

# Joint Programme Document

## A. COVER PAGE

**1. Fund Name:** Joint SDG Fund

**2. MPTFO Project Reference Number**

**3. Joint programme title:** *Rolling Out an Integrated Approach to the SDG financing in Mongolia*

**4. Short title:** *INFF for Agenda 2030, Mongolia*

**5. Country and region:** Mongolia, Asia and Pacific Region

**6. Resident Coordinator:** Mr. Tapan Mishra, Resident Coordinator, [tapan.mishra@one.un.org](mailto:tapan.mishra@one.un.org) & [tapan.mishra@un.org](mailto:tapan.mishra@un.org)

**7. UN Joint programme focal point**

Ms. Nurjemal Jalilova, Development Coordination Officer & Economist, [nurjemal.jalilova@un.org](mailto:nurjemal.jalilova@un.org).

Ms. Barkhas Losolsuren, UNDP Programme Officer, [barkhas.losolsuren@undp.org](mailto:barkhas.losolsuren@undp.org).

**8. Government Joint Programme focal point**

Mr. Narantsogt Sanjaa, State Secretary, Ministry of Finance, [narantsogt\\_s@mof.gov.mn](mailto:narantsogt_s@mof.gov.mn).

**9. Short description:**

Mongolia was one of the first countries to adopt a national development strategy aligned with SDGs. It was an early adopter by creating its own Sustainable Development Vision for 2030 (SDV) in 2016, which has been further updated as the 'Vision-2050', long-term development policy document, the 5-year mid-term development guideline and 4-year Government Action Plan in 2020. Yet, Mongolia's specific challenges in effective delivery of SDGs, especially in the people (social) domain, are not solely due to the lack of financial resources, but also in the weak link between policies and financing, which is further exacerbated by the global pandemic situation. To mobilize the financial resources to Vision-2050, this Joint Programme (JP) aims to improve the alignment of financial resources with the national development policies and planning system by 1) strengthening the governance structure, monitoring & review systems of financing SDGs, 2) formulating an integrated national financial strategy, and 3) building capacity of key stakeholders to implement SDG financing strategies, incorporating the international best practices and innovative solutions.

By targeting key financing challenges identified through Development Finance Assessment (DFA), SDGs Mainstreaming, Acceleration and Policy Support (MAPS) report, Voluntary National Review (VNR) report, COVID-19 impact assessments and recovery strategies; and by considering the government's existing financing strategies and policies; the integrated national robust financing strategy for Vision-2050/SDGs and managing future risks will be developed. By supporting gender responsive, result-based multi-year budgeting, policy-driven budgeting will be encouraged, and the budget will be more aligned with strategic priorities of the Vision-2050. To encourage international and domestic financial resources to national development priorities, the JP will support identification of national thematic

investment areas and develop policy incentives, enabling financial regulatory agencies to develop more targeted and effective financial and investment policy incentives to attract investment for Vision-2050/SDGs.

Rather than focusing on a specific financing policy, applying a broader approach to financing national development (including coordination and oversight institutional arrangements, monitoring and review, both integrated and sectoral financial strategies, private and financial resources), the JP will enable the realignment of existing resources and unlocking new sources of financing for sustainable development in Mongolia.

**10. Keywords:**

Integrated National Financing Framework, SDG-budgeting, Public Finance, Medium Term Expenditure Framework, Result-based budgeting, Thematic Investment, Gender-Responsive Budgeting.

**11. Overview of budget**

<b>Joint SDG Fund contribution</b>	<b>USD 836,954.00</b>
Co-funding 1 (UNDP)	USD 60,000
Co-funding 2 (UNICEF)	USD 20,000
<b>TOTAL</b>	<b>USD 916,954.00</b>

**12. Timeframe:**

<b>Start date</b>	<b>End date</b>	<b>Duration (in months)</b>
<u>1 July 2020</u>	<u>1 July 2022</u>	<u>24 months</u>

**13. Gender Marker: 2.2 points in average**

**14. Participating UN Organizations (PUNO) and Partners:**

**14.1 PUNO**

- **Convening agency:**
  - **The United Nations Development Programme (UNDP)**

Ms. Elaine Conkievich  
 Resident Representative  
 Email: [elaine.conkievich@undp.org](mailto:elaine.conkievich@undp.org), Telephone: +97611-327585

Ms. Barkhas Losolsuren  
 UNDP SDG, Governance Programme Officer  
 UNDP Focal Point for Joint Programme  
 Email: [barkhas.losolsuren@undp.org](mailto:barkhas.losolsuren@undp.org), Telephone: 976-11-327585.

- **Other PUNOs:**
  - **The United Nations Children’s Fund (UNICEF)**

Mr. Alex Heikens  
 Mongolia Resident Representative  
 Email: [aheikens@unicef.org](mailto:aheikens@unicef.org),

Ms. Tungalag Battsengel  
Community Development Specialist  
Email: [tbattsengel@unicef.org](mailto:tbattsengel@unicef.org), Telephone: 976- 99082032 (mobile)

## 14.2 Partners

- National authorities:

- **Ministry of Finance (MoF)**

Mr. Narantsogt Sanjaa,  
State Secretary  
Email: [narantsogt\\_s@mof.gov.mn](mailto:narantsogt_s@mof.gov.mn)

Mr. Ganbat Jigjid  
Director General of Fiscal policy and planning  
Email: [ganbat\\_j@mof.gov.mn](mailto:ganbat_j@mof.gov.mn)

- **National Development Agency (NDA)**

Mr. Bayarsaikhan Banzragch  
Chairman  
Email: [bayarsaikhan.b@nda.gov.mn](mailto:bayarsaikhan.b@nda.gov.mn)

Mr. Munkhbold Adiya  
Director General of Development Policy and Planning Department  
Email: [munkhbold.a@nda.gov.mn](mailto:munkhbold.a@nda.gov.mn), telephone: 976-51-261577.

- **Ministry of Health (MoH)**

Ms. Amarjargal Ya  
State Secretary  
Email: [amarjargal\\_ya@moh.gov.mn](mailto:amarjargal_ya@moh.gov.mn) Telephone: +976-51-263541

Ms. Oyunkhand Ragchaa  
Director General of Policy Planning Department  
Email: [r.oyunkhand@moh.gov.mn](mailto:r.oyunkhand@moh.gov.mn), Telephone: +976-51-260808

- **Ministry of Education and Science (MoECS)**

Mr. Batbaatar Daadankhuu  
State Secretary  
Email:

Mr. Khuyagtsogt Ognon  
Department of Public Administration Management  
Email: [khuyagtsogt@mecs.gov.mn](mailto:khuyagtsogt@mecs.gov.mn), Telephone: 976-51-260409

- **Ministry of Labour and Social Protection (MoLSP)**

Mr. Unurbayar Gombosuren  
Secretary of State  
Email: [unurbayar@mslp.gov.mn](mailto:unurbayar@mslp.gov.mn), Telephone: 976-99197750

Ms. Khishigbayar A  
Director General of Policy Planning Department  
Email: [hishigbayar@mlsp.gov.mn](mailto:hishigbayar@mlsp.gov.mn), Telephone: 976-51-261412

▪ **National Audit Office (NAO)**

Mr. Zandanbat Dorjsuren  
General Auditor  
Email: [zandanbatd@audit.gov.mn](mailto:zandanbatd@audit.gov.mn); Telephone: +976-51-263813

▪ **Development Bank of Mongolia (DBM)**

Ms. Munkhsukh Naran  
CEO  
Email: [munkhsukh@dbm.mn](mailto:munkhsukh@dbm.mn), Telephone: 976-70130513

Mr. Batbayar Baatarkhuu  
Director of Financial Management and Accounting, Reporting Department  
Email: [b.batbayar@dbm.mn](mailto:b.batbayar@dbm.mn), Telephone: 976-70130513

▪ **National Committee on Gender Equality (NCGE)**

Ms. Enkhbayar T  
Head of Secretariat  
Email: [enkhbayar@gender.gov.mn](mailto:enkhbayar@gender.gov.mn) Telephone: 976- 70071112

- Civil society organizations:
  - Mongolian Youth Federation
  - Mongolian Women Federation
  - Mongolian Sustainable Finance Association
- International Financial Institution (IFI)s:
  - The World Bank Group (WB) - (*Public Finance Management Reform*)
  - Asian Development Bank (ADB) - (*Public Finance Management Reform, Health sector master plan*)
- Other development partners:
  - European Union (EU) – (*Governance, Public Finance Management Reform*)

## SIGNATURE PAGE

<p><b>Resident Coordinator</b> Mr.Tapan MISHRA</p> <p><i>Signature</i></p>	<p><b>National Coordinating Authority</b> Ministry of Finance of Mongolia</p> <p><b>Minister</b> Mr. Khurelbaatar Chimed.</p> <p><i>Signature and seal</i></p>
<p><b>Participating UN Organization</b> (lead/convening) The United Nations Development Programme <i>Ms. Elaine Conkievich</i> <i>Signature and seal</i></p>	
<p><b>Participating UN Organization</b> United Nations Children's Fund <i>Mr. Alex Heikens</i> <i>Signature and seal</i></p>	

## B. STRATEGIC FRAMEWORK

### 1. Call for Concept Notes: Joint SDG Fund (2/2019) – Component 1

### 2. Programme Outcome [pre-selected]

- Additional financing leveraged to accelerate SDG achievement (Joint SDG Fund Outcome 2)

### 3. UNDAF Outcomes and Outputs

#### 3.1 Outcomes

#### UNDAF Mongolia 2017-2021

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

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.

#### 3.2 Outputs

#### UNDAF Mongolia 2017-2021

Indicator 2.2<sup>1</sup>. 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.

### 4. SDG Targets directly addressed by the Joint Programme

#### 4.1 List of goals and targets

Recent paper by UN ESCAP on Mongolia has identified specific key areas where additional efforts in governance and mobilizing financing towards the SDGs will be required the most (**SDG1, SDG3, SDG4, SDG5, SDG8, SDG9, SDG12**) – “Trends will need to be reversed for a great number of SDG targets, including: increasing expenditure on social protection, education and health; ending the epidemics of AIDS and tuberculosis; ensuring universal access to sexual and reproductive health-care services; ensuring that all children have access to quality early childhood development, care and pre-primary education; improving resource efficiency in consumption; achieving full and productive employment and decent work for all; promoting inclusive and sustainable industrialization; and enhancing scientific research and upgrading the technological capabilities of industrial sectors.”<sup>2</sup>

---

<sup>1</sup> this UNDAF has been developed at only outcome level at <https://mongolia.un.org/sites/default/files/2019-08/unct-mn-undaf-designed.pdf>

<sup>2</sup> UN ESCAP (2018), Sustainability Outlook of Mongolia

Hence, by enhancing the SDG financing architecture in the country and by operationalizing the INFF aligned with strengthened capacities of national stakeholders, the Joint Programme will directly contribute to **SDG target 17.15** policy space and leadership to establish and implement policies for poverty eradication and sustainable development; **17.16** Enhance multi-stakeholder partnerships that mobilize and share knowledge, expertise, technology and financial resources; **target 1.a** Significant resources mobilization for programmes and policies to end poverty in all its dimensions; **target 4.2** All girls and boys have access to quality early childhood development, care and pre-primary education; and **target 5.c** Policies and Legislation for gender equality and the empowerment of all women and girls at all levels. Indirectly, the Joint Programme contributes to all SDG targets.

SDG targets	Measurements	Baseline	Targets by end the UNJP
<b>1.a</b> Significant resource mobilization for programmes and policies to end poverty in all its dimensions	Proportion of essential services (education, health and social protection) in the government current expenditure	<b>2015:</b> 25.4 percent	<b>2022:</b> 30.6 percent
<b>4.2</b> All girls and boys have access to quality early childhood development, care and pre-primary education	Participation rate in organized learning (one year before the official primary entry age), by sex	<b>2015:</b> Total: 66.2 Male: 65 Female: 67.3	<b>2022:</b> Total: 87.9 Male: 88.7 Female: 87.3
<b>5.c</b> Policies and Legislation for gender equality and the empowerment of all women and girls at all levels	Progress on localising the system to track and make budget allocations for gender equality and women's empowerment	<b>2019:</b> Some tools for gender-responsive budget (GRB) is being developed	<b>2022:</b> Institutional capacity on GRB; GRB tools and guidelines developed and integrated into budgeting guidelines
<b>17.15</b> Respect each country's policy space and leadership to establish and implement policies for poverty eradication and sustainable development	Extent of use of country-owned results frameworks and planning tools by providers of development cooperation	1) National Committee for Sustainable Development (NCFSD) led by the Prime minister (not include DPs and IFIs except for UNRC) 2) National Development Agency under the Prime minister 3) Absent gender responsive, result-based, multi-year budgeting framework	The multi-stakeholder platform will be established.  The INFF, MTEF, Gender responsive and Result based budgeting and Impact Investment systems introduced.
<b>17.16</b> Enhance multi-stakeholder partnerships that mobilize and share knowledge, expertise, technology and financial resources	Progress in multi-stakeholder development effectiveness monitoring frameworks that support the achievement of the sustainable development goals	1) Parliamentary budget oversight is mainly compliance based, does not systematically address gender equality 2) Performance audit does not address multi-year budgeting and results 3) Lack of multi-stakeholder forum	Parliament hearing on gender responsive, result-based budgeting Performance auditing incorporates the linkage between budgets and policy results. Youth forum incorporates budget session

Through these strengthened channels, the JP will have lasting positive indirect impacts on overall SDGs, particularly **Goal 1.** No poverty, **Goal 2.** Zero Hunger, **Goal 3.** Good health, **Goal 4.** Quality education, **SDG 5.** Gender Equality, **Goal 10.** Reduced inequality, **Goal 16.** Peace, justice and strong institutions and **Goal 17.** Partnerships for the SDGs.

### 3.2 Expected SDG impact

By the end of the JP, it is expected that the social sector budget (total current government expenditure on essential services-education, health and social protection) will be increased to 30.6 percent in 2022 from 25.4 percent in 2015. During this time, effective, accountable and transparent institutions for the integrated financial framework are strengthened and more people will be satisfied with improved provision of public services, especially social sectors. As a result of the leveraged social essential spending, delivery and quality of health, education and social protection services will be increased. The existing relevant programmes will be modified based findings of child-focused expenditure review in social sectors, improving the effectiveness and efficiency of public spending for children, and more girls and boys can access preschool education. The gender responsive budgeting will support gender equality and women’s empowerment. National thematic investment areas will be identified and associated policy recommendations for financing will be developed, enhancing alignment with Vision-2050/SDGs. All of these will strengthen the link between financing policies.

## 5. Relevant objective(s) from the national SDG framework

The ‘Vision-2050’ Mongolia’s long-term development policy approved on May 13, 2020, comprises of 9 goals and 47 phase-specific objectives for 2021-2030, 2031-2040 and 2041-2050.

The UNJP contributes to achieving the vision of the policy document – Becoming one of Asia’s leading countries in terms of social development, economic growth and quality of life.

### Relevant objectives of the Vision-2050.

- Development of healthy, socially active Mongolian citizens with guaranteed quality of life through provision of equal opportunities of quality education to everyone, serving as the basis for solid family units and national development;
- Growth of the middle-income group by promoting population employment, continually growing household income, cultivating active and creative households with suitable housing, creating conducive business and investment environment for conducting micro, small and medium-sized businesses, with sufficient opportunities for people to sustain themselves and their families and enjoy satisfaction of life;
- Creation of an economic policy foundation that ensures sustainable economic growth for each citizen, with prevailing middle-income group, significant reduction of poverty, and creation of an export-driven, multi-pillar economy with self-sufficiency in domestic consumption and strengthened investment and savings capacity;
- Developing as a country that fully ensures human rights based on the principles of integrity, accountability, and absence of corruption through formation of sustainable and smart governance promoting the development of Mongolian nationals, strengthening the civil service with optimal administrative structure and organization, transitioning completely to technology-based, citizen-centred civil service, and enhancing partnership between the government, private sector and citizens at all levels;
- Improving human quality of life by upholding environmentally friendly green development, preserving ecosystem balance, ensuring environmental sustainability to enjoy natural benefits for current and future generations;
- Developing balanced and competitive rural areas, engraining national values and culture, ensuring sustainable human settlement, preserving natural landscape and

balanced ecosystem that will be inherited to the future generation, developing green production with economic diversity, specialization, and cooperation, and participating in the regional economic integration;

## **6. Brief overview of the Theory of Change of the Joint programme**

The main concept behind the UNJP is arisen from the understanding that if the governance structure and monitoring and review for the integrated financing of Vision-2050 function effectively, and the gender responsive integrated national financing strategy leverages more resources for SDGs from public and private sources, then additional financial resources will accelerate progress towards achieving them. This is because financial resources are effectively and efficiently allocated, and more financial flows will catalyze SDG progress. Thus, the JP will (1) support the establishment of an effective governance and coordination mechanism for SDG financing by expanding the existing National Committee for Sustainable Development to the UN development system, IFIs, private sector and CSOs; and build the monitoring and audit capacity to evaluate SDG-based performance, especially in social sectors; and bring CSOs and youth in decision-making process; and (2) provide technical assistance and expertise to develop overarching financial strategies; to increase capacity for result based-multi-year budgeting, LNOB and ensuring participation of women and youth; and to define and promote thematic investments which have significant positive impacts on Vision-2050/SSDGs; and to design policy incentives to encourage financing these well-defined sustainable development areas, rather than highly profitable but high-polluting industries. These well-identified thematic investments with narrowly defined criteria and KPIs will be fundamental to further develop new financial instruments such as sustainable loan, bond, and climate insurance. Then, the overall improvement in national development financing is expected.

