

CONTRIBUTION OF THE MILLENNIUM DEVELOPMENT GOALS FRAMEWORK TO MONGOLIA'S DEVELOPMENT

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Contribution of the MDG framework to Mongolia's development since 2000

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This report is a revised version of a study conducted by an independent research team from the National University of Mongolia as part of the programme on “Strengthening the Government Capacity for Development Policy and Planning Project” currently being implemented by the Government of Mongolia and UNDP. The programme aims to provide support to the Government of Mongolia to improve its economic policy formulation, strategic planning and monitoring at national and local levels and guide the preparation of various planning documents to ensure better coordination and harmonization of long-, medium-, and short-term planning in the country. The intended outcome of the programme is to build Government capacities to meet its objective of putting in place a stable and robust national development policy and planning framework and promoting fiscal decentralization that will help improve service delivery and effectively manage mining revenues.

ACRONYMS

ADB	Asian Development Bank
CNDS	Comprehensive National Development Strategy
CO ₂	Carbon Dioxide
EGPRS	Economic Growth and Poverty Reduction Strategy
ESAF	Enhanced Structural Adjustment Facility
GDP	Gross Domestic Product
HDI	Human Development Index
HSES	Household Socio-Economic Survey
HSDI	Human Sustainability Development Index
ICT	Information and Communication Technologies
IMF	International Monetary Fund
LSMS	Living Standard Measurement Survey
MAF	MDG Acceleration Framework
MAP21	Sustainable Development Programme 21
MDG	Millennium Development Goals
MED	Ministry of Economic Development
MEGD	Ministry of Environment and Green Development
M&E	Monitoring and Evaluation
MNT	Mongolian National Tugrik
MSWL	Ministry of Social Welfare and Labor
NA	Needs Assessment
NDIC	National Development and Innovation Committee
NGO	Non-Governmental Organisation
NSO	National Statistical Office
ODA	Official Development Assistance
PWDs	People with Disabilities
SDG	Sustainable Development Goal
SG	Secretary General
SGH	State Great Hural
SOE	State Owned Enterprises
TTF	Thematic Task Forces
UN	United Nations
UNDP	United Nations Development Program
UNDAF	United Nations Development Assistance Framework
USA	United States of America
USAID	United States Agency for International Development
USD	United States Dollar
WB	World Bank

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EXECUTIVE SUMMARY

This study was conducted in March 2014 by the National University of Mongolia's joint research team as a first study of its kind to evaluate the contribution of Millennium Development Goals (MDGs) to the development of the country since 2000.

By 2001, Mongolian economy was just emerging from a transition crisis, aftermath of Asian crisis of 1998 and a series of highly destructive winters which reduced the livestock, a cornerstone of its agriculture, by about one-fourth. Despite the fact that relative macroeconomic stabilization has been achieved, rates of economic growth were low during the 1990s and poverty was a major socioeconomic problem, reaching as high as 35 percent. Against that background, the Government of Mongolia was keen to tackle poverty alleviation and social development issues with utmost priority. For that it needed something new and the launch of the MDGs in 2001 was just what it seemed to be looking for - a development framework based on MDGs with instruments for its implementation, which included a development policy planning, a development financing mechanism, monitoring and evaluation structure and a partnership for development. These features were not widely featured in the macroeconomic stabilization programs which the country had implemented in the 1990s with International Monetary Fund (IMF) and the World Bank (WB).

The policy impact was very clear. By 2003, the first economic and development policy draft, the Economic Growth Support and Poverty Reduction strategy paper prepared by the Government, explicitly included MDG as indicators for poverty reduction and social development. The State Great Hural adopted the MDGs in 2005, including the Mongolia-specific 9th Goal on Democratic Governance, and approved a long-term development program, or the MDG-based Comprehensive National Development Strategy (CNDS) in 2008. Comprehensive planning process was used widely in developing the strategy and MDGs, especially the targets for poverty reduction and economic growth, became major policy goals. The Government Action Program (2008-12) was based explicitly on the MDGs and the CNDS.

Institutionally, the MDGs with its results-based framework of goals, targets and indicators, has contributed greatly to the establishment and modernization of the national development and planning policy mechanism and its major components - the development financing, monitoring and evaluation structure and creation of wider partnership for development by including private sector. Implementation of the MDGs was institutionalised through establishment of the development agency, the national Development and Innovation Committee (NDIC) and later the Ministry of Economic Development (MED), Development Bank of Mongolia, and the Ministry of Environment and Green Development (MEGD). The Budget Law in 2011 underlined development priorities in budget allocation for investment and by improving overall procedures and the quality of annual plans, medium-term plans and sectoral plans and linking them with the development policy goals.

On resource allocation, there were significant changes in policy development with new institutional set-up for development policy and resource allocation. While Mongolia had received a total of USD

652 million in loans in 2000-05, in the period after adoption of MDG (2006-12) loans increased to USD 910.6 million, and official development assistance (ODA) and grants to USD 848.92 million. Not only the general sum of assistance and development financing increased, but in terms of sectoral allocation after the approval of the MDG, budget distribution to such sectors as education, social welfare and poverty reduction increased. Total budget financing of education, health and social welfare sectors reached almost 50 percent of the state budget reflecting the increased priority of budget allocations for MDGs-leading sectors.

However, a United Nations Development Program (UNDP) supported evaluation of the CNDS also revealed a number of problems. Long term development goal were not incorporated fully and consistently in the medium-term and short-term policies; the necessary institutional structure, relevant indicators and the monitoring/evaluation processes, necessary to ensure strong linkages between long term development policies and medium- or short-term policies, were not detailed precisely and not effectively implemented. Such problems have been linked with a lack of a comprehensive development planning legal environment, and it is hoped that the draft Law on Development Planning, currently under discussion in Parliament, will improve the long, medium- and short-term planning system and link them with proper monitoring and evaluation.

On the other hand, the implementation of MDG has altered significantly the current procedures and ways to embed global development goals into national policies in the country. The report found that it is important to consider Mongolia's political cycle and development policy procedures in order to embed long-term policies. In Mongolia, the policy planning cycle is strongly tied up with the election cycle and there is a concern that if the necessary legal framework is not in place by the next Parliamentary elections, it could create significant challenges for development planning as many long term development policies and master plans end by 2016. This will leave no relevant benchmarks and guidance for further long-term planning and related execution of these long term goals.

The draft law on Development Planning also needs to describe such important steps of the implementation of long term policy as procedures for proper closure of the expiring long term development programs, its evaluation, conclusion, feedback process for contributing for next stage policy in order to keep policy continuity and succession as a new stage for policy development of the country or post-MDG is closing on quickly.

Given that the MDGs end by 2015, it is vital that the draft of the law on Development planning is finalized and approved quickly to allow for better long-term and medium-term planning and execution for the post-MDG period. As it is being agreed globally that MDGs are likely to be replaced by Sustainable Development Goals (SDGs), it is important that the establishment in 2012 of the MEGD with core functions and rights of central authority of state administration ensured that the Government's institutional capacity for sustainable development policy implementation is in place. However, for 2006-12 the environmental operations budget allocation hardly reached 1 percent of the state budget, and capital expenditures to finance environmental sector's investment were not increasing, but even decreasing in real terms. Budget allocation and capital expenditure

distribution has to be increased in this sector in order to promote sustainable development and tackle the environmental issues.

At the same time as global discussions are taking place to put in place a development framework for the post-2015 period, in Mongolia too, there have been recent efforts to develop a long-term Vision for the country for the next 15 years and replace the Phase II of the CNDS. Mongolia has the unique opportunity to both influence a universal agenda and at the same time formulate a national Vision sensitive to its potential, challenges and culture, which also adheres to the lofty ideals of the global agenda.

The MDGs have made vital contribution to the development of Mongolia in three key ways:

- Broad-based political commitment toward achieving the MDGs and ownership of the framework as witnessed by the introduction of the Mongolia-specific 9th MDG on democratic governance and human rights, setting up of a parliamentary sub-committee on the MDGs, and development of a MDG-based CNDS;
- Setting up of a strategic planning system, essential for targeted implementation of a long-term agenda; and
- Widespread use and acceptance of a results-based Monitoring and Evaluation (M&E) system framework consisting of goals, targets and indicators, and a focus on outcomes and impacts instead of inputs and outputs.

The review of the contribution of the MDG framework to Mongolia's development provides five clear directions for building on the MDGs to implement the SDGs in Mongolia:

- A strong national Vision prepared with widespread consultations, reflecting the priorities of the Post-2015 national consultations as well as the proposed set of global SDGs, and endorsed by the Parliament.
- Institutionalizing of the planning function within government which will help develop the necessary linkages between long-, medium- and short-term planning so as to achieve and monitor the national Vision, and thereby the SDGs.
- Budgetary allocations to be aligned to the priorities of the national Vision.
- Strengthening of capacities for planning and budgeting of local governments which will have the responsibility to implement the draft Planning Law.
- Further strengthening of the statistical system, especially at the *aimag* levels, for data collection, analyses and monitoring of the SDGs.

1. INTRODUCTION

1.1 Objective of the study

The study assesses the contribution of the Millennium Development Goals (MDGs) to Mongolia's development. The central purpose is to assess whether, and to what extent, Mongolia's development policies and outcomes since 2000 have been influenced by the MDG-framework.

1.2 Background

The Millennium Declaration, endorsed by 189 governments at the United Nations General Assembly in September 2000, aimed to advance a global vision for improving the human condition and strengthen efforts to reduce poverty, enhance human rights and democracy, and promote protection of the environment. These commitments were translated into a set of eight MDGs and associated targets and indicators across a broad range of development priorities in 2001.

MDGs represent an unprecedented consensus on international development and "the first global development vision that combines a global political endorsement with a clear focus on, and means to engage directly with, the world's poor people".¹ The MDGs have substantially shaped development dialogue by encouraging global political consensus, providing a focus for advocacy, influencing national policy, introducing a results-based orientation to development planning and implementation, and improving the targeting and flow of aid.

Mongolia has been an early supporter of the MDGs. The Parliament adopted the MDGs as development benchmarks in 2005 and then as the framework for the MDG-based Comprehensive National Development Strategy (CNDS) of 2008-21. Mongolia is one of the few countries to have added a 9th MDG on 'Strengthening Human Rights and Fostering Democratic Governance' to emphasize democratic governance and human rights as necessary conditions for the achievement of the MDGs.

National MDG Progress Reports have assessed whether, and to what extent, individual countries will achieve the MDG targets. Regional and global MDG Reports have examined whether individual goals are on- or off-track at the aggregate level. A key conclusion is that MDG progress is patchy as some countries and regions have been more successful than others, and some targets are also easier to achieve than others.

Rationale for the study

As we approach the 2015 global timeline for achieving the MDGs, and a decade since the MDGs were adopted as the cornerstone of development policy in Mongolia, it is an opportune time to go beyond a mere recording of progress to review the contribution of the MDG framework to the country's development.

¹ UNDP, 2003, *Millennium Development Goals: a compact among nations to end poverty. Human Development Report 2003*. Oxford: Oxford University Press.

