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# Inclusive sustainable growth

**Country Programme Action Plan 2012-2016 Government  
of Mongolia, and the United Nations  
Development Programme**

January 2012  
Ulaanbaatar

## Signatories

*IN WITNESS THEREOF the undersigned, being duly authorized, have signed this Country Programme Action Plan on this day \_\_\_ January 2012 in Ulaanbaatar Mongolia.*

**For the Government of Mongolia**



**HE Mr Gombojav Zandanshatar**

**Minister of Foreign Affairs and Trade**

**For UNDP Mongolia**



**Ms Sezin Sinanoglu**

**Resident Representative, UNDP**

## **Introduction**

The Government of Mongolia and the United Nations Development Programme have developed the UNDP Country Programme Action Plan (CPAP) for 2012-2016 on the basis of long standing cooperation between the Government and UNDP in effectively supporting Mongolia's development.

The CPAP is derived directly from the United Nations Development Assistance Framework (UNDAF) and the UNDP Executive Board approved Country Programme Document (CPD). The UNDAF, CPD and CPAP have all been developed in a participatory manner and are based on analysis and evaluations of the development situation as well as past experiences.

While the UNDAF outlines the strategic direction and results expected from cooperation between the Government of Mongolia and the UN, and the CPD highlights the UNDP specific contributions in this regard, the CPAP focuses on the arrangements in which the UNDP programme will be implemented and specifies the expected results in more detail. Following the CPAP, project documents and annual work plans will be developed with implementing partners. The Government of Mongolia and UNDP are looking forward to a continued partnership and cooperation in supporting Mongolia's development for the coming 5 years and beyond.

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## List of Acronyms

<b>ADB</b>	Asian Development Bank	<b>HACT</b>	Harmonized Approach to Cash Transfer
<b>ADR</b>	Assessment of Development Results	<b>HDI</b>	Human Development Index
<b>ACF</b>	Action Contra le Faim Mongolia	<b>HDF</b>	Human Development Fund
<b>AF</b>	Climate Change Adaptation Fund	<b>HDR</b>	Human Development Report
<b>ASEAN</b>	Association of Southeast Asian Nations	<b>HIV/AIDS</b>	Human immunodeficiency virus/ Acquired immune deficiency syndrome
<b>AusAid</b>	Australian Government Overseas Aid Program	<b>IAAC</b>	Independent Authority against Corruption
<b>AWP</b>	Annual Work Plan	<b>IDEA</b>	International Institute for Democracy and Electoral Assistance
<b>BCNS</b>	Building Codes, Norms and Standards	<b>IFAD</b>	International Fund for Agricultural Development
<b>CAREC</b>	Central Asia Regional Economic Cooperation	<b>IGO</b>	Inter-Governmental Organization
<b>CBD</b>	Convention on Biodiversity	<b>ILO</b>	International Labour Organization
<b>CBO</b>	Community-based Organization	<b>KfW</b>	Kreditanstalt für Wiederaufbau (German development bank)
<b>CCA</b>	Common Country Assessment	<b>LLDCs</b>	Land-locked Developing Countries
<b>CCCA</b>	Climate Change Coordination Authority	<b>M&amp;E</b>	Monitoring and evaluation
<b>CDM</b>	Clean Development Mechanism	<b>MAF</b>	MDG Acceleration Framework
<b>CEDAW</b>	Convention on the Elimination of All Forms of Discrimination against Women	<b>MALA</b>	Mongolian Association of Local Authorities
<b>CNDS</b>	Comprehensive National Development Strategy	<b>MAS</b>	Mongolian Academy of Sciences
<b>CPAP</b>	Country Programme Action Plan	<b>MCA</b>	Millennium Challenge Account
<b>CSO</b>	Civil Society Organization	<b>MDGs</b>	Millennium Development Goals
<b>DaO</b>	Delivering as One	<b>MDGR</b>	National Millennium Development Goals Report
<b>DIM</b>	Direct Implementation by UNDP	<b>MECS</b>	Ministry of Education, Culture and Science
<b>DPM</b>	Deputy Prime Minister's office	<b>MOF</b>	Ministry of Finance
<b>EB</b>	UNDP Executive Board	<b>MOFALI</b>	Ministry of Food, Agriculture and Light Industry
<b>FACE</b>	Fund Authorization and Certificate of Expenditures report	<b>MOFAT</b>	Ministry of Foreign Affairs and Trade
<b>FAO</b>	Food and Agricultural Organization	<b>MMRE</b>	Ministry of Mineral Resources and Energy
<b>FDI</b>	Foreign direct investment	<b>MNCCI</b>	Mongolian National Chamber of Commerce and Industry
<b>GASR</b>	General Agency for State Registration	<b>MNET</b>	Ministry of Nature, Environment and Tourism
<b>GDP</b>	Gross Domestic Product	<b>MNT</b>	Mongolian Tugrik
<b>GEC</b>	General Election Commission	<b>MOJHA</b>	Ministry of Justice and Home Affairs
<b>GEF</b>	Global Environment Facility	<b>MOH</b>	Ministry of Health
<b>GHG</b>	Greenhouse Gas		
<b>GIZ</b>	Deutsche Gesellschaft für Internationale Zusammenarbeit		
<b>GMS</b>	General Management Support		
<b>GOM</b>	Government of Mongolia		
<b>GTI</b>	Greater Tumen Initiative		
<b>HABITAT</b>	United Nations Human Settlements Programme		

<b>MRTCUD</b>	Ministry of Road, Transportation, Construction and Urban Development	<b>UNHCR</b>	United Nations High Commissioner for Refugees
<b>MSWL</b>	Ministry of Social Welfare and Labour	<b>UNICEF</b>	United Nations Children's Fund
<b>NAMA</b>	National Appropriate Mitigation Actions	<b>UNIDO</b>	United Nations Industrial Development Organization
<b>NCGE</b>	National Committee on Gender Equality	<b>UNODC</b>	United Nations Office on Drugs and Crime
<b>NDIC</b>	National Development and Innovation Committee	<b>UN REDD</b>	United Nations Collaborative initiative on REDD (see above)
<b>NDS</b>	National Development Strategy	<b>UNTFHS</b>	United Nations Trust Fund on Human Security
<b>NEMA</b>	National Emergency Management Agency	<b>UNV</b>	United Nations Volunteers
<b>NGO</b>	Non-Governmental Organization	<b>UPR</b>	Universal Periodic Review
<b>NHDR</b>	National Human Development Report	<b>VSO</b>	Voluntary Services Overseas
<b>NHRCM</b>	National Human Rights Commission of Mongolia	<b>WB</b>	World Bank
<b>NIM</b>	National Implementation by the Government	<b>WCS</b>	Wildlife Conservation Society
<b>NSO</b>	National Statistical Office of Mongolia	<b>WHO</b>	World Health Organization
<b>ODA</b>	Official Development Assistance	<b>WTO</b>	World Trade Organization
<b>OHCHR</b>	Office of the High Commissioner for Human Rights		
<b>REDD+</b>	Reducing Emissions from Deforestation and Forest Degradation		
<b>SAI</b>	State Audit Institution		
<b>SBAA</b>	Standard Basic Assistance Agreement		
<b>SDC</b>	Swiss Agency for Development and Cooperation		
<b>TNC</b>	The Nature Conservancy		
<b>UN</b>	United Nation		
<b>UNCAC</b>	United Nations Convention Against Corruption		
<b>UNCT</b>	United Nations Country Team		
<b>UNDAF</b>	United Nation Development Assistance Framework		
<b>UNDP</b>	United Nation Development Programme		
<b>UNEP</b>	United Nations Environment Programme		
<b>UNESCO</b>	United Nations Educational, Scientific and Cultural Organization		
<b>UNFPA</b>	United Nations Population Fund		
<b>UNDG</b>	United Nations Development Group		

## **Framework**

The Government of Mongolia and the United Nations Development Programme are in mutual agreement to the content of this document and their responsibilities in the implementation of the country programme.

Furthering their mutual agreement and cooperation for the realization of the Millennium Development Goals and the United Nations Conventions and Summits to which the Government and UNDP are committed.

Building upon the experience gained and progress made during the implementation of the previous Country Programme 2007 to 2011,

Entering into a new into a new period of cooperation for 2012 to 2016,

Declare that these responsibilities will be fulfilled in a spirit of close cooperation and have agreed as follows:

## **Part I. Basis of Relationship**

1.1 Whereas the Government of Mongolia (hereinafter referred to as “the Government”) and the United Nations Development Programme (hereinafter referred to as UNDP) have entered into a basic agreement to govern UNDP’s assistance to the country (Standard Basic Assistance Agreement, SBAA), which was signed by both parties on 28 September 1976. Based on Article I, paragraph 2 of the SBAA, attached to and forming part of this CPAP, UNDP’s assistance to the Government shall be made available to the Government and shall be furnished and received in accordance with the relevant and applicable resolutions and decisions of the competent UNDP organs, and subject to the availability of the necessary funds to the UNDP. In particular, decision 2005/1 of 28 January 2005 of UNDP’s Executive Board approved the new Financial Regulations and Rules and along with them the new definitions of ‘execution’ and ‘implementation’ enabling UNDP to fully implement the new Common Country Programming Procedures resulting from the UNDG simplification and harmonization initiative. In light of this decision this CPAP together with an AWP (which shall form part of this CPAP, and is incorporated herein by reference) concluded hereunder constitute together a project document as referred to in the SBAA. All references in the SBAA to “Executing Agency” shall be deemed to refer to “Implementing Partner”, as such term is defined and used in the CPAP and AWPs.