## C. JOINT PROGRAMME DESCRIPTION

### 1. Baseline and Situation Analysis

#### 1.1 Problem statement

Mongolia was one of the first countries to adopt a national development strategy aligned with SDGs. In 2016, Mongolia created its own Sustainable Development Vision for 2030 (SDV), which specifies commitments to achieve the SDGs, identifies priorities and milestones using performance indicators. SDV presented four pillars (economic, social, environmental, and governance). The State Great Khural (national parliament), ministries, the National Development Agency (NDA), National Statistical Office and other stakeholders showed significant engagement and favourable attitude towards the SDGs and achievement of the targets. Due to the new changes in legal development planning, the SDV was replaced by the adoption of 'Vision-2050', Mongolia's long-term development policy, which is more comprehensive policy document integrated with SDGs and national long-term development policies. To realise the vision, the mid-term socio-economic development guideline 2020-2025 was recently approved.

The country faced challenges in financing and transforming the national development goals into effective programmes and actions, despite relatively favourable economic environment, which will be even more challenging to finance the Vision-2050. Mongolia improved its macroeconomic and fiscal position in close cooperation with the IMF between 2017 and 2019. The country succeeded in boosting economic recovery, with growth rebounding and fiscal deficits narrowing. As a result, the public debt decreased to 55.1 percent of GDP, the overall fiscal discipline improved, and the country accumulated some reserves and buffers for possible external shocks. However, the onset of COVID-19, the global pandemic since February 2020 posed new challenges including significant increase in healthcare and prevention spending, ensuring livelihoods for people affected by the pandemic, increased spending on social protection and business preservation and decrease in the overall trade, investment and business cooperation due to the closing of borders. Mongolia's economic growth is projected to drop to 2.1% in 2020, compared to the 5.1% growth recorded in 2019, before rebounding to 4.6% in 2021, according to ADB. As a result, the fiscal deficit is expected to reach 12.5% of GDP in 2020, which is exacerbating the public debt sustainability and shrinking fiscal room to contribute to sustainable development. In addition to this situational challenge, there remains significant fundamental challenges needing progress in other areas: rising poverty along with widening inequalities, unemployment and environmental concerns, such as climate change and pollution, could undermine Mongolia's ability to achieve the SDGs<sup>3</sup>. Mongolia's specific challenges in effective delivery of SDGs, especially in the People (social) domain are not solely in the lack of financial resources but also in how governance of the SDG agenda is exercised.

The Development Finance Assessment (DFA)<sup>4</sup> 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)

<sup>3</sup> See <http://www.mn.undp.org/content/mongolia/en/home/presscenter/speeches/2018/SDGs-forum.html>

<sup>4</sup> 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>

creation of an enabling framework for accountability and dialogue. Similar findings were revealed by a number of other assessments, such as Mongolia Volunteer National Review Report (VNR)<sup>5</sup>, the Mainstreaming, Acceleration and Policy Support mission report (MAPS)<sup>6</sup>, Mongolia Public Financial Management Performance Report (MPFMPPR)<sup>7</sup>, IMF Report on Article IV Consultations, 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.

The bridge between development policies and budgets shall thrive via sectoral strategies and programs. However, these sectoral strategies are not reconciled with the Medium-Term Fiscal Framework (MTFF) due to its limited functionality. Mongolia has been practicing MTFF for more than a decade, and develops socio-economic guidelines on annual basis, but both financing frameworks are neither tailored to the SDGs nor effective in bridging national and sector strategies with annual budget allocations. While the insufficient legal setting for development policy and planning, and political instability in Mongolia have contributed to a disjointed policy environment and lack of coordination<sup>8</sup>, a fundamental constraint to policy coherence is the lack of effective multi-year strategic budgeting. The MTFF is a document with three-year fiscal aggregates developed using main categories of economic classification, but without sectoral allocations (functional classification) and sectoral or programme performance targets, i.e. the country does not have an effective Medium-Term Expenditure Framework (MTEF)<sup>9</sup>. An effective MTEF would play an important role in the effective mobilization and use of domestic public resources and contribute to operationalization of the Integrated National Financing Framework (INFF).

The lack of effective financing framework in Mongolia is accompanied with the lack of effective governance mechanisms and capacity constraints of various actors. This includes the National Committee for Sustainable Development, who is charged with facilitating the development and implementation of INFF with a focus on Leave No One Behind to reduce inequalities for women, youth, and children. Institutional mechanisms and business processes of key SDG-related ministries and the NDA often do not correspond with business processes of budget decision-makers and the budget calendar.

The policy and legal framework for ensuring gender equality is adequate, yet gender inequalities still exist. The gap in life expectancy between men (65.9) and women (75.4) is 10 years, which is twice the world average (4.6). Although the education level of women is high, the labor force participation rate of women is lower (55.2 percent) than that of men (67.5 percent). The male-female salary gap is 11.4 percent. Gender-based violence remains a challenge for Mongolia's development. Thus, the policy and laws that address gender inequalities will need to be enforced by strengthening governance capacity and mainstreaming of gender issues in budget allocations.

Government budget response to marginalized and most vulnerable groups such as youth, women, and children are not fully 'visible' in the budget system due poor performance-oriented planning, budgeting and management, as well as the cross-cutting nature of budget interventions to those beneficiary groups. This is the challenge of the programme-based

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

<sup>6</sup> UNDP, ADB (2018), MAPS, [https://mongolia.un.org/sites/default/files/2019-09/un\\_adb\\_maps\\_mongolia\\_report\\_eng\\_final-2.pdf](https://mongolia.un.org/sites/default/files/2019-09/un_adb_maps_mongolia_report_eng_final-2.pdf)

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

<sup>8</sup> Government of Mongolia (2019), Mongolia Voluntary National Review Report 2019: Implementation of the Sustainable Development Goals.

<sup>9</sup> The World Bank Group, 2015

budgeting in Mongolia, to effectively link programmes with budgets and to show the relevance of expenditures and deliverables to the national strategic plans, including and primarily in the context of LNOB.

Another related challenge is lack of direct and indirect participation of beneficiary groups in policy and budget formulation. For instance, the Law on Promoting Youth Development (2018) specifies key inter-sectoral decision-making structures at all levels: the national, provincial and soum (local administrative areas) level councils on Youth Development. This platform could facilitate mobilizing national and local budget investments for young people; however, meaningful participation of youth in the budget decision making is not formalized and not operationalized.

The Mongolian financial sector is dominated by commercial banks which hold 95 percent of total assets, over 90 percent of the economy. The bank-dominating financial sector has made an inadequate contribution to sustainable development (LNOB, women, youth and marginalized groups) because the financial resources are mostly concentrated in highly profitable industries (mining, transportation, trade, construction and real estate). For example, the mining sector alone accounted for 42 percent<sup>10</sup> of total investment in 2018. Thus, policy incentives (financial regulation and measurements) are needed to increase financial flow to thematic investments. National thematic investment areas, their definitions and classifications, and verification capacity have been still absent or underdeveloped.

United Nations Environment Programme (UNEP), International Finance Corporation (IFC) and Mongolian Sustainable Finance Association (MSFA) address these challenges through Sustainable Finance Roadmap of Mongolia (2018). Following up this roadmap, the Financial Stability Commission of Mongolia<sup>11</sup> approved Mongolian Green Taxonomy (the general classification of green activities that contribute to climate change mitigation, adaptation and resource conservation etc.) in 2019. Yet, more specific sectoral definitions, criteria, measurement, verification capacity and policy incentives are needed for operationalizing the roadmap.

The national development banks are a main source of long-term credit in middle income countries like Mongolia. The Development Bank of Mongolia has a development mandate and holds MNT 4.5 trillion<sup>12</sup> in assets, equal to above 10 percent of total economy, but lacks explicit strategy for integration of SDGs in its business processes.

As the impacts of COVID-19 are not fully estimated in Mongolia, the Joint Programme needs to maintain flexibility to ensure that the priorities for financing the SDGs are articulated with a fuller understanding of the implications of COVID-19, as this continues to develop. In addition, the INFF should integrate risk management to ensure that the future risks of pandemics and other exogenous shocks are better mitigated.

## 1.2 SDGs and targets

A recent paper by UN ESCAP on Mongolia has specifically identified key areas where additional efforts in governance and mobilizing financing towards the SDGs will be required the most (**SDG1, SDG3, SDG4, SDG5, SDG8, SDG9, SDG12**) – *“Trends will need to be reversed for a great number of SDG targets, including: increasing expenditure on social protection,*

<sup>10</sup> NSO, [www.1212.mn](http://www.1212.mn).

<sup>11</sup> The Financial Stability Commission consists of Minister of Finance, the President of Bank of Mongolia (Central bank), Chairman of Financial Regulation Committee, and CEO of Deposit Insurance Corporation.

<sup>12</sup> DBM, <https://s3-us-west-1.amazonaws.com/ubinfo-s3/dbm/pdf/6ff07ec5f44ba44b332e4ad9bca422fc.pdf>

education and health; ending the epidemics of AIDS and tuberculosis; ensuring universal access to sexual and reproductive health-care services; ensuring that all children have access to quality early childhood development, care and pre-primary education; improving resource efficiency in consumption; achieving full and productive employment and decent work for all; promoting inclusive and sustainable industrialization; and enhancing scientific research and upgrading the technological capabilities of industrial sectors.<sup>13</sup> Although the JP has a specific focus on selected SDG targets as primary outcomes (see the table below), improvements in the overall governance (**SDG 16.6** and **SDG 16.7**) will ensure more effective delivery of all the SDGs specifically highlighted above.

Hence, by enhancing the SDG financing architecture in the country and by operationalizing the INFF, aligned with strengthened capacities of national stakeholders, the JP will directly contribute to: SDG **target 17.15** policy space and leadership to establish and implement policies for poverty eradication and sustainable development; **17.16** enhance multi-stakeholder partnerships that mobilize and share knowledge, expertise, technology and financial resources; **target 1.a** significant resources mobilization for programmes and policies to end poverty in all its dimensions; **target 4.2** all girls and boys have access to quality early childhood development, care and pre-primary education; **target 5.c** policies and legislation for gender equality and the empowerment of all women and girls at all levels. Indirectly, the JP contributes to all SDG targets.

SDG targets	Measurements	Baseline	Targets by end the UNJP	2050 national target
<b>1.a</b> Significant resources mobilization for programmes and policies to end poverty in all its dimensions	Proportion of essential services (education, health and social protection) in the government current expenditure	<b>2015:</b> 25.4 percent	<b>2022:</b> 30.6 percent	<ul style="list-style-type: none"> <li>• 2.6 Maintain labour market balance, create knowledge economy and ensure that everyone has employment and revenue.</li> <li>• 3.3 Support employment, nurture entrepreneurship skills, and increase competitiveness of SMEs.</li> <li>• 3.4 Provide financial services directed to expanding the middle-income group and protect from risks.</li> <li>• 4.1 Create stable macro-economic conditions and make the middle-income group the social majority.</li> <li>• 4.5 Develop internationally competitive SMEs and increase employment</li> </ul>
<b>4.2</b> All girls and boys have access to quality early childhood development, care and pre-primary education	Participation rate in organized learning (one year before the official primary entry age), by sex	<b>2015:</b> Total: 66.2 Male: 65 Female: 67.3	<b>2022:</b> Total: 87.9 Male: 88.7 Female: 87.3	<ul style="list-style-type: none"> <li>• 2.1 Ensure equal opportunities to everyone to obtain quality education, make education the foundation of personal development, solid family guarantee, and the nation's development and build life-long learning framework</li> </ul>
<b>5.c</b> Policies and Legislation for gender equality and the empowerment of all women and girls at all levels	Progress in localising the system to track and make budget allocations for gender equality and women's empowerment	<b>2019:</b> Some tools for gender-responsive budget is being developed	<b>2022:</b> The capacity is built for the gender-responsive budgeting	<ul style="list-style-type: none"> <li>• 2.1 Ensure equal opportunities to everyone to obtain quality education, make education the foundation of personal development, solid family guarantee, and the nation's development and build life-long learning framework</li> </ul>

<sup>13</sup> UN ESCAP (2018), Sustainability Outlook of Mongolia

<p><b>17.15</b> Respect each country's policy space and leadership to establish and implement policies for poverty eradication and sustainable development</p>	<p>Extent of use of country-owned results frameworks and planning tools by providers of development cooperation</p>	<p>1) National Committee for Sustainable Development (NCFSD) led by the Prime minister (not include DPs and IFIs except for UNRC) 2) National Development Agency under the Prime minister 3) Absent gender responsive, result-based, multi-year budgeting framework</p>	<p>The multi-stakeholder platform for sustainable development will be established.  The INFF, MTEF, Gender responsive and Result based budgeting and Impact Investment systems introduced and strengthened.</p>	<ul style="list-style-type: none"> <li>• 3.1 Implement Mongolia's long-term development policy in phases by incorporating it into national, sectoral, intersectoral and municipal development policies and provide financing from the national and local budget and other financial resources;</li> <li>• 3.2 Create permanent structure and organization to coordinate the implementation of Mongolia's long-term development policy;</li> <li>• 3.4 Monitor and report to the Parliament the implementation progress of the Vision-2050, long-term development policy every 5 years (the above provisions are from the Parliament Resolution number 52 dated 13 May 2020)</li> </ul>
<p><b>17.16</b> Enhance multi-stakeholder partnerships that mobilize and share knowledge, expertise, technology and financial resources</p>	<p>Progress in multi-stakeholder development effectiveness monitoring frameworks that support the achievement of the sustainable development goals</p>	<p>1) Parliamentary Standing Committee, but not-effective budget oversight 2) National Audit Office, not effective performance audit 3) Number of Multi-stakeholder forum</p>	<p>Result-based budgeting Parliament hearing  Performance auditing is strengthened.  Youth forum is strengthened in budget discussion</p>	<ul style="list-style-type: none"> <li>• 5.5 Establish proper mechanism that ensure the participation of all stakeholders in national development policy planning and implementation by strengthening the partnership between CSOs, private and public sector.</li> <li>• 5.1 Establish optimal power allocation, monitoring and balance and ensure governance stability;</li> <li>• 5.3 Strengthen efficient and effective e-governance that support human development;</li> </ul>

If the JP achieves significant progress on enhancing governance structure of INFF, the establishment of well-suited integrated national financial framework in Mongolia (**SDG 17.15**) and improvement on monitoring and review systems of parliament and CSOs (**SDG 17.16**), then, financing policies coherence for sustainable development (**SDG 17.17**) is enhanced, and additional domestic (**SDG 17.1**) and international (**17.3**) financial resources are mobilised to overall SDGs, and public partnership with private and CSOs are effectively promoted (**SDG 17.17, SDG 16.7**) in the medium to long-run.

Figure 1. The interlinkages between directly addressed targets and overall SDG.



In line with the INFF, if the gender responsive, result-based budgeting in social sector (**SDG 5.c**) is strengthened; child-focused expenditure (**SDG 4.2**) is more efficient; and the policy incentives are designed to finance the national thematic investment areas, then significant resources will be mobilized for essential services (education, health and social protection)(**SDG 1.a**). The progress on result-based budgeting will improve public service delivery and quality, then more people are expected to be satisfied with better provision of the public services (**SDG 16.6**), especially social sector.

Through these channels, the JP will have a lasting, positive, indirect impact on overall SDG attainment, particularly **Goal 1** no poverty, **Goal 2** zero hunger, **Goal 3** good health, **Goal 4** quality education, **Goal 5** gender equality, **Goal 10** reduced inequality, **Goal 16** peace, justice and strong institutions, and **Goal 17** partnerships for the SDGs.

