SUPPORTING THE IMPLEMENTATION OF THE 2030 AGENDA IN MONGOLIA

PROJECT
PROJECT SNAPSHOT:

**Project period:** 2018 - 2021

**Main objective:** Support the government to accelerate the Sustainable Development Goals / Sustainable Development Vision achievement in Mongolia through aligning the national and sub-national medium-term plans and budgets with the long term development objectives and enhancing the monitoring and oversight processes with reliable data in place.

**Focus area:** Inclusive growth, Sustainable Development Goals

**National counterparts:** Cabinet Secretariat, National Development Agency, Ministry of Finance, Ministry of Justice and Home Affairs, Ministry of Health, National Statistical Office, Ulaanbaatar City Mayor’s Office

**Project fund:** United Nations Development Programme in Mongolia – US$ 800,000

**Approved co-financing:** UB city Governor’s Office – MNT 100,000,000 (2019)
Mongolia has shown strong development progress over the last 15 years, with more than 500,000 people lifted out of poverty by 2015. In the same year it has been classified for the first time as a high Human Development Country in the UNDP Human Development Index. According to the inequality adjusted HDI, Mongolia remains more equal than most countries in Asia Pacific and is more or less comparable in terms of inequality with countries in Europe and Central Asia.

However, the rapid deceleration of growth in the period 2015-2017, uncovered fragility of the development gains, with the poverty rate increasing from 21.6 percent in 2014 to 29.6 percent in 2016. At the same time, progress has been achieved at the cost of environmental degradation that is impacting the lives of everyone, with the poor often being disproportionately affected. The key to making development progress sustainable is finding the balance among all its constituent parts – economic, social and environmental.

The Government of Mongolia is committed to eradicating poverty in all its forms by 2030. This includes poverty in monetary terms, such as income, as well as multidimensional deprivations, such as access to basic services, water and sanitation. Ending poverty globally is also at the heart of the 2030 Agenda for Sustainable Development, guided by the principle of “Leaving No One Behind”.

In February 2016, Mongolia's Parliament approved the ‘Sustainable Development Vision 2030’ (SDV), anchored in the 2030 Agenda for Sustainable Development – to end poverty, reduce inequality and protect the planet.

Implementing the SDV and SDGs in the country, however, is constrained by a lack of coherence between various sector policies, weak capacity of planning institutions, and uncoordinated monitoring and evaluation efforts. The Extended Fund Facility program agreed with the International Monetary Fund focuses on short-term measures to recover the economy and investment, key to securing the funds for sustainable development in future. However, implementation of long-term development objectives must also be adjusted within the available fiscal space at present.

To support the Government in accelerating its long-term vision while overcoming short-term challenges, UNDP is focused on building: (i) coherent policy-making, with strong coordination across sectors, anchored at the highest level of decision making; (ii) ensuring annual public budgets and private sector investments support the SDGs and SDV priorities; and (iii) setting up monitoring and evaluation systems to assess and report on progress.

2 Mongolia Sustainable Development Vision 2030, February 2016
The core concept of the Agenda 2030 for Sustainable Development is "Leaving no one behind". Unlike in the past, the SDGs Agenda 2030 calls on countries to systematically look at the dynamics of inequality and vulnerability for those who are falling behind the rest of society. In Mongolia, vulnerability is associated with income, age, gender, location and sources of livelihoods. Moreover, these dimensions are interrelated, creating multiple deprivations. The recent joint ADB-UN high level mission report identifies a number of population groups who are currently being left behind, or at strong risk, and whose situation requires greater attention from policy-makers.

The sharp jump in poverty headcount ratio in 2016 reflected worsening conditions across the country, particularly in the Eastern Region, where the rate reached 43.9 percent. Income poverty rates do not capture the full extent of deprivations. Using a multidimensional approach we find that approximately one in four children under the age of two years simultaneously experience at least three deprivations, such as lack of nutrition, lack of access to water and to sanitation.

While the income poverty rate in Ulaanbaatar is lower than the rural poverty rate (27 percent vs 35 percent) urban poverty is inherently multidimensional in nature. Many internal migrants in the periurban ger districts lack access to education, health, water, electricity, heating and clean air.

