>Youth-focused Expenditure Review</p>	<p>Guidance for improving physical environment learning and investment</p>
			
<p>Integrated National Financing Framework baseline Assessment (in review)</p>	<p>Analysis of Child-focused Budgets And Expenditure in the Social Sectors in Mongolia</p>	<p>Recommendations for enhancing the Development Bank of Mongolia’s capacity for financing national sustainable development</p>	<p>SDG Finance Taxonomy (draft)</p>
			
<p>Sustainability reporting</p>	<p>UB PPP (Currently being finalized)</p>	<p>UB bond study (Currently being finalized)</p>	<p>Expenditure review on road and transport (Currently being finalized)</p>
			

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V. SUSTAINABILITY OF RESULTS

The JP has been implemented for two years and many progresses and achievements have been made in strengthening the financing framework for sustainable development. Many of the achievements are sustainable and expected to continue beyond the closure of the JP.

The Government of Mongolian now has an integrated national financing strategy to leverage financial resources for national sustainable development priorities from the public and private resources. Although it is yet to be officially adopted, the Government is highly committed to the implementation of the financing strategy as many of planned actions and reforms are already underway under the leadership of Ministry of Finance and line ministries. The institutional arrangement of the oversight body for INFF implementation is expected to be approved by the National Council for Sustainable Development in July 2022. Then, the implementation of planned actions in the strategy will be ensured with help of effective coordination and close monitoring by the oversight body. At the same time, Multistakeholder Council for Sustainable Development was established with aims to support the parliament in strengthening the INFF in Mongolia and in implementing the financing strategy.

A substantive progress has been made in introducing the Medium-term SDG-aligned, result-based budgeting in social sectors and reforms will carry on. JP showed support in developing RBB budgeting tools, manuals, and templates which will facilitate further integration of the budgeting reforms into the current budgeting practice. For capacity building purposes, multiple trainings and workshops on RBB and GRB have been organized by domestic and international experts so that Ministries have capacity to implement RBB and GRB budgeting themselves using the tools and templates prepared for them.

Similarly, performance audit capacity has strengthened through online training modules which were developed and made available to further trainees at local, provincial, and national level audit institutions. Also, National Audit Office has the updated audit guidelines incorporating gender considerations which is imperative to continue performance reviews in social sectors. Furthermore, the results and recommendations from Child-focused and Youth-focused expenditure reviews shed light on the potential child and youth related issues and suggest ways to address and incorporate them into the government budget. This has contributed to an understanding of a good budgeting practice with LNOB perspectives and increased public awareness and considerations for vulnerable groups. Therefore, these reforms are irreversible and likely to carry over in the future.

The private sector resource mobilization in contributing national development objectives will be accelerated through the adoption of SDG financing taxonomy which is due to approval this year. Green taxonomy has been in use in the banking sector since 2019 which provides a solid basis for adopting SDG taxonomy. The Bank of Mongolia is taking a lead on this work and collaborating with Mongolian Sustainable Finance Association, which should support effective enforcement.

Private sector involvement in development financing will also be triggered through the introduction of ESG standards. ESG reporting template is available and multiple trainings, online webinars were organized among public stakeholders and private sector to build capacity. ESG template been added to the MSE Listing Rules by the Financial Regulatory Commission, reinforcing the adoption of ESG reporting standard. Given that there is increased awareness of environmental and social responsibilities of companies, the progress towards adopting ESG standard will be sustainable.

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VI. IMPLEMENTATION RISKS

Due to COVID related restrictions, there were some challenges to organize face to face /in person meetings, workshops and consultations which were required to conduct the expenditure reviews on child and youth focused budget and expenditure review in the social sectors, result-based budgeting, baseline study with the SDG costing and prioritization, developing the national strategies. It was also challenging to obtain some budget, financial and economic data required for the review from different line ministries. However, PUNOs closely partnered with all relevant stakeholders to plan and overcame these challenges to conduct all planned activities on time. Series of online advocacy meetings were organized online with relevant stakeholders on the importance of the planned review, which have resulted in obtaining access to the required budget data and information.

VII. FINANCIAL STATUS AND UTILISATION

Please note until the financial closure of the project 2022 figures are based on latest information. The budget presented for 2020 and 2021 is based on Atlas expense. The budget for 2022 includes expenses and commitments.