### 1.3 Stakeholder mapping and target groups

The main stakeholders are the Ministry of Finance, National Development Agency, 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 Commission. Development partners such as the World bank, ADB, and EU will also be key stakeholders.

This table shows the key stakeholder matrix for the JP:

Group	Interest	Involvement	Perceived Problems
<b>Primary stakeholders</b>			
Ministry of Finance	<p>Have efficient and effective public finance management system to meet national development needs, through Public Finance Management Reform;</p> <p>Match the performance framework of the Vision-2050 and SDGs with the results-based budgeting system in the country.</p>	<ul style="list-style-type: none"> <li>Develop the result-based budget system;</li> <li>MOF is currently actively engaged in SDG budgeting process supported by UNDP in partnership with ADB. Additional budget support to finance several key programmes in selected sectors<sup>14</sup>;</li> <li>Contribute to leverage private finance by implementing Financial Sector Strategy<sup>15</sup>.</li> </ul>	<ul style="list-style-type: none"> <li>Low capacity for these government ministries/agencies to formulate efficient/effective strategies (programmes);</li> <li>Lack of facilities to deepen programme-based budgeting;</li> <li>Lack of more detailed definition for thematic investment areas, classification, and criteria.</li> </ul>
National Development Agency	<p>Ensure policy coherence;</p> <p>Align national development plans with finance;</p> <p>Facilitate intuitional coherence.</p>	<ul style="list-style-type: none"> <li>Coordinate and integrate SDGs into development policies in Mongolia;</li> <li>Develop comprehensive development policy of Mongolia (i.e. Regional Development Policy) and determines priority development sectors and targets;</li> <li>Develop main strategies on integrated investment, FDI, and PPP.</li> </ul>	<ul style="list-style-type: none"> <li>Low capacity for government ministries/agencies to formulate efficient/effective policies (programmes);</li> <li>Lack of result-oriented culture in the public sector.</li> </ul>
Line ministries (MoH, MoES, MoLSP)	<p>Reach sectoral development objectives by implementing own strategies and priorities;</p> <p>Better predictable fiscal ceilings for own strategies and priorities provided.</p>	<ul style="list-style-type: none"> <li>Policy, technical support to result-based budget.</li> </ul>	<ul style="list-style-type: none"> <li>Lack of capacity for result-oriented planning, costing, budgeting, effectively and efficiently implementation and monitoring &amp; evaluation;</li> <li>Lack of predictability in sectoral programmes budgeting.</li> </ul>
<b>Secondary stakeholders</b>			
Parliament	<p>Improve the alignment of public and private finance (budget, ODA, DBM PPP) with development plans and government priorities;</p> <p>Enhance transparency, accountability and trust in government.</p>	<ul style="list-style-type: none"> <li>Ensure that the budgetary process is coherent, inclusive, participative, realistic, open, transparent and accessible.</li> <li>Employ budget oversight functions on SDGs.</li> </ul>	<ul style="list-style-type: none"> <li>Lack of oversight capacity on effective policy-budget linking;</li> <li>Lack of SDG-aligned budget information provided by the Executive.</li> </ul>
National Audit	<p>Ensure that financial accountability, integrity and quality of budgetary through quality assurance.</p> <p>SDG Audit (SDG compliance and performance audit)</p>	<ul style="list-style-type: none"> <li>Ensure that multi-year budgeting is aligned with the development priorities;</li> <li>Assess the development target achievements, efficiency and effectiveness of programmes/functions in given financial resources through performance audit.</li> </ul>	<ul style="list-style-type: none"> <li>Lack of capacity for performance auditing.</li> </ul>
Development Bank of Mongolia	<p>Support economic growth and development priority sectors.</p>	<ul style="list-style-type: none"> <li>Finance development priority and SDGs-aligned projects;</li> </ul>	<ul style="list-style-type: none"> <li>Lack of SDGs aligned business strategy;</li> <li>Lack of reporting of SDG-informed financing.</li> </ul>
BoM <sup>16</sup> /FRC <sup>17</sup>	<p>Develop sustainable financial system/products.</p>	<ul style="list-style-type: none"> <li>Provide regulation environment to develop financial instruments to finance thematic investments;</li> </ul>	<ul style="list-style-type: none"> <li>Lack of sectoral narrative definitions/verification system of national thematic investments.</li> </ul>
NCGE <sup>18</sup>	<p>Promote gender equality</p>	<ul style="list-style-type: none"> <li>Ensure that the budget process is gender-responsive;</li> </ul>	<ul style="list-style-type: none"> <li>Gender inequality in many aspects, including life expectancy, access to</li> </ul>

<sup>14</sup> Ministries of Health, Ministry of Education, Culture and Science, and Ministry of Labour and Social Protection are selected.

<sup>15</sup> National program to develop Mongolia's financial market until 2025.

<sup>16</sup> Bank of Mongolia

<sup>17</sup> Financial Regulatory Commission

<sup>18</sup> National Committee on Gender Equality

Group	Interest	Involvement	Perceived Problems
			education and employment, salary gap etc;
<b>Key stakeholders</b>			
UNRCO	Ensure effective UN support to the GoM in achieving the SDGs Ensure strategic INFF direction is maintained; Bring all stakeholders in the INFF	<ul style="list-style-type: none"> <li>- Lead engagement with the highest levels of government on the INFF</li> <li>- Convene all partners, notably the government with the UN, EU, World Bank, IMF and other development partners</li> </ul>	<ul style="list-style-type: none"> <li>- INFF oversight institution are needed.</li> </ul>
UNDP (Lead agency)	Align all financing with the national sustainable development priorities;  Strengthen the effective governance of financing for the SDGs;  Youth and gender responsive budgeting processes.	<ul style="list-style-type: none"> <li>- Provide technical expertise and assistant on result-based budgeting, MTEF, and gender responsive budgeting;</li> <li>- Coordinates IDAs and IFIs to finance SDGs;</li> <li>- Engage women and youth in participatory decision-making processes.</li> </ul>	<ul style="list-style-type: none"> <li>- Legal, institutional, behavioural changes to financing for the SDGs are needed;</li> <li>- Lack of capacity on gender responsive budgeting in government level;</li> <li>- Lack of practical initiatives on youth engagement in governance functions.</li> </ul>
UNICEF (PUNO)	Sustainably increase public spending for children;  Make public spending on social services for children more efficient and effective;	<ul style="list-style-type: none"> <li>- Provide child-focused evidence-based, affordable solutions such as financing and expenditure reviews, budget analyses, expenditure tagging, tracking in the social sectors;</li> <li>- Establish and strengthens public participation mechanisms in planning/budgeting.</li> </ul>	<ul style="list-style-type: none"> <li>- Legal, institutional, behavioural changes to financing for the SDGs (related to children) are needed.</li> </ul>
World bank group /World bank, IFC/	Support a more robust, equitable, and transparent management of public revenues and expenditures	<ul style="list-style-type: none"> <li>- Support implementation of PFM reforms.</li> </ul>	<ul style="list-style-type: none"> <li>- Lack of sectoral capacity for formulating strategies and multi-year budgeting aligned with national development strategies;</li> <li>- Lack of coordination mechanism among government agencies/IFIs;</li> </ul>
EU	Improve fiscal discipline, public financial management, and transparency and accountability processes in Mongolia <sup>19</sup>	<ul style="list-style-type: none"> <li>- Supports implementation of PFM reforms through Joint EU - World Bank Trust Fund.</li> <li>- Collaborates with UNDP in improving budget formulation, oversight and transparency.</li> </ul>	<ul style="list-style-type: none"> <li>- Lack of sectoral capacity for formulating strategies and multi-year budgeting aligned with national development strategies;</li> <li>- Lack of coordination mechanism among government agencies/IFIs.</li> </ul>
ADB	Improve the transparency, accountability, and integrity of financial management throughout the public sector <sup>20</sup> .  Improve public investment programme.	<ul style="list-style-type: none"> <li>- Collaborate with UNDP in SDGs informed budgeting in ministry of health.</li> </ul>	<ul style="list-style-type: none"> <li>- Lack of sectoral capacity for formulating strategies and multi-year budgeting aligned with national development strategies.</li> </ul>

<sup>19</sup> EU (2020), EU-Mongolia Cooperation Portfolio in 2020.

<sup>20</sup> ADB (2017), Mongolia: Country Partnership Strategy (2017-2021).

## Programme Strategy

### 2.1. Overall strategy

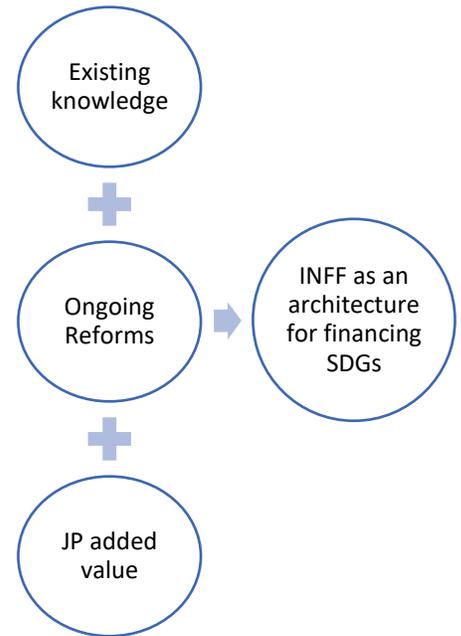
The strategy for the JP is to combine three streams of reform activities to turn those into a new financing architecture for Mongolia to finance the SDGs.

First, the JP will utilize the existing achievements and assessments for the first pillar of the INFF – Assessment and Diagnostics. Amongst those are:

- Development Finance Assessment, 2018.
- Mongolia Voluntary National Review Report 2019: Implementation of the Sustainable Development Goals.
- Various reports from DPs (IMF Article IV consultations, PEFA, MAPS mission, etc).
- Progress on Budgeting for SDGs in Mongolia by introduction of new budgeting templates.

Secondly, the JP will build on the momentum of other parallel activities, such as:

- Capacity building by UNICEF on zero-based budgeting principles in local level.
- UNDP support to the Ministry of Environment and Tourism in strengthening budget formulation using SDGs (and ADB supporting the Ministry of Health).
- EU Budget Support project TA component on developing MTEF roadmap and results-based budgeting in Mongolia, etc.
- Gender-responsive budgeting initiative.
- ADB support to the National Statistical Office<sup>21</sup>.
- Financial Stability Council of Mongolia approved “Mongolian Green Taxonomy”.



Third, the JP will complement those initiatives with a specific transformational initiative which will enable the effective operationalization of the following pillars of the INFF:

- Governance and Coordination and Monitoring and Review – by establishing an effective Multi-Stakeholder Platform to oversee and coordinate the INFF implementation, which may be based on the existing National Committee for Sustainable Development, and strengthening the capacity and business processes of key stakeholders, such as the Parliament, the National Audit Office and CSOs.
- Gender responsive Integrated Financing Strategy for Sustainable Development – by enabling the finance ministry, the National Development Agency and social ministries in integrating SDGs into their medium-term and annual budget documents; and by supporting the Development Bank of Mongolia and private sector in streamlining their financing strategies towards SDGs and aligning those with Vision-2050 (thematic investments).

Through the UNDP work on SDG-budgeting, and piloting in selected ministries, significant experience, knowledge and resources have been accumulated. Also, SDG-aligned budgeting

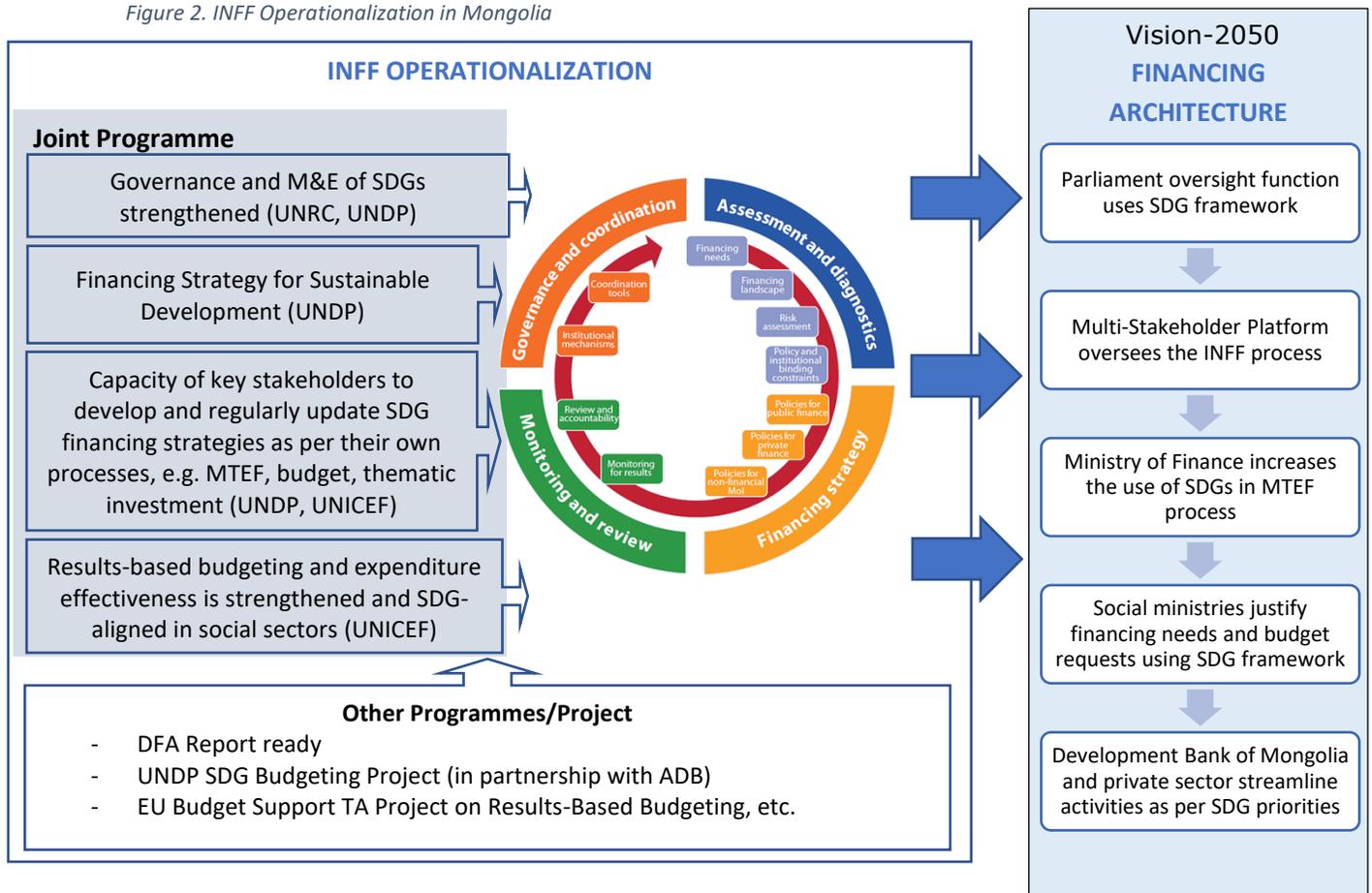
<sup>21</sup> <https://www.adb.org/projects/51397-001/main#project-pds>

(improving result based, MTEF) is proposed within the Technical Assistance Component of the EU Budget Support. Without any duplication, the JP will strengthen the result-based, policy-oriented multi-year budgeting process in the social sector, especially selected strategic programmes.

While contributing to the development of the integrated financing architecture, the JP will focus on strategies and budget programmes with specific target beneficiaries thus LNOB, women, youth and children are at the core of the support to social sector ministries. The JP will facilitate enabling of participation of target beneficiary groups in planning, budgeting, implementation and monitoring.

The critical building blocks of the strategy are the context-tailored outputs of the JP that supplement the previous experience and ongoing successful implementation of reforms by the Government of Mongolia (see below). As a result, the key stakeholders will employ an effective SDGs financing architecture, first in social sectors and then scaled up to cover the whole national development strategy.

Figure 2. INFF Operationalization in Mongolia



The transformational nature of the JP strategy is based on the programme’s objectives to establish sustainable governance, monitoring, and financing architecture development systems in Mongolia that can effectively streamline and mobilize financing for SDGs. In fact, despite of the specific focus of the JP on social sector and specific target beneficiary groups, in the 2-year horizon of the JP the Government of Mongolia will build the capacity to roll-out the coverage of the INFF building blocks to cover all SDG areas.