## Part II. Situation Analysis

- 2.1** Mongolia, with a land area of about 1.6 million sq. km. and a population of about 2.7 million is the world's most sparsely populated country. Landlocked between Russia and China, Mongolia has shown steady growth in the recent past. Economic growth averaged nearly 9 percent per year in 2004-08 largely because of high copper prices and new gold production. GDP per capita increased from USD1,300 in 2006 to USD2,264 by the end of 2010.<sup>1</sup> The economy, driven largely by mineral exports, is estimated to have grown at 15 percent in 2011.<sup>2</sup> With the expected launch of new large-scale mining projects, GDP is likely to double by 2015.
- 2.2** The dependence of Mongolia's economy on mining revenues exposes the country to commodity price volatility. This was particularly evident when the effects of the 2008 global financial crisis hit Mongolia. Falling copper prices and demand caused a dramatic reversal in the country's economic outlook and the economy went from a GDP growth rate of 8.9 percent in 2008 to negative growth rate of -1.3 percent in 2009. Further, in 2008 the inflation rate reached nearly 30 percent on a year-to-year basis. Falling commodity prices helped lower inflation, but it also reduced government revenues and forced cuts in spending. By end-2011, the effects of the government food subsidy have worn off, and food inflation has begun to accelerate once again. Inflation is also stoked by increased government spending. Current cash transfers and wages and salaries contributed 55 percent to the increase in total expenditures in 2011.<sup>3</sup>
- 2.3** Economically, Mongolia faces challenges similar to the other extractive-industry economies. This includes threat of a "resource curse" through windfall gains. Dutch disease, pro-cyclical fiscal policies leading to boom-and-bust economies, increased inequalities with risks of instability and conflict. These issues were discussed at the international conference on Extractive Industries and Human Development organized by UNDP in Ulaanbaatar in October 2011.
- 2.4** The real unemployment rate in 2010 was 9.9 percent which had declined from 11.6 percent in 2009. Processing and manufacturing capacity are limited and exports are dominated by raw materials (gold, copper and cashmere). Mineral commodities account to about 80 percent of the country's exports and mining provides around 40 percent of total government revenues. Wholesale and retail trade has expanded rapidly but the share of the manufacturing sector has declined to a mere 4 percent of GDP.

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<sup>1</sup> National Statistical Office, Mongolian Statistical Yearbooks, various years

<sup>2</sup> World Bank, Mongolia Quarterly Economic Update, October 2011

<sup>3</sup> World Bank, Mongolia Quarterly Economic Update, August 2011

- 2.5** Mongolia's economy continues to be heavily influenced by its neighbors. Mongolia purchases 95 percent of its petroleum products and a substantial amount of electric power from Russia, leaving it vulnerable to price increases. Trade with China represents more than half of Mongolia's total external trade - China receives more than three-fourths of Mongolia's exports.
- 2.6** International agencies and the Landlocked Developing Country (LLDC) governments have identified the need for increased research and policy work on trade issues in LLDCs and there are plans to establish an LLDC Think Tank in Ulaanbaatar. Mongolia is a very active member in regional and international development cooperation including CAREC and GTI and participates in global development forums and discussions.
- 2.7** Mongolia's human development index (HDI) has increased appreciably since 1995. It is classified as a medium-human development country with an HDI of 0.653 and a rank of 110 out of 187 countries in 2011.<sup>4</sup> Of all the countries ranked above it, Mongolia's HDI has increased at the fastest pace (1.49 percent per annum) between 2000 and 2010. However, the inequality-adjusted HDI, calculated since 2010, shows a loss of 14 percent in the HDI as a result of inequality.
- 2.8** The Millennium Development Goals (MDGs) are strongly embedded at the policy level, adopted by the Parliament as development benchmarks in 2005 and then as the framework for the MDG-Based Comprehensive National Development Strategy (NDS) of 2008-2021. Mongolia is one of the few countries to have a ninth MDG to emphasize democratic governance and human rights as necessary conditions for the achievement of all the MDGs. The third national MDG progress report (2009) indicates that six of the nine MDGs are likely to be achieved by 2015. Mongolia lags behind in poverty reduction, gender equality and access to water and sanitation.
- 2.9** Mongolia is unlikely to achieve the key target of halving poverty by 2015. The poverty rate has persisted at around 33-36 percent since the mid-1990s and has more recently, according to the official National Statistics data, increased from 36.1 percent to 39.2 percent from 2003 to 2010 in spite of the high level of economic growth during these years. This is partly due to the narrow base of the economy, with growth led by the capital intensive mining sector, which accounts for 34 percent of the GDP but with only a 7 percent share of the total employment. Trade is hampered by poor transport infrastructure and landlockedness. Further strategic planning for poverty reduction and targeting of social protection programmes is needed.

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<sup>4</sup> UNDP Human Development Report 2011

- 2.10** Poverty reduction efforts are further hampered by the repeated, deep, or persistent exogenous shocks faced by poor communities and households through economy-wide fluctuations and natural disasters in the form of the droughts and ‘dzuds’. Economic crises and natural disasters can cause deep and sudden collapses in national output and sharp increases in poverty. There is greater understanding that the risks that poor people face as a result of their circumstances are the cause of their vulnerability. But the deeper cause is the inability to develop mechanisms to reduce or mitigate risk or cope with shocks.
- 2.11** Although women are active in most areas of the economy and society, significant gender-based disparities persist in terms of poverty, vulnerability, economic opportunities, and political decision making. Mongolia had a major setback in women’s representation in Parliament, when the number of female MPs dropped from 5 to 3 after the 2008 parliamentary election. A gender equality law was approved in Feb 2011 setting gender quota for civil service management positions at central and local levels. 15.2 percent of aimag/city hural (local council) representatives, 33.5 percent of soum/district hural representatives are women. Approximately, 22 percent of all political positions are held by women (2010). Still, the MDG target to reach 30 percent of parliamentary seats held by women is unlikely to be met by 2015, unless very strong policy measures are undertaken. Barriers to women’s political participation include high campaign costs, gender stereotyping and the political environment.
- 2.12** The lack of adequate water and sanitation provision in rural and peri-urban areas poses serious and direct threats to the human health and security. Nationally only 45 percent of the population has access to safe water and 28 percent to adequate sanitation (which is behind the target aiming to achieve 60 percent level of access to safe drinking water and 40 percent of improved sanitation, respectively, by 2015). Poor hygienic conditions in rural school dormitories and kindergarten often cause outbreak of infectious diseases<sup>5</sup> due to lack of proper sanitation facilities. National health statistics data (2010) shows that gastrointestinal infectious diseases (such as viral hepatitis A, typhoid fever, dysentery and infectious diarrhea etc.) caused by poor hygienic conditions account for 54.5 percent of the total cases of infectious diseases registered across the country (WHO, 2010). Urban and rural coverage of each differ by 24 percent and 12 percent, respectively. Although the Government aims at increasing the service coverage through a large-scale housing programme, under the “New Development” Programme 2010-2016, urgent short-term measures are needed for reducing disparities.

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<sup>5</sup> In 2010, the prevalence of newly registered hepatitis per 10 000 population was very high Govi-Altai Aimag (110.5 cases vs. national average of 33.3) as a result of outbreak in soum school dormitory (WHO, 2010)

- 2.13** Mongolia had its last general elections in June 2008, the fifth to date since the advent of multi-party democracy and market economy in 1992. The elections were assessed by international observers as free and fair and further confirmed Mongolia's international reputation as a successful democracy. However, in the aftermath of the elections, on 1 July 2008 a riot broke out in Ulaanbaatar which led to a state of emergency leaving five casualties, many people injured and public and private properties damaged. A coalition government was formed from the two main parties and agreed to undertake electoral reform. The election law was approved on 15 December 2011 after a long gestation period, proposing a mixed member system for 76 seats in the Parliament, 48 of which will be elected from local districts and 28 will be elected from a national list, with 20 percent quota for women candidates. The parliament approved the law on Automatic Election System in November 2011. These measures are expected to address some of the challenges during the previous elections.
- 2.14** Despite numerous initiatives and institutional reforms, low accountability of public institutions and corruption in the public, private and political spheres continue to be seen as one of the causes of persisting inequality, poor basic service delivery, high levels of poverty, and impediment to foreign direct investment. The 2010 Universal Periodic Review (UPR) expressed concerns about poverty, erosion of public services and persistence of gender stereotypes. Limitations in realizing economic and social rights are hampering achievement of the MDGs. The main challenges relate to enhancing accountability and transparency of the Government, expanding access to justice and increasing the role of political parties, civil society organizations and the private sector in promoting good governance.
- 2.15** The adoption of the Law on Information Transparency and Freedom of Information in June 2011 is an important milestone for enhancing public participation and government transparency in Mongolia. The Law offers great potential for public disclosure of information.
- 2.16** Mongolia is a party to over 30 international conventions on human rights and ratified the UN Convention against Corruption in 2005 and passed the anti-corruption legislation in 2006. It has established a range of formally independent institutions such as the National Human Rights Commission of Mongolia, the Civil Service Commission, the Independent Authority for Anti-corruption, and the General Election Committee.
- 2.17** A programme on furthering the judicial reform initiated by the President's Office was endorsed by the National Security Council on 15 April 2010. A group of experts have drafted five new laws – law on courts, law on administration of courts, legal status of judges, legal status of citizens' representatives in court trials and alternative dispute

resolution. This comprehensive reform package aims at reinforcing judicial conduct, ensuring judicial independence and transparency, competency of judges in specialized courts, strengthening of administration of courts and optimizing the structure and functions of judicial organs.