Such a review will deepen our understanding of the contribution of MDGs and provide policy recommendations so as to build on the success factors beyond 2015. Such analysis can be used for policy advice and advocacy for inclusive growth, better planning of UNDP and donor support, and contribute to the overall strengthening of the development agenda in Mongolia beyond 2015.

1.3 Scope of the study

This study is not an impact assessment. Any assessment of the impact of MDGs is constrained by the problem of attribution. Mongolia has shown remarkable progress since 2000 on some indicators, and progress on others has improved, but it is not possible to attribute this progress entirely to the MDGs.

It is difficult to know whether progress on the actual impact indicators – such as income poverty, malnutrition and mortality rates, primary enrolment etc. – are due to the MDGs and not to some other factors, and whether progress since the adoption of the MDGs has been faster than what would have been expected based on previous trends. Simply put, it is not possible to know what would have happened in the absence of the MDGs. Thus, there are methodological limitations in assessing the impact of MDGs on outcomes.

Mindful of these constraints, *the present study examines the contribution of the MDG-framework to Mongolia's development* in four areas of:

- **Policy design**

This is examined by reviewing the extent of political support for the MDGs at the highest level of policy making, and the contribution of MDGs to policy discussions, government plans and strategies, and donor policy. The analysis covers long-term policies (Comprehensive National Development Strategy), Master Plans of line Ministries, medium-term policies such as the Government Action Plans, short-term policies such as the Economic and Social Development Guidelines and other relevant policy documents.

- **Implementation**

Given the variety of goals across different sectors, MDG implementation requires suitable institutions for implementation as well as cross-sectoral coordination. What institutional mechanisms were set up within the government to coordinate MDG implementation? Which ministry/agency is responsible for MDG implementation and what has been its overall performance? What is the role of civil society organizations in MDG implementation – that is, to what extent are the MDG targets nationally owned?

- **Monitoring and Evaluation**

The MDGs are anchored in a results-based M&E system consisting of goals, targets and indicators, with a focus on outcomes and impacts instead of inputs and outputs. This has stimulated an improvement in monitoring development programmes through regular data collection and analysis. How has Mongolia's statistical system responded to the new demands for regular monitoring? A key question is how are MDGs monitored? Which agency is responsible for monitoring the MDGs? What has been the performance and what mechanisms exist for mid-course policy corrections? To what extent has monitoring been affected by limitations of data or lack of agreement on the data between different agencies? What mechanisms exist to resolve these issues and how well have they succeeded?

- **Resource allocation**

Changes in resource allocation to relevant sectors are not an ultimate impact but an intermediate outcome and reflect whether expenditures are aligned to MDG priorities. The key issue is to assess whether, compared with the previous decade, resource allocations for the social sectors, on which the MDGs tend to focus, have increased in the post-2000 period? To what extent is the increased public expenditure efficient and effective? How much money has been spent by United Nations (UN) and other agencies for implementing the MDGs and how has it changed in line with government priorities? Similarly, what has been the trend in ODA and private sector contributions?

1.4 Methodology and data sources

A combination of methodological approaches have been used to draw meaningful conclusions from diverse sources which include:

- desk reviews of relevant documents/strategies/plans; government reports; state budget reports; MDG Reports; reports of international development partners; Public Expenditure Reviews; etc.
- review and analysis of data from the National Statistical Office (NSO), WB, Asian Development Bank (ADB), and others
- in-depth interviews with key officials in relevant government ministries/agencies, Cabinet Secretariat, Parliament, civil society organisations, development partner organizations, etc.

Reviews of resource allocation included investments from the State budget, aid and concessional loans, and financing raised at commercial rates.

2. DEVELOPMENT POLICY IN MONGOLIA PRIOR TO THE MDGs

In order to assess impact of MDG on development and policies of Mongolia, it is useful to review the key economic policies and challenges in Mongolia prior to the introduction of the MDG framework.

In the 1990s, at the early stage of transition, embarking on the path of a market-based economy, Mongolia faced numerous challenges such as creating a completely new legal framework for the market economy, price and trade liberalization, privatization, access to information regarding world development, culture, civilization and learn from experiences of developed countries, all in a short period of time.

Mongolia's economy encountered a deep economic crisis during its transition from a planned economy to market one in 1991-93 when its Gross Domestic Product (GDP) fell sharply. The major reason for this fall was abrupt disruption in aid and goods supply from former Soviet Union and other socialist countries and loss of financial sources supported from them. The Government of Mongolia started implementation of economic structural reforms and macroeconomic stabilization policy in cooperation with IMF and WB to stabilize the macroeconomic situation. This strategy for economic transition, also called "shock therapy", was one of main feature is implementation of rapid economic reforms. This strategy, implemented in Eastern Europe, former Soviet Union republics, Mongolia and other transition countries since 1990, contains following major policy steps:

- Liberalization or sharp reduction in the state participation and control (price and foreign trade liberalization and business freedom)
- Macroeconomic stabilization (bringing inflation down, rein in fiscal deficit and tight monetary policy)
- Structural reforms (promotion of private sector through privatization, and change in foreign trade composition)
- Creation of new market institutions (drafting and approval of economic laws to create legal environment for market economy, private property protection and building the new financial sector).

Key economic policy objective of Mongolia prior to launch of the MDGs was not based on the principles of development planning. The policy focus was on establishing a centralized financial system and reducing budget deficit in order to implement structural reforms under the IMF program.

The development policy needs to be influential and resource allocation is to be linked to development policy to enable development policy to mobilize resources to certain degree and enable the transition of the country to a next phase of development, but the concurrent national economic policy in Mongolia on the contrary gave priority to market principles of allocation over development policies. At that time when the MAP21 was approved, Mongolia's economy was experiencing deep crises

of transition period, in addition in 1997 and 1998 financial crisis struck Asia and price of copper concentrate, which was the major export of Mongolia, dropped sharply leading to rising fiscal deficits. Needs for balancing the budget deficit caused severe resource constraints and lack of capital available for development policy.

This was evident when the National Development Department was dissolved and the development planning function transferred to the Ministry of Finance in 1996. With Mongolia's accession to the World Trade Organisation in 1997, market economy-based liberalization policies were dominant. Since then, for more than a decade there was no independent government institution was mandated with the development policy planning functions within the Government structure.

In 1997 the Framework of Enhanced Structural Adjustment Facility (ESAF) was concluded with IMF and under the ESAF-1 Agreement Mongolia received US \$45 million of program support assistance during the period 1997-2000. Under the program Mongolia was committed to:

- Promote private sector growth,
- Reduce the size of the public sector (SOE privatization),
- Bring down inflation to a single digit,
- Achieve 6 percent annual economic growth,
- Increase foreign reserves, and
- Limit fiscal deficit to 6 percent of GDP by reducing budget expenditures and tax reform.

As a result, the Government liberalized heating and water tariffs, reduced customs duties and cut subsidies to state owned enterprises (SOEs). These policies had severe negative effects on living standards and industry sectors. Due to tight monetary policy annual interest rates skyrocketed to 50-100 percent. In addition, the Asian economic crisis hit the economy badly as the prices of the country's major export fell sharply.

In 1999 Mongolia signed the Second ESAF Agreement and received another loan equivalent to US \$20 million. Under this Program the policy targets were to achieve *"annual real economic growth of 3-4 percent; a reduction in the annual rate of inflation to single digits; and a strengthening of Mongolia's net international reserves to the equivalent of over 15 weeks of import cover by 2000."*

To achieve these targets, commitment was made to tighten control over fiscal expenditures and take actions to increase revenues, while objectives were set to achieve improvements in banking sector to create healthy banking system, speed up privatization, privatize larger enterprises with strategic importance in agriculture, banking, transport, telecommunications, mining and energy sectors. ESAF 1999 promoted an improved access to public social services, placed emphasis on market-oriented measures, including training, support to development of small and medium businesses and implementation of National Poverty Alleviation Program. The program also identified donor official aid as the core comprehensive support in such sectors as Health and Education.

Therefore the policy choice was made to pursue classic liberal transition to reduce state involvement, find an optimal combination of market mechanisms with state regulation and build new policy mechanisms. From many options of transition to market economy allowed under the new Constitution, Mongolia chose the rapid liberalization strategy and principles of reforms consistent with the 'shock therapy' methods.

With the dissolution of the mechanism of development policy formulation and strategic planning, development policy was largely overlooked and achieving macroeconomic stability was the central objective of the government during 1996-2000. The structural reform policy to promote economic growth did result in economic stability in financial and macroeconomic spheres and revived economic growth. By 2000 GDP of the country returned to 1990 levels reaching about US \$0.8 billion at the concurrent rate.

However unemployment and poverty persisted as the key challenges and situation worsened as in 1999-2000 the agriculture sector, which was the major sector with 33% share in the GDP, was hit by the series of *dzuds* (severe winters) and production of this sector dropped by nearly 17 percent. Overall, the economy experienced grave difficulties; average household income was MNT 82,000 in urban areas and MNT 72,000 in rural areas (approximately US \$50-60 per month).

During the first 5 years of the transition to the market economy (1990-1995), Mongolia confronted completely new social and economic phenomena in the face of poverty. First review performed by the Ministry of Labor in 1995 to measure poverty found that 13.2 percent of households and 14.1 percent of the total population were in poverty. By 1998 this baseline poverty incidence went up to 29 percent. The Living Standard Measurement Survey (LSMS) conducted in 1995 showed that 36.3 percent of the total population was poor. Policy documents reported that poverty rate remained high, although a number of poverty alleviation programs were implemented such as Household Livelihood Capacity Support Programme and the National Poverty Alleviation Program since 1994.

It was in this backdrop in Mongolia that the Millennium Declaration was signed in September 2000 and the MDGs launched in 2001.

3. CONTRIBUTION OF MDGs TO POLICY FORMULATION

Mongolia has been an early supporter of the MDGs and the gradual shift toward the social sectors soon became evident after 2001. The policy document, 'Economic Growth and Poverty Reduction Strategy' (EGPRS), prepared in 2003 soon after the MDGs came on-stream, noted:

"While promotion of economic growth will reduce poverty, human development policy undertaken in the education, health and social welfare sectors will in turn facilitate promotion of economic growth."

It was the first time that themes relating to the MDGs were embedded in a strategic policy document in Mongolia. In addition to its primary objective of accelerating economic growth, the EGPRS included objectives for sustainable human development and poverty reduction linking them with the MDGs. The EGPRS also had forecasts for economic growth and key indicators for the next three years up to 2006 and thus, was the first strategic policy document to support medium-term planning to achieve targets using a results-based approach.

The ADB followed up with an initiative to assist Mongolia to meet the MDGs by signing a Midterm Partnership Agreement which noted that the:

"Preparation of the presentation on progress towards achieving MDGs by the Government of Mongolia for 2000-02 is ongoing"

and gave an early indication of the orientation toward a targeted approach to meeting the MDGs:

"Government of Mongolia is making an effort to promote MDGs and gender equality through such actions as to decrease the number of the very poor by 25 percent in 2005 and decrease the number of people whose income level is lower than minimum by another 25 percent in 2015, provide basic (primary) education to the entire population, reduce by 50 percent mortality rate of children under 5 and include gender indicators in the poverty measurement."