While the SDV (which is now replaced by the Vision-2050) was adopted in 2016, there was no comprehensive financing strategy developed to support the implementation of the strategy. In fact, the key stakeholders responsible for achievement of SDGs targets are not equipped with a comprehensive toolkit to do so – line ministries operate in the conventional inputs-based budgeting environment, the parliament, auditors and CSOs perform traditional budget scrutiny and oversight. Additionally, the private sector has not been effectively engaged and supported to realign their businesses and social strategies with the national one.

INFF is a game-changer in this environment as it both expands the existing oversight committee to govern the process of SDGs achievement, and strengthens the capacity of key actors to use SDGs in their policy and budget cycles. Besides, it builds a comprehensive picture of public and private financing in the country context by mapping trends in public and private finance and assessing opportunities to mobilize financing for the SDGs or to meet specific financing needs.

Secondly, building the multi-stakeholder platform which may be based on the existing institutional structure- the National Committee for Sustainable Development expanded with DP/IFIs and CSOs- will enhance coordination across the UN agencies, development partners and sectoral ministries; will build inclusive and accessible dialogue on building support for the intended reforms; will forge partnerships and stimulate innovation. This holistic perspective is the basis for an inclusive dialogue among decision makers from across government, the private sector, NGOs, development partners and other actors.

Last but not the least, the JP is targeting the mobilization of resources with focus on LNOB, women, all girls and boys. The innovative tools, including child-focused expenditure review, youth platform, capacity building on result-based budgeting with multi-year perspective in social sector, gender responsive budgeting and promoted thematic investment, are expected to catalyse financial resources to these development areas.

The INFF will accelerate the progress on SDGs achievement by aligning existing and mobilizing additional resources for national development priorities and the SDGs. The overarching Financing Strategy for Sustainable Development will enable the government and parliament to better link the decision-making process with the high-level strategic framework, such as the Vision-2050 (or any further updates to this strategy). Given the scale and nature of the economy, the role of the budget in achievement of SDGs is critical, hence improving the quality of budget decisions. By allocating and mobilizing resources towards the priority SDG areas, the INFF will accelerate the achievement of SDGs in the country. This will be supplemented by the increased role of the Development Bank of Mongolia and the private sector to mobilize and invest in projects that combine commercial, social and environmental interests of the country.

Supporting MTEF in budgeting process will enhance alignment of budget with development strategies. By strengthening result-based policy making, budget formulation, monitoring & evaluation, auditing, and ensuring transparency and inclusiveness, the efficiency and effectiveness of public spending will be improved which will accelerate attainment of several interlinked SDGs in Mongolia.

UN will bring together the technical expertise of each specialized agency as well as the expertise of the World Bank, ADB, EU, the government, and other partners to support a comprehensive approach to INFF related reforms with the government.

The UN will bring knowledge on financing for development by ensuring that financing policy in Mongolia is aligned with the impact on the SDGs. For example, UN agencies included in this

Joint Fund proposal are bringing together tools and methodologies to formulate multi-year budgeting aligned with national development priorities, evidence-based, affordable solutions such as expenditure reviews, budget analyses, expenditure tagging, tracking in the social sectors and public participation mechanisms in planning/budgeting that relate to specific SDGs. These tools can support government in looking across Agenda 2030.

Broadening the dialogue around finance reform to be more inclusive and to draw together a broader set of constituencies for reform will also be at the heart of the UN approach. Promoting transparency, accountability and participation will be integrated throughout the work.

The JP will support implementation of the current UN priorities, which are also supporting the financing strategy of the UNDAF, as well as relevant CPDs of the UN System agencies. Although the JP impacts the overall UNDAF and other priorities, the main areas of focus are **outcome 2** improvement on utilization of quality and equitable basic social services for poor and vulnerable population, **outcome 3** more responsive and accountable governing institutions to people, while ensuring effective participation of young persons and realization of the rights of all, especially the poor and marginalized. In line with the Addis Ababa Action Agenda, which highlights the need for “nationally owned development strategies supported by integrated financing frameworks,” the UN is required to shift from the funding of individual projects to the financing of transformative change according to UNDAF companion guidance<sup>22</sup>. Thus, the INFF is also aligned with the UN priorities.

The JP also is interlinked with the national policy priorities of Vision-2050, including strengthening the public finance management system to align with development strategies and bringing stakeholders of all sectors of society into national decision-making process.

The JP will support the establishment of the multi-stakeholder platform to coordinate and oversee the INFF implementation. It is proposed that the platform is based on the existing institutional structure – the National Committee for Sustainable Development led by the Prime Minister of Mongolia, expanding it to the UN development system, IFIs, private sector and CSOs.

Currently, the National Committee for Sustainable Development consists of high-level decision makers from government bodies, the parliament, local government, academia and CSOs, but not from the development partners. It is proposed that the UN development system, IFIs and MDBs play a more active role in this committee, particularly in contexts where development assistance is a key part of the financing landscape.

The platform establishment should be decided based on the consultations with the stakeholders but ensure close alignment between planning and budgeting, as well as cross-sectoral coordination.

Through an institutionalised INFF, public financial management reform and other financial sector reforms will have been supported and encouraged. Medium-term actions for operationalising the INFF will be articulated for further scaling-up finance for national development priorities and the SDGs. The initial built capacity and lessons learned will facilitate further scale-up of result based, multi-year budgeting and performance auditing

---

<sup>22</sup> United Nations Development Group, (2017)

exercises in more government agencies with the implementation of roadmap of upgrading MTEF.

Further macroeconomic and financial sector policy measurements for supporting the thematic investments will have been designed and realised. Then, private finance is expected to be aligned with national development priorities at larger scale.

Table 1. Expected situation after the joint programme is completed

<b>Before the Joint Programme</b>	<b>After the Joint Programme</b>
<b>No effective governance and coordination (institutional) mechanisms to operationalize INFF in Mongolia</b>	Multi-stakeholder governance and coordination mechanism established, exploring possibilities for building on existing institutional structures such as the National Sustainable Development Committee, that will effectively lead the INFF operationalization and coordinate efforts of various actors on specific deliverables as per the four pillars of INFF
<b>No comprehensive financing strategy aligned with SDGs to drive budget formulation, budget accountability and support private sector resource mobilization towards SDGs</b>	The Gender Responsive Financing Strategy for Sustainable Development is used as a tool to bridge Vision2050/SDGs with government and parliament decision-making processes over various financing mechanisms, MTEFs and budgets. Upgraded and SDG-aligned MTEF and socio-economic guidelines will play a key role in defining the financing strategy of the government in the public sector for achievement of SDG targets in a structured and sustainable manner. As part of the overall public finance picture, the Development Bank of Mongolia will align its financing strategy with the Vision 2050/ SDG priorities, which will also be reflected in the relevant sections of the MTEF and Socio-Economic Guidelines.
<b>No Medium-Term Expenditure Framework to effectively bridge SDG policies and priorities with budget decisions</b>	Current MTEF system will be upgraded to MTEF and the JP will support the effective transformation for the social sectors.
<b>No effective and SDG-aligned results-based planning, budgeting and monitoring system</b>	Social sector ministries will be equipped with knowledge on how to construct MTEF and annual budget proposals as per the SDG framework and targets. Bridging sector policies, strategies and budgets will be institutionalized in social sector ministries to effectively plan, execute and monitor the progress of Vision 2050/ SDGs in the country.
Investment policy of the Development Bank of Mongolia was not necessarily aligned with the SDGs.	Investment policy of the Development Bank of Mongolia will be aligned with the SDGs.

<p>Private sector financial institutions lack guidance on SDG-aligned investment selection processes (e.g. selection criteria on green projects financed by international partners and funds).</p>	<p>Government partners and private sector financial institutions will receive and apply methodology guidance on social and environmental criteria for investment financing.</p>
--	---

## 2.2 Theory of Change

The main concept behind the UNJP is arisen from the understanding that the governance structure and monitoring and review for the integrated financing of Vision2050/SDGs effectively, and the gender responsive integrated strategy leverages more resources for Vision2050/SDGs from public and private sources. As a result, additional financial resources will accelerate progress towards the nationalized SDGs because the given financial resources are effectively and efficiently allocated, and more financial flows are catalyzed into SDGs. Thus, the UN will (1) build capacity to oversee, coordinate and audit the financial frameworks, especially in social sectors for strengthening governance and monitoring of the INFF, and (2) provide technical assistance and expertise to develop the overarching financial strategies, to increase capacity for result based-multi-year budgeting with focus on LNOB, women and youth and impact investment. Then, the overall improvement in national development (Vision-2050) financing is expected.

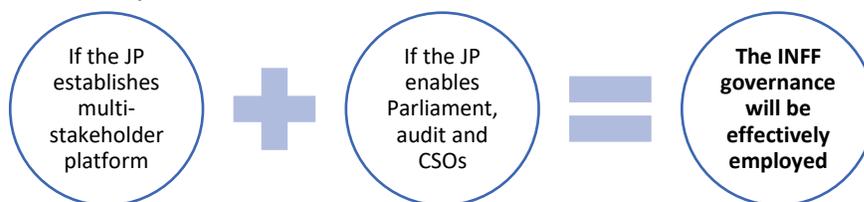
In our Theory of Change, these are the process algorithms:

### 1) IF:

- Effective governance and coordination are established based on multi-stakeholder participation, possibly building on the existing National Committee for Sustainable Development (NCSD), to oversee and coordinate the SDGs implementation, to leverage partnerships and development financing with focus on LNOB to ensure reduced inequalities for women, youth, and children.
- National structures (Parliament, audit, CSOs) have capacity to monitor and review INFF social sectors through training on result-based parliamentary oversight, performance auditing in social aspects, providing child-focused expenditure review, and facilitating a youth forum to discuss more spending needs for young people.

### Then:

- The INFF governance structure and monitoring review for financing of SDGs will function effectively.

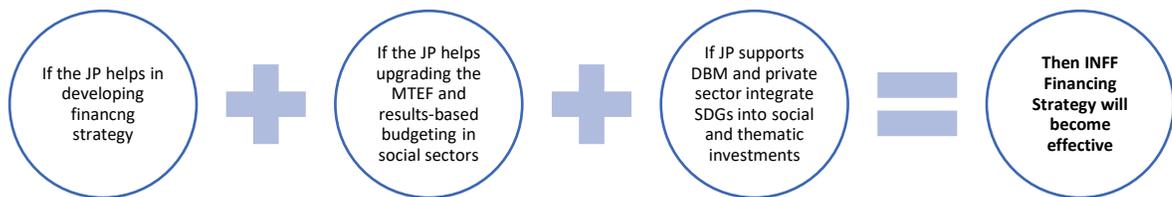


### 2) IF:

- Based on the previously conducted Development Finance Assessment, Voluntary National Review report, and MAPS, the government develops the gender responsive integrated financing strategy to finance the SDGs by technical assistance and expertise;
- Strengthened result-based budgeting with multi-year perspectives are aligned with National Development Priorities in the social sector through capacity building activities on result-based, multi-year budgeting in social sector and gender-based budgeting;
- Capacity for the result-based, multi-year budgeting is strengthened in social sector;
- Development Bank of Mongolia has the capacity to integrate its business plan into sustainable development through technical expertise/training on this integration;
- Thematic investment areas, narrow classifications and criteria are defined, and policy recommendations are developed to design the policy incentives for encouraging private sector contributions to Vision-2050, especially LNOB, women, youth and children financing.

**Then:**

- The INFF as overarching financing strategy will guide the government to operationalize financial architecture for Vision-2050; also, as a result of progress on financial strategy more resources from public and private sources is expected to be leveraged.



By strengthening building blocks (governance & coordination, monitoring & review, financial strategies and their realisation) of the Integrated National Financial Framework, the JP will accelerate SDGs.

Since successfully implementing an integrated approach to financing requires strong political backing, broad-based ownership across government institutions and their partners, and coordination and communication across government, the JP will establish multi-stakeholder platform. This may be based on the existing National Committee for Sustainable Development led by the Prime Minister of Mongolia, consisting of government financial and planning agencies, and will lead the development and operationalizing of the INFF. Also, the multi-stakeholder platform will consist of CSOs which represent multi-stakeholders, including youth, gender, private sector, in order to facilitate and stimulate deeper dialogue between public and private actors strengthening the link between planning and financing, strategic action to enhance contribution towards national development objectives and effective operationalization of financing.

The core theory of change around an INFF is that by supporting government to develop a broader approach to financing national development, which utilises the policies that govern

public and private finance in a more holistic framework, new resources will be mobilized and the impact of financing on sustainable development outcomes will be achieved.

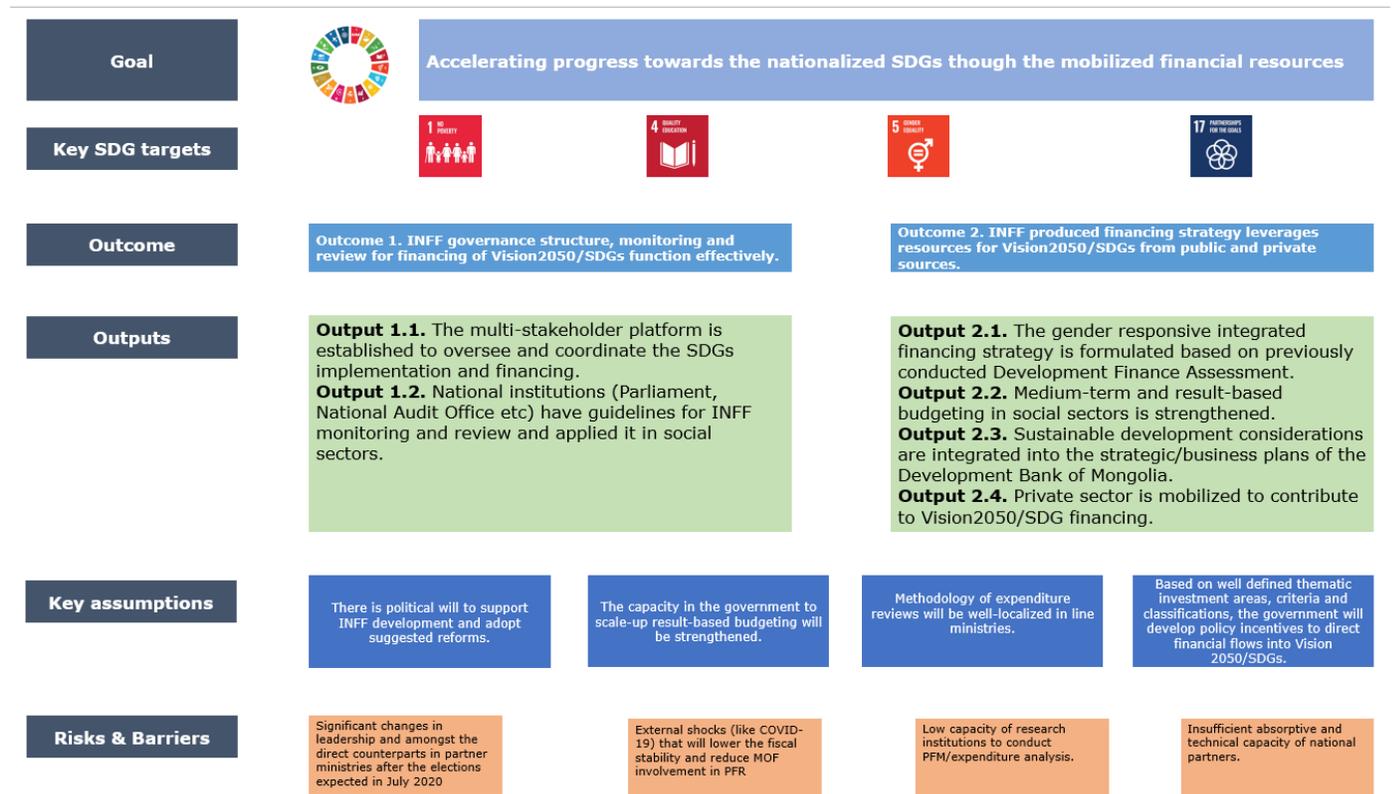
The key assumptions in designing this Theory of Change are:

1. there is political will to support INFF development and adopt suggested reforms;
2. the capacity in the government to scale-up result-based budgeting will be strengthened; and
3. methodology of expenditure reviews, and the defined thematic investment areas will be well-localized in line ministries and private sector.

If these underlying assumptions are unexpectedly changed, planned activities will be needed to be re-designed.

The main concept and proposed changes are represented by the below diagram.

