

**MONGOLIA MISSION
REPORT**

Objective of Mission:

The mission to support preparation of Mongolia's MDG based National Development Strategy had a three-fold objective: (1) to review existing sector and national plans and assess data availability for an MDG needs assessment for Mongolia (2) to assist the Ministry of Finance (MoF) prepare a step by step Action Plan with benchmarks for monitoring the process of formulating the long-term national development strategy (3) to propose institutional arrangements needed for preparing such a strategy. See annex 1.

Team Members:

The mission team comprised UN staff and consultants:

Dr Anuradha Seth, Senior Policy Advisor, Poverty and Pro-Poor Policies, UNDP Regional Centre for Asia Pacific, Colombo

Dr Yubaraj Khatiwada, Executive Director, Nepal Rashtriya Bank, Office of the Governor, Central Office, Nepal

Dr Ravindra Rai Dholakia, Professor of Economics, IIM Ahmedabad, India

Dr Mahesh Patel, Senior Social Policy Advisor, UNICEF Regional Office, Bangkok

Radhika Gore, Programme Officer, UNICEF Regional Office, Bangkok

Mission Activities:

In addition to the objectives highlighted above, the mission team was also requested by the MoF, Advisors to the President as well as technical staff from line ministries to review sectoral and national plans with them and to discuss how the Needs Assessment methodology would guide the preparation of a long-term national development strategy. See annex 2 and 3 for the mission agenda and a list of persons met in government and UNCT. Annex 4 provides a synopsis of the meetings held over the course of the mission.

In what follows, we highlight the discussions and outcomes of meetings with:

Ministry of Finance

Presidential Advisors

Round Table with Government and UNCT

Chair of the Parliamentary Sub-Committee on the MDGs

The Prime Minister

Ministry of Finance

The main issues discussed were

Status of the EGSPRS and PRGF: The mission was informed that there was no ongoing PRGF agreement between the government and IMF. The EGSPRS (Mongolia's PRSP) was suspended by the new government because of non-disbursement of concessional loans by the WB.

Needs Assessment and Costing Methodology: The MoF indicated that although the training of trainers had been good a start, there was need for more intensive training on the methodology for technical staff from government. It was decided that the Handbook for MDG based National Strategies, prepared by the MP, would be translated into Mongolian and distributed to technical staff. Further training would be provided to technical task forces prior to having them undertake the needs assessment exercise.

Value Addition of an Integrated Approach to guide preparation of the long-term MDG based Strategy. The mission team pointed out that it was essential to have an integrated approach when formulating the long-term strategy. Such an Integrated Approach would allow planners to link the needs assessment method and costing exercise with a macroeconomic/fiscal framework. This was important primarily for three reasons: to examine linkages between growth and income poverty; to examine implications of growth for domestic revenue generation and for developing a financing strategy for MDG

achievement; and for examining how changes in economic conditions over time will impact (through public investment) MDG achievements.

Further, the mission identified how a long-term strategy could inform development of a prioritized medium-term plan and MTEF. In this context, the MoF requested the team to review the current socio-economic development guidelines (SEG: its 3 year plan) and the associated MTEF and to suggest ways of aligning these with the MDGs. The MoF recognized the fact that since the SEG and annual budget was to be presented to Parliament in April '06, there was insufficient time to explicitly link the 2006 budget with the MDGs. However, once the MDG based NDS was prepared, it would help inform the 2007 budget.

Time Frame for Preparing the long-term National Development Strategy: There was agreement between the mission team and MoF that the time-frame for preparing the strategy would be March-December 2006. The MoF informed the team that the NDS should be completed by December 2006 so that it could be presented to Parliament in its first session of 2007. It was important for the Parliament to approve the national strategy since this protected implementation of the strategy in case of a change in government.

Capacity Needs of MoF: It was recognized by both the mission and counterparts that substantial capacity would need to be developed within MoF to ensure a quality and timely product and that institutional roles would have to be defined (i.e. role of MoF, Office of the President, Working Group constituted by Presidential Decree and the Parliamentarian sub-committee on the MDGs).