There has been widespread awareness of the dangers of overgrazing as Mongolia’s herd size has grown over the years. However, there are currently no policies to incentivize herders to rationalize the herd size and discourage them from growing their herds. The boom/bust cycle in animal husbandry, with rapid herd expansion that leads to pasture land degradation, increasing vulnerability to bad climate conditions and then to traumatic Dzud and loss of livelihoods with all its consequences for men, women and children has not been arrested.

Lack of access to reproductive health services and high unemployment rates pose a danger of placing a sizeable portion of Mongolia’s youth in a poverty trap.
Mongolia’s children in general, not only the poorest, are facing many obstacles and vulnerabilities, including poor nutrition, poor living conditions, lack of access to acceptable quality health care and education, and the impact of high levels of air pollution on their health in the Ulaanbaatar area. Air pollution is also a major risk to an unborn child.

Women face many specific obstacles and vulnerabilities. They are excluded from many of the more lucrative employment sectors, and concentrated in lower paying ones. They lack access to reproductive health care, causing health, financial and employment problems for them. They are the victims of 88 percent of domestic violence incidents.

While the proportion of population 60 years old and above is now only 6 percent, this number is going to rise steadily in coming years. The cost of providing income security and health care services could impose large fiscal strains in coming years.
ROLE OF PARTNERSHIPS IN THE SDGs IMPLEMENTATION

As Mongolia readies to present its first National Voluntary Report on the progress of the SDGs implementation in the High Level Political Forum on Sustainable Development in June 2019, the process of its formulation presents an opportunity for public, private and civil society organizations to come together and reflect on their collective actions and investments in the SDGs implementation over the last 3 years.

In Mongolia, the private sector accounts for approximately 77% of total employees, 94.5% of capital formation, and 78.7% of the GDP. These figures suggest that private sector is the engine behind Mongolia’s development. Its business approaches and practices will determine extent to which Mongolia’s development will be sustainable, going beyond economic indicators.

In the current discourse and actions to implement SDGs in Mongolia, the role of the public sector and development partners is often over-emphasized, with a systematic mechanism for gauging private sector contributions to be yet established. Bringing private sector to the fore of the SDGs implementation gives Mongolia an opportunity to move beyond concepts of corporate social responsibility and focus on sustainability at the core of the private sector growth strategies and business models – be it in livestock commodity production, crop farming, tourism or energy sectors.

UNDP collaborates with the civil society and private sector representatives to align the efforts to contribute to SDGs achievement in Mongolia. The project in collaboration with the Corporate Governance Development Center and Konrad Adenauer Foundation works with some private companies to create Sustainability Dialogue, which will serve as the platform to share the insights, best practices and information on private sector contributions towards SDGs in Mongolia. The UNDP will provide expertise on measuring their impact on SDG implementation. The UNDP-supported research institutions and civil society organizations provide analytical background on the country SDGs progress and defining the development accelerators. The studies on aligning the current planning and budgeting system with the SDGs create important foundation for introducing planning mechanisms aligned with the SDW/SDGs. The project works with UN agencies, GIZ, EBRD, Asia Foundation and other development partners on aligning the UB city SDGs targets with their action plans in area of green development and municipal governance.

Empowering communities and strengthening the representative power of elected bodies plays an important role in revitalizing functions of local Khurals. UNDP supported the representative bodies in Mongolia by extending training to all 8,099 local representatives elected to local khurals of 330 soums, 21 aimags, 9 districts and the capital city in 2016 with an attendance rate of 90% in 2016-2017. Trainings aimed primarily at improving internal functioning and openness to the public, as well as served as a useful platform for a dialogue on development priorities. In addition, to the formal reporting by the Government on SDG/SDV progress, civil society representatives maintain oversight of the SDG progress. In February of 2018, civil society representatives drafted the guidelines for preparing the Voluntary National Review to be presented at the UN High Level Political Forum in 2019.

A workshop on VNR was organized by the UN Mongolia, and a series of multi-stakeholder meetings are being held by the government working group to discuss the review preparation.

**MACROECONOMIC MODELING**

The identification of policy priorities should be driven by strong technical capacities to run policy scenarios that can consider economic and climate related shocks and assess the effectiveness and impact of proposed policies on sustainable development. In 2016, the NDA requested UNDP and UNDESA assistance with economy-wide modeling tools that analyze connections between macroeconomic variables, impacts on sectors, energy generation and consumption, as well as water and land services. The relevant Computable General Equilibrium (CGE)-based model is being institutionalized at the NDA, and two rounds of training were conducted for the expert team within the Government. The model simulation results will be applied to develop the SDG-aligned medium-term plan, currently under formulation in Mongolia.