Thus, the contribution of MDGs to Mongolia's midterm economic policy formulation began to be noticed for the first time from 2003 onward.

The first national MDG progress report was published in 2004 which noted that though economic stabilization had been largely achieved, "significant challenges remain in social sectors." It put poverty reduction as a key policy target and, in line with the spirit of partnership of the MDGs, recognised that donor contribution was crucial for overcoming these challenges.

The first MDG Progress Report had support from the highest levels. The Office of the President and the Ministry of Foreign Affairs were closely involved in its preparation and which aimed to serve as

“a policy framework for political parties, politicians, NGOs to target their policies at complex and urgent issues related to MDGs and evaluate their activities based on measuring outcomes of their actions in the field.”

This is a clear evidence of the early commitment from both the Government and the President to the implementation of MDGs and a shifting of the policy focus toward the ‘social sectors’.

The shift of policy focus to MDGs was further underlined by the adoption of the MDGs as development benchmarks by the State Great Hural (Parliament) in 2005. In a remarkable visionary step, the Parliament also endorsed a Mongolia-specific 9th MDG on ‘Strengthening Human Rights and Fostering Democratic Governance’ thereby recognizing the central importance of democratic governance and human rights as necessary conditions for the achievement of all MDGs.

The chronology of various MDG-related events are summarized in the accompanying Table 1 and as evident, progress on integration of MDGs in policy formulation in Mongolia closely matched global developments. Following on from the eighth plenary meeting of the UN General Assembly in 2005, where all developing countries committed themselves to developing MDG-based national strategies to achieve the MDGs, Mongolia started the preparation, under the auspices of the President’s Office, of the CNDS in 2006. In particular,

“The economic and social development goals until 2015 set in this Comprehensive Strategy were harmonized with the MDGs.”

The process of preparation of the CNDS brought together all the key institutions and also provided the impetus for strategic planning that linked longer-term objectives with medium-term activities. It stated that

“This document will not only serve as policy, strategic, theoretical and methodological guideline for the implementation of the MDGs; it will without doubt contribute to ensuring achievement of projected goals within planned time frame.”

At the same time, as part of UNDP’s global initiative and following on from the Prime Minister’s decree, Mongolia undertook an extensive Needs Assessment exercise in 2006 to estimate the resources needed for achieving the MDGs. The result were discussed in the parliament.

TABLE 1: CHRONOLOGY OF MDG-RELATED EVENTS

YEAR	GLOBAL	MONGOLIA-SPECIFIC	
		Other documents	MDG Progress Reports
2000	<ul style="list-style-type: none"> Millennium Declaration signed 		
2001	<ul style="list-style-type: none"> Millennium Development Goals (MDGs) set up 		
2002	<ul style="list-style-type: none"> International Conference on Financing for Development ('Monterrey Consensus') 		
2003		<ul style="list-style-type: none"> Economic Growth and Poverty Reduction Strategy (EGPRS) prepared 	<ul style="list-style-type: none"> First MDG Progress Report
2004			
2005	<ul style="list-style-type: none"> Eighth Plenary Meeting of the UN General Assembly ends with commitment by all developing countries to adopt national plans to achieve the MDGs 	<ul style="list-style-type: none"> SGH endorses the MDGs and includes 9th MDG (and prepare an MDG Progress Report every two years) Preparation of CND5 begins 	
2006			
2007			<ul style="list-style-type: none"> Second MDG Progress Report
2008		<ul style="list-style-type: none"> CND5 endorsed by SGH 	
2009		<ul style="list-style-type: none"> NDIC set up SGH Resolution No. 113 updated list of agencies responsible for MDG implementation 	<ul style="list-style-type: none"> Third MDG Progress Report
2010	<ul style="list-style-type: none"> High-level Plenary Meeting of the UN General Assembly concludes with adoption of an action plan to achieve the MDGs by 2015 Start of MDG Acceleration Framework (MAF) to speed up implementation of MDGs 		
2011			<ul style="list-style-type: none"> Fourth MDG Progress Report
2012	<ul style="list-style-type: none"> Rio+20 Conference on Sustainable Development* Post-2015 National and Thematic consultations 	<ul style="list-style-type: none"> NDIC replaced by MED 	
2013	<ul style="list-style-type: none"> Special event on MDGs organized at the UN General Assembly 	<ul style="list-style-type: none"> Post-2015 National and Thematic consultations conclude with the report A Million Voices: The World We Want High Level Panel submits report to UN SG 	<ul style="list-style-type: none"> Fifth MDG Progress Report
2014		<ul style="list-style-type: none"> Second round of consultations with specific stakeholder groups 	<ul style="list-style-type: none"> MDG Assessment**
2015	<ul style="list-style-type: none"> High-level Plenary Meeting at UN General Assembly to adopt a new set of Goals*** 		<ul style="list-style-type: none"> Final MDG Achievement Report***

Notes:

* The shaded sections relate to the Post-2015 discussions and events.

** The present report

*** Proposed

MDGs began to be included in the country's short-term (annual) planning process from 2005 through the Economic and Social Development Guidelines. For 2005 MDGs were embedded as specific targets in health sector policy; in 2006 they were embedded in section 76 or Poverty Reduction objectives in the Guideline for 2007. Since then embedding MDGs into the Guidelines became routine practice. Since 2009 MDGs were included in the Resolution of the Parliament on approval of overall annual Economic and Social Development Guidelines. Subsequently the Guideline has become more comprehensive in terms of adherence to principal policies, identification of funding sources, indicators of progress and goals. Since 2010 reporting on implementation progress of Guidelines was by the Government was significantly improved after it became a subject to monitoring from National Audit Office from 2010.²

The contribution of the MDGs to Mongolia's development policy and related institutional structure can be outlined in the following phases:

- Formulation of MDG-based CNDS (2006-08), establishment of long, medium and short term planning policy coordination unit (NDIC 2008-2012, MED since 2012), preparation for improving legal environment for development financing multichannel mechanism (amendments to Budget Law 2011, Development Bank Law 2010, Law on Innovation 2012, Law on Public and Private Partnership and Concession 2010). This phase continued for about 6 years (2006-12) and it started upon MDG endorsement by the State Great Hural (SGH) Resolution.
- Regarding the policy formulation framework SGH approved a first midterm development plan 'New Development Program' in 2010, in May 2012, the Government presented the country's medium-term priorities for 2012-16 and approved the medium-term public investment program for 2012-17 for the first time.

A review of the major economic and development policies adopted since 2005 shows that MDGs were embedded in all relevant policy documents, out of which there was 1 long term policy document, 3 medium-term policy documents and 6 short-term policy documents (Table 2). MDGs were included in some of these documents as policy background, and in others as individual sections of the plan. The only medium-term policy document which did not specifically embed MDGs was the Government Action Plan for 2012-16. However, linkages of annual Guidelines with MDG-based CNDS remains even after 2012.

Donor support for MDGs

The MDG-based CNDS, reflecting Mongolia's commitment to the MDGs, has provided thrust and direction for donor programmes to work towards achievement of MDGs in a coordinated manner. For example, the UN Development Assistance Frameworks (2007-11, 2012-16)³ call for strengthening the capacity of the Government to deliver on the MDGs; the 2013-16 strategy of the Swiss Development Cooperation⁴ addresses objectives specified in the CNDS; and the World Vision Mongolia Area Development Program (2005-14)⁵ supports long-term implementation of MDGs in 18 *aimags*.

² National Audit of Mongolia, *Report on implementation of the annual Socio Economic Development Guidelines, May 2011*

³ http://www.undp.mn/publications/UNDAF_ENG.pdf

⁴ http://www.swiss-cooperation.admin.ch/mongolia/en/Home/About_Swiss_International_Cooperation

⁵ World Vision Mongolia, 2014, "World Vision Mongolia contribution towards Millennium Development Goals of Mongolia" document submitted to the MED.

Table 2: Policy documents and their linkages with MDGs

Policy document	Extent of incorporation of MDG	Program Outline and strategy	Incorporated as a specific policy direction and policy line
Long term Concept, comprehensive policy	MDG-based CNDS 2008	Incorporated: Implementation of MDGs enable Mongolians to develop themselves in all of aspects their life	Incorporated, for example: 4.1. Poverty reduction and Employment Policy. Strategic objective 1. Halve poverty through implementing pro-poor economic policy directed at fostering a relatively wealthy middle-class and ensuring income growth 4.2. Gender Equality Policy. Implement policy ensures gender equality within family, economy, social, political, cultural and human rights framework. Strengthen mechanisms for the Government policy support in developing gender equality issues and adopt a Gender equality Law. Ensure development of gender sensitive curricula for all educational levels. Ensure equal participation of men and women in the labor market. Create supportive environment for gender equal opportunities in all managerial and decision making levels
Midterm Economic Development Policies	Economic growth and poverty reduction strategy	Incorporated	Requirement for linking with MDG and recommendation to put MDG in the center of the Policy
	Government Action Plan for 2004-08	Specified as Millennium Declaration	Incorporated: Decrease incidence of maternal and premature mortality
	Government Action Plan for 2008-2012	Incorporated: MDG based Comprehensive National Development Strategy	Incorporated: 10. Halve poverty through promotion of economic growth, employment and income 18. Eradicate gap in the education of boys and girls, create enabling condition for equal opportunities in the education sector etc.
	New Development Program, 2010 (proposed)	Incorporated: "MDG-based CNDS", "Regional Development Concept of Mongolia"	Incorporated: for example 4.1.5. Reduce air pollution in Ulaanbaatar etc.
	Government Action Plan for 2012-2016	Not incorporated	Not incorporated
Short term policies	Economic and Social Development Guideline for 2006-12	Incorporated: 2006 Mongolia's Economic and Social Development Guideline for 2006-08. Objectives of the Guideline were approved by SGH and other Policy 2007 Policy document approved by SGH Link with MDG-based CNDS 2009, 2010, 2011, 2012, 2013, 2014	Incorporated: 2005 Administration of preparation for MDG implementation status report to be presented to 60 th UN General Assembly. 2007: Goals specified as MDGs and Law on Gender Equality 2009: Strengthen MDG indicators and methodology 2010-14: MDG based policies remain dominant.

Source: Research Team

4. PLANNING FOR MDG IMPLEMENTATION

4.1 Setting up of a planning system

A national planning framework is key to achieving pre-determined objectives and the MDG-framework has helped revive the strategic planning function in Mongolia which had a limited role during the transition decade of the 1990s.

As in many other transition countries, the Soviet era institutions of central planning were dismantled after the transition. The Economic Policy Department in the Ministry of Finance was given the overall policy formulation and strategic planning responsibility, and annually produced the Economic and Social Development Guidelines, a policy document which specified the priorities of the government for the given year. There was no long-term planning to attain a set of development objectives.

The State Great Hural Resolution of 12 February 2008 firmly placed the MDGs at the centre of government planning process. It entrusted the Government of Mongolia to:

- take actions with regard to organizing the implementation of strategic objectives set forth in the MDG-based CNDS, reflecting the Government Action Plan, annual State budget and annual Economic and Social Development Guidelines, and implementing them;
- elaborate a new or renew National Programmes in line with the MDG-based CNDS and organize the work on their implementation; and
- recommend to respective Governments in future to take actions with regard to elaborating mid-term policy documents, targeted programmes and projects aimed at implementing the strategic objectives set forth in the MDG-based CNDS, submitting to the State Great Hural for endorsement, reflecting them in the Government Action Plan and organizing their implementation.