Advisors to the President

Discussions with Presidential Advisors focused on (a) institutional roles of different agencies within government (b) analytical approach to preparing the MDG based plans (c) time frame for preparing the NDS and (d) capacity needs of the Office of the President. The Advisors briefed the mission on sectoral plans that were underway (Health and Education Master Plans) and urged the mission to take account of work already done.

This was important to avoid the perception that this was yet another planning exercise with little connection to ongoing efforts.

Round Table with Government and UNCT

A national workshop was organized to (i) give stakeholders a brief introduction on the process of preparing an MDG based strategy, (ii) discuss priorities for costing, and (iii) define roles and responsibilities of various government agencies. Mission members each made a 15-minute presentation covering these issues. In the discussions and comments from the floor, a lot of interest was evinced on methodological issues and on the connection between MDG needs assessment and the macro economic framework. Concerns were also raised whether the whole exercise would be a duplication of work already underway with respect to sectoral plans and whether the MDG based NDS might remain on paper only. Several suggestions were made for identifying priority areas within MDGs.

Parliamentary Sub-Committee on the MDGs

The UN RC apprised the Chair of the Parliamentary Sub-Committee of the objective and scope of the mission and briefed the MP on the methodology and proposed action plan for an MDG NDS. The MP expressed a concern that the new strategy should not end up duplicating efforts already put in. She advised the Team to follow a proper process for the establishment of Thematic Task Forces and suggested that the Prime Minister being the Chair of the Working Group appointed by the President might be able to coordinate the process better. She also expressed her concern about engaging parliamentarians in the process and enhancing their capacity for oversight over the process. It was also suggested that the UN support a communications/advocacy strategy on the MDGs to go along with the technical work of preparing the National Strategy.

The Prime Minister

The Mission discussed the objective, scope, methodology and proposed Action Plan for the formulation of an MDG based NDS. The UN RC raised 3 issues related to the

process: (i) various task forces and institutional arrangements needed for the implementation of MDG based NDS, (ii) establishing thematic task forces and issuing guidelines for their work (iii) complementarities between long term strategies and medium term plans.

The Prime Minister welcomed the UN team and expressed his commitment to proceed with an MDG based NDS. He found the proposed Action Plan reasonable in terms of its timeframe and indicated that the work could be done in close collaboration with the Working Group set up by the President and the 12 Thematic Task Forces proposed by UN. The Deputy Finance Minister stated that the suggestion for formation of the Thematic Task Forces was good and timely and they could function in close cooperation with the Working Group. The PM mentioned that the DFM was the co-coordinator of the Working Group and would effectively coordinate the matter between the Thematic Task Forces and the Working Group.

Mission Review of General Guidelines for Socio Economic Development of Mongolia 2006-08

Given repeated requests for the mission to review the existing medium-term national plan to see how this plan could inform the long-term MDG based NDS, the mission members had the following comments.

The General Guidelines for Socio Economic Development of Mongolia (SEG) are very broad and examine a medium term (3-year) perspective of the development framework. Further, the plan is not backed by adequate resources. An MDG driven development plan needs to have a longer time horizon, built from the bottom up (from required interventions as identified through the MDG NA), properly costed, and prioritized to reconcile the needs with the means.

The relationship between economic growth and poverty reduction is not adequately addressed in the SEG. For instance, as economic growth slows down after 2006, the rate

of poverty reduction accelerates. This relationship would hold if there is an improvement in the quantum and quality of growth – and in its composition, distribution and job creation. However, the evidence for this is not observed in the projections made in the SEG.

The SEG intends to maintain public Debt-GDP ratio constant at 80 per cent for 3 years (2006-08) while projecting a high economic growth rate. That requires much higher investments coming from the private sector and public investment being financed by substantial additional foreign grant and domestic revenue. Yet, there is no clear mention of a strategy to mobilize such resources or a discussion on the need to improve aid absorption capacity. For instance, there is no specific target set for revenue and foreign grant mobilization (at least in the summary table). Without these targets, it becomes difficult to understand how the fiscal strategy will reduce the budget deficit in the first year and generate a surplus in the following years.