Figure 3. Graphical representation of ToC.



### 2.3 Expected results by outcome and outputs

Expected key results of the Joint Programme:

**Outcome 1.** INFF governance structure, monitoring and review for financing of Vision2050/SDGs function effectively.

**Outcome 2.** INFF produced financing strategy leverages resources for Vision2050/SDGs from public and private sources.

## **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**

Implementation of the integrated financing framework for the SDG achievement requires a strong governance mechanism to ensure high-level political support and broad-based country ownership. The JP will support building a high-level multi-stakeholder platform - Multi-Stakeholder Platform for Sustainable Development (MSPSD)- that may be based on the existing National Committee for Sustainable Development (NCSD), led by the Prime Minister of Mongolia, to provide political leadership, convene and drive forward a whole-of-government approach, and ensure policy and financing coherence across sectors and administrative levels. The current NCSD Deputy Chair is Minister for Finance and the NDA Chair serves as the Secretary of the Committee. Since its establishment in 2017, the NCSD convened only once.

The MSPSD will facilitate dialogue and participation around development financing from planning, to allocation, execution to monitor and oversight. Consultative processes that engage all relevant stakeholders can also generate broad-based support, while helping to better inform policymakers of stakeholders' needs and priorities. Different mechanisms and tools (safeguards, coherence checks, and others) will be also used to incentivise cooperation and facilitate better coordination of actors and coherence of financing policies.

The MSPSD will guide the entire INFF process – from the assessment and diagnostics to policy formulation, implementation, monitoring and review - that will help create accountability and facilitate capacity building and learning.

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

Guidelines for Parliamentary public hearings and performance audit will be developed, drawing on results-based budgeting and gender responsive budgeting methodologies to be introduced under output 2. The updated guidelines on performance audit will assist the National Audit Office to effectively analyse and audit budget programmes linking their actual performance with declared objectives and targets as per the SDGs and other national development policies and plans. Child focused expenditure review will provide evidence and a case for tracking and analysing public spending over time against policy goals and performance indicators and the extent to which LNOB principle is being exercised.

## **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**

The Integrated National Financing Framework (INFF) will be formulated for everyone (women and men, girls and boys) by ensuring gender-equitable distribution of financial resources and by contributing to equal opportunities for all.

In the inception phase scoping, assessment and diagnostic, an INFF roadmap will be developed before operationalization of the INFF. The inception phase also will include identifying priority SDGs from the approved national SDGs and costing of financing needs at the macro-level. The SDG prioritization is expected also to consider the impacts of COVID-19 on the progress of development goals. Also, the assessment, prioritization and costing will be

conducted by considering the gender equality. The assessment would take into account variety of socio-economic impacts assessments, especially focusing on vulnerable groups—such as the poor, women, children, youth, people with disability, migrated people, herders etc and the risk-reviews, after-action-review or any other available assessments for COVID-19 for responding to and immediately recovering from this pandemic as well as establishing more mitigation, adaptive and robust financing approaches in the formulation of integrated financing strategy to manage future similar risks. For example, the health sector is facing shortage of necessary medical and personal protective equipment and public servants are not ready to work remotely during the quarantine. The education sector needs significant capacity improvement in terms of continuing teaching and education activities remotely while ensuring that the children of the most vulnerable group are not excluded from these activities due to lack of necessary facilities such as computers and internet access. Due to the quarantine, there has been significant decline in economic activities, which left the most vulnerable SMEs at the brink of bankruptcy. Therefore, the Government is facing significant challenges in terms building recovery for businesses, while also rolling out programmes to support the livelihoods of families that lost their household income partially or fully. The onset of Covid-19 has already posed significant challenges in terms of livelihood of families and survival of businesses and economic activity, as well as the government’s capacity to handle and respond to such large-scale challenges, which will continue to unfold. The pressure on livelihood is causing psychological stress and domestic violence, in particular against women and children. Therefore, the INFF has to factor in the resilience during the Covid-19, recovery after the pandemic and then regaining momentum and accelerating achievement of SDGs towards 2030, whose progress has inevitably been hindered by the pandemic.

Despite the new challenges, the process for rolling out the INFF remains the same. It will build on the findings and recommendations of the Development Finance Assessment (2018), MAPS (2017), and VNR (2019), in accordance with the Inter-agency Task Force on Financing for Development recommendations<sup>23</sup> on sequencing the process – scoping, institutionalizing INFF working structures, agreeing on the INFF roadmap and developing the financing strategy. The two latter steps will be strongly synchronized with the progress on outputs 1.1 and 1.2.

The INFF will be developed in partnership with the government. The INFF will cover all financial sources, including public finance, PPP, FDI, commercial banks and private investments. A critical component of the INFF will be its ownership by the government, and so the JP will assist the synergized approach between the overarching financing strategy and more focused public sector financing architecture, such as the MTEF and the annual budget. At the same time, the JP will also coordinate the efforts on ensuring synergies with other components of the INFF, such as the off-budget investments by the Development Bank of Mongolia and private sector financing via thematic investments.

The government will also define the short-, medium- and long-term priority areas of the Vision 2050/SDGs for defining the financing needs assessment. The JP team will support the NDA and MOF in the above prioritization process and methodology and application of the analysis on financing needs assessment for selected priority areas.

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

Medium-term expenditure framework (MTEF) constitutes an approach to budgeting and public financial management (PFM) that addresses well-known shortcomings of annual budgeting.

---

<sup>23</sup> <https://developmentfinance.un.org/2019-integrated-national-financing-frameworks-sustainable-development>

Development programmes require funding and yield benefits over a period of years, but annual budgeting largely ignores future costs and benefits, and typically starts with the previous year's budget, making it difficult to reprioritize policies and spending. The impact of an effective MTEF system goes beyond the budgeting framework and as the World Bank notes<sup>24</sup>, effective MTEF adaptation has significant positive effects on fiscal discipline and outcomes which contribute to higher growth, lower inflation and macroeconomic volatility.

In the context of SDGs, MTEF will strengthen i) the strategic budget allocative function, by providing the SDG framework as the platform for decisions on strategic priorities and budget allocations; and ii) increasing effectiveness of budget spending by introduction of SDG indicators for measuring the effectiveness and efficiency.

Since Mongolia is now running a Medium-Term Fiscal Framework system which has a limited impact over strategic allocations by programmes and results-area, upgrading MTEF towards and MTEF will improve the quality of budgeting by shifting from the traditional line item budgeting to results-based budgeting. While the EU Budget Support proposal has a component on roadmap for upgrading MTEF, the JP will provide technical expertise and capacity strengthening to key stakeholders in social sectors on gender responsive, result-based and multi-year budgeting, and on how-to integrate SDGs into budgets<sup>25</sup>.

Alignment of this enhancement of the MTEF process with ongoing Budgeting for SDGs initiative, led by UNDP, will ensure that a comprehensive framework of results is integrated into the MTEF process. One of the key objectives of this output is the institutionalization of a results-based strategic budget negotiations phase during the MTEF preparation. This will ensure top-down and bottom-up information flows are adequately presented and discussed at the level of budget decision-makers within the Executive and then effectively communicated to the Parliament. This vehicle will be employed in linking the priority SDG areas and costed policies and targets of those priorities with the strategic budget allocative process, i.e. MTEF process where critical decisions on additional budget funding per sectors, budget programmes and budget spending units are defined. The above processes will inform the budget ceilings, so decision on those are directly informed by SDGs and selection of priority areas.

Adjustments in the MTEF processes will require a review and possibly a recommendation on re-design of cross- and intra-institutional business processes amongst such critical actors as the MOF and NDA. The JP team will align their recommendations with the EU Budget Support Technical Assistance project and other PFM reform initiatives.

Budget preparation guidelines will be gender-responsive, and trainings/workshops on gender responsive budgeting will be organized at different stages of the budget cycle, in close cooperation with UNFPA.

Since the evidence-based policy and decision making and integrated result-based planning are important for result-based budgeting, the capacity on these areas will be strengthened.

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

The Development Bank of Mongolia (DBM) is an important partner in achieving SDGs to complement commercial banking system due to its mandate to pursue economic viability along with the social development rather than profit maximization. DBM's net annual lending

---

<sup>24</sup> <http://documents.worldbank.org/curated/en/354601468330959258/pdf/Beyond-the-annual-budget-global-experience-with-medium-term-expenditure-frameworks.pdf>

<sup>25</sup> UNDP (2020), Budgeting for SDGs: Opting for the Right Model

is equal to around 1/3 of state budget investments, hence it is a substantial player in re-profiling development financing towards sustainable development.

The JP will support DBM to integrate Vision 2050/SDGs into its business strategy. If DBM's investment portfolio is linked to SDGs, it will have spill-over effects on other financing and investment institutions and lending practices.

#### **Output 2.4. Private sector is mobilized to contribute to Vision-2050/SDGs financing**

The private sector produces 70 percent of the economy, so the potential to contribute to the national development and achievement of SDGs is significant. More than 450 investors allocated US\$1.3 trillion to impact investments worldwide in 2016 and impact investment has opened a new commercial avenue for investors<sup>26</sup>. To align investments with sustainable development, there is a need to introduce principles and norms to measure impact of investment, at the corporate as well as portfolio levels.

In Mongolia, the financial sector's contribution to sustainable development (LNOB, women, youth and marginalized groups) is weak because as the financial resources are mostly concentrated in high profit industries (mining, transportation, trade, construction and real estate). Thus, policy incentives (financial regulation and measurements) are needed to increase financial flow to impact investments. Yet, since national thematic investment areas, their definitions and classifications, criteria and verification capacities are still absent or under-developed, further support is required in developing policy incentives.

The Financial Stability Council of Mongolia (includes the Ministry of Finance, Bank of Mongolia, and Financial Regulatory Commission) approved an overall classification framework "Green Taxonomy" in 2019. There is a need to follow-up on this policy action and develop sector specific classifications and criteria for sustainable thematic investments. Thus, the output will support the government to identify national thematic investment areas which have significant positive impacts on the national sustainable development, and define its criteria and classifications.

Training and public awareness activities on these definitions and criteria for financial institutions and companies will be organised.

#### **The expected results of the JP**

The JP will focus on building intrinsic grounds and building blocks of the INFF, including governance structure, coordination and monitoring system, multi-stakeholder dialogue platform, results-based MTEF, sectoral budgeting capacity, performance-based auditing, expenditure review tools, and facilities to mobilize private financial resources to national development. These structural changes, institutionalization efforts, and capacity building support provided by the JP will ensure the implementation of the INFF beyond the lifecycle of the JP.

By end of the JP, it is expected that the social sectoral budget (total government spending on essential services-education, health and social protection) will increase to 30.6 percent in 2022 from 25.4 percent in 2015. Simultaneously, effective, accountable and transparent institutions will be strengthened, and more people will be satisfied with improved provision of public services, especially social sector. As a result of the leveraged social essential spending, delivery and quality of health, education and social protection services will be increased. Through the well conducted child-focused expenditure review, the effectiveness and efficiency of public services for children will be improved, and more girls and boys can access pre-school

---

<sup>26</sup> <https://www.unpri.org/download?ac=5426>

education. The strengthened gender responsive budgeting will support gender equality and women's empowerment. National institutional capacity and the framework to establish and implement policies for poverty eradication and sustainable development will be also strengthened. There will be significant overall improvement of financing and policy cohesion for SDGs.

By early 2022, the primary stakeholders, including the MoF, NDA, MOH, MOES, the Parliament, NAO, local authorities, as well as relevant CSOs in Mongolia, will have established procedures and institutional capacity in place for the gender-sensitive, result-based medium term budgeting aligned with national development, as evidenced in MTEF and annual budget preparation and oversight processes. Initial changes in applying new financing instruments will have been made.

The ultimate beneficiaries of the streamlining of existing resources and additional financial resources mobilised are taxpayers, private sector, and citizens of Mongolia.

Gender equality is mainstreamed across the JP components. Within the outcome 1- Strengthening INFF governance structure and monitoring & review- CSOs for women and women leaders will be included in policy dialogues and performance auditing and monitoring process. Child-focused expenditure review will undertake detailed analysis of the national budget process and resulting expenditure decisions with respect to achievement of all girls' and boys' rights and wellbeing.

In terms of outcome 2- the INFF development and operationalisation- the overarching financial strategy for Vision2050/SDGs will be developed by bringing LNOB, women, all girls and boys at the heart of it. Also, capacity on gender responsive budgeting will be improved for facilitating more resources to be leveraged into women empowerment and gender equality. Through results-based budgeting in social sector, the budget expenditure will be more focused on national targets for gender equality.

## **2.4 Budget and value for money**

The collaboration and partnership are the only way to maximise the value of money for realising these broad structural changes in building the INFF to finance SDGs. The collective expertise of the UN agencies (UNDP and UNICEF), and engagement of development partners, such as WB, EU and ADB under the 'PFM' reform will allow swift implementation by tapping on existing resources.

Under the EU Budget Support Technical Assistance, the UNDP also proposed a joint project, "SDG-Aligned Budgeting to Transform Employment in Mongolia" with FAO, ILO and UNIDO. That project will mainly focus on upgrading MTEF and results-based budgeting in the labour sector. This JP will provide technical expertise and trainings on results-based, multi-year budgeting with SDG-informed tools in social sectors. This means that the JP and EU Budget Support will be complementary and expected to maximise the ultimate goal achievement.

The previously conducted powerful analytical tools, Development Finance Assessment (DFA) and Mainstreaming, Acceleration and Policy Support (MAPS) will enable the implementation to begin with minimal start up. The small-scaled SDG-budgeting pilot project of UNDP Mongolia will be well-grounded for successful implementation and will establish a substantial range of partnerships, so the activities proposed by the JP will provide opportunities to save significant tangible and intangible resources and to bring successful results at the end of this programme.

The institutional reform, capacity building support, PFM reform will enable the functioning of the INFF through national mechanisms.

The government commits to the gender equality by approving the national programme for Gender Equality in Mongolia. Also, government agencies including MoF and National Committee on Gender Equality (NCGE) have committed to gender responsive budgeting (GRB) through PFM strategy including logical framework for GRB tool. Yet, capacity for GRB, gender disaggregated data, the public understanding, and raising awareness are needed in order to fully adopt GRB in Mongolia. Since the broader collaboration and engagement among DPs and IF are very important for this long-lasting systemic change, the JP will contribute to this GRB by providing capacity building activities and training modules, and effectively work with the ongoing projects of WB and Canadian government in this aspect.

The proposed results-based budgeting exercise in social sector will increase spending for all girls, boys and women. Thus, the indicator of the selected SDG target 4.2 (By 2030, ensure that all girls and boys have access to quality early childhood development, care and pre-primary education so that they are ready for primary education) measures the JP programme impact on SDG by participation rate in organized learning by sex.

The NCGE will be engaged in the INFF oversight, and all PUNOs will collaborate and engage with selected women/gender equality CSOs in establishing a multi-stakeholder dialogue platform. These CSOs will be included in this platform. Moreover, the performance-based budget monitoring will be conducted by these CSOs.

A Joint EU - World Bank Trust Fund in Mongolia is actively engaged and supports the Ministry of Finance in PFM reforms under the Strengthening Fiscal and Financial Stability Project. The JP will build up on the cooperation with the EU-WB Trust Fund (UNDP has already contributed to the update of the PFM Reforms Strategy offering reforms on Budgeting for SDGs). The JP will also complement the improved budget transparency on budget execution by supporting integration of performance information to the budget execution process, assist with adapting the programme structure of the budget with SDG structure, continue the current cooperation with the GIFT Initiative (Global Initiative for Fiscal Transparency) in promoting more transparent budget formulation, execution, monitoring and reporting processes. In Mongolia, the partnership will specifically continue to incorporate SDG related policy priorities and targets into the Citizen Budget. The JP will also promote more participatory budget formulation and monitoring by engaging with the CSOs for research, policy-budget advisory, expenditure reviews and expenditure monitoring activities.

The JP will work with ADB in Mongolia to support the Ministry of Health to strengthen the links between annual budget allocations and long-term development objectives, as articulated in the SDGs, Vision-2050 and health sectoral plans. As a result of this pilot, the Ministry of Finance aims to roll-out guidelines on preparing SDG-informed budgeting and institutionalize them in the budget process formulation from 2020 onwards. This re-design of the budget programme structure will enable the better alignment of the budget with sectoral and local policies in the short and medium term.

## **2.5 Partnerships and stakeholder engagement**

The JP has received strong support from the Ministry of Finance, the National Development Agency, the Ministry of Health, and the JP was developed in close coordination with the relevant departments.