To manage implementation of the MDG-based CNDS, the MDGs needed to be integrated into the national plans. The NDIC was created under the Prime minister's Office in January 2009 to enhance economic and development planning and oversee strategic planning. It was provided a broad mandate that included regional and sector development policy, strategic planning and appraisal of public investment plans, economic reform, monitoring and evaluation of MDGs and the government's action plan, encouraging innovation and economic diversification, and formulation of national and social development policy formulation and guidance.

After the 2012 elections, NDIC was elevated to the MED and took on additional responsibilities. Development policy and planning functions were under the new full-fledged ministry function and this contributed to strengthening the organizational structure for development policy and planning. Measures were accelerated in human resource planning and capacity development, strengthening

policy formulation and result based monitoring and evaluation.

The national system for development policy and planning function has undergone gradual structural changes since 1990 and is depicted in Figure 1.

Figure 1: Changes in the Government's development policy and planning functions



Note: As of November 2014, the planning function will be located in the Ministry of Finance after the disbanding of the MOED.

Source: Research Team

The creation of an independent government institution responsible for development planning was followed by the setting up of financial institutions for development and amendment of the budgeting programming to give priority to financing for development goals.

Achieving the MDGs has required much broader development planning, coordination and monitoring than existed before. The Government has been taking necessary steps to develop new systems for strategic planning, economic policy coordination, and development policy planning. Independent institutions to oversee development policy and planning, and financing for development were set up and the Government started making crucial changes to reflect development goals in state budgeting and financial system and give them higher priority.

There is evidence to show that the process of inter-linking short- and medium-term plans with the long-term development strategy, and integrating planning with budgeting has been influenced by the need to set up an integrated planning framework to achieve the MDGs.

According to the resolution of the SGH stated "Ensure implementation of Economic and Social Development Guidelines Mongolia for the Year of 2007 by providing financing sources under the framework of the Budget Law."⁶ This was restated in 2013 as: "Prepare draft budget on the basis of the Economic and Social Development 2013 Action Plan and submit it to the SGH."⁷

The latter statement clearly illustrates the State Budget has started to build upon the Action Plan (on development policy and plans). This resolution states "Implementation of 2013 Economic and Social Development Guidelines should be closely tied to the MDG-based CNDP and other policy

⁶ The Parliamentary Resolution No.87 (2006)

⁷ The Parliamentary Resolution No.37 (2012)

documents” that incorporate emerging principles approach of integrating short, mid- and long-term development policy, financing and institutions.

In this way, adoption of MDGs led Mongolia to pay attention to the improvement of long term development strategy or CND; approve medium-term Government Action Plan in 2008 by harmonizing it with the MDG-based CND; make significant progress in improvement of short-term planning or annual Economic and Social Development Guidelines; link closer medium-term budget framework and annual budgeting to development strategy and program budget on basis of economic/development policies; and as we will see in a later section, considerably improve monitoring and evaluation systems for national development with a system of unified progress indicators and established reporting system.

The MDGs have served a guide for development direction, since they brought Government, non-Government and international organizations with multilateral views and objectives together by including national development challenges in an integrated and a comprehensive way. Suitable institutional mechanisms were also set up.

However, recent changes since November 2014 in the government structure have put a big question mark on the long-term implication for strategic planning and implementation of the SDGs that are likely to succeed the MDGs after 2015. The MDG period may be coming to an end but Mongolia’s development challenges relating to poverty and inequality, environment sustainability, gender, human rights and governance remain.

5. MONITORING OF MDGs

The use of a results-based framework is regarded as one of the strengths of the MDGs, and has certainly appealed in an aid context with the desire of donors to see measurable returns on investment. The results-based nature of the MDG framework means that availability of good quality data is necessary to the use of specific indicators that monitor progress towards targets and goals. In addition, collection of additional data can overload the statistical system in most countries which have many capacity constraints.

5.1 Institutional set up for monitoring MDGs

For Mongolia, the transition to a results-based M&E System by the Government in 2010 can be considered as an 'indirect' contribution of the application of the MDG-framework. To introduce the results-based M&E system the Cabinet Secretariat even drafted a Law on Government monitoring and evaluation.

The foundation for the MDG monitoring and evaluation (MDG M&E) system was laid in 2005-06. The Parliament has oversight responsibilities⁸, while the Government has monitoring responsibilities.⁹ The Parliament Resolutions on adoption of Mongolia's MDGs were quite comprehensive. They aimed not only to adopt the long-term development objectives but also identify means for improvement of the long-term plans and targets, their implementation, monitoring and evaluation, and mobilizing domestic and external resources.

Minutes of meetings of Parliament members, who participated in resolution drafting and resolution adoption, show that the MDGs were considered as major objectives defining Mongolia's development agenda and were proposed to clearly define agencies mandates. For instance, Mr. N.Bayartsaikhan, former Parliament Member, proposed "to issue a resolution defining roles of the Parliament and all other Government agencies, and the mechanisms to implement the objectives."¹⁰

With the adoption of a Resolution in 2005 by the parliament's Social Policy Standing Committee,¹¹ a Sub-Committee was established to coordinate MDG-related activities across relevant ministries and agencies and to provide support; assess the methodology used in estimating statistical indicators; improve targets; and oversee achievement of targets. The Steering committee was the first organizational arrangement for monitoring MDG implementation.

Twelve Thematic Task Forces (TTFs) were established by Prime Minister's Decree No 28 in 2006 on "macro-economic issues, income poverty, food/nutrition supply, education, gender, health, air pollution, water supply, housing, human rights, and governance" with participation of representatives from relevant agencies and organizations to undertake a MDGs Needs Assessment

⁸ Resolution No. 25 of 2005.

⁹ Resolution No. 53 of 2006 and Resolution No. 113 of 2009 respectively.

¹⁰ Minutes of joint meeting of The Economic Standing Committee and Environment, Information, Communication Technology Development Standing Committee on first reading of a Parliament resolution on adoption of MDGs, April 12, 2005, page 9.

¹¹ Revised in 2006.

(NA) and costing exercise. This was the first exercise to identify the financial needs of the MDG implementation policies and interventions and required financial envelope.

The Government of Mongolia with UNDP assistance started implementation of the 'Pilot Project to Support the National Poverty and MDGs Monitoring and Assessment System' in 2005, and it has played a critical role in establishing a foundation for a monitoring and evaluation system for the MDGs.

With the passage of Government Resolution No 53¹² in 2006 defining the roles and responsibilities of agencies involved in the MDG implementation it was important to ensure achievement of the set objectives. According to the resolution, in addition to the annual Socio-economic development guidelines, the ministries prepare report on MDG progress every two years and present it to the Parliament. This form of regular reporting has played an important role in monitoring the implementation of key policy objectives contributing to the MDGs. Each Ministry appoints a focal point for the MDGs.

Adoption of the MDG based CNDS by Parliament Resolution No. 12 and 'Revisions to the MDG targets and indicators' by Parliament Resolution No. 13 triggered the development of and alignment with the Government monitoring and evaluation system of the long-term objectives, particularly the results-based system. The ministries, *aimag* governors, and the city mayor have used regulation to monitor and evaluate their performance according to the revised Government Resolution No. 51 of 2006.

With respect to assessment of the MDG-based CNDS the above regulation was amended by Resolution No. 285 of 2009 and government agencies and local governments were assigned to report on management, implementation progress, outcomes of and monitoring over all programs and projects and monitoring adopted by the Parliament and the Government. This decision has contributed significantly to inter-agency coordination and timely exchange of information and data.

In terms of institutional development, public planning institution was put in place, financing sources for plans were secured, performance evaluation structure established, appropriate legal acts and legislative environment established.

5.2 Strengthening the statistical system and data issues

Statistical data, information and methodology

MDGs have played a critical role in establishment of social and economic indicator database, and in development of data services. The NSO is assigned to identify with other professional organizations, MDG implementation evaluation indicators, to create a statistical database, and provide relevant organizations with data services in timely manner.

¹² Revised in 2009 by Order No.113.

Data issues

Improvement in data collection and methodology helps not only MDGs evaluation but also help policy makers in monitoring and evaluation of national and sector policies and strategic results. For example, there were missing indicators to monitor governance, construction and urban development, however from 2009 the NSO started to collect statistics that they considered appropriate to monitor them. In addition, in case of some inconsistencies in statistics between the NSO and sectoral ministries, they normally agree on the methodology before monitoring. When MDG reports were developed there were some inconsistencies in health data, methodology and data sources, and in 2013 the NSO director and the Health Minister agreed to harmonize different health statistics for MDG monitoring.

In 2005 the Parliament of Mongolia adopted 9 MDGs specific to Mongolia with 20 targets and 24 monitoring indicators, which later (in 2008) expanded to 24 targets and 67 monitoring indicators. However, there were no data available for environment, partnerships and governance, and their collection methodology was not available or yet developed. These challenges limited applicability of comprehensive M&E on the MDGs. Data on health, education, gender, and environment collected by the NSO had discrepancies with administrative data produced by line ministries. Since the overall MDG reporting was based on official statistics and this created conflicts between the NSO and line ministries over data sources.

Livelihood and poverty level statistics are based on household socio-economic survey results, and those statistics, along with comprehensive analysis of the results are made available to the public. However, the poverty numbers for various years are not comparable because poverty incidence has been regularly estimated with a survey methodology that is being refined continually. While the continuous refinement of the survey methodology is welcome, it resulted in a lack of comparability across different years, which made it difficult to track progress on MDG1 and get a long-term trend of the poverty rate.

NSO contested the World Bank's re-estimates and in the absence of a satisfactory resolution of the issue, there were different poverty numbers in Mongolia for more than two years which made it difficult to undertake any meaningful poverty reduction effort or monitor progress on MDG 1. The issue was finally resolved in 2012 with UNDP's efforts and 2010 poverty numbers are used as a baseline for future poverty estimation. NSO now conducts the comprehensive, household socio-economic survey (HSES) every two years and a limited survey to collect group indicators in the intervening years.

At the same time, the Pilot Project to Support the National Poverty and MDGs Monitoring and Assessment System implemented by the Government of Mongolia and UNDP and a country-wide MDG Monitoring and Evaluation system was created, and associated data base for routine statistical data collected by the statistical and line agencies was established as well. Out of 64 monitoring indicators included in the MDG data base 20 indicators are collected through the statistical surveys and censuses, and remaining 44 indicators are compiled from the ministries and

agencies' administrative data records. However, until now issues surrounding the collection of three indicators, namely voting rate in the election of *bag* and *khoroо* governors (State Election Committee), percentage of urban residents without registration among total population (MSWL), experts opinion on conformity of Mongolian laws and regulations with the international conventions and treaties on human rights have not been resolved.

The MDG indicators were adopted in consideration of Mongolian specifics, and out of them 32 are aligned with the globally recommended MDG indicators, and the remaining indicators are applicable at national level only. This has created some limitations for the consistent comparison with the international benchmarks, targets and indicators.