- 2.18** Mongolia took on the Presidency of the Community of Democracies on 1 July 2011. During the two years' term, Mongolia will focus on democracy education, strengthening of civil society and supporting regional cooperation.
- 2.19** On 23 December 2011, the Parliament approved a new Budget Law. The law introduces a 'Local Development Fund' which is expected to result in a significant increase of resources allocated to aimags and soums. This represents an absorption, management and accountability challenge for local governments, including the capacity of local hurals in planning, budgeting and auditing. There is a greater need for capacity development in this area as on average 60 percent of the members of hurals are newly elected in local elections based on data from previous elections.
- 2.20** Political and administrative reforms are lagging behind other reforms in Mongolia. Reforms are often proposed in isolation to one another and do not fully reflect the role of the state in the changing international and national contexts, or respond to the government structure and functions, public service delivery and public sector accountability and transparency as a whole. In 2011, a parliamentary working group on the constitutional change and two government working groups on public administration reform and civil service reform were established. These initiatives will likely lead to a more comprehensive public sector reform during this programme cycle.
- 2.21** Despite increasing budget allocation for conservation measures, the country is affected by serious ecosystem degradation, including that of pasture land, forest and water and loss of biodiversity<sup>6</sup> and air pollution in urban areas. Mongolia has joined 14 environment-related UN Conventions and International Treaties and passed more than 30 environmental laws. Identifying the need for legislative and policy reform to reflect the latest developments both nationally and internationally, the Government has updated almost a half of all environmental laws within the last few years. A number of sub-sector programmes, *i.e.* National Action Programmes for Rio Conventions and Programme on Water, were reviewed and updated in 2010-2011.

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<sup>6</sup> Only 16.4 percent of Mongolia's territory has been designated as Specially Protected Area (SPA) (MNET, 2011), whereas the MDG target is 30 percent. In spite of reforestation measures through the 30-year Green Belt Programme, the total forest area in Mongolia continues declining. 78 percent of pastureland in Mongolia is degraded and another 20 percent is at immediate risk of degradation (CCA, 2010).

- 2.22** A Strategy on Environmental Policy Reform, a National Environmental Action Plan and a National Strategy on Green Economy are currently being formulated in order to promote environmentally-conscious sustainable development. Nevertheless, the implementation and enforcement of laws and strategies are hampered by lack of capacities, duplication, unclear responsibilities and inconsistent and quite often contradicting clauses in laws and regulations. Strategic environmental assessments, environmental auditing and participation of key stakeholders, notably local communities, CSOs and women NGOs, need to be promoted for improved management of natural resources.
- 2.23** Ulaanbaatar, the capital city of Mongolia has one of the world's highest levels of air pollution due to escalated concentration of particulate matter (PM), carbon monoxide and sulfur dioxide. Pollution is particularly severe during the winter months when residents of the peri-urban ger districts use raw coal for heating<sup>7</sup> and causes respiratory tract and cardiovascular problems, especially for young children<sup>8</sup>. The Government established a national committee for reducing air pollution, adopted a new Law that penalizes air polluting activities among others, and established a Clean Air Fund in 2010, which provide incentives for various energy efficiency measures. These measures need to be implemented in parallel with the long-term technology measures to reduce air pollution, as well as emissions, through improved energy efficiency.
- 2.24** The growing mining sector poses new challenges to Mongolia's environment including pasture degradation, water and soil pollution, and wildlife habitat destruction. The Government recently adopted a new Law to prohibit the mining exploration and mineral extraction in river headwaters and forested areas and a total of 246 mining and exploration licenses were identified for cancellation<sup>9</sup>. Policy makers and civil society need to be fully informed about the impact of mining on the ecosystems as well as the economic and social costs in support of future decision making.
- 2.25** In addition, the country is prone to natural disasters including dzud (harsh winter conditions leading to widespread death of livestock), forest and steppe fires, dust storms, flash floods and earthquakes. At times, animal disease epidemics (*i.e.* foot and mouth disease) take place and are extremely challenging to control when further transmitted to wild herbivores. National responses to large-scale emergencies such as dzud, disease epidemic, chemical spills, industrial accidents and more recently, earthquakes have shown

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<sup>7</sup> The observed maximum values for SO<sub>2</sub> and PM<sub>10</sub> in January 2010 were 170 µg/m<sup>3</sup> and 953 µg/m<sup>3</sup> that exceeded the National (24 Hour average) Air Quality Standard 8.5 and 9.5 times respectively (NAQO, 2010).

<sup>8</sup> A number of children suffering from bronchitis are 5-15 times higher in Ulaanbaatar city compared to those living in rural areas (WHO, 2010).

<sup>9</sup> MNET, 2011

a need for capacity development and enhanced coordination. While the Government has taken a number of steps to improve preparedness and coordination, including the approval of a National Programme on Disaster Prevention and the establishment of an Earthquake Council, there is more to be done to achieve preparedness for the range of natural and man-made disasters that the country can face.

**2.26** Climate change is already a fact in Mongolia. Observations from 64 meteorological sites across the country show that the Mongolian climate has already changed significantly. Mongolia's per capita emissions of greenhouse gases are above the global average, due to inefficient energy utilization, use of raw coal for heating and a large number of livestock. The impacts of climate change weigh more heavily on people who depend on the environment for their livelihood such as herders and arable farmers. Extreme climatic events and frequent natural disasters increase the vulnerability of these people<sup>10</sup>. Climate change impacts that result in intensified desertification, reduced pasture biomass and animal productivity and increased frequency of natural disasters may become a serious obstacle to growth in Mongolia.

**2.27** The government is committed to addressing climate change. To comply with the UN Framework Convention on Climate Change (UNFCCC), Mongolia updated its National Action Programme on Climate Change and submitted its second national communication to UNFCCC and Nationally Appropriate Mitigation Actions to the Copenhagen accord. A National Climate Change Coordination Office is established under MNET which includes the Designated National Authority for the Clean Development Mechanism. Despite ongoing efforts, a critical knowledge gap is still faced at all levels in adaptive management measures to help withstand climate uncertainty and reduce vulnerability of population.

### **Part III. Past Cooperation and Lessons Learned**

**3.1** The previous country programme (2007-2011) focused on five components: (1) achieving the MDGs and reducing human poverty; (2) strengthening democracy, accountability and transparency; (3) access to justice and human rights; (4) improving energy and environmental sustainability; and (5) crisis prevention and recovery. The 2010 Assessment of Development Results found significant progress in all thematic areas, close collaboration between the government and UNDP, and strong alignment between national strategies and UNDP programmes. It noted that the concept of human development serves as a regular reference in policy discussions and documents and that a Human Development Fund (HDF) was created to manage resources coming from mining.

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<sup>10</sup> 60 percent of herder households have 200 heads of livestock, which entails a subsistence level lifestyle.

- 3.2** MDGs and poverty reduction. With UNDP interventions, wide awareness of MDGs and the concept of human development is created among policy makers and civil society. The Parliament of Mongolia adopted MDGs as a framework for national policy. Debate generated by the national human development report concerning an anti-poverty employment policy resulted in a reform of the labour legislation. Mongolian universities now promote human development in their curricula, a long-term investment to influence public policy. UNDP's support to MDG programming, poverty mapping and statistical analysis enhanced the government's capacity for evidence-based policymaking. Innovative concepts such as micro-insurance and loan guarantee schemes contributed to strengthening social protection mechanisms.
- 3.3** Strengthening democracy, accountability and transparency, and access to justice and human rights. UNDP helped institutionalize governance assessments to monitor MDG 9. A pilot grant scheme with local authorities stimulated debate on decentralization reform. UNDP and the United Nations Office on Drugs and Crime supported Mongolia's self-assessment of the implementation of the United Nations Convention against Corruption (UNCAC). Legal aid centres were established all around the country, expanding access to justice, especially by the poor. A national integrated database for civil registration improved access to administrative services and provided a foundation for automated voter registration. A joint programme involving UNDP, UNFPA and WHO for prevention of violence against women produced better understanding of its causes and increased availability of services to victims.
- 3.4** Energy and environmental sustainability and crisis prevention and recovery. National and local capacities were strengthened for sustainable use of land, water and forest resources; environmental governance; access to priority environmental services and policy coordination; and monitoring of policies and legislation for implementation of international conventions. High-efficiency insulation for gers (traditional dwellings) was developed and taken over by the Government for scaling up as a pro-poor energy conservation technology. Cooperation with the National Emergency Management Agency (NEMA) improved in efficiency and increased the range of its response to emergencies. It also led to formulation of the National Programme on Disaster Prevention and National Climate Risk Management Strategy.
- 3.5** With the help of UNDP and other partners, the Government of Mongolia has made significant progress in the area of disaster risk management in the last decade. Much of Mongolia's initial focus has been on improving capacities for emergency response. The longer term challenge is addressing the socio-economic, environmental and developmental drivers of risk.

