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I. Situation analysis

1. Mongolia, with 1.5 million sq. km. of land and 2.7 million people, is the world's most sparsely populated country. The economy has shown steady growth in the recent past, reaching a real GDP growth rate of 8.9 percent and GDP per capita of \$1,649 in 2008.¹ With the expected launch of new large-scale mining projects, GDP is estimated to double by 2015.

2. Mongolia has a human development index of 0.622 and ranks 100th out of 169 countries.² The Millennium Development Goals (MDGs) are strongly embedded at the policy level, adopted by the parliament as development benchmarks in 2005 and then as the framework for the MDG-Based Comprehensive National Development Strategy (NDS) of 2008-2021. Mongolia is unique in having a ninth MDG to emphasize democratic governance and human rights as necessary conditions for the achievement of all the MDGs. The third national MDG progress report (2009) indicates that six of the nine MDGs are likely to be achieved by 2015. The three lagging behind are poverty reduction, gender equality and environmental sustainability.

3. Although women are active in most areas of Mongolia's economy and society, gender inequalities persist in access to economic opportunities and political decision-making. On average, women earn less than men. In 2008, Mongolia had a major setback in women's representation in parliament as the number of female members of parliament dropped to the record low of 3.9 percent, compared to the MDG 3 target of 30 percent by 2015. Barriers to women's political participation include high campaign costs, gender stereotyping and a hostile political environment.

4. Mongolia is unlikely to achieve the key target (an 18 percent reduction) of halving poverty by 2015. The poverty rate has persisted at 36 percent since the mid-1990s in spite of economic growth. This is partly due to the narrow structure of the economy, with growth led by the capital intensive mining sector and agriculture, which is largely uncompetitive and unproductive but accounts for 38 percent of the labour force. Trade is hampered by poor transport infrastructure. Strategic planning for poverty reduction and targeting of social protection programmes have been weak, resulting in rural-urban, regional and gender disparities.

5. The 2010 Universal Periodic Review (UPR) expressed concerns about poverty, erosion of public services and persistence of gender stereotypes. Limitations in realizing economic and social rights are hampering achievement of the MDGs. Corruption continues to be seen as a major cause of persistent inequality. The main challenges relate to enhancing accountability and transparency of the Government, expanding access to justice and increasing the role of political parties, civil society organizations and the private sector in promoting good governance.

6. Mongolia is affected by serious problems of land, water and ecosystem degradation, desertification and biodiversity loss. The country is prone to natural disasters including *dzud* (harsh winter conditions leading to widespread death of livestock), forest fires, floods and earthquakes. Climate change is contributing to a higher frequency of disasters, while response mechanisms are still insufficient. Mongolia's per capita emissions of greenhouse gases is above the global average, due mainly to inefficient energy use, large amounts of livestock and use of raw coal for heating. Only 45 percent of the population has access to safe water and 28 percent to adequate sanitation. Implementation of norms and standards is weak, as is compliance with the law at national and local levels, pointing to inadequate environmental governance. The growing mining sector poses new challenges to Mongolia's environment including pasture degradation, water and soil pollution, and wildlife habitat destruction.

¹ National Statistical Office, *Mongolian Statistical Yearbooks 2008* (Ulaanbaatar, 2009) and *2007* (Ulaanbaatar, 2008).

² UNDP Human Development Report 2010.

II. Past cooperation and lessons learned

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

8. *MDGs and poverty reduction.* Debate generated by the national human development report concerning an anti-poverty employment policy resulted in a reform of the labour legislation. With UNDP's support, Mongolian universities now promote human development in their curricula, a long-term investment to influence public policy. UNDP's support to MDG programming, poverty mapping and statistical analysis enhanced the government's capacity for evidence-based policymaking. Innovative concepts such as micro-insurance and loan guarantee schemes contributed to strengthening social protection mechanisms.

9. *Strengthening democracy, accountability and transparency, and Access to justice and human rights.* UNDP helped institutionalize governance assessments to monitor MDG 9. A pilot grant scheme with local authorities stimulated debate on decentralization reform. UNDP and the United Nations Office on Drugs and Crime supported Mongolia's self-assessment of the implementation of the United Nations Convention against Corruption (UNCAC). Legal aid centres were established all around the country, expanding access to justice, especially by the poor. A national integrated database for civil registration improved access to administrative services and provided a foundation for automated voter registration. A joint programme involving UNDP, UNFPA and WHO for prevention of violence against women produced better understanding of its causes and increased availability of services to victims.