The SEG does not see resource availability as a major problem in terms of attaining various targets for the medium term. In the event of revenue shortfalls, it is important to prioritize programs and implement those which are pro-poor so that MDG and poverty focused programmes can be protected. The fact that programme specific costs are not explicitly linked to the resource envelope, implies that the SEG is more like a wish list of development outcomes. As such, the SEG are merely guidelines and a concrete plan needs to be built to operationalize it, and a concrete financing strategy (like MTEF) to implement it, if at all it is to be an operational planning tool.

The SEG does not explicitly discuss the investment requirements for attaining economic growth targets, how investment is distributed between the public and the private sectors and how public sector investment will be financed. In the absence of such an investment plan, the expected growth rate remains the result of a simple statistical trend analysis.

Although the SEG mentions the MDGs in some instances, adequate interventions or programmes to meet the MDG targets have not been specified. Finally, the annual budget

does not appear to be linked with SEG guidelines. The weak link between the budget and the SEG makes the latter only a reference document, and not a strict framework for annual programming and budgeting.

Linking the Needs Assessment with the Macroeconomic Framework.

Since there was a lot of interest on how the Needs Assessment would be linked with the macroeconomic framework, the mission explained that links could be established through a simple set of relationships such as (i) size of MDG related investment to total investment of the country, (ii) total investment-output (GDP) ratios represented by ICOR, (iii) poverty elasticity of economic growth and (iv) employment elasticity of growth. However, given data limitations, the mission requested NSO to make some estimates of sectoral ICORs with estimates of sectoral investments, employment elasticity of growth with estimates of sectoral classification of labour force participation, and also to estimate the income distribution pattern by income deciles of households. If such data are made available, then a simple macroeconomic framework would link the MDG related investment requirements to the total investment and outcomes related to overall growth, poverty reduction and employment creation. The growth and associated poverty reduction and employment generation picture will then enable the estimation of domestic resources to be available for MDG financing, thus indicating the magnitude of the resource gap to be financed by external resources (mainly, ODA).

Key Challenges

Discussions with government counterparts and some donors indicated that the country is all set for a long-term MDG based national development strategy. They have come up with a fixed time table for the formulation of such a strategy. However, there are several challenges. There are more committees and working groups than necessary; coordination and capacity issues need to be effectively addressed, and more discussion is needed on how to translate the long term development strategy into medium terms plans and

associated expenditure framework. There is a need to build up the capacity of agencies that will prepare thematic reports on MDG based NDS.

Mission Outcomes & Recommendations:

Among the objectives set for the mission was the need to prepare a Step by Step Action Plan for the MDG based NDS process. The Action Plan is presented below. The Plan was discussed with the MoF, Presidential Advisors, and with the Prime Minister and was endorsed by all.

Action Plan for MDG based National Development Strategy

February-December 2006

February: *Institutional Arrangements*

- Set up Thematic Task Forces (12 TTFs proposed) see attached
- Define TORs for TTFs and composition of TTFs
- Define roles and responsibilities of (a) Working Group (WG) set up by Presidential Decree dated Feb 13, 2006 (b) Technical Working Group headed by MoF (c) Sub-Committee of Parliament on MDGs (d) Office of the President

March-June: *Initiate Needs Assessment and Costing Exercise*

- Training on NA methodology for TTF members (1 week: Each TTF will be trained on the relevant module)
- NA and Costing exercise undertaken by each TTF (technical staff) in consultation with Secretaries of State of sectoral ministries

- Initiate work on linking the macro-economic framework with sectoral needs assessment exercise. This is needed for three reasons (a) to examine how target growth rates impact on income poverty reduction (b) how target growth rates will impact growth in domestic revenues (c) how changes in macroeconomic conditions will impact achievement of targets through changes in public investment
- Initiate investigation of macro-economic picture based on historical experience: Is there fiscal space given macro trends? What are growth drivers? Links between growth, distribution and income poverty reduction; Links between growth, employment and poverty reduction
- End June: Cost estimates and detailed list of interventions prepared by each TTF, Report prepared by each TTF and all inputs consolidated by Finance Ministry

July-August: *Mapping of Sectoral Investment Needs with the Macroeconomic Framework and Formulation of Financing Strategy*