Unfortunately, since 2009 there have been no significant efforts undertaken by the Government to compile data out of 35 nationally applicable indicators, and to improve their scope and quality. This can be partially attributed to the weak coordination among the Government agencies in charge of MDG responsibilities set by Government Order No. 113 of 2009.

A web-based data system was established by order of the Chairman of the National Statistical Office No 01/61 of 2009 as the DevInfo version 5, and the roles and responsibilities of the relevant parties regarding the database compilation, update and use were defined. The appointment of a person in-charge of MDG database at the NSO has played a significant role in advancing the M&E system.

Moreover, a series of surveys and round table discussions were organized among the ministries, international agencies and other stakeholders to improve production of MDG indicators, and their methodology. This was part of a significant effort to enhance the country's M&E system.

5.3 Reporting on MDG progress

The Government of Mongolia produces the MDG Implementation Report every two years and presents it to the Parliament for review. This reporting arrangement helps to assess the progress and impact of major policy measures and interventions.

A total of five MDG implementation national progress reports have been produced since 2005 that facilitated establishment of cross-sector Technical Task Force to carry out assessment of MDG performance using the indicators. During this period national development progress status of the country was evaluated every two years against 67 MDG indicators. Regular monitoring and reporting MDG progress identified problems and challenges faced by national institutions. The MDG reports Government's progress in achieving the MDG targets.

Progress on the CNDS and the development guidelines is assessed on an annual basis and presented to the Parliament for review. The reporting process is quite superficial compared to the next year's planning discussions. This has been of weaknesses of the country's planning cycle. Each survey

respondent was critical regarding it, and they have cited the weak accountability mechanisms in Mongolia, particularly the way the policy and decision-makers do not reflect the comments or recommendations or feedback from other stakeholders or results of M&E efforts into the planning process.

5.4 Monitoring implementation of MDGs

It is a challenge to achieve the MDGs on agreed time framework, and it requires consistent efforts, time, resources, and inspirational leadership. The government has monitored implementation of the MDGs as part of its monitoring the annual economic and social guidelines undertaken by the Cabinet Secretariat. The Cabinet Secretariat’s leadership towards MDGs implementation has grown as part of its responsibilities to coordinate the M&E efforts of all ministries, *aimag* governors and the capital city mayor’s work. However, since indicators for the 9th MDG on human rights and governance are still unavailable, it was impossible to measure and evaluate its implementation.

Over the years, there have been numerous changes in the monitoring template for the annual Economic and Social Development Guidelines. Figure 2 illustrates an old template from this guideline used in 2007.

Figure 2: Sample template used for Economic and Social Development Guidelines for 2007

MONGOLIAN ECONOMIC AND SOCIAL DEVELOPMENT GUIDELINES FOR 2007

No	Targets and actions	Monitoring indicators	2007 baseline
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At that time, the planning process was mainly activity-driven and the above figure doesn’t show what the long-term development policy and objectives that proposed actions are built on. There were several cases with poorly stipulated targets and lack of the performance indicators to measure progress against targets.

Figure 3 provides a template used for the 2013 Guidelines and it is evident that more specific information is required specifying the funding sources, targets to be achieved, and responsible entities.

Figure 3: Sample template used for Economic and Social Development Guidelines for 2013

No	Long- and mid-term policies and programs	Targets and action	Performance indicators	2013 targets and expected results	Source of financing (Billion MNT)	Responsible entity
1	2	3	4	5	6	7

The position of non-Governmental organizations (NGOs) regarding the MDG-consistent planning and M&E differs from the Government agencies and they have been critical regarding the fact that

Government monitors its own performance without external assessment, and that sufficient funds for external evaluation were not allocated even though an independent evaluation is essential. In 2007, the civil society organizations had proposed to produce a 'Shadow MDG Report' on the Government performance, but due to lack of funds this initiative was not realized.

There was considerable public participation in identification of suitable MDG targets for the Mongolian context. However, actual implementation of the MDGs has executed through the related programs and projects for the annual Economic and Social Development Guidelines, and this process cannot isolate the independent impact of the MDGs.

The Government has focused on promoting participation through available means including discussions and incorporating people's voices during planning and setting targets. Despite these efforts the degree of public participation was mixed at various levels due to factors such as people's initiatives, activeness, access to information, and local capacity.

Discussions with NGO representatives reveals that the NGOs were not fully satisfied with public participation in the MDG implementation and their monitoring and evaluation. They are concerned that the Parliament intentionally slows the process of amending the Law on Non-Governmental Organizations, and formal mechanisms of their financing is not yet clarified. They have noted that the legal basis for civic organizations involvement is unclear, and access to the public institutions' information is not easily available.

Development policy and planning framework requires the policy formulation is audited and approved by the National Audit Office, which can be considered as one of its key achievements. For example, "The audit was carried out in compliance with SGH resolution No. 34 in 2011 and General Auditor's product and service delivery agreement for 2013 Law on Public Audit." Purpose of the audit was to evaluate the implementation status of the Economic and Social Development Guidelines of Mongolia for 2012 and provide recommendations to relevant organizations and officers and inform general public of the findings of the audit. The scope of the audit was to assess:

- Efficiency (appropriateness) of the Action Plan planning process;
- Effectiveness of measures taken by implementing organizations for meeting targets and producing expected outputs;
- Reliability of the reporting, and accuracy of performance assessments of implementing organizations.

Introduction of the above-mentioned government performance evaluation and reporting system assesses not only short-term, but also long-term policy implementation which is a considerable achievement.¹³

¹³ First MDG-based CNDIS implementation status report of Mongolia, 2011

5.5 Evaluation of CNDS

The implementation of MDG-based CNDS was undertaken with UNDP's assistance in 2010. The evaluation team consisting of national and international experts was led by the National Development and Innovation Committee. The team conducted the evaluation for 6 months by using results-based evaluation approach and methodology, ensuring multi-stakeholders participation by the local and central governments.

The evaluation concluded that the system for monitoring the implementation of development plans in Mongolia has improved, but still there are large gaps in understanding how best to undertake monitoring and assessment of development policies and how to undertake mid-course corrections if required. Also, there was little or no link between data and policy, planning and budgeting.

Use of result-based monitoring and assessment is very limited and there is no systematic ex-post evaluation. There is an urgent need to strengthen monitoring of the implementation of the CNDS, the midterm development strategies, Economic and Social Development Guidelines, and other planning documents which should move from activity or input and output-based to monitoring outcomes and results.

Building a robust monitoring system will require working closely with, and strengthening monitoring capacity in, the MED, the monitoring and evaluation sections of the NSO and line ministries, local development policy offices in *aimags*, and others responsible for data collecting, analysis and dissemination. Some goals and objectives remain unmeasurable and unaccountable unless target indicators are developed and improved in policy documents.

Further, there is limited M&E capacity at various levels particularly at the local levels. There is a need to share M&E reports with the general public in different forms and formats to ensure increased public participation. There is also a lack of funding for ensuring public participation in M&E activities. NGOs are keen to bring their voices to policy makers and influence policies.

6. RESOURCE ALLOCATION FOR SOCIAL SECTORS

This section examines whether and to what extent allocation of financial resources to the social sectors is aligned with the stated MDG priorities. Most of the MDGs relate to health, education and social welfare, and the subsequent sections will analyse the trend in public spending in each of these sectors.

The EGPRS in 2003 estimated that over the medium-term Mongolia required public investment equivalent to 30 percent of GDP, 60 percent of which was to be funded from foreign sources. The Government planned to meet investment demand by allocating mainly public investment and concessional loan and grants from donors and international financial institutions to education, health, regional development and infrastructure sectors, and by mobilizing foreign direct investment into mining, manufacturing, hotel and hospitality industry, trade and other service sectors¹⁴.

Expenditures allocated to education, health and social services in 2000-05 comprised 13-18 percent of total expenditures and net lending (Table 3). Total allocation accounted for 47.8 percent indicating that the overall budget allocation to the priority sectors was relatively high even prior to the adoption of the MDGs. However, net growth rate of financial allocations to these sectors, except for social welfare, was relatively low.

Table 3: Budget allocation to MDG priority sectors, 2000-05

	Share of total expenditure (%)	Expenditure (million MNT)	Average growth (%)	Real growth (%)
Education	15.6	119529.5	14.7	1.8
Health	18.5	62933.25	13.5	0.6
Social insurance and social welfare	13.7	117136.36	19.4	6.5

Source: Calculated by the research team from Government of Mongolia data

For 2006-12 expenditures on education and social welfare, poverty reduction sectors to total expenditures and net lending grew to 18.07 and 22.78 percent respectively in comparison to the previous 6 years indicating a greater emphasis on the social sectors which could have been driven by the CNDS priorities. Expenditures on education, social welfare and health sectors to total expenditures and net lending increased marginally up to 49.6 percent (Table 4).

Mongolia received a total US\$ 652 million concessional loan for 1999-2005 and US\$ 910.6 million for 2006-12. More than a third (34 percent) of the total concessional loan was spent on infrastructure and energy sectors. But shares and volumes of concessional loan to MDGs priority sectors – social welfare, poverty reduction, education and health – all increased in 2006-12 in comparison to the previous 6 years. For example, for 1999-2005 concessional loan and its share to total concessional loan of social welfare, poverty reduction sector were US\$ 19.7 million and 2.6 percent respectively which went up to US\$ 154.4 million and 17 percent in 2006-12.

¹⁴ Government of Mongolia, 2003, *Economic Growth and Poverty Reduction Strategy*

Major grant donors and international organizations for 1999-2005 were Japan with 41.1 percent of total grant, USA (11.7 percent), Germany (11.4 percent), and the UN (10.2 percent). In 2006-12 shares of Japan and the UN shares dropped to 23.5 and 2.4 percent respectively whereas the others (WB, ADB, USAID) increased their share of concessional lending.

Table 4: Budget allocation to MDG priority sectors, 2006-12

	Share of total sector expenditure	Average growth	Average expenditures (MNT)	Share of total expenditures and net lending	Real growth
Education				18.07	
Current expenditures	89.52	25.79	436,697,816.60		14.29
Capital expenditures	10.47	66.89	57,551,088.40		66.89
Health				8.93	
Current expenditures	85.57	24.31	199,714,400.60		12.82
Capital expenditures	14.42	74.1	38,479,867.40		61.2
Social welfare, poverty reduction				22.78	
Current expenditures	44.9	46.25	1,914,841,179.00		34.75
Capital expenditures	55.09	155.66	9,636,058,943.00		144.16

Source: Calculated by the research team from Government of Mongolia data

Mongolia received total grant of US\$ 721.89 million in 1999-2005 and US\$ 755.74 million in 2006-12 (Table 5). As evident, for road, transportation, environment, social welfare and governance sectors increased but for education, health, and telecommunications sectors it decreased.