Table: Project Output Financials

PUNO	Output ID	Fiscal Year	Budget	Utilization	Utilization Ratio (%)
UNDP	00122623	2022*	243,184	221,784	91%
		2022	399,057	342,955	86%
		2021	63,683	43,881	69%
UNICEF	00122152	2022*	78,454	78,454	100%
		2022	129,040	119,566	93%
		2021	68,979.3	8,918.4	13%
Total			836,954	815,558	97.4%
UNDP			630,016	608,620	96.6%
UNICEF			206,938	206,938	100%

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PROJECT LESSONS-LEARNED REPORT

Project Title:	JP “Rolling Out an Integrated Approach to the SDG financing in Mongolia”
Country:	Mongolia
Related CPAP Outcome	<p>3.1 Outcomes</p> <p>UNDAF Mongolia 2017-2021</p> <p>Outcome 2. By 2021, poor and vulnerable population benefit from better social protection and are able to increasingly utilize quality and equitable basic social services, with a special focus on water, sanitation and hygiene</p> <p>Outcome 3. By 2021, governing institutions are more responsive and accountable to people, while ensuring effective participation of young persons and realization of the rights of all, especially the poor and marginalized.</p> <p>3.2 Outputs</p> <p>UNDAF Mongolia 2017-2021</p> <ul style="list-style-type: none"> • Indicator 2.2¹⁰. Improved health status (2.2.3. Enabling environment for strengthened health system through evidence-based policy and decision making.) • Indicator 3.2. Increased representation of women and young people.
Project Description and Key Lessons-Learned	
Brief description of context	<p>Mongolia has both medium-term plans and a long-term vision in place, to take its development agenda forward for sustainable development in Mongolia. However, the country faces challenges in financing and transforming the medium-term policies and plans into effective programmes and actions, despite relatively favourable economic environment. Recent economic challenges mainly due to Covid-19 pandemic situations and increased exposure to external price shocks have worsened the situation. <u>However, Mongolia’s specific challenges in effective delivery of SDGs, especially in the social domain are not solely in the lack of financial resources but also in how governance of the SDG agenda is exercised.</u> Critical challenges in effective delivery of the national policies and strategic plans are identified in Development Finance Assessment as: i) the need to develop diversified national and sector financing strategies, ii) strengthening policy and institutional coherence, iii) strengthening performance-oriented planning, budgeting and management, iv) developing a robust monitoring, evaluation and learning system; and v) creation of an enabling framework for accountability and dialogue.</p>
Brief description of project	<p>Mongolia was one of the first countries to adopt a national development strategy aligned with SDGs. It adopted its own Sustainable Development Vision for 2030 (SDV) in 2016, which has been superceded in 2020 with a longer-term development policy document ‘Vision-2050’. Though Mongolia has set out a longer term development trajectory, this document has not fully considered the SDGs attainment in the first phase of the document which covers 2020-2030. Due to this, Mongolia faces specific challenges in effective delivery of SDGs overall. Due to the weak link between policy planning and financing which exists in Mongolia, there is a need to not only better align development policy with the SDGs but also to solidify the financing of this development, which is the aim</p>

¹⁰ this UNDAF has been developed at only outcome level at <https://mongolia.un.org/sites/default/files/2019-08/unct-mn-undaf-designed.pdf>