Within the framework of UNDAF 2017-2021, strengthening existing and developing new partnerships has been identified as critical to delivering results in Mongolia. Accordingly, the UN in Mongolia, through active leadership of RC, will commit specific efforts to engage partners during the program implementation, particularly in the areas of monitoring and evaluation, and communication and visibility. For the effective stakeholder engagement, UNDP will lead technical engagement with Ministry of Finance, National Development Agency and UNICEF will engage directly with line ministries for bringing the technical support to the INFF and its links with specific SDGs. The private sector engagement will sensitize the key actors on their strategic role in transforming the development finance landscape in Mongolia.

We are creating the environment to bring the expertise of the WBG, the IMF and the ADB through the collaboration under the umbrella 'PFM reform', integrating their recommendations as part of the broader SDG financing strategy and creating the space for building coherence in our support to governments. We are also capitalizing on the sound technical leadership of the ESCAP- and their policy recommendations.

The JP will also mobilize public finance experts from UNICEF who has been leading the public agenda on fiscal space analysis and forecasting, which could help in public expenditure reviews, costing exercises, and innovative financing tools in child, health, gender, education.

UNICEF has a strong capacity, expertise and experience in results driven Public Finance for Children (PF4C). UNICEFs work in the PF4C aims to improve the use of domestic resources for services of importance to children. Furthermore, the PF4C work considers how much and how well public funds are being used for children. UNICEF uses evidence based, affordable solutions to identify potential areas for flexibility in fiscal spending so that funds can be directed towards social spending without jeopardizing fiscal sustainability.

UNICEF supports public and sector financing and expenditure reviews, budget analysis and expenditure tagging and tracking helping countries to identify key SDG related financing gaps and shortfalls, and ways to scale up public and private investment to bridge them.

UNICEF Mongolia has been working closely with the Ministry of Finance to increase investment for children, improve efficiency and effectiveness of public spending in the social sectors including education, health, water sanitation and hygiene and improve access to and quality of social services for children of Mongolia. More specifically, UNICEF Mongolia conducted an equity analysis in Public Financing of Water, Sanitation and Hygiene (WASH), review of expenditure and costing of child protection services in the country.

The specific role that UNICEF will play in developing and implementing INFFs in the proposed project will be guided by UNICEFs universally valid principles and organizational mandates and strengths. UNICEF will engage the partners in order to influence the dialogue towards sustainable financing SDGs and support data and evidence generation to advocate for greater public investment for children, and to inform sector reforms and financing.

UNDP is mobilizing the global and regional expertise from BRH and Financing the SDGs team to provide technical advice and support throughout the process. This is also connected with the Global Policy Network approach of UNDP COs for sharing their current solutions and scaling them up.

ILO, UNESCO and other UN agencies will be regularly consulted at the activity level, and engaged where necessary, for additional specialized expertise.

The previous Mongolian UN Joint Programme proposed in 2019 aimed to increase social protection coverage (pension and health insurance) and more sustainable shock responsiveness social protection for children and herders. This JP also intends to enlarge fiscal space, increase the effectiveness and to leverage finance to social sector through effective expenditure review tool, performance auditing and result-based budgeting. Thus, the financial strategies proposed by both the programmes will complement each other.

There are several programmes being implemented for Public Finance Management reforms and sustainable financing that are relevant to the JP (Annex 1).

The IMF package, combined with other IFI programmes, defines a battery of PFM reforms for Mongolia that the Government has agreed to implement. The package is designed to regain the trust of foreign investors that left the country due to macroeconomic and financial instability. In other words, the collaboration aims at creating sound macroeconomic environment.

Thus, the IMF, WB, EU and ADB are supporting the design and implementation of PFM reform. The “Strengthening Fiscal and Financial Stability Project” of the WB is aligned with both the IMF-led program and the WB Economic Management Support Development Policy Financing Operation (EMSO). “Strengthening Governance for Inclusive and Sustainable Development in Mongolia Project” of EU, channelled through the World Bank, is also supporting the reform. EU Budget Support (BS) programme aims to support Mongolia efforts to implement Employment policies and improve Public Finance Management Budget.

While these projects are enhancing macroeconomic stability and increased fiscal discipline, which are fundamental parts of effective MTEF (multi-year budgeting), the JP will contribute to the PFM reform through integrating budgeting into national planning and introducing result-based multi-year budgeting. Thus, these engagements of development agencies are well-interconnected, coherent, and complementary.

### **3. Programme implementation**

#### **3.1 Governance and implementation arrangements**

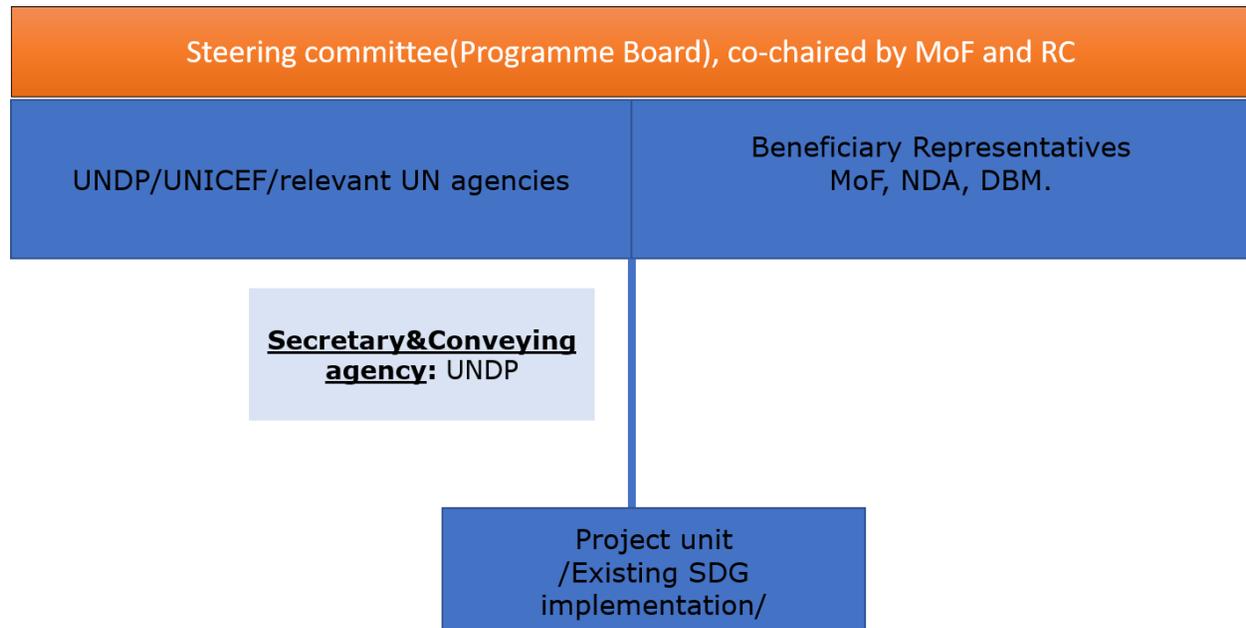
The programme will apply an inclusive approach through a Steering committee co-chaired by the Ministry of Finance and the UNRC office, and comprising Ministry of Finance (MoF), National Development Agency (NDA), Bank of Mongolia, Development Bank of Mongolia, CSO representative as well as PUNOs (below figure 4). For this JP, the Steering Committee will provide strategic guidance and oversight, approve work plan and budget, advocate additional resource mobilization for the programme, and initiate and nurture new partnerships. The steering committee will meet annually and may also call for a meeting on urgent matters.

In terms of collaboration with the MSPSD, the Committee will receive policy guidance from the Multi-Stakeholder Platform for Sustainable Development (2030 Agenda for Sustainable Development, Addis-Ababa Action Agenda, Vision-2050 approved in 2020) and provide policy recommendations. MSPSD will coordinate all stakeholders, including government agencies,

development partners (UN agencies, IMF, WB, EU, and ADB), and CSOs (e.g. for women and youth).

In order to avoid any duplications, the Project unit will be the existing unit, “Supporting the Implementation of the 2030 Agenda in Mongolia”, which has already produced significant progress in SDGs budgeting with partners and built stakeholder engagement.

Figure 4. The Programme implementation and communication structure.



Additionally, key partners such as government agencies, parliamentary committees and women and youth organisations, civil society and development partners will be invited to taskforces and/or working groups on thematic areas, i.e. strengthening the INFF oversight committee and parliament scrutiny (UNDP), the inception and development of INFF and integration of public finance into development plans, SDG-based budgeting (UNDP and UNICEF) and private finance mobilisation (UNDP).

**The Ministry of Finance** will lead the implementation of i) the INFF inception, development and execution, ii) results-based budgeting exercises aligned with Public Finance Management reforms, and iii) innovative solutions to leverage private resources to sustainable development. The Ministry of Finance leads the Public Finance Management Reform and Financial Sector Strategy-2025 supported by IMF, WB, EU and ADB. The Ministry of Finance closely works with public and private financial sector players, including Central Bank, Financial Regulatory Commission, Development Bank of Mongolia and private financial institutions. The JP was closely discussed with the Ministry of Finance, Department of Fiscal Policy and Planning, Department of Economic Policy Department and Department of Financial Sector Policy.

**The National Development Agency** will support the inception, development and execution of INFF as the secretary of the National Committee for Sustainable Development. The National

Development Agency also will provide support to sectoral policy cohesion and strategic planning.

**UNDP Country Office** as lead/conveying agency will provide project management and implementation support services, including e.g. finance and administrative functions, HR, procurement, etc.

The programme team consisting of members from PUNOs (UNDP and UNICEF) will be supported by these PUNOs Country Offices with adequate backstopping from respective regional and HQ technical teams.

The proposed governance arrangements set up with MOF and UNRC as Steering committee co-chairs will facilitate maximising the synergies between the UN JP and other relevant ongoing initiatives, including the WB project, EU Budget support to Mongolia.

The proposed governance and implementation arrangements of the JP is relatively optimal approach because 1) these arrangements can utilise existing structures including NCSD and NCGE; include 2) National Youth forums, online systems and other inclusive mechanisms; 3) utilize the project unit of "Supporting the Implementation of the 2030 Agenda in Mongolia"; 4) the proposed activities complement the ongoing PFM reforms of WB, EU and ADB with government agencies; and 5) work with the Prime Minister's Office, Parliamentary Standing Committee on Social Policy, Education and Science, MoH, MoECS, MoLSP, and National Committee on Gender Equality.

### **3.2 Monitoring, reporting, and evaluation**

Reporting on the Joint SDG Fund will be results-oriented, and evidence based. Each PUNO will provide the Convening/Lead Agent with the following narrative reports prepared in accordance with instructions and templates developed by the Joint SDG Fund Secretariat:

- *Annual narrative progress reports*, to be provided no later than one (1) month (31 January) after the end of the calendar year, and must include the results matrix, updated risk log, and anticipated expenditures and results for the next 12-month funding period;
- *Mid-term progress review report* to be submitted halfway through the implementation of JP<sup>27</sup>; and
- *Final consolidated narrative report*, after the completion of the JP, to be provided no later than two (2) months after the operational closure of the activities of the JP.

The Convening/Lead Agent will compile the narrative reports of PUNOs and submit a consolidated report to the Joint SDG Fund Secretariat, through the Resident Coordinator.

The Resident Coordinator will be required to monitor the implementation of the JP, with the involvement of Joint SDG Fund Secretariat to which it must submit data and information when requested. As a minimum, JPs will prepare, and submit to the Joint SDG Fund Secretariat, 6-month monitoring updates. Additional insights (such as policy papers, value for money analysis, case studies, infographics, blogs) might need to be provided, per request of the Joint SDG Fund Secretariat. JP will allocate resources for monitoring and evaluation in the budget.

---

<sup>27</sup> This will be the basis for release of funding for the second year of implementation.

Data for all indicators of the results framework will be shared with the Fund Secretariat on a regular basis, in order to allow the Fund Secretariat to aggregate results at the global level and integrate findings into reporting on progress of the Joint SDG Fund.

PUNOs will be required to include information on complementary funding received from other sources (both UN cost sharing, and external sources of funding) for the activities supported by the Fund, including in kind contributions and/or South-South Cooperation initiatives, in the reporting done throughout the year.

PUNOs at Headquarters level shall provide the Administrative Agent with the following statements and reports prepared in accordance with its accounting and reporting procedures, consolidate the financial reports, as follows:

- Annual financial reports as of 31st December each year with respect to the funds disbursed to it from the Joint SDG Fund Account, to be provided no later than four months after the end of the applicable reporting period; and
- A final financial report, after the completion of the activities financed by the Joint SDG Fund and including the final year of the activities, to be provided no later than 30 April of the year following the operational closing of the project activities.

In addition, regular updates on financial delivery might need to be provided, per request of the Fund Secretariat.

After competition of a JPs, a final, *independent and gender-responsive*<sup>28</sup> evaluation will be organized by the Resident Coordinator. The cost needs to be budgeted, and in case there are no remaining funds at the end of the JP, it will be the responsibility of PUNOs to pay for the final, independent evaluation from their own resources.

The JP will be subjected to a joint final independent evaluation. It will be managed jointly by PUNOs as per established process for independent evaluations, including the use of a joint evaluation steering group and dedicated evaluation managers not involved in the implementation of the JP. The evaluations will follow the United Nations Evaluation Group's (UNEG) Norms and Standards for Evaluation in the UN System, using the guidance on Joint Evaluation and relevant UNDG guidance on evaluations. The management and implementation of the joint evaluation will have due regard to the evaluation policies of PUNOs to ensure the requirements of those policies are met and the evaluation is conducted with use of appropriate guidance from PUNOs on joint evaluation. The evaluation process will be participative and will involve all relevant programme's stakeholders and partners. Evaluation results will be disseminated amongst government, development partners, civil society, and other stakeholders. A joint management response will be produced upon completion of the evaluation process and made publicly available on the evaluation platforms or similar of PUNOs.

### **3.3 Accountability, financial management, and public disclosure**

The JP will be using a pass-through fund management modality where UNDP Multi-Partner Trust Fund Office will act as the Administrative Agent (AA) under which the funds will be

---

<sup>28</sup> [How to manage a gender responsive evaluation, Evaluation handbook](#), UN Women, 2015

channelled for the JP through the AA. Each Participating UN Organization receiving funds through the pass-through has signed a standard Memorandum of Understanding with the AA.

Each Participating UN Organization (PUNO) shall assume full programmatic and financial accountability for the funds disbursed to it by the Administrative Agent of the Joint SDG Fund (Multi-Partner Trust Fund Office). Such funds will be administered by each UN Agency, Fund, and Programme in accordance with its own regulations, rules, directives and procedures. Each PUNO shall establish a separate ledger account for the receipt and administration of the funds disbursed to it by the Administrative Agent.

Indirect costs of the Participating Organizations recovered through programme support costs will be 7%. All other costs incurred by each PUNO in carrying out the activities for which it is responsible under the Fund will be recovered as direct costs.

Funding by the Joint SDG Fund will be provided on annual basis, upon successful performance of the JP.

Procedures on financial transfers, extensions, financial and operational closure, and related administrative issues are stipulated in the Operational Guidance of the Joint SDG Fund.

PUNOs and partners must comply with Joint SDG Fund brand guidelines, which includes information on donor visibility requirements.

Each PUNO will take appropriate measures to publicize the Joint SDG Fund and give due credit to the other PUNOs. All related publicity material, official notices, reports and publications, provided to the press or Fund beneficiaries, will acknowledge the role of the host Government, donors, PUNOs, the Administrative Agent, and any other relevant entities. In particular, the Administrative Agent will include and ensure due recognition of the role of each Participating Organization and partners in all external communications related to the Joint SDG Fund.