**INTEGRATING LOCAL PLANS WITH SDGs**

Local and regional Governments play an important role in achieving the SDGs. In Mongolia, where over half of the country’s population lives in its capital city Ulaanbaatar, the country’s achievement of SDGs will hinge on its progress in the capital city alone. While the SDGs include a stand-alone goal on Sustainable Cities and Human Settlements (SDG 11), in Ulaanbaatar continuous progress on achieving targets across the whole SDG agenda is critical. Even though at the present there is no integrated planning process in place systematically involving local Governments participation in setting national priorities, strategies and institutional frameworks and capturing their contributions, initial steps have been taken in establishing one.

In 2016, UNDP and Ulaanbaatar City signed a Memorandum of Understanding, providing an overall framework for localizing SDGs. The city indicated that in order to achieve SDGs, a “dynamics unusual” (DAU) scenario is needed, instead of business as usual (BAU). The UB city Working Group, along with UNDP consultants, provided a sketch of what UB could look like in 2030, if we continued the historical path of development, or introduced incremental improvements. The team reviewed the current policies and programs from an SDG perspective, prepared a roadmap for aligning with the SDGs/SDV and defined the SDV aligned policy targets for 2030. In addition, a detailed review of available data was conducted. At the city level, 126 target indicators for 17 goals were defined, and 284 monitoring indicators were proposed. As of the end of 2017, data for 39.4% of them is readily available, 38.4% can be computed with some efforts, and 4.9% need to be introduced newly. Moreover, a review and prioritization of UB’s roughly 70 investment projects from the perspective of their contribution to achieving the SDGs in the capital city was carried out. A series of consultations were held at the city level. The initial comments and feedback on critical issues of the city such as enhancing monitoring of air quality and improving treatment of non-communicable disease were received from the citizens. The inter-departmental working groups have agreed on the current SDG roadmap, which will be approved by the City Representatives Council. The aimags play an important role in leaving no one behind and advancing the SDGs, thus UNDP and GIZ support the local governments to develop their long-term vision in line with SDV, while stressing on importance of economic diversification, resilience and environmental and social sustainability. Particularly, the national experts lead this process in Orkhon, Uvs, Bulgan and Sukhbaatar aimags to exemplify the gaps in the development planning and budgeting at the local level.
MAKING THE BUDGET PROCESS MORE SDG-INFORMED

UN agencies – working with ADB in Mongolia – support the national counterparts in realizing the principle that the budget is the most important expression of the Government’s long-term priorities. The pilot work is being implemented at the Ministry of Finance and the Ministry of Health to strengthen the links between the annual budget allocations and long-term development objectives, as articulated the SDGs, the SDV and the Government’s new Three-Pillar Policy and other health sectoral plans. As a result of this pilot, the Government of Mongolia and the Ministry of Finance aim to roll-out guidelines on preparing SDG-informed budgeting and institutionalize them in the budget process formulation from 2020 onwards. This re-design of the budget programme structure will enable to match better with sector and local policies for the medium and short term.

INTRODUCING SDG MONITORING

One potential mode for better tracking of a country’s progress in meeting its targets, including SDG targets are monitoring dashboards. SDGs dashboards can provide aggregate information on the progress of SDGs implementation on a continuous, easy-to-access basis. Currently, with the project support the basic version of the SDG dashboard was developed, and it is administered by the National Statistical Office.

Unlike extensive periodic written reports, dashboards are designed and used to maintain up-to-date situation awareness and provide snapshots of performance, and it enables users to navigate through all goals, targets and indicators and monitor progress by administrative units. Using the dashboard, it will be possible to generate a comprehensive picture on progress and specific areas needing further support, enabling better-informed responses and decision-making. The outcomes will be utilized in the 1st national report to the UN High Level Political Forum in 2019.