Table 5: Donor grant by MDGs priority sector

MDG priority sector	1999-2005	2006-2012	1999-2005	2006-2012
	Share		US\$ million	
Human development/Education	16.1	8.0	116.37	60.41
Road and transportation	4.3	10.3	30.83	77.97
Health	10.1	3.9	72.64	29.53
Environment	7.3	7.3	52.91	55.48
Telecommunications	4.6	2.2	33.12	16.45
Social welfare	3.3	5.7	24.03	43.32
Governance	3.2	6.5	23.29	49.31
Share of total grant	48.9	44.0	353.19	332.47
Total grant (1999-2005)			721.89	
Total grant (2006-2012)				755.74

Source: Calculated by the research team from Government of Mongolia data

Though total grants in terms of volume increased, grants to MDG priority sectors declined from US\$ 353.19 million for 1999-2005 to US\$332.47 million or 5.8 percent for 2006-2012. The decline in grants could be explained by Mongolia's entry into the low-middle income country category.

A total of 608 projects started implementation with concessional loan and grants in 1999-2012. Of these, 179 projects were in 1999-2005 and 429 projects to 2006-12 (Table 6). Number of projects and programs in education, health, social welfare, poverty reduction, gender, infrastructure, governance and environment increased 2-6 times in 2006-12 over 1999-2005 clearly indicating a shift in priorities towards the MDG-related sectors.

Table 6: Number of new projects implemented and being implemented

Sector	Number of projects		Change
	1999-2005	2006-2012	Growth (times)
Health	26	55	2.1
Poverty and hunger reduction	24	59	2.5
Gender	2	3	1.5
Infrastructure	26	34	1.3
Governance	18	82	4.6
Environment	4	27	6.8
Mining	2	8	4.0
Education	28	105	3.8
Agriculture	22	29	1.3
Others	27	27	1.0
Total	179	429	2.4

Source: Calculated by the research team from Government of Mongolia data

6.1 Education

The share of educational sector expenditure in total social sector budget increased from 4.6 to 8.9 percent in 1995-2001.¹⁵

The Government has introduced the system in calculating the budget allocations for schools based on the variable cost reflecting number of students however, budget allocated for some schools are still not sufficient.¹⁶ Majority of allocated budget is spent for electricity, heating and repair of school buildings rather than capacity building of teachers, improvement of curriculum.¹⁷ Since 2000, the government is responsibility for covering the cost for school dormitory.

Before implementation of MDG, 28 projects were implemented in education sector. Financing for education sector increased rapidly for implementation of CNDS.¹⁸ Number of policy documents were developed such as Master plan of education sector (2006-2015), strategic plan, national program, sector's program, sub-program. According to the master plan, estimated amount for investments required for construction of schools and kindergarten, repair and training environment was as 305.2 billion MNT, of which 249.9 billion MNT was expected to be funded by donor sources.¹⁹

¹⁵ Government of Mongolia, *Strategy documents on supporting of economic growth, reducing poverty, 2003*, page 164

¹⁶ Government of Mongolia, *Strategy documents on supporting of economic growth, reducing poverty, 2003*, page 169

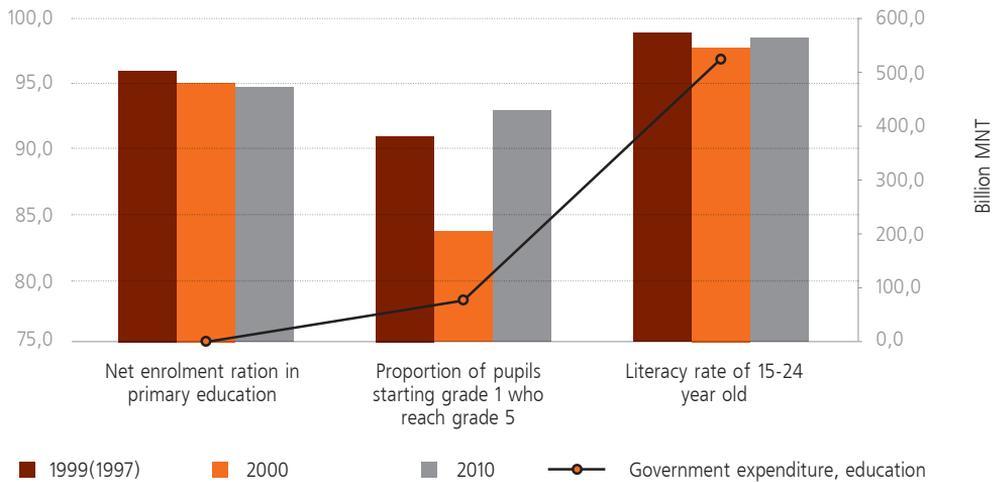
¹⁷ Government of Mongolia, *National report on MDG implementation process, 2004*, page 8

¹⁸ Government of Mongolia, *"Implementation of Mongolian MDG, Fourth national report"*, Ulaanbaatar, 2011

¹⁹ MAK LLC, *Analysis of directions and results of foreign credits, donations in Mongolian education sector, 2014*, page 46

Since 2000, total budget in education increased rapidly, and key education outcome ('Proportion of pupils starting grade 1 who reached grade 5') also recorded a sharp increase in this period. While difficult to attribute causality, the MDG indicator did improve with increase in budget allocation (Figure 4).

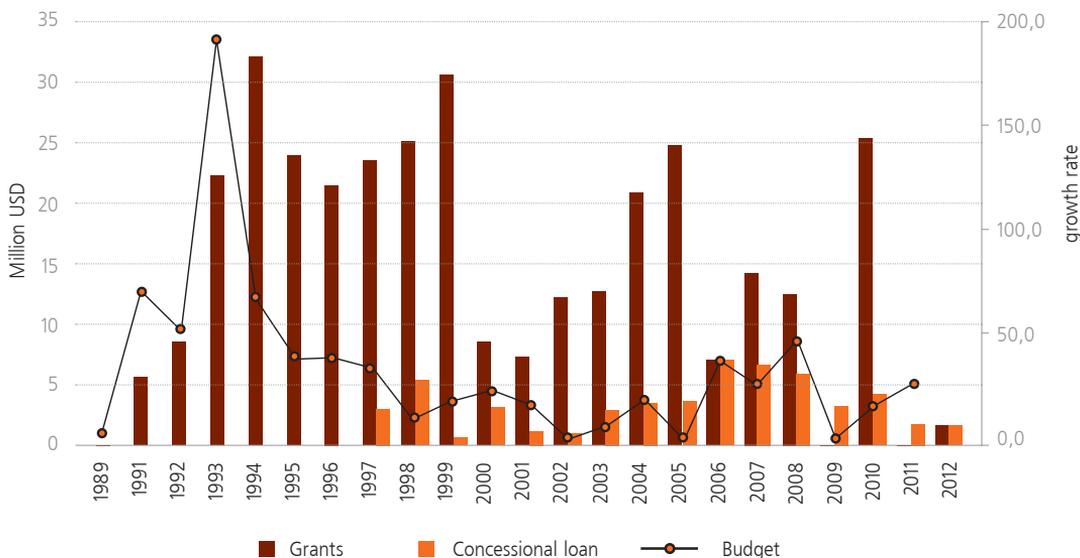
Figure 4: Education outcomes and budget allocation



Source: Calculated by the research team from Government of Mongolia data

During 1991-2012, the Government of Mongolia has received grants with amount of 337.18 million USD, and concessional loans with amount of 54.68 million USD from donor organizations in education sector. Before MDG, government budget expenditure in education had declined. Thus, the education sector frequently used the grants. Since 2006, volume of grants has reduced and amount of concessional loan has been increased, at the same time education expenditure growth rate has been fluctuated in total budget expenditure (Figure 5).

Figure 5: Budget growth rate in education sector and official development assistance



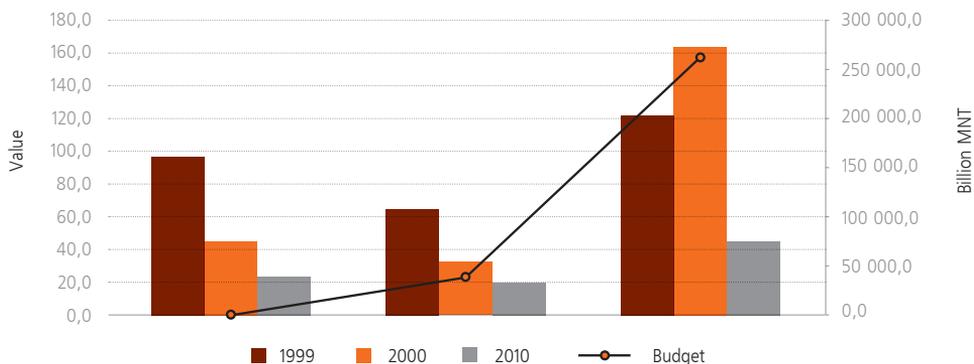
Source: Calculated by the research team from Government of Mongolia data

6.2 Health

The share of the health sector expenditure in total social sector budget increased from 3.1 to 5.2 percent in 1995-2001.²⁰

During 1991-2012, the Government of Mongolia has received grants from donor organizations of US\$ 137.47 million and concessional loans of US\$ 37.08 million for the health sector. The volume of grants and concessional loans frequently fluctuated, and so budget expenditure growth rate in health sector was also fluctuated which made it difficult to plan over the longer-term (Figure 6 and 7).

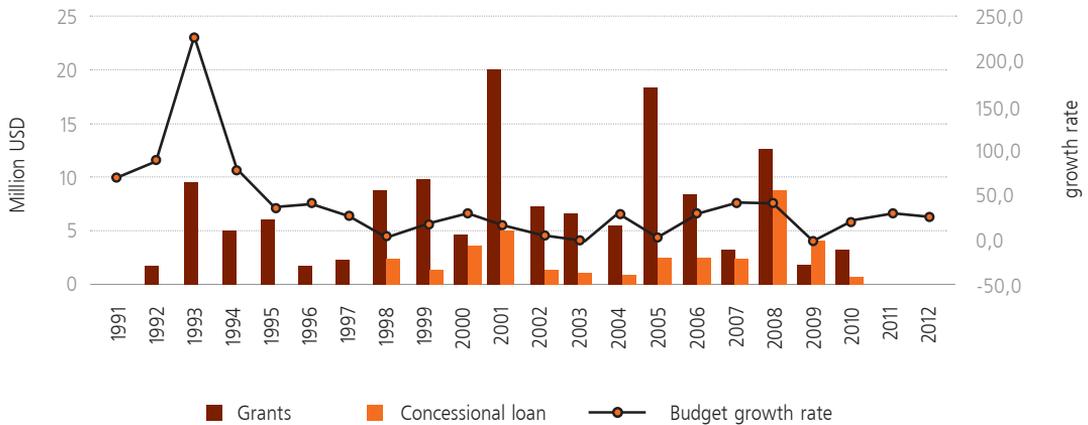
Figure 6: Health outcomes and allocation



Source: Calculated by the research team from Government of Mongolia data

²⁰ Government of Mongolia, Strategy documents on supporting of economic growth, reducing poverty, 2003, page 164

Figure 7: Budget growth rate in health sector and official development aid, 1991-2001



Source: Calculated by the research team from Government of Mongolia data

Although the health sector has number of policy documents as such strategic plans, national programs, sector programs, sub-programs, these documents are inconsistent and have overlaps and it makes challenges in evaluating the efficiency of using funds from either donors or state budget²¹. Anyhow, the financing for health sector has increased in relation to the implementation of CND²².