- 3.6** The assessment of development results (ADR), published in 2011 identified lessons learned and areas for improvement in the new programme cycle. The ADR recommended to strengthen cooperation with civil society in support of democratic governance and use an MDG Acceleration Framework as a basis for establishing stronger linkages among different practice areas within UNDP and to increase programme effectiveness. With the understanding that advocacy and capacity development alone cannot bring about change in human development, the focus should be on implementation of policies, especially those owned and funded by the Government, and scaling up of pilot initiatives to achieve transformational results.

## **Part IV. Proposed Programme**

- 4.1** The UNDP Country Programme 2012-2016 is based on consultations with the Government of Mongolia, United Nations agencies and development partners. It is aligned to the national development goals and objectives and represents UNDP's contribution to the development priorities identified in the Common Country Assessment (CCA) and the United Nations Development Assistance Framework (UNDAF) for 2012-2016.
- 4.2** Given the significant economic growth, Mongolia has a unique chance to achieve development progress that is almost unprecedented globally. However, to achieve this potential there is a need to balance immediate investment needs with long-term sustainability concerns. UNDP Mongolia's overall strategy for the five-year cycle is to focus on the achievement of MDGs within the MDG Acceleration Framework (MAF). Economic growth is essential, but not sufficient, for human development. The Programme will support Mongolia to devise suitable mechanisms to invest the revenue stream from the booming mineral sector for long-term sustainable human development with equitable distribution of these development gains.
- 4.3** The Country Programme (2012-16) is aligned to a set of three thematic areas based on national priorities: (1) poverty reduction and achievement of MDGs, (2) democratic governance, and (3) environment and sustainable development. Together, areas are strategically focused and linked to support key results, achieve and sustain progress on the MDGs, and reflect UNDP's comparative advantages and resource availability.
- 4.4** Capacity development at individual, institutional and policy levels will be undertaken across all thematic areas for management and implementation of national programmes. Capacity will also be strengthened for research and data analysis. An important objective

of the Programme is to develop knowledge products in key policy areas for Mongolia's development and disseminate and share these to support policy making. Emphasis will be on strengthening civil society engagement in policy dialogues on key development issues.

- 4.5** At the policy level UNDP will focus on supporting national plans and strategies that tackle barriers to progress. It will also provide model schemes for targeted investments in social services, social protection, access to employment and other opportunities for disadvantaged groups. UNDP will use its global network to bring international best practices to support macro management of the extractive industries sector, promote mining resources for employment generation and mitigate potential social conflict. UNDP will support capacity to invest natural resource revenues in policies and programmes to reduce poverty and disparities and offset the negative impacts of mining through strong environmental protection policies and measures.
- 4.6** Gender equality is a cross-cutting theme for all UNDP interventions and a goal in itself. UNDP will collaborate with all stakeholders to implement the national law on gender equality. UNDP will support political empowerment of women especially to participate in decision-making. Community-level activities will aim to benefit female-headed households and promote equal participation of men and women. Capacity development to improve collection and dissemination of sex-disaggregated data will be a policy and programme priority.
- 4.7** Emphasis will be given to a systematic approach to promote civil society engagement and to harness the potential of volunteerism to accelerate the achievement of the MDGs. As a result, various forms of volunteerism such as enhanced civic engagement across a wide range of sectors, advocacy, service to others, and self-help will be leveraged in the programmes to nurture a strong sense of mutual trust and cohesion.

Specific components of the three thematic areas are indicated below:

- 4.8** Poverty reduction and achievement of the MDGs – UNDP will focus on national capacity development to formulate, implement and monitor policies and programmes aimed at putting MDG 1 on track.

UNDP will support the efforts to improve alignment between short-term (annual) budget planning and mid and longer-term development objectives through development of planning guidelines and monitoring and evaluation framework.

Support will be given to set-up a Mongolian MDG Acceleration Task Force to focus attention on the off-track MDGs by identifying bottlenecks, prioritizing solutions, developing action plans and financing strategies.

A National Poverty Reduction Programme will be formulated and operationalized as part of the NDS, with focus on job creation and social protection. UNDP will give priority to strengthening the social insurance system and improving accessibility of social services to vulnerable groups including older people and people with disabilities.

UNDP will continue supporting nationally-led and participatory processes to produce knowledge products such as National HDRs and MDG reports to increase policy options for inclusive growth. Capacity for data analysis and econometric modeling will be strengthened to assist policy makers in forecasting, planning, and policy analysis.

Within the Aid for Trade and South-south cooperation framework, UNDP will work with the LLDC Think Tank to develop its capacity to increase the country's potential for trade, especially pro-poor trade. Mongolia's regional cooperation efforts including GTI and CAREC will be supported by UNDP.

These interventions will all lead to capacity strengthening of the government to address disparities, vulnerabilities and persistent poverty through evidence-based policy making, planning and monitoring.

UNDP will also undertake pilot activities in key areas to inform policy making.

**4.9 Democratic governance** – Cooperation in this thematic area aims at increased efforts to prevent corruption, to promote civic engagement in governance processes, improved protection of the rights of vulnerable groups and better delivery of services by local governments.

UNDP will support ongoing democratic consolidation with emphasis on greater equality and equity; strengthened political and civic institutions; and increased openness, transparency and integrity in public organizations. In support of decentralization, functional assignments involving central and local governments will be reviewed. So will standards for local public services.

UNDP's focus will shift from pilot demonstrations to systematic capacity development of local authorities in financial management, sustainable environment management, climate change adaptation and participatory decision-making. Capacities of the Government and civil society will be enhanced for implementation and monitoring of obligations under

international conventions and human rights instruments, including the Universal Periodic Review.

The UNCAC will serve as the basis for policy dialogue in support of national anti-corruption efforts. Electoral support will aim at increased credibility and efficient management of elections.

Voter and civic education will be implemented with a specific focus on empowerment of the youth and women. A 'women as voters and candidates' campaign aiming to increase the number of women in the parliament and local hural (councils) will be implemented.

To improve access to justice, programmes will focus on empowerment of the poor and disadvantaged to articulate their interests and organize themselves to claim legal remedies for grievances.

**4.11 Environment and sustainable development** – To help achieve MDG 7, UNDP will support planning, management and coordination capacities at central and local levels.

A roadmap will be developed and implemented to address gaps, overlaps and shortcomings of environmental laws in Mongolia. Special attention will be paid to monitoring of compliance with environmental legislation.

Landscape-level planning will be supported for sustainable management of pastureland, water and forest resources, and conservation of biodiversity without optimizing a certain type of resource use at the expense of others.

For climate change adaptation and mitigation, UNDP will support implementation of national action programmes for climate change and combating desertification, nationally appropriate mitigation actions and capacity development of the nascent Climate Change Coordination Authority. To prioritize the adaptation measures for different sectors, a cost-benefit analysis will be conducted. Methodologies will be enhanced, to improve accuracy of a national GHG inventory.

UNDP will prioritize demonstration of proven adaptation measures to maintain ecosystem functionality and minimize vulnerabilities of local communities, including protection and sustainable management of forest assets (REDD+) to produce globally significant lessons considering Mongolia's considerable size of boreal forest.

For biodiversity conservation, a new category of Protected Areas with managed resources will be introduced along with self-sustaining financing options.

Coordination of national, local and international structures for disaster preparedness and response will be improved with differentiated approach for urban and rural disasters and hazards and consideration of a potential role of volunteers.

Work with herders will continue to promote disaster risk reduction, land, water and forest management, and biodiversity conservation at the local level. Capacities of NGOs will be strengthened for increased role of NGO's in environmental management, especially in rural areas.

Energy efficiency in building sector will be further promoted as a long-term measure for abatement of air pollution and emission reduction. Innovative and affordable options for cold climate sanitation technology will be identified and demonstrated for small settlements.

Capacities of State and non-State actors to deliver safe drinking water and sanitation services will be improved. To promote energy conservation and better water and sanitation technologies, support will be provided to update the system of building codes, norms and standards (BCNS).

## **Part V. Partnership Strategy**

**5.1** The partnership strategy of the CPAP is guided by the principle that the attainment of the agreed outcomes is possible only with support and concerted actions of stakeholders. Building consensus, creating a strong sense of ownership, and ensuring a high level of accountability for the intended outcomes among partners are critical in achieving the outcomes. In the respect, as the Government Coordinating Authority for the CPAP, the Ministry of Foreign Affairs and Trade will play a key role in achieving the outcomes of the CPAP.

**5.2** Many of the results aimed for in this CPAP involve line ministries, government agencies and institutions at the national and local level. These ministries, agencies and institutions will continue to be the main implementing partners for UNDP's assistance to ensure delivery, ownership and sustainability of the results. The Ministry of Finance has a strategic role to ensure the effective and efficient use of ODA towards the achievement of MDGs and national development objectives.