- Determination of target growth rate needed to reduce income poverty (identification of how best such a pro-poor growth rate can be achieved)
- Implications of target growth rate for rate of domestic revenue mobilization
- On this basis, and after reviewing household structures and demographic profile, examination of potential household contributions
- Formulation of financing strategy for MDG achievement

September: *Draft of MDG based National Strategy*

- Consolidation of macro framework with sectoral investment needs led by MoF
- End Sept: First draft available and disseminated to WG for consultations with national stake-holders

October: *National and Local Level Consultations and Refinement of MDG based Strategy*

- National workshop on Findings
- Refinement of Strategy

October-November: *Implications for Medium Term Priorities and Budgets*

- Medium-term priorities
- Sequencing of public investment
- Implications for design of MDG based MTEF (2007-2010) and Annual Budget 2007

December: *Finalization of the MDG based National Strategy*

In addition to the Action Plan, the Mission proposed creating twelve (cross-sectoral) Thematic Task Forces each of which is linked to a specific MDG target. Each TTF would be chaired by the Secretary of State of the principal line ministry. The composition and TOR for the TTFs are presented below as is an organigram indicating the roles of various government agencies.

Goal 1	1 Malnutrition	<ol style="list-style-type: none"> 1. Ministry of Social Welfare and Labor 2. Ministry of Health 3. Ministry of Education 4. Ministry of Construction and Urban Development 5. Ministry of Food and Agriculture
Goal 2	2 Primary and Secondary Education	<ol style="list-style-type: none"> 1. Ministry of Education 2. Ministry of Fuel and Energy 3. Ministry of Construction and Urban Development 4. Ministry of Health – for the life skills training
Goal 3	3 Gender Equality	<ol style="list-style-type: none"> 1. Ministry of Social Welfare and Labor 2. National Committee for Gender Equality 3. Ministry of Justice and Internal Affairs 4. National Statistical Office
Goal 4	4 Under 5 mortality	<ol style="list-style-type: none"> 1. Ministry of Health 2. Ministry of Social Welfare and Labor 3. City government of UB
Goal 5	5 Maternal mortality	<ol style="list-style-type: none"> 1. Ministry of Health 2. Ministry of Road, Transportation and Tourism 3. Ministry of Fuel and Energy 4. Ministry of Construction and Urban Development 5. Ministry of Social Welfare and Labor 6. City government of UB
Goal 6	6 HIV/AIDS	<ol style="list-style-type: none"> 1. Ministry of Health 2. Ministry of Social Welfare and Labor 3. Ministry of Education

		<ul style="list-style-type: none"> 4. Ministry of Justice and Internal Affairs 5. City government of UB
	7 TB	<ul style="list-style-type: none"> 1. Ministry of Health 2. Ministry of Social Welfare and Labor
Goal 7	8 Air pollution	<ul style="list-style-type: none"> 1. Ministry of Nature and Environment 2. Ministry of Construction and Urban Development 3. Ministry of Health 4. City government of UB
	9 Desertification, forestry, biodiversity, water	<ul style="list-style-type: none"> 1. Ministry of Nature and Environment 2. Ministry of Construction and Urban Development 3. Ministry of Food and Agriculture
	10 Safe drinking water and Sanitation	<ul style="list-style-type: none"> 1. Ministry of Construction and Urban Development 2. Ministry of Health 3. Ministry of Nature and Environment 4. City government of UB
	11 Housing	<ul style="list-style-type: none"> 1. Ministry of Construction and Urban Development 2. Municipality of UB city 3. Ministry of Industry and Trade 4. City government of UB
Goal 9	12 Human Rights, Good Governance, Zero Tolerance for Corruption	<ul style="list-style-type: none"> 1. National Commission for Human Rights 2. Ministry of Social Welfare and Labor, 3. Ministry of Justice and Internal Affairs 4. Cabinet Secretariat 5. Mongolian Chamber of Commerce and Industry (MCCI)