### 3.4 Legal context

1. **Agency name:** The United Nations Development Programme (UNDP)  
**Agreement title:** Standard Basic Framework Agreement between the Government of People's Republic of Mongolia and The United Nations Development Programme  
**Agreement date:** 28 September 1976
2. **Agency name:** The United Nations Children's Fund (UNICEF)  
**Agreement title:** Basic Cooperation Agreement between The United Nations Children's Fund and the Government of Mongolia  
**Agreement date:** 08 February 1994

## D. ANNEXES

### Annex 1. List of related initiatives

Name of initiative/ project	Key expected results	Links to the joint programme	Lead organization	Other partners	Budget and funding source	Contract person (name and email)
Support to implementation of the Agenda 2030 in Mongolia (2018-2021)	Support to national mechanism of SDG coordination; Data availability; SDG localization initiatives;	The JP will build on initial work of SDG budgeting pilot in two environmental sub-sectors, being carried out under this project.	UNDP	MET, MoF	USD 700,000	Munkhtuul Batbaatar, Project coordinator, UNDP <a href="mailto:Munkhtuul.batbaatar@undp.org">Munkhtuul.batbaatar@undp.org</a>
Strengthening Fiscal and Financial Stability Project /2017-2022/	Strengthened Macroeconomic and Fiscal Management	These components contribute to enhanced macroeconomic stability, fiscal discipline - the fundamental parts of effective MTEF (multi-year budgeting). The JP will contribute to the PFM reform through supporting results-based multi-year budgeting aligned with sectoral strategies.	The World Bank	MoF	USD 12 million from the WB	Carolina Luisa Vaira Team Leader, The World bank <a href="mailto:cvaira@worldbank.org">cvaira@worldbank.org</a>
	Improved the Efficiency of Public Financial Management			MoF		
	Enhanced Financial Sector Stability			MoF, BoM, FRC, DBM		
Strengthening Governance for Inclusive and Sustainable Development in Mongolia/2018-2020/	Improved capacity of the MoF to effectively develop, coordinate and implement the PFM reforms as well as to effectively interlink PFM reforms with other ongoing reforms	Complement to the WB Strengthening Fiscal and Financial Stability Project.  The JP will contribute to the PFM reform through supporting results-based multi-year budgeting aligned with sectoral strategies.	Indirect management with the World Bank	Ministry of Finance	EUR 5 million from the EU	Badamchimeg Dondog Team Leader, The World bank <a href="mailto:bdondog@worldbank.org">bdondog@worldbank.org</a>
	Independent Fiscal Council established and operational			Fiscal Council in Mongolia		
	Improved budget transparency, participation and oversight to increase the citizens' access and understanding on the Budget			Ministry of Finance		
	Improved management of contingent liabilities			Ministry of Finance		
	Improved Public Investment Management			Ministry of Finance		
Technical assistance of Budget Support to Employment and Governance of revenues /2020-2024/	Result based budgeting in labour and employment sector.	The project will focus on employment sector, thereby, complementing all components of the JP.	UNDP	Ministry of Labour and Social Protection, Ministry of Food, Agriculture,	EUR 7 million from the EU	Nashida Sattar, UNDP Deputy Resident Representative <a href="mailto:Nashida.sattar@undp.org">Nashida.sattar@undp.org</a>
	National budget stands up for public oversight.		UNDP			
	Employment Promotion Programme is effectively implemented leading to		UNDP, FAO, UNIDO, ILO			

(pipeline, to be operationalized in May 2020)	more and better decent work including in the agriculture sector			Light Industry, Ministry of Finance, National Development Agency		
ADB SDG budgeting	Under negotiation	Complementary to all components of the JP	Ministry of Health	UNDP	Under negotiation	TBC
Integrated Support Programme for Women and Young People's Health	Life skills education and social entrepreneurship at soum level	Youth engagement at sub-national level; A modality of private/blended finance for social development and inclusion;	UNFPA	Umnugobi Governor's Office, Gobi-Oyu Development Support Fund, UNFPA, UNICEF, WHO and Australian Embassy	Gobi Oyu Development Support Fund: USD 1,754,000 UNFPA: USD 1,230,000 UNICEF: USD 320,000 WHO: USD 204,000 Australian Embassy- USD 500,000	Shinetugs Bayanbileg, bayanbileg@unfpa.org
National Sustainable Finance Roadmap	Development of a strategically aligned sustainable financial system	The roadmap proposes a set of reforms in the public and private financial sector in line with Mongolia's sustainable development targets.	UNEP IFC Mongolian Sustainable Finance Association	MET, MoF, Central Bank, Financial Regulatory Commission	UNEP IFC MSFA	Nomindari Enkhtur MSFA <a href="mailto:nomindari@toc.mn">nomindari@toc.mn</a>

## Annex 2. Results Framework

### 2.1. Targets for Joint SDG Fund Results Framework

**Joint SDG Fund Outcome 2:** Additional financing leveraged to accelerate SDG achievement

Indicators	Targets	
	2021	2022
2.1: Ratio of financing for integrated multi-sectoral solutions leveraged in terms of scope <sup>29</sup>	These calculations are postponed for this moment, to later stage	
2.2: Ratio of financing for integrated multi-sectoral solutions leveraged in terms of scale <sup>30</sup>	3.6	4.0

**Note:** Additional resources from the government budget, EU Technical assistance and other IFIs (mentioned projects in annex 1) will be leveraged to support the result-based budgeting and MTEF. By considering these financial resources, the ratio of financing for integrated multi-sectoral solutions leveraged in terms of scale is expected to reach 3.6 in 2021 and 4.0 in 2022.

**Joint SDG Fund Output 4:** Integrated financing strategies for accelerating SDG progress implemented

Indicators	Targets	
	2021	2022
4.1: #of integrated financing strategies that were tested (disaggregated by % successful / unsuccessful) - Percentage of successful integrated financing strategies through the test (Integrated National Financing Strategy)	0 NA	1 100%
4.2: #of integrated financing strategies that have been implemented with partners in lead <sup>31</sup> - Number of integrated financing strategies that have been implemented with government/public partners in lead (Integrated National Financing Strategy). - Number of integrated financing strategies that have been implemented with Private sector partners in lead (Thematic Investment Areas)	0 0 0	2 1 1
4.3: # of functioning partnership frameworks for integrated financing strategies to accelerate progress on SDGs made operational	1	1

### Joint SDG Fund Operational Performance Indicators

<sup>29</sup>Additional resources mobilized for other/ additional sector /s or through new sources/means.

<sup>30</sup>Additional resources mobilized for the same multi-sectoral solution.

<sup>31</sup> This will be disaggregated by (1) government/public partners (2) civil society partners and (3) private sector partners

- Level of coherence of UN in implementing programme country<sup>32</sup>
- Reduced transaction costs for the participating UN agencies in interaction with national/regional and local authorities and/or public entities compared to other joint programmes in the country in question
- Annual % of financial delivery
- Joint programme operationally closed within original end date
- Joint programme financially closed 18 months after their operational closure
- Joint programme facilitated engagement with diverse stakeholders (e.g. parliamentarians, civil society, IFIs, bilateral/multilateral actor, private sector)
- Joint programme included addressing inequalities (QCPR) and the principle of “Leaving No One Behind”
- Joint programme featured gender results at the outcome level
- Joint programme undertook or drew upon relevant human rights analysis, and have developed or implemented a strategy to address human rights issues
- Joint programme planned for and can demonstrate positive results/effects for youth
- Joint programme considered the needs of persons with disabilities
- Joint programme made use of risk analysis in programme planning
- Joint programme conducted do-no-harm / due diligence and were designed to take into consideration opportunities in the areas of the environment and climate change

---

<sup>32</sup> Annual survey will provide qualitative information towards this indicator.

## 2.2. Joint programme Results framework

Result / Indicators	Baseline	2021 Target	2022 Target	Means of Verification	Responsible partner
<b>INFF governance structure and monitoring and review for financing of Vision-2050/SDGs function effectively.</b>					
<b>Outcome 1 indicator 1:</b> Core institutional arrangements for oversight, coordination and scrutiny over the INFF	The NCSD was established, but no function for the INFF oversight; Parliamentary budget oversight is mainly compliance-based, gender issues are raised on an ad-hoc basis.	Institutional arrangements for oversight and coordination over the INFF are setup.	Annual monitoring report on INNF is produced	The Joint Programme Report	NDA, MoF
<b>Output 1.1: The high-level multi-stakeholder platform for Sustainable Development is established to oversee and coordinate the SDGs implementation and financing</b>					
<b>Output 1.1 indicator 1:</b> Mandate of the MSPSD defined; Number of stakeholders in MSPSD; Number of meetings held;	The current NCSD includes mainly government agencies;  No regular meetings;	The MSPSD composition includes UN agencies, IFIs, CSOs, private sector and development banks; its mandate broadened.	At least one meeting per quarter.	The Joint Programme Report	RC, NDA, MoF, UNDP
<b>Output 1.1 indicator 2:</b> The MSPSD has working procedures and action plan. (Rating 4-score scale: 4. Fully; 3. Partially; 2. Inadequately; 1. Not/Poorly implemented)	Score 2: There is no formal procedure for supporting the current NCSD;	Score 3: MSPSD functions and responsibilities are defined	Score 4: The MSPSD provides oversight to the INFF with approved working procedures and action plan.	The Joint Programme Report	RC, NDA, MoF, UNDP
<b>Output 1.2: National institutions (Parliament, audit, CSOs) have guidelines for INFF monitoring and review, and applied it in social sectors</b>					
<b>Output 1.2 indicator 1:</b> Number of Parliamentary public hearings on budget;	n/a	1	1	The Joint Programme Report	MoF, UNDP

				or www.parliament.mn	
<b>Output 1.2 indicator 2:</b> Number of performance audits conducted, using updated guidelines incorporating gender	NAO conducts performance audits, but does not explicitly assess the linkage of budgets with results achieved over the years	Performance audit guidelines is updated	1 performance audit is conducted for one of the SDG priority programmes (e.g. social sector)	National Audit Office report/ NAO website	NAO, UNDP
<b>Output 1.2 indicator 3:</b> Budget session of Mongolian Youth Forum strengthened	n/a	Youth participate in budgeting process through Budget session of Mongolian Youth forum	Youth participate in budgeting process through Budget session of Mongolian Youth forum	The Joint Programme Report	MoLSP, UNDP, UNFPA
<b>Output 1.2 indicator 4:</b> Child focused expenditure findings inform the budget preparation and monitoring guidelines for social sectors	n/a	Child focused expenditure review is conducted.	Findings and recommendations incorporated in budget preparation and monitoring guidelines (1-3 sectors)	MoF budget preparation guidelines; social sector draft budget proposals;	MoF, NDA, MoE, MoES, MoLSP, UNICEF, UNDP

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

<b>Outcome 2 indicator 1:</b> Amount/percentage of financing re-structured and mobilized for Vision-2050/SDGs.	Data from Development Finance Assessment		Increased shares of private finance compared to data in the DFA; More efficient public resource allocation (in particular, for social sectors)	INFF report National budget documents	MoF, NDA, UNDP, UNICEF
---	--	--	---	--	------------------------

**Output 2.1: The Gender Responsive INFF financing strategy is formulated based on previously conducted Development Finance Assessment.**

<b>Output 2.1 indicator 1:</b> The Gender responsive integrated financing	n/a	Multi-stakeholder working group is created;	The integrated national financial strategy is adopted, includes domestic	The Joint Programme Report or www.mn.undp.org	MoF, NDA, UNDP, UNICEF
--	-----	---	--	---	------------------------

strategy is adopted, through multi-stakeholder engagement		The strategy is drafted.	and international finance.		
<b>Output 2.2: Medium-term and result-based budgeting in social sectors is strengthened</b>					
<b>Output 2.2 indicator 1:</b> Guidelines for RBB developed, in collaboration with MoF and line ministries	n/a	Manual, handbook and templates for RBB/GRB on social sector developed	Guidelines and tools for evidence-based policy and decision making are available;  Child-focused, RBB manual, handbooks are available;  RBB/GRB guidelines is used in at least 2 sub-sectors of social sector line ministries.	The Joint Programme Report;  Budget documents	MoF, MoE, MoES, MoLSP, UNDP, UNICEF
<b>Output 2.2 indicator 2:</b> Trainings on result-based, multi-year budgeting and gender responsive budgeting	n/a	1 training on result-based, multi-year budgeting;  1 training on GRB	2 training on integrated and results-based planning approach;  1 training on RBB/GRB;  At least 3 RBB/GRB workshops, with all departments of social sector line ministries, agencies and local governances.	The Joint Programme Report or <a href="http://www.mn.undp.org">www.mn.undp.org</a>	MoF, MoES, MoLSP, UNDP, UNICEF
<b>Output 2.3: Sustainable development considerations are integrated into the strategic/business plans of the Development Bank of Mongolia</b>					
<b>Output 2.3 indicator 1:</b> Integration of sustainable development aspects in the	n/a		DB's business plan aligned with Vision-	The Joint Programme Report	DBM, UNDP

updated strategic/business plans of the Development Bank.			2050/SDGs is developed	or Development Bank website	
<b>Output 2.4: Private sector is mobilized to contribute to Vision-2050/SDGs financing</b>					
<b>Output 2.4 indicator 1:</b> National thematic investments, criteria and classifications are determined.	An overall classification framework "Green Taxonomy" was approved by the Mongolian Financial Stability Committee in 2019	Key private sector actors engaged in drafting and determination of thematic investments	The national thematic investments, their definitions, criteria and classifications are defined.	The Joint Programme Report or FRC website	MoF, BoM, FRC, UNDP, NGOs
<b>Output 2.4 indicator 2:</b> The policy dialogues with policy makers and private sector to leverage the private capital to these thematic investments.	Sustainable Finance Forum for only green projects		Workshop for supporting thematic investments	The Joint Programme Report or <a href="http://www.mn.undp.org">www.mn.undp.org</a>	MoF, BoM, FRC, UNDP, NGOs

### Annex 3. Gender marker matrix

Indicator		Score	Findings and Explanation	Evidence or Means of Verification
N°	Formulation			
1.1	Context analysis integrate gender analysis	2	<p>The policy and legal framework for ensuring gender equality is adequate, there still exists gender inequalities. The gap in life expectancy between men (65.9) and women (75.4) is 10 years which is twice the world average (4.6). Although, the education level of women is high, the labor force participation rate of women is lower (55.2 percent) than that of men (67.5 percent). The male-female salary gap is 11.4 percent. Gender-based violence remains a challenge for Mongolia's development. Thus, the policy and laws will be needed to be enforced by strengthening governance capacity and mainstreaming of gender issues in budget allocations.</p> <p>The Manual and tools for gender-responsive budget is being developed, but those are still in its early stages, so localising and applying these tools are also important. The context analysis also highlights the key gender-related SDG targets, to which the JP is to contribute, emphasizing the need for greater investment in gender equality and gender-responsive budgeting.</p>	Please see page 11
1.2	Gender equality mainstreamed in proposed outputs	2	<p><b>Output 1.1.</b> Composition of the MSPSD – the JP will promote the gender ratio legally required (40:60).  <b>Output 1.2.</b> Public hearing and performance audit guidelines will include gender related questions. Youth budget shall have gender disaggregated data and gender analysis. Gender parity shall be maintained in youth consultations. Child focused expenditure review will reflect impacts on boys and girls (urban/rural).  <b>Output 2.1.</b> The gender responsive integrated financing strategy will include an analysis on impact of different streams of financing on gender equality and actions for mitigation.</p>	Joint Programme Results Framework

			<p><b>Output 2.2.</b> Results-based budgeting (RBB) in social sector will go hand in hand with gender responsive budgeting, with gender integrated in all stages of budget preparation and presentation.</p> <p><b>Output 2.3.</b> The JP will promote inclusion of gender aspects in updated strategic/business plans of the Development Bank.</p> <p><b>Output 2.4.</b> Mainstreaming gender in private sector engagement will draw on the UNDP pipeline project on business and human rights and will partner with ILO. Gender specific components of ongoing projects, including civil service reforms and performance management, empowerment of local elected women (sub-national budget decision-making) (UNDP), and social protection (UNICEF) will be leveraged for stronger advocacy for gender equality.</p>	
1.3	Programme output indicators measure changes on gender equality	<b>2</b>	<p>The following output indicators will specifically measure changes on gender equality:</p> <p><b>Output 1.2</b> indicator 4: Technical expertise and training on gender- and child-focused expenditure review.</p> <p><b>Output 2.2</b> indicator 2: Training on gender budgeting.</p>	Joint Programme Results Framework
2.1	PUNO collaborate and engage with Government on gender equality and the empowerment of women	<b>2</b>	PUNOs will collaborate with the National Committee on Gender Equality in the INFF oversight, providing gender checklists. Parliamentary women’s caucus, National Human Rights Commission will also be engaged in budgetary public hearings.	Joint Programme Results Framework
2.2	PUNO collaborate and engages with women’s/gender equality CSOs	<b>3</b>	Drawing on their long-standing collaboration with women’s/gender equality CSOs, all PUNOs will advocate for gender mainstreaming in SDG financing, including through CSO monitoring of performance-based budgeting and raising their voices on gender issues through the High-Level Multi-Stakeholder Forum for Sustainable Development.	Please see Annex 2.2 and page 30
3.1	Program proposes a gender-responsive budget	<b>2</b>	The Joint Programme proposes to integrate a gender-responsive budget into public finance reform, with specific focus on social sectors.	
<b>Total scoring</b>		<b>2.2</b>		

## Annex 4. Budget and Work Plan

### 4.1 Budget per UNSDG categories

UNDG BUDGET CATEGORIES	UNDP		UNICEF		TOTAL	
	Joint SDG Fund (USD)	PUNO Contribution (USD)	Joint SDG Fund (USD)	PUNO Contribution (USD)	Joint SDG Fund (USD)	PUNO Contribution (USD)
1. Staff and other personnel	56,800	60,000	22,720	20,000	79,520	80,000
2. Supplies, Commodities, Materials	0		0			
3. Equipment, Vehicles, and Furniture (including Depreciation)	0		0			
4. Contractual services	508,800		165,000			
5. Travel	0		0			
6. Transfers and Grants to Counterparts	0		0			
7. General Operating and other Direct Costs	23,200		5,680			
<b>Total Direct Costs</b>	<b>588,800</b>		<b>193,400</b>			
8. Indirect Support Costs (Max. 7%)	41,216	13,538	54,754			
<b>TOTAL Costs</b>	<b>630,016</b>	<b>60,000</b>	<b>206,938</b>	<b>20,000</b>	<b>836,954</b>	<b>80,000</b>
<b>1st year</b>	<b>315,008</b>	30,000	<b>103,469</b>	10,000	<b>418,477</b>	<b>40,000</b>
<b>2nd year</b>	<b>315,008</b>	30,000	<b>103,469</b>	10,000	<b>418,477</b>	<b>40,000</b>

The UNJP's budget is prepared in accordance with the relevant policy and financial rules and regulations of each PUNO. Its design is aimed at value for money and keeping the transaction costs at the lowest minimum. The UNDP as a lead agency for this UNJP will have around 70 percent of the total programme budget and will coordinate the work under the guidance of the UNRC, as well as lead the reporting and evaluation of the UNJP.