- 5.3** UNDP will endeavor to broaden the partnership, where UNDP can make substantive and intellectual contributions in order to help deliver the results expected under the CPAP and UNDAF. UNDP will also leverage resources from traditional and emerging donors. The wealth of global knowledge that UNDP has gathered throughout the years based on its experiences in various programme countries will be made fully available. In particular UNDP will be able to draw upon its global, regional and sub-regional expertise available in areas such as poverty reduction, governance, gender, environment, and crisis prevention.
- 5.4** The UN agencies are valuable partners in contributing to the achievement of MDGs and in sustaining results. In support of the UNDAF and in the spirit of Delivering as One, UNDP will strengthen collaboration with both resident and non-resident UN agencies and work towards identifying, designing, and implementing joint programmes, joint monitoring and evaluation as well as joint resource mobilization. Similarly, UNDP will actively contribute to the simplification and harmonization agenda of the UN.
- 5.5** Building on positive experiences to date, the partnership with community-based organizations will continue to be enhanced in community mobilization and introduction and implementation of activities foreseen in the CPAP at community level. Recognizing the unique role of civil society in development advocacy and monitoring of MDGs, UNDP will continue to work with them in advocating for improved service delivery and democratic governance.
- 5.6** UNDP will pursue active exchange of insights about development strategies and shared outcomes with international partners in donor forums and other venues. Donors, bilateral and multilateral organizations, including IFIs will serve as partners in conducting sector wide assessments, joint advocacy initiatives, aid coordination and project co-financing and implementation.
- 5.7** The partnership with universities and academic institutions will be strengthened. They are critical in building capacity and knowledge required in human development as well as in advocating new concepts and methodologies.
- 5.8** The cooperation with the private sector will be nurtured and expanded under the current CPAP to promote corporate social responsibility and include their support for the achievement of the MDGs.

## Part VI. Programme Management

- 6.1** The programme will be nationally executed under the overall coordination of Ministry of Foreign Affairs and Trade (Government Coordinating Agency). Government ministries, NGOs, IGOs, UN agencies including UNDP will implement the programme activities. The Government Coordinating Agency will nominate the Government Co-operating Agency directly responsible for the Government’s participation in each UNDP assisted AWP. The AWPs describe the specific results to be achieved and will form the basic agreement between UNDP and each Implementing Partner on the use of resources. The reference to “Implementing Partner(s)” shall mean “Executing Agency (ies)” as used in the SBAA.
- 6.2** In programme design and implementation, UNDP works closely with key partners. The country programme builds on the United Nations reform principles, especially simplification and harmonization, by operating in line with the harmonized common country programming instruments such as the UNDAF results matrix, Delivering as One (DaO) efforts, joint monitoring and evaluation, and programme resources frameworks in the CPAP and the AWPs.
- 6.3** To the extent possible UNDP and partners will use the minimum documents necessary, namely the signed CPAP and signed AWPs to implement programmatic initiatives<sup>11</sup>. However, as necessary and appropriate, project documents would be prepared using, inter alia, the relevant text from the CPAP, and AWPs. UNDP will sign the project documents with partners in accordance with corporate practices and local requirements. In line with the UNDG Joint Programming Guidance Note, the scope of inter-agency cooperation is strengthened through joint programmes and geographical convergence.
- 6.4** All cash transfers to an Implementing Partner are based on the Annual Work Plans agreed between the Implementing Partner and UNDP.
- 6.5** Cash transfers for activities detailed in AWPs can be made by UNDP using the following modalities:
- 1.** Cash transferred directly to the Implementing Partner:
    - a. Prior to the start of activities (direct cash transfer), or
    - b. After activities have been completed (reimbursement);

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<sup>11</sup> In some exceptional cases, it may be necessary to prepare a project document outside the CPAP. While the use of project documents outside the CPAP should be avoided, if necessary, such project documents could be prepared (for example, in crisis situations not envisaged before). In such cases, the AWP format will be used as project document ensuring that it reflects the mandatory clauses such as the legal context, management arrangements and for cash transfer.

2. Direct payment to vendors or third parties for obligations incurred by the Implementing Partners on the basis of requests signed by the designated official of the Implementing Partner;
  3. Direct payments to vendors or third parties for obligations incurred by UN agencies in support of activities agreed with Implementing Partners.
- 6.6** Direct cash transfers shall be requested and released for programme implementation periods not exceeding three months. Reimbursements of previously authorized expenditures shall be requested and released quarterly or after the completion of activities. The UNDP shall not be obligated to reimburse expenditure made by the Implementing Partner over and above the authorized amounts.
- 6.7** Following the completion of any activity, any balance of funds shall be reprogrammed by mutual agreement between the Implementing Partner and UNDP, or refunded.
- 6.8** Cash transfer modalities, the size of disbursements, and the scope and frequency of assurance activities may depend on the findings of a review of the public financial management capacity in the case of a Government Implementing Partner, and of an assessment of the financial management capacity of the non-UN Implementing Partner. A qualified consultant, such as a public accounting firm, selected by UNDP may conduct such an assessment, in which the Implementing Partner shall participate.
- 6.9** Cash transfer modalities, the size of disbursements, and the scope and frequency of assurance activities may be revised in the course of programme implementation based on the findings of programme monitoring, expenditure monitoring and reporting, and audits.
- 6.10** Resource mobilization efforts will be intensified to support the RRF and ensure sustainability of the programme. Mobilization of other resources in the form of cost sharing, trust funds, or government cash counterpart contributions will be undertaken to secure funding for the programme.
- 6.11** National implementation by government will be the main modality of UNDP programme management. The global UNDP National Implementation guidelines will apply to all new projects. UNDP may use other modalities including direct implementation or NGO implementation as appropriate. In cases of emergencies and in special development situations, UNDP will use its 'fast track' procedures to enable quick and timely response. UNDP will coordinate and collaborate with key national and subnational authorities, providing targeted capacity development throughout programme implementation. UNDP will strengthen its partnerships with other United Nations agencies, civil society, donors, private sector and international organizations. Volunteers will be utilized to develop national capacities. UNDP's global, regional and sub-regional programmes and resource

facilities will be accessed to augment technical expertise and financial support. Risks will be systematically identified, mitigated and included in planning.

- 6.12** Based on monitoring and evaluation data, as well as evolving national priorities, UNDP will review and revise the CPAP annually within the UNDP Executive Board approved Country Programme Document.

## **Part VII. Monitoring and Evaluation**

- 7.1** Monitoring and evaluation of the CPAP will be undertaken in line with the UNDAF results matrix and UNDAF monitoring and evaluation plan. A M&E Framework/Plan more specifically focused on monitoring and overseeing the results that are being supported directly by UNDP will be prepared and implemented within the UNDAF/National M&E processes. The Government and UNDP will be responsible for setting up the necessary M&E mechanisms, (including those needed to monitor outcomes), tools and conducting reviews in order to ensure continuous monitoring and evaluation of the CPAP, and with the view to ensuring efficient utilization of programme resources as well as accountability, transparency and integrity<sup>12</sup>. At the outcome level, monitoring will be conducted by UNDAF working groups and joint programme teams (as appropriate). In order to promote country ownership, indicators at the outcome level will be aligned, as far as possible, with indicators in the comprehensive National Development Strategy (NDS), and national M&E processes and reports will form the basis for UNDAF monitoring and evaluation. As part of the UNDAF M&E framework as outlined in the agreed UNDAF, an UNDAF Annual Review will be organized each year to assess the progress that has been made to achieve outputs and their contribution towards the outcomes. Further, an UNDAF level evaluation will be conducted, and a major progress report prepared at the end of the UNDAF cycle. These will inform the next programme cycle.
- 7.2** The Implementing Partners will provide periodic reports on the progress, achievements and results of their projects, outlining the challenges faced in project implementation as well as resource utilization as articulated in the AWP. The reporting will be in accordance with the procedures and harmonized with UN agencies to the extent possible.
- 7.3** Implementing partners agree to cooperate with UNDP for monitoring all activities supported by cash transfers and will facilitate access to relevant financial records and

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<sup>12</sup> For more details: [Harmonized Approach to Cash Transfers](#) (HACT)

personnel responsible for the administration of cash provided by the UNDP. To that effect, Implementing partners agree to the following:

1. Periodic on-site reviews and spot checks of their financial records by UNDP or its representatives,
2. Programmatic monitoring of activities following UNDP's standards and guidance for site visits and field monitoring,
3. Special or scheduled audits. UNDP, in collaboration with other UN agencies will establish an annual audit plan, giving priority to audits of Implementing Partners with large amounts of cash assistance provided by UNDP, and those whose financial management capacity needs strengthening.

**7.4** To facilitate assurance activities, Implementing partners and UNDP may agree to use a programme monitoring and financial control tool allowing data sharing and analysis.

**7.5** Pending the result of an assessment of the Public Financial Management system (Harmonized Approach to Cash Transfer macro assessment), the Supreme Audit Institution (SAI) may undertake the audits of government Implementing Partners. If the SAI cannot undertake the audits of specific Implementing Partners to the frequency and scope required by UNDP, UNDP will commission the audits to be undertaken by private sector audit service.

**7.6** Assessments and audits of non-government Implementing Partners will be conducted in accordance with the policies and procedures of UNDP.

**7.7** The country programme relies strongly on the use of results-based management methods as well as monitoring and evaluation systems. At all stages of programming, results will be measured, monitored and evaluated at three levels: UNDAF, country programme and project. This will aid assessment of progress and UNDP's contribution toward outcomes, long-term impact and alignment to national priorities as well as partnership strategies. UNDP Mongolia has all the requisite capacities: a solid understanding of the country's development needs, an extensive network of national and international counterparts, and sound operations management.

## **Part VIII. Commitments of UNDP**

**8.1** UNDP will provide support as per the results and resources framework to national counterparts.

**8.2** UNDP will ensure coherence between the CPAP/AWP, UNDAF results matrix and MDGs, including M&E reporting. Through annual reviews and periodic progress reporting,

responsibilities between UNDP, the Government and the Implementing Partners will be emphasized.