10. *Energy and environmental sustainability and crisis prevention and recovery:* National and local capacities were strengthened for sustainable use of land, water and forest resources; environmental governance; access to priority environmental services and policy coordination; and monitoring of policies and legislation for implementation of international conventions. High-efficiency insulation for *gers* (traditional dwellings) was developed and taken over by the Government for scaling up as a pro-poor energy conservation technology. Cooperation with the National Emergency Management Authority improved efficiency and increased the range of its response to emergencies. It also led to formulation of the National Programme on Disaster Prevention and National Climate Risk Management Strategy.

11. The assessment of development results also identified lessons learned and areas for improvement in the new programme cycle. Specifically, cooperation with civil society will be strengthened in support of democratic governance. UNDP's MDG Acceleration Framework (MAF) will be the basis to establish stronger linkages among different practice areas within UNDP and to increase programme effectiveness. With the understanding that advocacy or capacity development alone cannot bring about change in human development, the focus will be on implementation of policies, especially those owned and funded by the Government, and scaling up of pilot initiatives to achieve transformational results.

III. Proposed programme

12. The UNDP country programme 2012-2016 is based on consultations with the Government of Mongolia, United Nations agencies and development partners. It is aligned to the national development goals and objectives reflected in the NDS and represents UNDP's contribution to the development priorities identified in the common country assessment and the United Nations Development Assistance Framework (UNDAF) for 2012-2016. UNDP Mongolia's overall strategy for the five-year cycle is to focus on acceleration of the MDGs, especially those that are off track and require significant additional interventions and integrated United Nations responses: poverty reduction, gender equality and environmental sustainability.

13. At the policy level UNDP will focus on supporting national plans and strategies that tackle barriers to progress. It will also provide model schemes for targeted investments in social services, social protection, access to employment and other opportunities for disadvantaged groups. UNDP will use its global network to bring international best practices to support macro management of the extractive industries sector, promote mining resources for employment generation and mitigate potential social conflict. UNDP will support capacity to invest natural resource revenues in policies and programmes that will reduce poverty and disparities and offset the negative impacts of mining through strong environmental protection policies and measures.

14. Capacity development at individual, institutional and policy levels will be used to achieve development outcomes. UNDP will partner with civil society, the media and the private sector in support of participatory, transparent and accountable management of development and growth. Human rights of women, youth, disabled people, people living with AIDS and other vulnerable groups will be mainstreamed into UNDP's work.

15. Gender equality is a cross-cutting theme for all UNDP interventions and a goal in itself. UNDP will collaborate with all stakeholders to implement the national law on gender equality. UNDP will support political empowerment of women especially to participate in decision-making. Community-level activities will aim to benefit female-headed households and promote equal participation of men and women. Capacity development to improve collection and dissemination of sex-disaggregated data will be a policy and programme priority.

16. Country programme activities are aligned with a set of thematic areas based on national priorities: (1) poverty reduction and achievement of MDGs, (2) democratic governance and (3) environment and sustainable development. The three areas are strategically focused and linked to support key results in areas of national demand, achieve or sustain progress on the MDGs, and reflect UNDP's comparative advantages and resource availability.

17. *Poverty reduction and achievement of the MDGs.* UNDP will focus on national capacity development to formulate, implement and monitor policies and programmes aimed at putting MDG 1 on track. UNDP will support development of an MAF and action plan and their integration into the NDS. A national poverty reduction programme emphasizing social protection will be developed to support NDS implementation and guide the management of the HDF for pro-poor and targeted allocation of mining revenues. Support will be provided to develop datasets for MDG indicators, improve poverty measurements and refine local development and social service delivery indicators. New planning guidelines will be developed to guide mainstreaming of concepts such as green, equitable growth and gender equality in sectoral and local development plans. UNDP will support the Landlocked Developing Countries (LLDC) Think Tank to develop its capacity to broker knowledge-based policy advice as part of South-South cooperation.

18. *Democratic governance.* UNDP will support ongoing democratic consolidation with emphasis on greater equality and equity; strengthened political and civic institutions; and increased openness, transparency and integrity in public organizations. In support of

decentralization, functional assignments involving central and local governments will be reviewed. So will standards for local public services. UNDP's focus will shift from pilot demonstrations to systematic capacity development of local authorities in financial management, sustainable environment management, climate change adaptation and participatory decision-making. The UNCAC will serve as the basis for policy dialogue in support of national anti-corruption efforts. Electoral support will aim at broadening representation of voter choices, transparent political finance and efficient management of elections.