MDG Needs Assessment: Composition of Thematic Task Forces for Needs Assessment*

* NGOs and Policy/Academic Think Tanks could be included in the relevant TTF

MDG Goal MDG Targets Composition of TTF

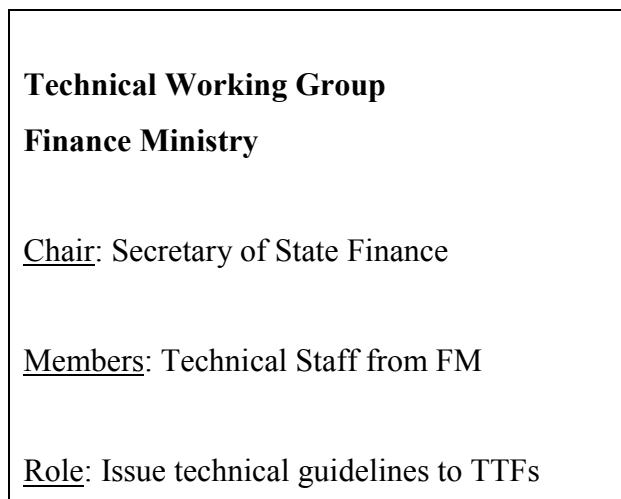
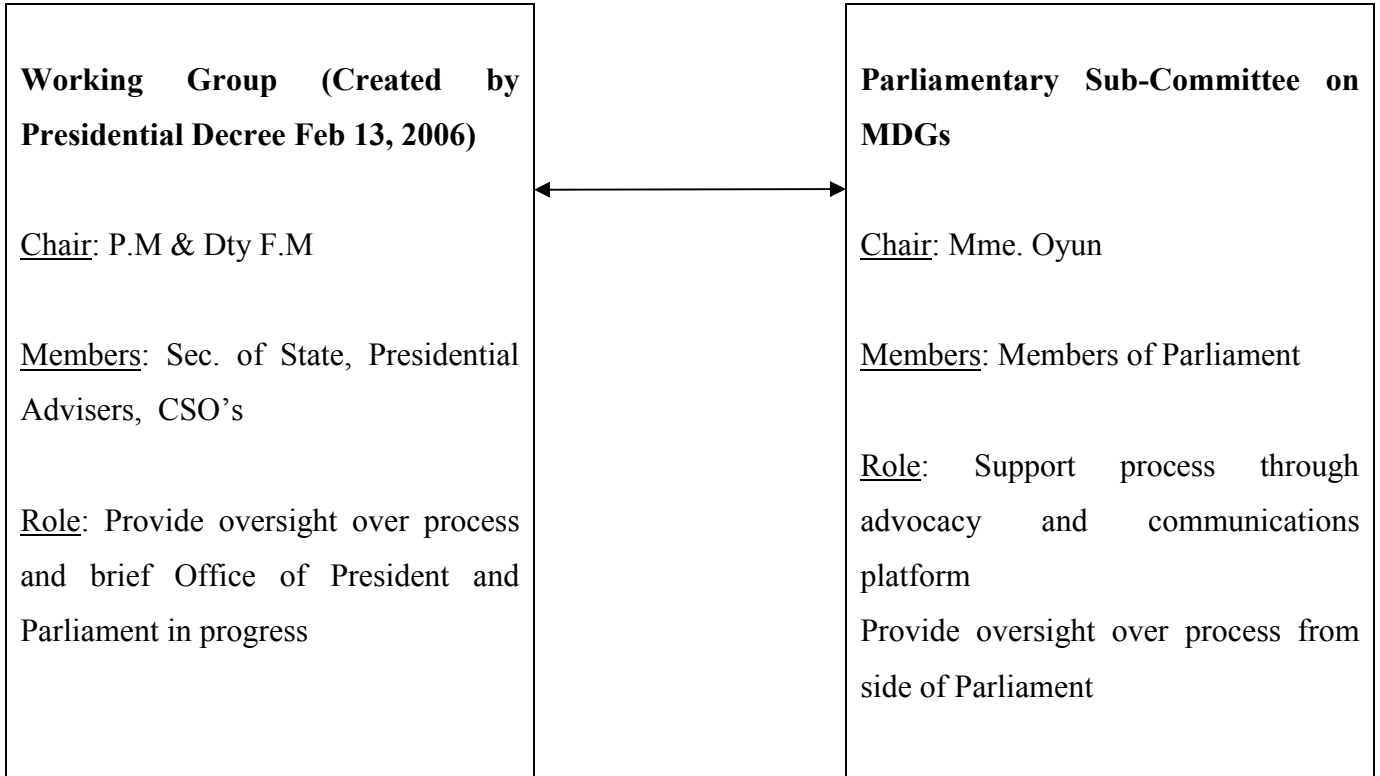
Terms of Reference for Thematic Task Forces