- 8.3** UNDP will develop and implement a comprehensive resource mobilization strategy to support the proposed country programme. The overall indicative programme resource envelope is \$28,256,000. A total of \$7,091,000 will be allocated from UNDP regular resources subject to availability of funds; the remaining estimated amount of \$21,165,000 will be mobilized from other sources subject to donor interest. UNDP will partner with donors (among them the Global Environment Facility and European Union) to achieve the resource target and with other United Nations agencies to implement joint programmes foreseen in the UNDAF. UNDP will work closely with the Government to bring cost-sharing resources into implementation of the country programme.
- 8.4** UNDP will ensure coherence between the CPAP/AWP, UNDAF results matrix and MDGs, including M&E reporting. Through annual reviews and periodic progress reporting, responsibilities between UNDP, the Government and the Implementing Partners will be emphasized.
- 8.5** In case of direct cash transfer or reimbursement, UNDP shall notify the Implementing Partner of the amount approved by UNDP and shall disburse funds to the Implementing Partner in the agreed number of days.
- 8.6** In case of direct payment to vendors or third parties for obligations incurred by the Implementing Partners on the basis of requests signed by the designated official of the Implementing Partner; or to vendors or third parties for obligations incurred by UNDP in support of activities agreed with Implementing Partners, UNDP shall proceed with the payment within the agreed number of days.
- 8.7** UNDP shall not have any direct liability under the contractual arrangements concluded between the Implementing Partner and a third party vendor.
- 8.8** Where more than one UN agency provides cash to the same Implementing Partner, programme monitoring, financial monitoring and auditing will be undertaken jointly or coordinated with those UN agencies.

## **Part IX. Commitments of the Government**

- 9.1** The Government will honor its commitments in accordance with the provisions of the Standard Basic Assistance Agreement (SBAA) of 28 September 1976. The Government

shall apply the provisions of the Convention on the Privileges and Immunities of the United Nations agencies to UNDP's property, funds, and assets and to its officials and consultants. In addition the Government will accord to UNDP and its officials and to other persons performing services on behalf of UNDP, the privileges, immunities and facilities as set out in the SBAA (or other agreement in non-SBAA countries).

**9.2** The Government is committed to support UNDP in its efforts to raise funds required to meet the financial needs of the country programme.

**9.3** In case of government cost-sharing through the CPAP:

- 1.** Government and UNDP will agree to a schedule of payments and bank account details.
- 2.** The value of the payment, if made in a currency other than United States dollars, shall be determined by applying the United Nations operational rate of exchange in effect on the date of payment. Should there be a change in the United Nations operational rate of exchange prior to the full utilization by the UNDP of the payment, the value of the balance of funds still held at that time will be adjusted accordingly. If, in such a case, a loss in the value of the balance of funds is recorded, UNDP shall inform the Government with a view to determining whether any further financing could be provided by the Government. Should such further financing not be available, the assistance to be provided to the CPAP may be reduced, suspended or terminated by UNDP.
- 3.** The schedule of payments takes into account the requirement that the payments shall be made in advance of the implementation of planned activities. It may be amended to be consistent with the progress of CPAP delivery.
- 4.** UNDP shall receive and administer the payment in accordance with the regulations, rules and directives of UNDP.
- 5.** All financial accounts and statements shall be expressed in United States dollars.
- 6.** If unforeseen increases in expenditures or commitments are expected or realized (whether owing to inflationary factors, fluctuation in exchange rates or unforeseen contingencies), UNDP shall submit to the government on a timely basis a supplementary estimate showing the further financing that will be necessary. The Government shall use its best endeavours to obtain the additional funds required.
- 7.** If the payments referred above are not received in accordance with the payment schedule, or if the additional financing required in accordance with above is not forthcoming from the Government or other sources, the assistance to be provided to the CPAP under this Agreement may be reduced, suspended or terminated by UNDP.
- 8.** Any interest income attributable to the contribution shall be credited to UNDP Account and shall be utilized in accordance with established UNDP procedures.
- 9.** In accordance with the decisions and directives of UNDP's Executive Board reflected in its Policy on Cost Recovery from Other Resources, the Contribution shall be subject to cost recovery for indirect costs incurred by UNDP headquarters and country office

- structures in providing General Management Support (GMS) services. To cover these GMS costs, the contribution shall be charged a fee equal to 3 percent. Furthermore, as long as they are unequivocally linked to the specific project(s), all direct costs of implementation, including the costs of executing entity or implementing partner, will be identified in the project budget against a relevant budget line and borne by the project accordingly.
- 10.** Ownership of equipment, supplies and other properties financed from the contribution shall vest in UNDP. Matters relating to the transfer of ownership by UNDP shall be determined in accordance with the relevant policies and procedures of UNDP.
  - 11.** The contribution shall be subject exclusively to the internal and external auditing procedures provided for in the financial regulations, rules and directives of UNDP.
- 9.4** Mechanisms for participatory planning, monitoring and evaluation on the progress of the country programme involving civil society and other development partners will be implemented. The Government is also committed to organize periodic programme review, planning and joint strategy meetings and where appropriate, coordination of sector and thematic development partners groups to facilitate the participation of donors, civil society, private sector, and UN agencies. In addition, the Government will facilitate periodic monitoring visits by UNDP staff and/or designated officials for the purpose of monitoring, meeting beneficiaries, assessing the progress and evaluating the impact of the use of programme resources. The Government will make available to UNDP in a timely manner any information about policy and legislative changes occurring during the implementation of the CPAP that might have an impact in co-operation.
- 9.5** A standard Fund Authorization and Certificate of Expenditures (FACE) report, reflecting the activity lines of the Annual Work Plan (AWP), will be used by Implementing Partners to request the release of funds, or to secure the agreement that UNDP will reimburse or directly pay for planned expenditure. The Implementing Partners will use the FACE to report on the utilization of cash received. The Implementing Partner shall identify the designated official(s) authorized to provide the account details, request and certify the use of cash. The FACE will be certified by the designated official(s) of the Implementing Partner.
- 9.6** Cash transferred to Implementing Partners should be spent for the purpose of activities as agreed in the AWP only.
- 9.7** Cash received by the Government and national NGO Implementing Partners shall be used in accordance with established national regulations, policies and procedures consistent with international standards, in particular ensuring that cash is expended for activities as agreed in the AWP, and ensuring that reports on the full utilization of all received cash are submitted to UNDP within six months after receipt of the funds. Where any of the

national regulations, policies and procedures is not consistent with international standards, the UN agency regulations, policies and procedures will apply.

- 9.8** In the case of international NGO and IGO Implementing Partners cash received shall be used in accordance with international standards in particular ensuring that cash is expended for activities as agreed in the AWP, and ensuring that reports on the full utilization of all received cash are submitted to UNDP within six months after receipt of the funds.
- 9.9** To facilitate scheduled and special audits, each Implementing Partner receiving cash from UNDP will provide UNDP or its representative with timely access to:
- All financial records which establish the transactional record of the cash transfers provided by UNDP;
  - All relevant documentation and personnel associated with the functioning of the Implementing Partner's internal control structure through which the cash transfers have passed.
- 9.10** The findings of each audit will be reported to the Implementing Partner and UNDP. Each Implementing Partner will furthermore
- Receive and review the audit report issued by the auditors.
  - Provide timely statements of the acceptance or rejection of any audit recommendation to the auditors and UNDP so that the auditors can include those statements in their audit report and submit it to UNDP.
  - Undertake timely actions to address the accepted audit recommendations.
  - Report on the actions taken to implement accepted recommendations to the UNDP on a quarterly basis (or as locally agreed).

## Part X. Other Provisions

**10.1** Where a Government agency is the Implementing Partner of a particular project under this CPAP, consistent with the Article III of the SBAA and the Supplemental Provisions, the responsibility for the safety and security of the Implementing Partner and its personnel and property, and of UNDP's property in the Implementing Partner's custody, rests with the Implementing Partner. To this end, each Implementing Partner shall:

- a) put in place an appropriate security plan and maintain the security plan, taking into account the security situation in the country where the project is being carried;
- b) assume all risks and liabilities related to the implementing partner's security, and the full implementation of the security plan.

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

Each Implementing Partner agrees to undertake all reasonable efforts to ensure that none of the UNDP funds received pursuant to the Project Document (CPAP and AWP) are used to provide support to individuals or entities associated with terrorism and that the recipients of any amounts provided by UNDP hereunder do not appear on the list maintained by the Security Council Committee established pursuant to resolution 1267 (1999).

The list can be accessed via [www.un.org/Docs/sc/committees/1267/1267ListEng.htm](http://www.un.org/Docs/sc/committees/1267/1267ListEng.htm). This provision must be included in all sub-contracts or sub-agreements entered into under/further to each Project Document.

The foregoing shall also apply to Projects under this CPAP where the Implementing Partner is an Inter-governmental organization that has signed a standard basic executing agency agreement with UNDP.

Where UNDP or other UN Agencies serve as Implementing Partners, they shall (a) comply with the policies, procedures and practices of the United Nations safety and security management system, and (b) undertake all reasonable efforts to ensure that none of the project funds/UNDP funds received pursuant to a Project Document, are used to provide support to individuals or entities associated with terrorism and that the recipients of any amounts provided by UNDP hereunder do not appear on the list maintained by the

Security Council Committee established pursuant to resolution 1267 (1999). This list can be accessed via [www.un.org/Docs/sc/committees/1267/1267ListEng.htm](http://www.un.org/Docs/sc/committees/1267/1267ListEng.htm). This provision must be included in all sub-contracts or sub-agreements entered into under each Project Document.