19. A 'women as voters and candidates' campaign aiming to increase the number of women in the parliament and local *hurals* (councils) will be implemented. To improve access to justice, programmes will focus on empowerment of the poor and disadvantaged to articulate their interests and organize themselves to claim legal remedies for grievances. Capacities of the Government and civil society will be enhanced for implementation and monitoring of obligations under international conventions and human rights instruments, with special focus on implementation of UPR recommendations.

20. *Environment and sustainable development.* For achievement of MDG 7, UNDP will support planning, management and coordination capacities at central and local levels. Special attention will be paid to monitoring of compliance with environmental legislation by large-scale mineral extraction programmes. A holistic principle of landscape and ecosystem-based conservation will be applied for sustainable management of pastureland, water and forest resources, and biodiversity. For climate change adaptation and mitigation, UNDP will support implementation of national action plans for climate change and combating desertification and nationally appropriate mitigation actions, among others. To promote energy conservation and better water and sanitation technologies, support will be provided to develop building codes, norms and standards (BCNS). Coordination of national and local structures for disaster preparedness and response will be improved. Work with herders will promote disaster risk reduction, land and water management, and biodiversity conservation at community level. Capacities of State and non-State actors to deliver safe drinking water and sanitation services will be improved.

IV. Programme management, monitoring and evaluation

21. The country programme will be nationally executed. National implementation by government will be the main modality of UNDP programme management. UNDP may use other modalities including direct implementation or NGO implementation as appropriate. In cases of emergencies and in special development situations, UNDP will use its 'fast track' procedures to enable quick and timely response. UNDP will coordinate and collaborate with key national and subnational authorities, providing targeted capacity development throughout programme implementation. UNDP will strengthen its partnerships with other United Nations agencies, civil society, donors and international organizations. Volunteers will be utilized to develop national capacities. UNDP's global, regional and subregional programmes and resource facilities will be accessed to augment technical expertise and financial support. Risks will be systematically identified, mitigated and included in planning.

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

assessment will be conducted during preparation of the country programme action plan to identify further needs.

23. UNDP will develop and implement a comprehensive resource mobilization strategy to support the proposed country programme. The overall programme resource envelope is \$24,591,000. A total of \$7,091,000 will be allocated from UNDP regular resources; the remaining estimated amount of \$17,500,000 will be mobilized from other sources. UNDP will partner with donors (among them the Global Environment Facility and European Union) to achieve the resource target and with other United Nations agencies to implement joint programmes foreseen in the UNDAF. UNDP will work closely with the Government to bring cost-sharing resources into implementation of the country programme.