It is essential to have comprehensive analysis in assessing resource allocations for improving the economic and investment policies for health sector, improving the capacity of human resources, introducing new technologies in the sector. As of now, no any analysis have been done to evaluate the efficiency of using donor funds in the health sector.

6.3 Social Protection²³

Social protection in Mongolia has a strong focus on poverty reduction through direct interventions, mostly cash transfers. Before 1990, social protection was provided through a system of permanent employment, accommodation provided by the state, and state pension benefits. As the country underwent transition to a market economy inflation increased rapidly in early-1990s and household incomes decreased considerably. Measures were taken to compensate salaries and pensions against the adverse impact of price increase and vulnerable target groups such as elders, people with disabilities, pregnant women, infants and female-headed households with many children were included.

The Law on Social Welfare, approved in 1995, laid the foundation of the current social welfare system and a legal system was constituted. Mongolian parliament passed a package of laws on social welfare in 2005.

21 Government of Mongolia, MDG based NCDS first stage assessment report. 2010, page 184

22 Government of Mongolia, "Implementation of Mongolian MDG, Forth national report", 2011, page 49

23 Parts of this section have been drawn from Sinha Saurabh, 2014, Growth and Inequality in Mongolia: What role for policy?, Paper prepared for the joint ADB-UNDP project on Inclusive Growth, mimeo.

While it is difficult to get a long-term trend of poverty because of a lack of comparability on the poverty estimates prior to 2010, the decline in poverty since 2010 seems to have been driven almost entirely by strong growth in average household incomes which increased by 28 percent in 2010-11 and by another 43 percent the following year. Much of this increase was a result of the increase in pensions and allowances which increased by 70 percent in 2010-11 and by another 36 percent in 2011-12. The 'Child Money' Program implemented by government from 2005 to 2010, cash dividend to all citizens issued from Human Development Fund from 2010 to 2012 and 'Child Money' granted since October 2012 seem to have had a positive effect on reducing household-level poverty.

Expenses of the social service and public development increased by more than 70 times between 1999-2012 depending on the social welfare policy, law amendment and reform, economic especially income growth from mining sector (Table 7). Total expenses were financed from a number of resources such as 'Social Welfare Fund', state budget, Development Fund and Human Development Fund.

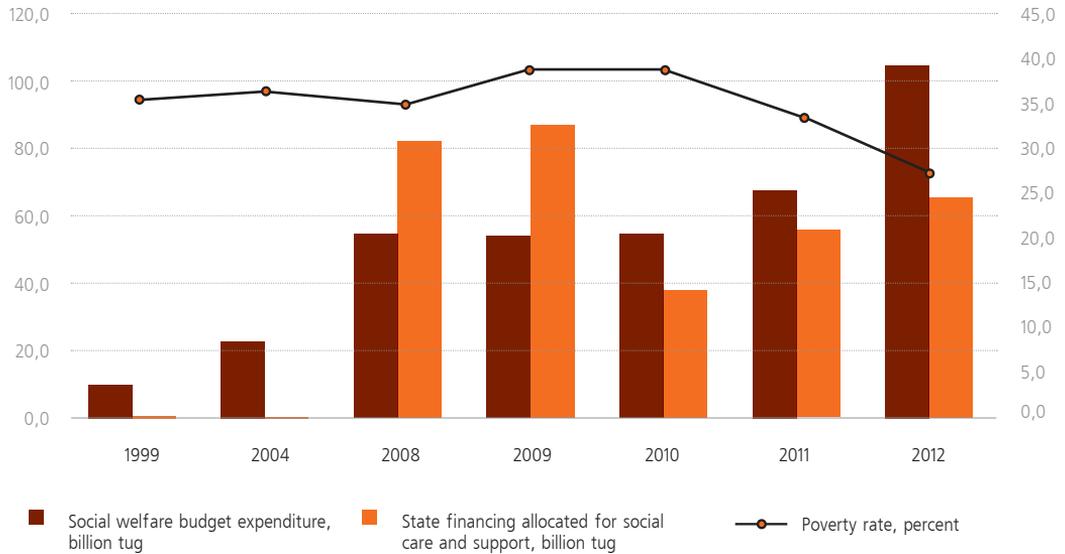
Table 7: Social welfare coverage, its cost, and source of funds

		Social Welfare Fund	State budget (For pensions and allowances)	Development Foundation of Mongolia	Human Development Fund
1999-2005	Number of people	2,061,533	669,381	0.0	0.0
	Amount, million MNT	118,920.9	21,093.4	0.0	0.0
2006-2012	Number of people	2,404,657	5,434,572	2,944,144	8,296,226
	Amount, million MNT	390,013.6	468,875.8	282,335.3	1,675,456.4

Source: From Ministry of Social Welfare and Labor, 2012, "Indexes of population, social welfare and labor", Report of the Human Development Fund.

Increase in pensions and allowances contributed 40 percent of the increase in total monthly average monetary household income in 2010-11 and another 17 percent in 2011-12. On the whole the increase in pensions and allowances contributed 15 percent to the increase in total monetary income of the household and seems the most likely cause for the sharp drop in poverty in 2010-12. Total expenses of social welfare activities increased 20 times and expense of social welfare activities financed from Social Welfare Fund increased more than 3 times between 1999-2005 and 2006-12 (Figure 8).

Figure 8: Poverty rate and social welfare budget expenditure



Note: The poverty numbers prior to 2010 are not comparable because of changes in methodology as explained in Sinha (2014)

Source: Calculated by the research team from Government of Mongolia data

This practice of indiscriminate cash transfers has attracted a lot of comments from Mongolia’s development partners. The loose fiscal policy in recent years, even after the Fiscal Stability Law, has also been responsible for runaway inflation in the last few years. The government is considering introducing a proxy-means test for targeting social transfers.

The number of people benefitting from various social protection schemes almost doubled in 2009-13 as evident from Table 8.

Table 8: Expenditure to support social welfare and human development

Amounts in thousand MNT

Number	Type of benefit	2009		2010		2011		2012		2013	
		Number of people	Amount								
1	Pension	55,345	25,025,168.6	56,708	27,641,130.6	57,925	35,650,026.6	60,658	65,615,825.7	63,423	79,470,320.8
2	Welfare benefit	119,192	22,738,895.3	120,245	24,328,849.5	119,081	32,169,991.7	31,971	14,239,921.6	42,260	23,260,253.8
3	Benefit to support livelihood	33,858	4,481,480.7	33,910	4,315,031.9	35,252	4,712,575.6	25,272	5,506,331.2	36,411	16,639,980.5
4	Benefit for children	932,200	32,176,498.5	1,033	29,119.3	-	-	-	-	-	-
5	Benefit for new family	35,550	17,775,000.0	1,530	764,613.4	-	-	-	-	-	-
6	Benefit for new born	71,538	7,153,800.0	2,030	202,906.7	-	-	-	-	-	-
7	Benefit for Honoured Mothers	127,663	8,229,252.1	125,556	15,707,658.2	204,313	29,894,921.1	204,378	28,937,786.8	202,474	28,098,557.9
8	Benefit for pregnancy	91,743	16,184,301.3	87,171	16,112,700.0	87,171	20,870,824.2	88,971	32,087,133.7	94,882	38,043,109.6
9	Welfare service based on public participation	15,229	1,039,581.8	17,588	1,336,308.0	42,845	3,340,612.4	37,366	3,450,600.0	24,104	5,087,741.2
10	Allowance and assistance for PWDs	37,444	4,810,185.4	35,888	5,306,159.9	36,451	5,477,055.1	32,907	5,452,439.6	38,743	7,567,266.1
11	Allowance for elderly people	107,842	6,508,251.2	108,158	8,401,106.6	118,672	9,576,516.2	114,103	11,262,939.9	125,941	14,252,674.9
12	Allowances for elderly people who are honoured and awarded	4,568	4,136,238.4	3,979	3,645,079.4	-	-	-	-	-	-
13	Through the law on increase of elderly people who are honoured and awarded	1,211	1,982,123.8	1,249	2,058,379.8	5,025	5,490,343.5	4,042	5,106,034.1	4,827	4,967,636.2
14	Allowance for child development from Mongolian Development Fund (number of children 932200)	-	89,799,930.1	458	53,156.5	-	-	-	-	-	-
15	Benefit for citizens from Human Development Fund (Child money)	-	-	2,617,979	277,106,218.9	2,799,895	721,599,357.4	2,823,902	738,248,225.9	948,616	228,300,000.0
17	Promotion for advisor members who support livelihoods, cost of bank transfer and operational expenses	-	1,004,887.4	-	720,098.8	-	902,538.6	-	1,084,776.8	-	1285964751.1
	Amount	1,633,383	242,986,094.6	3,213,482	387,728,517.5	3,506,630	869,684,762.4	3,423,570	910,992,015.3	1,581,681.0	1,731,652,292.1

Source: Ministry of Population Development and Social Protection

7. LOOKING AHEAD TO BEYOND 2015 IN MONGOLIA²⁴

7.1 Conclusion

This study has been undertaken at a very opportune time. The MDGs are coming to an end in 2015 and while progress on different MDG targets have been tracked regularly, this study assesses the overall contribution of the MDG framework to Mongolia's development since 2000.

The Millennium Declaration was signed and the MDGs were agreed globally at a time when Mongolia was just coming toward the end of a very painful 'shock therapy' during the transition. The focus during this period had been on maintaining macroeconomic stability and privatization of the economy. Industry which constituted more than a third of the economy at the start of the transition saw its share decline steadily during the decade as many SOEs shut down. Overall, Mongolia's economy remained almost stagnant during the 1990s, with the average annual GDP growth rate of 0.1 percent during this period. Just as the economy was beginning to revive, the country was struck by three consecutive *dzuds* in 1999-2001 and herders lost over 30 percent of their livestock. By the end of the decade, poverty and unemployment were high.

Mongolia has been an early supporter of the MDGs and the themes relating to the MDGs were embedded into a strategic policy and a results-based framework. Various policy documents echoed the centrality of the MDGs and the long-term vision document – the Comprehensive National Development Strategy – endorsed by Parliament in 2008 was MDG-based. Adoption of the 9th MDG on governance and human rights is a reflection of the strong ownership of the MDG framework. Various institutional mechanisms were put into place to implement and monitor progress on the MDGs. A key contribution of the MDGs was the fillip to the strategic planning function which had been sidelined during the 'transition' decade. After the launch of the CNDS, a parliamentary sub-committee on the MDGs was formed to oversee the government's work on the MDGs and the government set up the NDIC as a separate institution for leading the work on development planning in the country. Since 2012 the NDIC was elevated to the MED which also had the planning function.

The adoption of the MDGs in Mongolia also led to the strengthening of the statistical system for regular monitoring progress on the achievement of the MDGs. MDG Progress Reports have been produced every two years and presented to Parliament. At the same time, the study has noted that the social, and MDG-related, sectors such as health, education and social welfare, increased their resource allocation from the state budget as well as received donor support. It is difficult to attribute progress on the achievement of the specific MDG targets to resource allocations alone. Still, Mongolia has achieved considerable progress on the MDGs, and as per the MDG Progress Report of 2013 has achieved or is on track to achieve more than 70 percent of the MDG targets by 2015.