The total programme costs USD 916,954 of which USD 836,954 will be from the UNSDGF and the remaining from PUNOs. Within the allocation from UNSDGF, 73 percent is allocated for delivery of outputs to the governments.

USD 42,000 (5% percent of UNSDGF) is allocated for monitoring, evaluation, reporting and communication, which include contractual services. Also, USD 25,200 (3% percent of UNSDGF) is budgeted for final independent and gender-responsive evaluation.

## 2 Budget per SDG targets

SDG TARGETS		%	USD
1.a	Significant resources mobilization for programmes and policies to end poverty in all its dimensions	26%	238,057
4.2	All girls and boys have access to quality early childhood development, care and pre-primary education	10%	89,724
5.c	Policies and Legislation for gender equality and the empowerment of all women and girls at all levels.	8%	76,391
17.15	Respect each country's policy space and leadership to establish and implement policies for poverty eradication and sustainable development.	24%	216,391
17.16	Enhance multi-stakeholder partnerships that mobilize and share knowledge, expertise, technology and financial resources	32%	296,391
TOTAL		100%	916,954

The proposed budget will directly contribute to progress towards achieving SDG Targets 1.a, 4.2, 5.c, 17.15 and 17.16. 32 percent of the total programme budget is indented to outputs in support of SDG Target 17.16; and, 26 percent and 24 percent respectively for SDG targets 1.a and 17.15. It is that the UNJP contribute to other SDG targets. Such contribution is indirect; therefore, it is not hereby captured.

The estimation of the budget per SDGs targets is made based on the following assumptions:

- Output 1.1 and output 2.1 will contribute to SDG target 17.15 as the outputs are to strengthen the INFF institutional capacity and to develop integrated financing strategy.
- Output 1.2 will contribute to SDG target 17.16 by improving performance audit, monitoring and review system.
- Output 2.2, 2.3, and 2.4 will accelerate progress on SGD target 1.a and 4.2, by mobilising public and private financial resources to SDGs.
- Output 2.2 is primarily linked with SDG target 5.c.



- The output 3.1 (the support for the Programme Implementation and Monitoring cost) will equally contribute to these selected SDGs.

### 4.3 Work plan

Outcome 1			INFF governance structure and monitoring and review for financing of Vision2050/ SDGs effectively.																
Output	Annual target/s		List of activities	Time frame								PLANNED BUDGET				PUNO/s involved	Implementing partner/s involved		
	2021	2022		Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Overall budget description	Joint SDG Fund (USD)	PUNO Contributions (USD)	Total Cost (USD)				
<b>Output 1.1:</b> The high-level multi-stakeholder platform for Sustainable Development is established to oversee and coordinate the SDGs implementation and financing	The MSPSD composition includes UN agencies, IFIs, CSOs, private sector and development banks; its mandate broadened.	The MSPSD oversees the implementation of the INFF	Agree on membership of high-level multi-stakeholder platform; Have the workplan approved; Convene meeting on bi-annual basis;		x	x								Workshops and meetings; Advocacy materials and activities.	20,000		20,000	UNDP	NDA, MoF
<b>Output 1.2:</b> National Institutions (Parliament, audit, CSOs) have guidelines for INFF monitoring and review, and applied it in social sectors.	Workshops organized on Parliamentary oversight on results-based budgeting and SDG financing;	Parliamentary public hearing on results-based budgeting is held, focusing on social sectors	Prepare analytic papers synthesizing results of Output 2.2; Training and support on policy oversight; Workshop and public hearing materials;				x	x	x					Workshops; National consultants.	30,000	20,000	50,000	UNDP	MoF, NDA
		Results-based, performance audit is conducted for 1 of SDG priority programmes (e.g. social sector)	Update the NAO performance audit guidelines to reflect SDGs and results-based budgeting; Conduct one pilot performance audit, incorporating cross-sectoral, national-sub-national perspectives;					x	x	x				National consultants; Training/Workshops; Field trips.	20,000	20,000	40,000	UNDP	MNAO
	Inclusion of a Youth Budget session in annual Youth Forum agenda	Inclusion of a Youth Budget session in annual Youth Forum agenda	Preparation of youth related budget information for the past, current and future years; Consultations with youth (women men, urban/local) in preparation for Youth Forum;		x	x	x	x						National consultants; Consultations with youth; Youth Forum.	60,000	0	60,000	UNDP	MoLSP, UNFPA
	Child-focused expenditure review is conducted	Findings and recommendations incorporated in budget preparation and monitoring guidelines (1-3 sectors)	Conduct child-Focused expenditure review in social sectors		x	x					x			Technical assistance and consultancy services; Training and workshops	120,000	10,000	130,000	UNICEF	MoF, Gov Social Agencies, CSOs

Outcome 2			INFF produced financing strategy leverages resources for Vision2050/ SDGs from public and private sources.																
Output	Annual target/s		List of activities	Time frame								PLANNED BUDGET				PUNO/s involved	Implementing partner/s involved		
	2021	2022		Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Overall budget description	Joint SDG Fund (USD)	PUNO Contributions (USD)	Total Cost (USD)				
<b>Output 2.1:</b> The Gender Responsive INFF financing strategy is formulated based on previously conducted Development Finance Assessment.	Development of INFF roadmap and strategy, incl. national SDGs prioritization and costing exercises		Set-up a working group for INFF; Conduct scoping exercise; Research into international good practices; Conduct SDG prioritization and costing; Draft an INFF roadmap; Draft a financing strategy;		x	x	x	x						National and international consultants; International consultant; Workshops and training;	40,000		40,000	UNDP	MoF, NDA
	INFF is adopted, incl. domestic and international, public and private finance		Consultations and validations; Advocacy work for adoption of the strategy;				x	x						Training/workshops; Advocacy activities	100,000	0	100,000	UNDP	MoF, NDA
<b>Output 2.2:</b> Medium-term and result-based budgeting in social sectors is strengthened	Manual, handbook and templates drafted for RBB on social sector	Child-focused, RBB manual, handbooks are available. RBB/GRB guidelines is used in at least 2 sub-sectors of social sector line	Manual, handbook and templates for RBB in social sector; Technical level consultations with line ministries and sub-national authorities;	x	x	x	x	x	x	x	x	x	National and international consultants; Training/workshops; Guidance manuals, handbooks, templates; Monitoring field trips.	50,000	10,000	60,000	UNDP, UNICEF	Gov Social Agencies	
	2 trainings on result-based, multi-year budgeting	At least 6 RBB/GRB workshops, with all departments of social sector line ministries, agencies and local governances.	Trainings and workshops on result-based, multi-year budgeting;		x	x	x	x	x	x	x	x	Training/ workshops for social sector ministries, agencies and local public servants.	40,000	10,000	50,000	UNDP, UNICEF	Gov Social Agencies	
	1 Training on gender responsive budgeting (GRB)	1 Training on RBB/GRB	Trainings on GRB; Customize GRB concepts to national budget preparation cycles and budget calendar;		x	x	x	x	x	x	x	x	Training	20,000	10,000	30,000	UNDP	MoF	
<b>Output 2.3:</b> Sustainable development considerations are integrated into the strategic/business plans of the Development Bank of Mongolia	The Development Bank (DB) is informed of SDG financing, and engages in development and implementation of INFF	The DB integrates SDG concepts into strategic/business plans and their implementations.	Research into other international experience of integrating SDGs into development bank portfolios; Consult with key industry players; Support for integrating SDGs into strategic/business plans of the DBM;		x	x							National consultants; Consultation workshops.	15,000		15,000	UNDP	DBM	
<b>Output 2.4:</b> Private sector is mobilized to contribute to Vision2050/ SDGs/SDG financing	Key private sector actors engaged in drafting and determination of thematic investments	National thematic investments, criteria and classifications are determined	Conduct stakeholder engagement workshops; Draft national thematic investments, criteria and classifications to facilitate impact investment		x	x	x	x	x	x	x	x	National consultants; Stakeholder workshops; Advocacy materials and activities.	100,000	0	100,000	UNDP	MoF, BoM, FRC, CSOs	
		Policy recommendations developed	Develop policy recommendations through participatory process		x	x	x	x	x	x	x	x							
		The policy dialogues with policy makers and private sector	Consultations with relevant stakeholders																

Joint programme management	List of activities	Time frame								PLANNED BUDGET				PUNO/s involved	Implementing partner/s involved
		Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Overall budget description	Joint SDG Fund (USD)	PUNO Contributions (USD)	Total Cost (USD)		
Output 3.1: Programme implementation support and monitoring and reporting	Programme coordination	x	x	x	x	x	x	x	x	Steering committee, staff and other direct costs (12%)	100,000		100,000	UNRC, UNDP, UNICEF	
	Monitoring & evaluation, communication	x	x	x	x	x	x	x	x	Annual, mid-term, and final report, dissemination and visibility costs (5%)	42,000		42,000	UNRC, UNDP	
	Final evaluation								x	Final independent and gender-responsive evaluation (3%)	25,200		25,200	UNRC, UNDP	
<b>Total Direct Cost</b>											<b>782,200</b>	<b>80,000</b>	<b>862,200</b>		
<b>Programme Support Cost (7%)</b>											<b>54,754</b>		<b>54,754</b>		
<b>Total Cost</b>											<b>836,954</b>	<b>80,000</b>	<b>916,954</b>		

## Annex 5. Risk Management Plan

### **Risk**

The expected outcomes of the UN JP hinge on PUNOs working closely together as one as well as the active partnership of the JP, UN system with national and local stakeholders, development partners and IFIs at large. Mongolia is a small country with a small administrative work force. Government officials are small in number, carry a heavy workload and often find themselves with competing priorities. The government is implementing a good number of projects on Public Financial Management, National Planning and Sectoral master plans. The JP pales in comparison to other ongoing public financial reforms and financial sector development. Furthermore, as a small nation, remote and isolated, there is only a small pool of experts to service the JP, when needed.

On contextual side, there are significant changes happening in government institutions after the June 2020 elections. To mitigate this risk, the JP implementation timeline will match to start its actual realization after the elections are completed and the new government is formed. In addition, establishment of the high-level governance and coordination mechanism for the SDG implementation and financing, including the UN Resident Coordinator, Parliament, Prime Minister's Office and IFIs will ensure consistency on the supply side and potentially on the demand side. In addition, the JP envisages active engagement and capacity building activities for the mid-level government officials to ensure the national ownership.

COVID-19 crisis has negative economic and financial implications which is significantly reducing the fiscal space and capacity of the Ministry of Finance to mobilize domestic public resources for the SDGs implementation. The strong governance and coordination mechanism under the multi-stakeholder platform will ensure active participation of the IFIs, UN development system and development banks for mobilization of technical and financial means for the SDGs implementation. There is no definite end to the crisis, and it has become clear that the INFF needs to be operationalized during the pandemic and the financing strategies for delivering national policies, such as health sector strategy, education sector strategy and the development program for SMEs and light industries need to be developed taking into account of the pandemic. Therefore, the formulation of the integrated national financing strategy requires considerations related to the current pandemic and the responses of recovery at all stages of its development, from the scoping phase to roadmap development, in-depth assessments and diagnostics and the strategy development. Not only should they reflect the mitigation of current challenges, but also need to be focused on establishing more adaptive and robust approaches to managing future similar risks and shocks.

One of the key institutional risks that the JP may face is insufficient absorptive and technical capacity among the national partners, which will be mitigated by heavy investment in the capacity building activities, and advocacy, as well as improved coordination across the different sectors. On programmatic side, limited access to data and research will be overcome by engagement of the CSOs and other stakeholders in data and information collection. In absence of the national data, the JP will rely on data available in the international databases and PUNOs.

Despite the high national ownership of the 2030 Agenda and achievement of the SDGs, there might be a lack of understanding of the key principles of the integrated national financing framework among the national counterparts. In addition, poor coordination and policy coherence may hinder the integrated approach to SDG financing, and alignment between the national budgeting and planning processes including at the sectoral level. To mitigate this risk, the JP envisages Multi-Stakeholder Platform for Sustainable Development by including the Government, the UN development system, IFIs and development partners. This will

ensure not only policy coordination, but also support provided by the international organizations in achieving the SDGs. The UN Resident Coordinator will play a critical role in ensuring political leadership and high-level dialogue with the Government of Mongolia on implementation of the integrated national financing framework. RC will also ensure effective coordination among the PUNOs, between the PUNOs and UN Country Team at large, and between PUNOs/UNCT and government and development partners at large. The sustainability results are achievable if these stakeholders are involved in the JP from the initial design, to implementation, to monitoring and evaluation.

Risks	Risk Level:	Likelihood:	Impact:	Mitigating measures	Responsible Org./Person
<b>Contextual risks</b>					
Significant changes in leadership and amongst the direct counterparts in partner ministries after the elections in June 2020.	High (9)	3	3	Establishment of the high-level governance and coordination mechanism for the SDG implementation and financing. JP implementation starts after the elections. Strengthening work with technical government agencies. Development of advocacy activities with governments to develop INFF and adopt MTEF.	RC
COVID-19 crisis has negative economic and financial implications that lower the fiscal space and reduce the capacity of the Ministry of Finance to mobilize public resources for SDGs.	High (12)	3	4	All stages of INFF development, including the scoping, roadmap development, in-depth assessments and diagnostics, strategy formulation and the monitoring need to consider the impacts of pandemic and relevant strategies to recover from the pandemic and accelerate the progress towards SDGs upon recovery. The programme team will keep close coordination with the donors in consultation with the MOF to increase budget support to strengthen public finance system. The JP will benefit from the RC's convening power to engage relevant stakeholders to	RC, UNDP

				mobilize resources for the SDGs.	
<b>Programmatic risks</b>					
Insufficient absorptive and technical capacity of national partners, leading to delayed completion of analytical works and timely delivery of the programme outputs	High (9)	3	3	Close coordination and joint work planning and delivery with the programmes of IFIs and other development partners.	UNRC and PUNOs
Limited access to data, research and surveying in the targeted areas	Moderate (6)	2	3	The programme has taken into consideration this risk and allocated resources for primary data collection for research components.	PUNOs
<b>Institutional risks</b>					
Slow progress in reforms and delivery of outputs due to capacity issues within the government	Low (4)	2	2	The Programme allocates significant resources for capacity development activities, thus this risk will be mitigated by active training sessions.	PUNOs
<b>Fiduciary risks</b>					
Lack of understanding among the players on INFF and coordination across the budgeting, planning and sectoral ministries	High (9)	3	3	The JP envisages the Multi-Stakeholder Platform for Sustainable Development by ensuring participation of the Government, UN development system, IFIs and development partners. This will ensure not only policy coordination, but also support provided by the international organizations in achieving the SDGs.	UNRC, UNDP