Annex. Results and resources framework

NATIONAL PRIORITY (as stated in Comprehensive National Development Strategy): Achieving the MDGs for all-round development of Mongolians					
COUNTRY PROGRAMME / UNDAF OUTCOME: Economic development is inclusive and equitable, contributing towards poverty alleviation. Outcome indicator: Percent change in the poverty rate, percent change in the Gini co-efficient. Related Strategic Plan focus areas: Poverty reduction and achievement of the MDGs.					
GOVERNMENT PARTNER CONTRIBUTION	OTHER PARTNER CONTRIBUTIONS	UNDP CONTRIBUTION	INDICATOR(S), BASELINES AND TARGET(S) FOR UNDP CONTRIBUTIONS	INDICATIVE COUNTRY PROGRAMME OUTPUTS	INDICATIVE RESOURCES BY OUTCOME (\$)
Government will prioritize human development and poverty reduction and provide leadership in accelerating progress towards achievement of the MDGs. It will mobilize the support of other countries to ensure sustainable operations of the LLDC Think Tank.	United Nations agencies, international financial institutions and other donors will provide complementary support to strengthen national capacity for evidence-based planning; development and implementation of social protection policies and programmes; mainstreaming of gender equality, child, youth and disability protection needs in sectoral plans; and expanding economic and social infrastructure. The LLDC Group will provide technical and financial support to the LLDC Think Tank.	UNDP will ensure access to knowledge under the MAF and assist development of capacities for strategic planning and implementation of social protection and poverty reduction measures for MDG 1 achievement, especially for marginalized groups. UNDP's global and regional technical assistance facilities will support capacity development of the LLDC Think Tank.	<p>Indicator: Availability of capacities and standardized planning, monitoring and evaluation tools to update NDS. Baseline: Achievement of MDGs requires re-alignment of NDS priorities for social protection and poverty reduction. Target: Information and capacities are available to ensure that MAF guides NDS and gender equality and that green and equitable growth are mainstreamed into sectoral and local development programmes for off-track MDGs.</p> <p>Indicator: Availability of strategic and capacity development plans for HDF. Baseline: HDF needs institutional capacity development. Target: Technical and functional capacity needs for HDF management assessed; strategic and capacity development plans for HDF developed and implemented.</p> <p>Indicator: Capacities of LLDC Think Tank; number of studies commissioned on LLDC issues. Baseline: LLDC Think Tank lacks institutional capacity to fully deliver its mandate as a global knowledge base for LLDCs. Target: LLDC Think Tank has adequate human and financial resources and at least five studies are commissioned and used for policy debate.</p>	<ul style="list-style-type: none"> - MDG acceleration plan integrated in NDS and capacity strengthened for research and debate on policy options for equitable growth and sustainable development. - Poverty reduction and gender equality programmes in NDS strengthened and put into operation. - Government has capacity to plan and manage natural resources revenues for poverty reduction through HDF. - LLDC Think Tank institutionalized and research capacity built to support implementation of the General Assembly resolution on establishing the Think Tank. 	Regular: 2,481,850
					Other: 1,500,000
NATIONAL PRIORITY (as stated in National Development Strategy): Consolidate political democracy; foster a transparent, accountable, just system free from corruption and red tape.					
COUNTRY PROGRAMME / UNDAF OUTCOME: Strengthened governance for protection of human rights and reduction of disparities. Outcome indicator: Corruption perception index; implementation status of recommendations of human rights treaty bodies; increased representation of women in parliament, local <i>khurals</i> , Cabinet. Related Strategic Plan focus areas: Democratic governance					
Government will develop decentralization and anti-corruption strategies through	World Bank, SDC, MALA, OSF will support partnerships between government and civil society at local	UNDP will provide technical assistance to develop policies for decentralization; increase capacity of	<p>Indicator: Existence of a local government capacity development strategy. Baseline: Capacity development needs for local governments not assessed. Target: Capacity development strategy approved with</p>	<ul style="list-style-type: none"> - Policy framework for decentralization created; local government capacity for service delivery increased. - Enabling environment 	Regular: 3,190,950
					Other: 2,000,000