²⁴ Sections 7.2 and 7.3 were not part of the original MDG assessment and has been added as a postscript.

One key conclusion of the study relates to the design of the MDG framework. Given the focus on poverty reduction (MDG1), and a democratic pressure to achieve notable successes in a limited time span, the social welfare function has acquired a central role in the country's poverty reduction efforts. There are numerous social assistance programmes to benefit categorically targeted vulnerable groups and social welfare spending increased by more than 70 times during 1999-2012. While rigorous analyses have not been conducted, there is a fairly widespread belief among policymakers that the pensions and allowances and the universal cash handouts, along with the other social assistance programmes, have helped reduce poverty sharply, particularly since 2010. Mongolia's development partners have been encouraging the government to shift to a targeted system of cash transfers and there has been some movement in that direction in recent times.

Overall, the MDG framework has been key to Mongolia's development success since 2000 as it helped focus on development planning, institutionalize the planning system, strengthen the monitoring framework, and direct more resources to the social sectors.

Mongolia has also been an enthusiastic participant in the global consultations on the Post-2015 development agenda to discuss the framework that will replace the MDGs after 2015. National consultations were organized in 2013-14 (summarized in the next section) which have helped identify key areas for Mongolia going forward.

It is important to acknowledge two recent developments which may have long-term implication for the MDGs in its last year of implementation as well as on the SDG agenda likely to succeed the MDGs beyond 2015.

One, as this report is being finalized, there has been a change in government following the changes in the structure (during November-December 2014), as a result of which the planning function will now be located in the Ministry of Finance after the disbanding of the Ministry of Economic Development.

And two, work is being undertaken to design a fresh national Vision for the country that may replace the Phase II of the CNDS from 2016. The draft national Vision can benefit enormously by reflecting the national priorities captured in the Post-2015 national consultations.

7.2 Summary of Mongolia's Post-2015 national consultations

A series of consultations and discussions were organized by the UN country team with key stakeholders in Mongolia during December 2012-May 2013 as part of the Post-2015 National Consultations on **"The future we want"**. Nearly 2000 people from different stakeholder groups across the country participated and together, these consultations helped give a voice to Mongolians.

For each stakeholder group, consultations were structured around the three thematic pillars of Economy, Society and Environment with general agreement that the pillars are very closely related

and solutions for one cannot be found without looking into the others. A number of key themes came up at these consultations:

Governance

1. Governance, the legal environment, capacity of institutions and human rights underpin all three pillars and support the achievement of the MDGs. In light of Mongolia's efforts to strengthen democracy and civil society in the country by setting self-imposed targets for a 9th MDG ('Strengthen human rights and foster democratic governance'), participants urged the global community to adopt a set of democratic governance and human rights in the Post-2015 development agenda reflecting the principles of the Millennium Declaration which includes rights of the child, rights of persons with disabilities, and social, economic and cultural rights.
2. Increasing the role of civil society in promoting development – from providing a voice to the poor and the marginal, to delivering essential services where needed, and participating in decision-making – was strongly emphasized.
3. Mongolia has a high level of information and communication technologies (ICT) penetration and use of social media which are likely to become increasingly significant tools for social mobilization and changes in the future. These can be used to give stronger voice to citizens and vulnerable groups in decision making and enable them to access relevant information.

Economy

4. Driven by the mining boom, Mongolia is growing at a rapid pace and has graduated to lower middle income country status. Countries heavily dependent upon extractive industries and exposed to global shocks and commodity price fluctuations, such as Mongolia, have special needs so while economic growth is central for future development, economic diversification and development of the private sector and local businesses are essential.
5. Rising economic inequality threatens to undo much of the recent progress. The new agenda should put greater emphasis on reducing inequality and promoting inclusive growth. There is also a greater need to focus on building resilience and on social protection to reduce vulnerability of the poor and the marginal populations.
6. As a landlocked country, Mongolia relies on regional trading networks and active encouragement of south-south and triangular cooperation can help expand the knowledge base to increase resilience.

Culture and Society

7. Culture, tradition and history, including Mongolia's traditional practices of herding and nomadic way of life, can be keys to unlock future potential and conserve the environment.
8. The youth are an important stakeholder in a country's development. High youth unemployment; poor quality of education which results in a mismatch between education and the demands of the job market; lack of labour market information; problems in accessing credit; poor quality of health services; and insufficient focus on minority ethnic groups are issues that will hold youth back from realizing their full potential and contributing fully to the country's development.

9. While youth clearly have a critical role in Mongolia's future development, ageing is a key issue. There is a need to increase employment and social insurance coverage of the elderly, as well as provide adequate care.
10. Improving children's access to education, health, water, sanitation and nutrition are central for Mongolia's future. At the same time, child poverty, child protection, adverse impact of climate change on children, and their vulnerability to disasters are persistent problems and need additional attention, especially using an equity lens.
11. Improving women's skills, supporting women to set up enterprises and reducing discrimination at workplaces are essential for enhancing gender equality and economic empowerment.
12. There is a need for continuous attention to vulnerable and other groups often ignored in policy-making. The need to end discrimination against People with Disabilities (PWDs) was strongly emphasized.

Environment

13. Environmental factors such as climate change, natural disasters, Carbon dioxide (CO₂) emissions, water scarcity, land degradation, desertification, loss of biodiversity have a particularly strong impact in Mongolia, increasing the vulnerability of those dependent on the environment for their livelihoods, especially herders and arable farmers. The Post-2015 framework needs to place an additional emphasis on sustainable development, with a move towards responsible mining, a green economy and increasing use of renewable energy.
14. A new Human Sustainability Development Index (HSDI) was proposed which combines per capita CO₂ emission (i.e. carbon footprint) with measures of income and inequality. Monitoring a composite index that includes carbon emission can encourage countries to grow more sustainably.

Regional and local development

15. Local representatives articulated their vision for Mongolia's future and brought out a distinct sub-national perspective on many issues such as: the need to improve local administration capabilities, adequately fund local development for regional development and better town and village planning, strengthen infrastructure and support local businesses.

7.3 Adapting to the SDG agenda

Since 2012 a number of consultative discussions among different stakeholders have been organized by different agencies across the world to shape the global sustainable development agenda to succeed the MDGs after 2015. Based on these inclusive and intensive discussions, the Open Working Group on Sustainable Development Goals has proposed a set of 17 specific goals, and associated targets, for consideration by the global community.²⁵

²⁵ United Nations, 2014, *The Road to Dignity by 2030: Ending Poverty, Transforming All Lives and Protecting the Planet, Synthesis Report of the Secretary General on the Post-2015 Agenda*, New York, December 2014.

The SDGs will come into force at a time that is very different from when the MDGs were launched. In 2000 Mongolia was just emerging from the after-effects of the 'shock therapy' of the transition. Since then Mongolia has witnessed unprecedented economic growth, particularly in the last few years, is now classified as a middle-income country and has consistently improved its ranking on the human development index (HDI). However, in spite of a rapid decline in recent years, poverty levels remain unacceptably high for a middle-income country and access to health, education and employment is uneven across *aimags* and population groups.

With about 70 percent of the MDG targets likely to be met by the end of 2015, Mongolia's development challenges will remain even when the timeline for the MDGs comes to an end. The SDG agenda hopes to not only complete the unfinished MDGs, but also go beyond to achieve the transformation to sustainable development that is peaceful, protects human rights and leaves no one behind.²⁶ As currently envisaged, the SDGs are much more ambitious than the MDGs. For example, where the MDGs aimed to halve extreme poverty and reduce under-five mortality by two thirds in 25 years, the SDGs are aiming to complete poverty eradication and to eliminate preventable child deaths in the next 15 years (see Box 1 for details on the proposed set of SDGs).

BOX 1: Proposed list of Sustainable Development Goals (SDGs)

- Goal 1. End poverty in all its forms everywhere
 - Goal 2. End hunger, achieve food security and improved nutrition, and promote sustainable agriculture
 - Goal 3. Ensure healthy lives and promote well-being for all at all ages
 - Goal 4. Ensure inclusive and equitable quality education and promote life-long learning opportunities for all
 - Goal 5. Achieve gender equality and empower all women and girls
 - Goal 6. Ensure availability and sustainable management of water and sanitation for all
 - Goal 7. Ensure access to affordable, reliable, sustainable, and modern energy for all
 - Goal 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
 - Goal 9. Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation
 - Goal 10. Reduce inequality within and among countries
 - Goal 11. Make cities and human settlements inclusive, safe, resilient and sustainable
 - Goal 12. Ensure sustainable consumption and production patterns
 - Goal 13. Take urgent action to combat climate change and its impacts*
- (*Acknowledging that the UNFCCC is the primary international, intergovernmental forum for negotiating the global response to climate change.)
- Goal 14. Conserve and sustainably use the oceans, seas and marine resources for sustainable development
 - Goal 15. Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss
 - Goal 16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels
 - Goal 17. Strengthen the means of implementation and revitalize the global partnership for sustainable development

Source: Open Working Group for Sustainable Development Goals (17 Goals Draft as of 19 July 2014), accessed from <http://post2015.unssc.org/mod/page/view.php?id=302> on 17 December 2014

²⁶ United Nations, 2014, *ibid*.

As this study has shown, the MDG framework has contributed immensely to Mongolia's development in three key ways:

- Broad-based political commitment toward achieving the MDGs and ownership of the framework as witnessed by the introduction of the Mongolia-specific 9th MDG on democratic governance and human rights, setting up of a parliamentary sub-committee on the MDGs, and development of a MDG-based CNDS;
- Setting up of a strategic planning system, essential for targeted implementation of a long-term agenda; and
- Widespread use and acceptance of a results-based M&E system framework consisting of goals, targets and indicators, and a focus on outcomes and impacts instead of inputs and outputs.

These key components of the MDG-framework can be used for adapting to the SDGs in the Post-2015 period. Mongolia seems to be in sync with global developments because while globally a Post-2015 SDG agenda is taking shape, at the same time Mongolia is developing its own a national Vision to guide its future long-term development. Thus, it has the unique opportunity to both influence a universal agenda and at the same time formulate a national Vision sensitive to its potential, challenges and culture, which also adheres to the lofty ideals of the global agenda.

The review of the contribution of the MDG framework to Mongolia's development provides five clear directions for building on the MDGs to implement the SDGs in Mongolia:

- A strong national Vision prepared with widespread consultations, reflecting the priorities of the Post-2015 national consultations as well as the proposed set of global SDGs, and endorsed by the Parliament.
- Institutionalising of the planning function within government which will help develop the necessary linkages between long-, medium- and short-term planning so as to achieve and monitor the national Vision, and thereby the SDGs.
- Budgetary allocations to be aligned to the priorities of the national Vision.
- Strengthening of capacities for planning and budgeting of local governments which will have the responsibility to implement the draft Planning Law.
- Further strengthening of the statistical system, especially at the *aimag* levels, for data collection, analyses and monitoring of the SDGs.