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	<p>of this Joint Programme and the establishment of the Integrated National Financing Framework (INFF) in Mongolia.</p> <p>The Joint Programme (JP) expects to produce the following outcomes: 1) INFF governance structure, monitoring and review for financing of ‘Vision-2050’/SDGs function effectively; and 2) INFF produced financing strategy leverages resources for Vision2050/SDGs from public and private sources. Rather than focusing on a specific financing policy, the JP aims to apply a broader approach to financing national development with the intent to enable the realignment of existing resources and unlock new sources of financing for sustainable development in Mongolia.</p>
<p>Key project successes</p>	<ul style="list-style-type: none"> • Overall, the partnerships developed with key stakeholders and institutions is one of the notable highlights of the JP implementation, for expanding the engagement of the UN with the private sector on a much larger scale and building many new partnerships (such as the Development Bank, Central Bank, Financial Regulatory Commission), creating a solid foundation for the INFF. • The government of Mongolia has developed an integrated national financing strategy to leverage financial resources for national sustainable development from public and private sectors. • Development Bank of Mongolia has incorporated sustainability principles into its strategic and business plans. • Multistakeholder Council for Sustainable Development has launched with aim of bringing together multi-stakeholders to collaborate in achieving sustainable development goals. • The financial sector has a framework for Gender Mainstreaming in Mongolian Financial Institutions and capacity to integrate gender-considerations into their policy, governance and operations. • The government’s capacity to implement the result-based budgeting has been significantly strengthened, with the adoption of the new budget templates, and piloting of the approach in multiple sectors • SDG Finance Taxonomy, determining national sustainable thematic investment areas, their definitions and classifications, criteria and KPIs into which private sector financial resources has defined and due to be adopted in the short term. Central Bank has planned for the adopted of the SDG Finance Taxonomy and creation of monetary policy incentives to support the SDG aligned finance in the Monetary Policy Guidelines 2022. • National Audit Office’s capacity to conduct SDG audit has been significantly strengthened with the tailored capacity building and training and piloting the approach in two programmes. • ESG Reporting Guideline for Mongolian companies were published and adopted by the Financial Regulatory Commission and Mongolian Stock Exchange to enable the alignment of the private sector activities with the

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	<p>Sustainability principles. The largest Mongolian companies will follow these regulations from 2022.</p>
<p>Project shortcomings and solutions</p>	<ul style="list-style-type: none"> • The Joint Programme is very comprehensive, encompassing complex reforms that will require significant time, political willingness and managing the interests of multiple stakeholders. Having the major stakeholders such as the Ministry of Finance, National Audit Office, Central bank, and Development bank of Mongolia have been critical in engaging the other stakeholders to enable the JP implementation. • The JP had limited budget on strengthening SDG audit, Gender-responsive budgeting, SDG-aligned budgeting, gender mainstreaming the gender into financial sector and sustainability reporting. However, to increase the scale and impact, the JP has effectively collaborated with the project of World bank, EU, the Asia Foundation and enhanced the synergy of our work in these areas. The result is much wider than the JP’s intended outcomes. For example, ESG reporting guidelines in the Mongolian capital markets was jointly developed with the Mongolian Stock Exchange, Financial Regulatory Commission, Mongolian Sustainable Finance Association, UN Environment Programme, Financial Centres for Sustainability, and International Finance Corporation to assess environmental and social impacts of the private sector.
<p>Lessons learned</p>	<ul style="list-style-type: none"> • It is learnt that efforts should be made to seek establishing new partnerships and further strengthen existing ones. The criticality of the partnership for delivery of complex reforms is further highlighted through the JP implementation. The reforms envisaged in the draft financing strategy require coordination and collaboration among multiple stakeholders. • Buy-in of key counterparts and stakeholders of the JP was challenging. Thus, to build ownership and buy-in of the MoF and other government agencies in strengthening the integrated national financing framework, the technical working group to develop the financing strategy was chaired by the Deputy Finance Minister, which has significantly impacted the convening of the stakeholders and signaling the importance of the initiative to the wider stakeholders. • JP has led to strengthening the SDG integration, through better working together at three levels, including (1) within JP PUNOs, (2) leveraging technical capacities of UN agencies into JP’s activities and (3) building synergies and greater collaboration at project level of PUNO in SDG financing and ensuring the greater coherence. • Due to fact that different guidelines on communications of the UN Joint SDG fund, PUNOs and INFF facility caused challenges, common communication guidelines are needed to strengthen implementation of JP
<p>Follow-up Actions</p>	<ul style="list-style-type: none"> • MOF, to continue to provide leadership on finalization and adoption of the INFF financing strategy, and implementation of INFF.

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	<ul style="list-style-type: none"> • UNRCO, to provide strategic support on the official adoption of the INFF financing strategy as a government-endorsed document. • UNRCO, to provide the strategic support to the government on the operationalization of the multi-stakeholder platform for sustainable development • UNDP, to continue to provide support on the INFF implementation on the technical aspects and help the Government of Mongolia with the delivery of the financing reforms envisaged within the financing strategy. • UNDP, to apply to the UNDP global INFF facility to obtain technical and financial support with further INFF implementation.
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Partners:	The Ministry of Finance of Mongolia
Project resources:	https://www.undp.org/mongolia/projects/rolling-out-integrated-approach-sdg-financing-mongolia
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