<p>broad consultations; introduce regulatory framework for conflict-of-interest rules and code of conduct for civil servants; and strengthen capacity of agencies designated to report under international conventions and review mechanisms. Ministry of Justice will lead drafting and approval of a legal aid law and secure adequate budget for its implementation.</p>	<p>level. Transparency International will monitor implementation of UNCAC. CSOs will be involved in voter education and election and campaign finance monitoring. They will monitor compliance with international human rights norms and standards and implementation of UPR recommendations. United Nations agencies will support improved access and quality of basic social services.</p>	<p>local government to deliver MDG-based services; and strengthen public service integrity systems. UNDP will support political empowerment of women for achievement of MDG 3. Assistance will be provided for legal empowerment of the poor, protection of migrants' rights and promotion of decent jobs and entrepreneurship.</p>	<p>results indicators, standard services and resources for local governments. Indicator: Mechanisms in place for MDG 9 reporting and UNCAC implementation monitoring. Baseline: Self-assessment of UNCAC implementation and third national report on governance available. Target: National anti-corruption strategy developed for government approval and implementation. Indicator: Availability of revised voter education programme. Baseline: Voter education programme is partially implemented; needs emphasis on women's empowerment. Target: Voter education programme adopted with a specific component on women. Indicator: Codification of anti-poor laws and procedures hampering small businesses and vulnerable people. Baseline: High transaction costs for informal sector and small businesses preventing poverty alleviation. Target: Number of legal reforms and simplified procedures that enable decent work and entrepreneurship for informal sector.</p>	<p>created to promote transparency, accountability and ethics in public organizations. - Electoral systems and processes improved for fair outcome and enhanced representation of underrepresented groups. - Empirical reasons to justify changes in legislation provided; access to justice of vulnerable groups improved, including for migrants. - Enhanced national capacity to monitor implementation of obligations under human rights instruments.</p>	
<p>NATIONAL PRIORITY(as stated in Comprehensive National Development Strategy): Limit and halt environmental pollution and degradation; ensure proper use of land, mineral and water resources; contain depletion of animal and plant life and ensure capacity to adapt to climate change; ensure compliance with international conventions and treaties on environment and national action plans.</p>					
<p>COUNTRY PROGRAMME / UNDAF OUTCOME: Improved sustainability of natural resources management and resilience of ecosystems and vulnerable populations to the changing climate. Outcome indicator: Change in protected areas and water sources; reduction in number of emergency cases and economic losses; change in energy intensity of economy and greenhouse gas emissions per capita. Related Strategic Plan focus areas: Energy and environment for sustainable development</p>					
<p>Government will prioritize conservation strategies, climate and disaster risk management, legal enforcement, improved coordination mechanisms and community-based natural resources management. It will ensure approval of proposed legal or policy documents and ensure institutional set-up and budget allocations for implementation of new</p>	<p>United Nations agencies, SDC, World Bank, ADB, MCA, JICA, GTZ, USAID and other partners will cooperate in participatory resources management, legal enforcement, climate change adaptation of herders and farmers and urban air pollution abatement. CSOs and communities will participate in policy and decision-making processes. Financial institutions will provide soft loans and grants for</p>	<p>UNDP will provide technical expertise for energy and resource efficiency, climate change adaptation for vulnerable groups and emissions reduction. It will develop capacity of CSOs in resource management and disaster risk reduction (DRR). It will provide technical cooperation in improving policy environment for equitable access to water supply and sanitation, and</p>	<p>Indicator: Effectiveness of environmental law enforcement. Baseline: Low level of legal enforcement. Target: 10% increase in convictions for causing environmental degradation. Indicator: Number of policy and legislative documents on DRR and access to safe water and sanitation developed/updated and adopted; number of local emergency preparedness groups; number of landscape conservation strategies. Baseline: Existing policy and legislative frameworks and coordination mechanisms inadequate. Target: At least three documents each for DRR and water and sanitation updated; three landscape conservation strategies developed; emergency self-help group methodology replicated in four <i>aimags</i> (provinces). Indicator: Number of nationally appropriate mitigation actions (NAMA); number of studies on climate change</p>	<p>- Capacities improved to formulate, implement and enforce sector policies and legislation. - Holistic principles applied to conservation and management of pasture/ land, water resources and biodiversity. - National climate and disaster risk management capacities for coordination, communication and networking improved. - Adaptation and mitigation options supported for vulnerable sectors and communities. - Government policies provide</p>	<p>Regular: 1,418,200 Other: 14,000,000</p>

<p>policies. It will ensure clear roles and responsibilities in water and sanitation sector.</p>	<p>expansion of services and promote behavioural change and scaling up of established models for rural and urban <i>ger</i> settlements.</p>	<p>strengthening sector capacity to provide quality services with innovative technologies and public-private partnerships.</p>	<p>impact and adaptation. Baseline: 11 areas for NAMA identified. Target: Implementation of at least 5 NAMA areas. Climate change adaptation options with focus on mainstreaming and impact on vulnerable sectors and groups researched and formulated. Indicator: Number of new or updated BCNS for energy efficiency, water and sanitation. Baseline: Needs determined for BCNS system improvement. Target: 10 BCNSs on energy efficiency and 5 on water and sanitation developed/updated and enforced.</p>	<p>for equitable access to safe drinking water and sanitation services - Sector capacity to provide quality services and monitor impact improved.</p>	
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Acronyms

ADB	Asian Development Bank
BCNS	Building codes, norms and standards
CSO	Civil society organization
DRR	Disaster risk reduction
GDP	Gross domestic product
GTZ	German Technical Cooperation
HDF	Human Development Fund
LLDC	Land-locked developing country
JICA	Japan International Cooperation Agency
MAF	MDG Acceleration Framework
MALA	Mongolian Association of Local Authorities
MCA	Millennium Challenge Account
MDG	Millennium Development Goal
NAMA	Nationally appropriate mitigation actions
NDS	National Development Strategy
OSF	Open Society Forum
SDC	Swiss Agency for Development Cooperation
UNCAC	United Nations Convention against Corruption
UNDAF	United Nations Development Assistance Framework
UNFPA	United Nations Population Fund
UPR	Universal Periodic Review
USAID	United States Agency for International Development
WHO	World Health Organization