- 10.2** This CPAP enters into force on the date signed by both Parties and in the case the CPAP is signed on different dates, then it shall enter into force on the date of the later signature. The CPAP shall continue in force until the end of the programme cycle (31 December 2016).
- 10.3** This CPAP supersedes any previously signed CPAP between the Government of Mongolia and UNDP and may be modified by mutual consent of both parties.

## Results and Resources Framework 2012-2016

<p><b>National priority:</b> Achieving the MDGs for all-round development of Mongolians</p> <p><b>Outcome 1 (from UNDAF and CPD):</b> Economic development is inclusive and equitable, contributing towards poverty alleviation</p> <p><b>Indicator:</b> Percent change in the poverty rate, percent change in the Gini co-efficient</p> <p><b>UNDP Strategic Plan result:</b> Poverty reduction and achievement of the MDGs</p>				
Outcome indicators, baselines and targets	Outputs	Implementation arrangement	Indicative Resources (US\$ '000) 2012-2016	
<p><b>Indicator:</b> NDS aligned with MDGs, action plan for acceleration of MDGs and M&amp;E framework Poverty level</p> <p><b>Baseline:</b> NDS not aligned with MDGs; lack of policy coherence</p> <p><b>Target:</b> Updated NDS</p> <p><b>Indicator:</b> NPRP with pro-poor measures focused on disparity reduction</p> <p><b>Baseline:</b> NPRP not developed</p> <p><b>Target:</b> NPRP incorporates</p>	<p><b>Output 1:</b> National development policy and planning system improved</p> <p><i>Targets:</i></p> <ul style="list-style-type: none"> <li>▪ Long and medium term policies reviewed, including NDS with prioritized action plans, budgeting and monitoring and evaluation framework developed for acceleration of MDGs</li> <li>▪ Development planning guidelines developed</li> <li>▪ Diagnostic studies for off-track MDGs (poverty, gender, water and sanitation)</li> <li>▪ Knowledge products (National MDG reports, poverty mapping and policy papers for MDGs and poverty reduction including analysis of economic diversification opportunities) produced.</li> <li>▪ National capacity for data collection and analysis (macroeconomic modeling, green GDP, gender disaggregation) strengthened</li> </ul> <p><i>Gender Marker 2:</i> MAF diagnostic study will be done on off-track MDG on gender; Each of the knowledge products will have gender analysis; Planning guidelines include gender mainstreaming guidance; National capacity for gender disaggregated data analysis strengthened</p>	<p>Modality: NIM</p> <p>Partner: <b>NDIC</b>, Parliament, NSO, MoF, MoMRE, MoFALI, MoRCT, MNET, Academia, WB, ADB</p>	Regular Resources	1,550
			Other resources	0

<p>employment and social protection issues</p> <p><b>Indicator:</b> Capacities of LLDC Think Tank; number of studies commissioned on LLDC issues.</p> <p><b>Baseline:</b> LLDC Think Tank lacks institutional capacity to fully deliver its mandate as a global knowledge base for LLDCs.</p> <p><b>Target:</b> LLDC Think Tank has adequate human and financial resources and at least five studies are commissioned and used for policy debate.</p>	<p><b>Output 2:</b> Improved capacity for pro-poor policies including support to the development of a national poverty reduction programme (NPRP)</p> <p><i>Targets:</i></p> <ul style="list-style-type: none"> <li>National poverty reduction programme (NPRP) developed, including recommendations for effective utilization of natural resources revenues for poverty reduction and human development</li> <li>Experiences of community level livelihood programmes analyzed as input to Government policies on poverty reduction</li> <li>National social protection program enhanced through a) strengthened social insurance system and b) improved accessibility of social services to vulnerable groups including older people and people with disabilities</li> <li>NHDRs produced and leveraged to call the attention of policy makers and increase public understanding of pressing issues of human development</li> </ul> <p><i>Gender Marker 2:</i> Gender will be mainstreamed and monitored within NPRP. This will be supplemented by gender specific interventions. Gender analysis will be done in each of the thematic NHDRs produced</p>	<p>Modality: NIM</p> <p>Partner: <b>MSWL &amp; NDIC</b>, Parliament, NSO, MoF, MoFALI, CSO, MNCCI, WB, ADB, UNV</p>	Regular Resources	932	
			Other resources	2,065	
	<p><b>Output 3:</b> Pro-poor and trade policies supported, through promoting global and South-South Cooperation</p> <p><i>Targets:</i></p> <ul style="list-style-type: none"> <li>LLDC Think Tank (TT) institutionalized and research capacity built</li> <li>Support Mongolia's engagement in regional cooperation (for example the Greater Tumen Initiative, CAREC)</li> </ul> <p><i>Gender Marker 1:</i> Gender dimension will be included in the thematic studies</p>	<p>Modality: NIM</p> <p>Partner: <b>MOFAT</b>, GTI, CAREC, ADB</p>	Regular Resources	0	
			Other resources	1,500	
				<b>Total Regular Resources</b>	<b>2,482</b>
				<b>Total Other resources</b>	<b>3,565</b>
			<b>Grand Total</b>	<b>6,047</b>	

<p><b>National priority:</b> Consolidate political democracy; foster a transparent, accountable, just system free from corruption and red tape.</p> <p><b>Outcome 2 (from UNDAF and CPD):</b> Strengthened governance for protection of human rights and reduction of disparities.</p> <p><b>Indicator:</b> Corruption perception index; implementation of recommendations of human rights treaty bodies; increased representation of women in parliament, local <i>khurals</i>, Cabinet.</p> <p><b>UNDP Strategic Plan result:</b> Democratic governance</p>					
Outcome indicators, baselines and targets	Outputs	Implementation arrangement	Indicative Resources (US\$ '000) 2012-2016		
<p><b>Indicator:</b> Relative values of corruption perceptions index</p> <p><b>Baseline:</b> Mongolia ranks 120 out of 183 countries in the world (Transparency International 2011), MDG9 Target 24-10: Index of corruption 0.64 (2009)</p> <p><b>Target:</b> CPI/Transparency ranking moved ahead (2016); MDG9 target - maintain the positive trend on the Index of Corruption</p> <p><b>Indicator:</b> Positive change in the enjoyment of human rights</p> <p><b>Baseline:</b> UPR/2010, CEDAW/2008, CAT/2010, ECOSOC/2010, CCPR (2011)</p>	<p><b>Output 1</b> Policy framework for decentralization created; local government capacity for service delivery increased.</p> <p><i>Targets:</i></p> <ul style="list-style-type: none"> <li>▪ National strategy for decentralization developed within the framework of a comprehensive public sector reform</li> <li>▪ Review of functional assignments and service standards for MDGs sensitive services</li> <li>▪ Capacity development strategy for local hurals developed and implemented</li> <li>▪ Innovations in local governance promoted</li> </ul> <p><i>Gender Marker 1:</i> Gender analysis will be conducted as part of capacity needs assessment of local hurals</p>	<p>Modality: NIM</p> <p>Partner: <b>Cabinet Secretariat</b>, Parliament, MoF, MRTUD, MALA, SDC, WB, ADB</p>	Regular Resources	1,000	
			Other resources	2,000	
		<p><b>Output 2:</b> Enabling environment created to promote transparency, accountability and ethics in public organizations.</p> <p><i>Targets:</i></p> <ul style="list-style-type: none"> <li>▪ National anti-corruption strategy developed through participatory and consultative process</li> <li>▪ Transparency standards of public organization will be established and monitored</li> <li>▪ Regulations for conflict of interests and code of conducts will be developed and implemented</li> </ul> <p><i>Gender Marker 1:</i> Promote women's involvement in anti-corruption strategies</p>	<p>Modality: DIM</p> <p>Partner: IAAC, Parliament, Civil Service Commission, Cabinet Secretariat, MoJHA, UNODC, CSO</p>	Regular Resources	500
				Other resources	0