MAPPING AND ASSESSMENT OF DATA ECOSYSTEM IN MONGOLIA

In 2016, the Mongolian data system was assessed in terms of the legal, institutional and system environment in which data and information is created, analyzed and used. The review points not only to key data gaps, but also how various systems and data-holders share, process and analyze the data they collect. It provides recommendations on how data can be collected using non-traditional sources. It also examines solutions for overcoming data gaps and shortcomings for SDG3: Good Health and Well-being and SDG 16: Peace, Justice and Strong Institutions or ‘Governance SDG’. Recommendations on filling current data gaps for the monitoring of the SDG16 are being taken forward by UNDP in collaboration with the Ministry of Justice and NSO.
INTEGRATED APPROACHES, WITH IDENTIFICATION AND SUPPORT FOR ‘ACCELERATOR’ INVESTMENTS


INTRODUCING MAPS APPROACH

The UN agencies, including UNDP, offered the Government of Mongolia collaboration in the following areas:
I. Coordinated and coherent policy making and implementation. This requires mechanisms to align the state budget with the SDGs and other short- and medium-term Government policy priorities, while identifying duplication, inefficiencies and gaps in coverage;
II. Establishing systems and processes at Cabinet level to carefully monitor SDG progress, including the effectiveness of SDG-related government-financed programs. If the Government wishes to make clear SDG progress by 2020, progress of key SDG programs must be closely tracked, with central and local Government officials accountable for outcomes. Systems that provide decision-makers with up-to-date, high-level information on SDG progress to allow quick responses to bottlenecks would be of great benefit; and
III. Aligning policies and budget allocations with Mongolia’s Sustainable Development Vision 2030 and SDGs, to enhance their impact.

Taking from these high-level recommendations, UNDP has been working with the Government of Mongolia to identify and test solutions to break siloes among sectors and introduce system-wide policy planning and analysis.

INTRODUCING TOOLS TO ALIGN THE LONG-TERM DEVELOPMENT VISION WITH MEDIUM-AND-SHORT TERM PLANS

Coherence analysis and policy target setting: As of 2017, 162 policy documents at the national and local level are being adopted. Many of them constitute competing strategies, policies and programmes without consistent links to the long-term development vision, or sufficient resources and monitoring. The National Development Agency (NDA) has identified that out of 169 global SDG targets, 21.3 percent are fully covered by Mongolia’s Sustainable Development Vision 2030 (SDV), while 24.3 percent of SDV targets are partially aligned with the SDGs and 9.5 percent of SDV targets are not applicable to SDGs. 45 percent of SDG targets are not reflected in SDV at all.

MAPS stands for Mainstreaming, Acceleration, and Policy Support and describes a common approach adopted by the UN Development Group (UNDG) to support the implementation of the SDGs around the globe. The joint UN-ADB SDG MAPS mission is part of a series of efforts across all regions and country contexts to provide integrated policy support tailored to different country settings.
The UN & UNDP supported the NDA in reviewing the coherence of existing sector policies, with the water sector selected as pilot area. Current policies pertaining to the water sector were reviewed from a legal, planning, and monitoring perspective. The review used the “network analysis” developed by Stockholm Environmental Institute (SEI) to demonstrate the positive (and potentially negative) links between various water sector goals and directly or indirectly related policies. In December 2017, SEI experts conducted training on the methodology for NDA staff, line ministries, and research institutions. Based on this, NDA developed a generic methodology on (i) coherence analysis and (ii) SDG target-setting to be used for Mongolia’s medium-term plans, identifying links as well as trade-offs between targets, in light of existing resource limits. This approach has been consulted with all ministries and agencies and further tested and refined in a series of consultations with Government agencies, business associations and academia. The generic methodology was adopted by the Cabinet in November of 2018 and is expected to systematically underpin planning and policy formulation processes of the Government of Mongolia. The success of the sectoral plans depends on a relevant agency performance, therefore, according to the newly approved Civil Service Law UNDP support the government to develop a methodology to prepare an organization’s business plan.

FINANCING FOR THE SDG

Orienting a country’s financing towards long-term outcomes is no easy task and requires long-term sustained efforts. UNDP Mongolia supports the Government in identifying additional investment, public and private, and guiding available finances towards achieving the SDGs.

DEVELOPMENT FINANCE ASSESSMENT FOR MONGOLIA, 2017

The Development Finance Assessment provides an overview of development finance flows and the institutions and policies that align financial allocations with national development goals and priorities. The financial flow analysis demonstrated that Mongolia remains a non-diversified, natural resource dependent economy, with high fluctuations in financial flows. Compared to countries at the same income level, Mongolia’s economy stands out with high public debt, relatively high tax revenues, relatively low net remittances and ODA grants, and concessional finance on average with other countries at the same income level. Private sector capital is highly constrained with low levels of FDI and debt, due to a constrained national capital market. The assessment includes recommendations for a roadmap, using the concept of an Integrated National Financing Framework (INFF), to better align financing flows to national development goals and the SDGs, improving the basis for achieving development results.