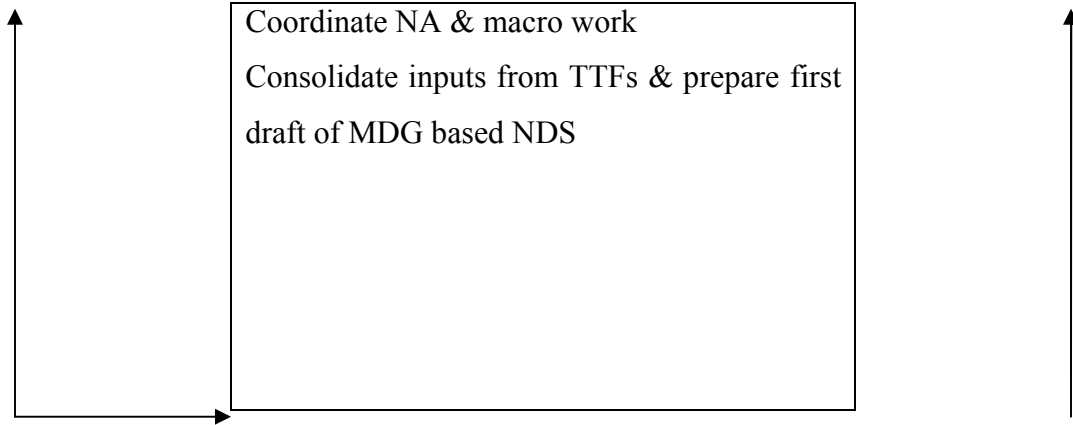
- (1) Each thematic task force could be chaired by the Secretary of State of the principal Ministry.
- (2) Technical staff from line ministries should be from the policy and/or budget departments.
- (3) At least one technical staff member should be fully conversant with EXCEL spreadsheets

The principal functions of the thematic task force will include:

- A review of existing data, plans, programmes and projects
- Developing a comprehensive list of interventions
- Specifying targets for each intervention
- Specifying coverage of the target population in need
- Estimating unit costs and resource requirements for each intervention
- Refining and prioritizing interventions and targets
- Preparing a draft of the thematic task force report

Organigram of Institutional Roles for the MDG based National “Development” Strategy





MDG 10 Target: Safe drinking water and Sanitation
MDG 11 Target: Housing

Thematic Task Forces
<u>Members</u> : Technical staff from policy and budget depts. of different line ministries
<u>Role</u> : see TOR
MDG 1 Target: Malnutrition
MDG 2 Target: Primary and secondary Education
MDG 3 Target: Gender Equality
MDG 4 Target: Under 5 mortality
MDG 5 Target: Maternal mortality
MDG 6 Target: HIV/AIDS
MDG 7 Target: TB
MDG 8 Target: Air pollution
MDG 9 Target: Desertification, forestry, biodiversity, water

Lessons Learnt

- Training needs of government on the Needs Assessment methodology should not be underestimated. Although several technical staff from different ministries had participated in the TOT organized by RCC in December, staff transfers in different ministries as well as the duration of the training (a three day exposure to NA) does not appear to be sufficient to sustaining a national process for formulating MDG based national strategies. RCC may need to reconsider when to offer the TOT. Perhaps, the TOT needs to be organized once government has established Technical Task Forces.
- Since an MDG based NDS requires work beyond the needs assessment and costing exercise, the UNCT needs to make a decision on the scale of its support to government for this process. In the case of Mongolia, additional work will be needed on addressing Goal 9 (good governance, zero tolerance to corruption and human rights). Further work will be required on employment issues and on the mining sector. This though is also a good opportunity to engage other development partners in this effort as well as to bring in colleagues from other practice areas. The RC has contacted RCB for assistance on the issue of Goal 9. Similarly, a decision will need to be made on how to support complementary work needed on other analytical issues.
- Country level dialogue needs to be initiated with the IFIs early on in the process. This is especially important given linkages between the needs assessment method and macro economic/fiscal frameworks. Since IFIs typically work with the government on setting macroeconomic targets (fiscal deficit, debt sustainability) and support governments with MTEF formulation and with public finance, it would be important to address the methodological implications of the NA with respect to financing and growth issues early on.