<p><b>Target:</b> Improved status of implementation of human rights obligations</p> <p><b>Indicator:</b> Increased representation of women in parliament, local <i>khurals</i>, Cabinet</p> <p><b>Baseline:</b> 3.9 percent in parliament, no women aimag governors and hural chairs, 30.2 percent in soum hurals, 6.6 percent in cabinet</p> <p><b>Target:</b> MDG3 target 30 percent seats in Parliament and 15 percent at aimag level</p>	<p><b>Output 3:</b> Electoral systems and processes improved for fair outcome and enhanced representation of underrepresented groups.</p> <p><i>Targets:</i></p> <ul style="list-style-type: none"> <li>▪ Technical assistance provided to electoral reform</li> <li>▪ Dispute resolution mechanisms improved</li> <li>▪ Voter and civic education programme developed and implemented with a special focus on the youth empowerment</li> <li>▪ Women as voters and candidates campaign implemented</li> <li>▪ Support youth networks in engaging in decision-making</li> </ul> <p><i>Gender Marker 3:</i> Increasing women’s representation in parliament and local hurals</p>	<p>Modality: NIM</p> <p>Partner: <b>GEC</b>, Parliament, NCGE, local governments, IDEA, CSOs, UNV</p>	<p>Regular Resources</p>	691	
				<p>Other resources</p>	600
	<p><b>Output 4:</b> Overcoming Poverty through Legal Empowerment</p> <p><i>Targets:</i></p> <ul style="list-style-type: none"> <li>▪ A study to identify legal barriers to empowering the poor conducted</li> <li>▪ A baseline study on transaction costs for informal sector and small businesses</li> <li>▪ National LEP strategy developed and implemented</li> <li>▪ Legal reforms and simplified procedures that enable decent work and entrepreneurship for informal sector</li> </ul> <p><i>Gender Marker 2:</i> Gender analysis will be conducted as part of the legal study</p>	<p>Modality: NIM</p> <p>Partner: <b>MOJHA</b>, President’s Office, MOSWL, NHRCM, GASR, Trade Unions, Employers’ Federation</p>	<p>Regular Resources</p>	500	
				<p>Other resources</p>	500
	<p><b>Output 5:</b> Strengthened national systems for promotion and protection of human rights</p> <p><i>Targets:</i></p> <ul style="list-style-type: none"> <li>▪ Research capacity of NHRCM strengthened for improved reporting to human rights instruments, incl. UPR</li> <li>▪ Improved human rights monitoring</li> <li>▪ Legislative framework for strengthening the national human rights protections systems</li> <li>▪ Improved human rights complaints handling systems</li> <li>▪ Policy advocacy on emerging human rights issues</li> </ul> <p><i>Gender Marker 2:</i> Protection of women’s rights, implementation of the gender equality law</p>	<p>Modality: NIM</p> <p>Partner: <b>NHRCM</b>, MOJHA, MOFAT, OHCHR, CSO</p>	<p>Regular Resources</p>	500	
				<p>Other resources</p>	500
<b>Total Regular Resources</b>				<b>3,191</b>	

	<b>Total Other resources</b>	<b>3,600</b>
	<b>Grand Total</b>	<b>6,791</b>

**National priority:** Limit and halt environmental pollution and degradation; ensure proper use of land, mineral and water resources; contain depletion of animal and plant life and ensure capacity to adapt to climate change; ensure compliance with international conventions and treaties on environment and national action plans.

**Outcome 3 (from UNDAF and CPD):** Improved sustainability of natural resources management and resilience of ecosystems and vulnerable populations to the changing climate.

**Indicator:** Change in protected areas and water sources; reduction in number of emergency cases and economic losses; change in energy intensity of economy and greenhouse gas emissions per capita.

**UNDP Strategic Plan result:** Energy and environment for sustainable development

Outcome indicators, baselines and targets	Outputs	Implementation arrangement	Indicative Resources (US\$ '000) 2012-2016	
			Regular Resources	Other resources
<p><b>Indicator:</b> Effectiveness of environmental law enforcement.</p> <p><b>Baseline:</b> Low level of legal enforcement.</p> <p><b>Target:</b> 10 percent increase in convictions for causing environmental degradation.</p> <p><b>Indicator:</b> Number of policy and legislative documents developed/updated and adopted; number of local emergency preparedness groups; number of landscape conservation strategies.</p> <p><b>Baseline:</b> Existing policy and legislative frameworks and</p>	<p><b>Output 1:</b> Environmental policy reform supported with focus on enhanced law enforcement.</p> <p><i>Targets:</i></p> <ul style="list-style-type: none"> <li>▪ Roadmap to harmonize and strengthen environmental legislative framework developed and implemented</li> <li>▪ Development of national strategy on green growth supported</li> <li>▪ Institutionalization of Strategic Environment Assessment and Environment Audit supported</li> <li>▪ Methodology for cost-benefit analysis developed to ensure environmentally conscious mining</li> <li>▪ Strategy for building capacity of environmental NGOs developed</li> </ul> <p><i>Gender Marker 1:</i> Policies and strategies will be gender-mainstreamed</p>	<p>Modality: NIM</p> <p>Partner: <b>MNET</b>, local governments, AusAid, SDC, UNEP, ADB, CSOs</p>	180	400
	<p><b>Output 2:</b> Management of pasture/ land, water resources and biodiversity improved through landscape -based planning approach</p> <p><i>Targets:</i></p> <ul style="list-style-type: none"> <li>▪ Capacities of Government officers strengthened for sustainable management of natural resources, particularly at the soum level</li> <li>▪ Landscape –level land use planning demonstrated</li> </ul>		350	3,900

<p>coordination mechanisms inadequate.</p> <p><b>Target:</b> At least 3 updated documents each for DRR and water and sanitation; 3 developed landscape conservation strategies; replicated emergency self-help group methodology in 4 <i>aimags</i> (provinces).</p> <p><b>Indicator:</b> Number of nationally appropriate mitigation actions (NAMA); number of studies on climate change impact and adaptation.</p> <p><b>Baseline:</b> 11 areas for NAMA identified.</p> <p><b>Target:</b> Support to implementation of at least 3 NAMA areas. Researched and formulated. change adaptation options with focus on impact on vulnerable sectors and groups.</p> <p><b>Indicator:</b> Number of new or updated BCNS for energy efficiency, water and sanitation.</p>	<ul style="list-style-type: none"> <li>Innovative and self-sustaining options for Protected Area (PA) financing demonstrated</li> <li>New IUCN category of managed resources PA introduced</li> <li>National REDD+ Roadmap developed and implementation supported</li> <li>Local community participation increased in governing natural resource use</li> </ul> <p><i>Gender Marker 1:</i> Decisions on natural resources management will reflect needs of women as managers of resources and gender-sensitive demonstrations/pilots will be ensured</p>	REDD. GIZ, KfW, WB, WWF, Denver Zoological Society, WCS, TNC, VSO, Government of the Netherlands, CSOs		
	<p><b>Output 3:</b> National climate and disaster risk management capacities improved in coordination, communication and networking.</p> <p><i>Targets:</i></p> <ul style="list-style-type: none"> <li>Clarified roles and responsibilities for state entities institutionalized and practiced in state of emergency</li> <li>Human and technical capacities of key emergency management organizations further enhanced for emerging natural disasters and human hazards</li> <li>Early warning systems for climate-related hazards enhanced in observation, detection and forecasting</li> <li>Distinctive urban and rural models for community-based climate and disaster risk management further up-scaled</li> </ul> <p><i>Gender Marker 1:</i> Gender perspective will be incorporated in all processes of enhancing disaster risk management system, considering the fact that women are often the primary caretakers in disaster aftermath and have a positive role in disaster risk preparedness.</p>	Modality: NIM  Partner: <b>MNET</b> (CCCA), DPM's office, NEMA, local governments, AF, GEF, MAS, IFAD, ADRA, RedCross, Government of Luxembourg, CSOs	Regular Resources	288
			Other resources	2,900
	<p><b>Output 4:</b> Capacities of vulnerable sectors and communities strengthened in climate change adaptation and mitigation</p> <p><i>Targets:</i></p> <ul style="list-style-type: none"> <li>A number of proven adaptation measures demonstrated at the community level to maintain ecosystem functionality</li> <li>Institutional capacity building strategy for Climate Change Coordination Authority developed and implemented</li> <li>Cost-benefit analysis of CCA options conducted with focus on vulnerable communities</li> <li>Methodology and data collection for national GHG inventory enhanced;</li> <li>BCNS system updated for ensuring energy efficiency and enforced in commercial and non-commercial construction sector</li> </ul>	Modality: NIM  Partner: <b>MNET, NEMA, MoFALI, MMRE, ,</b> Center for Standardization and Measurement (CSM), local governments, MCA, AF, GEF, UN-HABITAT, UNIDO,	Regular Resources	420
		Other resources	4,600	

<p><b>Baseline:</b> Needs determined for BCNS system improvement.</p> <p><b>Target:</b> 10 developed/updated and enforced BCNSs on energy efficiency and 5 on water and sanitation</p>	<p><i>Gender Marker 1:</i> Gender-balanced adaptation approach will be applied, as resiliency of households and communities depends largely on the resiliency of women.</p>	CSOs, UNV		
	<p><b>Output 5:</b> Innovative and cost-efficient technologies made available for reducing disparities in access to safe drinking water and adequate sanitation</p> <p><i>Targets:</i></p> <ul style="list-style-type: none"> <li>▪ National WSS database established and maintained in collaboration with National Statistical Office</li> <li>▪ Innovative and affordable sanitation technologies for small settlements made available with approved BCNS</li> <li>▪ Public Utilities Service Management model demonstrated for soum centers</li> <li>▪ Workforce skills updated for application of new technologies</li> </ul> <p><i>Gender Marker 2:</i> Access to safe water and adequate sanitation can serve as a basis for achieving other MDGs, therefore, inequality in water and sanitation service coverage will be addressed.</p>	<p>Modality: NIM</p> <p>Partner: <b>MRTCUD, MNET</b>, NSO, CSM, local governments, UNTFHS, UNICEF, WHO, UNFPA, AusAid, WB, ADB, ACF, SDC, Private sector</p>	Regular Resources	180
			Other resources	2,200
			<b>Total Regular Resources</b>	<b>1,418</b>
			<b>Total Other resources</b>	<b>14,000</b>
			<b>Grand Total</b>	<b>15,418</b>

<p><b>Overall Indicative Resources Summary for CPAP 2012-2016 (US\$ '000)</b></p>	<b>Total Regular Resources</b>	<b>7,091</b>
	<b>Total Other resources</b>	<b>21,165</b>
	<b>Grand Total</b>	<b>28,256</b>