ACHIEVING SDG 16 IN MONGOLIA

Sustainable Development Goal (SDG) 16 on Peace, Justice and Inclusion breaks new ground in development thinking. Unlike many other thematic areas of the 2030 Agenda, governance is a fairly new domain in official statistics with few international standards defining its measurement. UNDP works closely with Ministry of Justice and Home Affairs to develop a set of indicators and the methodology for estimates with active participation of relevant stakeholders. Three categories of indicators underpin national SDG16 monitoring systems to provide a more comprehensive picture of the specific challenges faced by the country in implementing SDG16: (i) Global indicators, as officially adopted by the United Nations Statistical Commission; (ii) Other relevant internationally comparable indicators; and (iii) Mongolia-specific indicators developed either by government through the national statistical system or by non-official data producers such as civil society, research institutions or the private sector. These indicators will be compiled using traditional and non-traditional sources.
Mongolia’s hazardous air pollution – reaching at least 10 times the WHO’s safe limit\(^6\) in low-income districts reliant on coal for heating during the winter time – is another key challenge to realizing sustainable development, with pregnant women, children and the elderly in particular at risk. This Public Expenditure Analysis 2018 aims to summarize and analyze various steps taken since 2010 to tackle winter smog, as well as assess the likely efficiency and effectiveness of measures under the National Programme for Reducing Air and Environmental Pollution (NPRAEP) approved in 2017. The study points to a general need to improve coordination and cohesiveness in designing anti-air pollution policies at all levels of Government. It concludes there is a fundamental need for reform in institutional arrangements, governance and anti-corruption, as well as rationalized tariff policies and other incentives to ensure spending is targeted in the most beneficial way. Effective monitoring systems and period evaluation of the implementation effectiveness are also needed to ensure vital reductions in air pollution are being achieved. Opportunities for funding air pollution solutions can be boosted by broadening access to concessional grants, PPPs and other sources of funding through credible, well-integrated sectoral strategies in energy, health, urban planning etc.

**SDG ADVOCACY**

**High-level Consultation on SDG achievement in Mongolia**

On June 25th of 2018, under the Prime Minister’s auspice, a High-level SDG consultation was organized by the Government of Mongolia with UN support. Government counterparts discussed Mongolia’s roadmap to reach the SDGs, and essential elements such as policy coherence, data readiness and institutional set-ups. UN agencies anchored these initiatives by MAPS mission findings to focus on SDG-aligned policy planning, budgeting and monitoring. The ministries and agencies in Mongolia were tasked with strengthening their capacities and coordination in aligning policies with the SDGs/SDV and streamlining SDG indicators in their reporting. Government agencies were informed about Mongolia’s acceptance by the UN to report on SDGs at the 2019 High-Level Political Forum.

**Presenting Mongolia’s SDG progressing High-Level Political Forum in June 2019**

As part of its follow-up and review mechanisms, the 2030 Agenda for Sustainable Development encourages member states to "conduct regular and inclusive reviews of progress at the national and sub-national levels, which are country-led and country-driven". These national reviews are expected to serve as a basis for regular reviews by the High-level political forum (HLPF). The voluntary national reviews (VNRs) aim to facilitate the sharing of experiences, including successes, challenges and lessons learned, with a view to accelerating implementation of the 2030 Agenda. Mongolia has been included in the list of countries to present its VNR at the HLFF in 2019. The theme of the 2019 HLFF is "Empowering people and ensuring inclusiveness and equality". UN guidelines for preparing voluntary reviews were shared with the Ministry of Foreign Affairs, National Development Agency and National Statistical Office, as well as civil society representatives, and UNDP stands ready to support Mongolia in preparing its VNR.

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5 SEI is waiting for NDA feedback on SEI report and clarifications on the methodology presentation.
6 WHO safe limit = PM2.5 of 30. Many ger districts, however, regularly see levels of 300, and sometimes even close to 1,000 in the winter period.
“You cannot get through a single day without having an impact on the world around you. What you do makes a difference, and you have to decide what kind of difference you want to make.”

Jane Goodall