- It is important to establish a communications/advocacy platform early on in the process. This can facilitate a participatory approach which is needed if the strategy is to be country driven and “owned” by national stake-holders. In the context of Mongolia, the Parliamentarian Sub-Committee is mandated with advocacy and with monitoring progress on the MDGs and the Chair of the Committee requested support from the UNCT in this regard. The KST in RCC has spoken to Steve Glovinsky (India CO) for support on this.
- There was widespread concern that the MDG based NDS should build upon existing work and not duplicate work already done or underway. This is important to avoid “planning fatigue” and at the outset it is important to review existing materials to indicate how existing work will feed into the process of formulating the long term MDG national strategy.
- More substantive work needs to be done to show how a long term MDG national strategy will inform medium term priorities and sharpen the pro-poor orientation of the MTEF.
- Since the MoF will be the nodal agency in government, responsible for coordinating inputs from line ministries, linking the NA with the macroeconomic framework and preparing the draft national plan, capacity constraints within MoF need to be addressed by the UNCT.

**Annex 1: A Joint UN Mission to assist the Government of Mongolia
on MDG-based national planning**

TERMS OF REFERENCE

Background

5 years after the commitment was made by the international community through passage of the Millennium Declaration in 2000 and at the 2005 World Summit all 191 member states of UN resolved to adopt and implement the MDG based national development strategy by 2006.

Mongolia as one of many other developing countries is searching for answers to some critical questions such as quickly assessing current state policies, creating appropriate institutional arrangements to manage the process of preparing MDG based National Development Strategy up to 2015, finding out ways to achieve Mongolia specific MDGs. As recommended by the UN Millennium project team, MDG based national planning process should consist of the following five steps:

1. Creation of the institutional arrangements to manage the process;
2. Assess government policies and development strategies;
3. Comprehensive MDG needs assessment to be done;
4. Develop and implement a long-term national strategy on achieving MDGs
5. Develop and implement MDG based Medium term development plan

This is a challenging task for Mongolia, but there is a strong political commitment of the Head of the State and the Government of Mongolia and UN is assisting the country in preparing its MDG based National Development Strategy. The First National Report on MDGs which was launched in 2004 summarized the progress on achieving each MDG goal and targets and challenges faced. In April of 2005, the Parliament adopted a historic Resolution on Mongolia specific MDGs with additional MDG 9 on fostering democratic

governance and strengthening human rights to be achieved by 2015. The Parliament Resolution on MDGs mandated the Parliament Standing Committees to report on MDG progress every two years to the Parliament.

To implement this Resolution and speed up the process of developing MDG-based long term development strategy a number of working groups and committees have been established such as:

- The Parliament Standing Committee on Social Policy established an ad-hoc working group on MDGs chaired by the Head of the Social Policy Standing Committee (Deputy Head is Chairman of NSO) and members are State Secretaries of the ministries. The DevInfo at the NSO (assisted by the UNICEF) will be utilized as a major data base for monitoring.
- The Head of the State under his office will establish a working group to lead the process of preparing the long term MDG based National Development Strategy.
- The National Statistics Office (NSO) has established a MDG Statistics Task Force.

The Ministry of Finance, as a main policy coordinating body, modified its annual Socio-Economic Guidelines (SEG) in line with MDGs; and this SEG for 2006-2008 was adopted by the Parliament in November 2005. This is a significant step to materialize MDGs into the current policy-making process. Currently, the Ministry of Finance is working on developing the SEG Implementation Plan for 2006. Moreover, the SEG and Implementation Plan will be utilized as a basis for the Medium-Term Fiscal Framework for 2006 - 2008 which is going to be tabled to the Parliament by April 2006. Mongolia's first PRSP which is called "Economic Growth Support and Poverty Reduction Strategy" (EGSPRS) for 2003-2006 was supported by the Government in 2003 for World Bank and IMF joint staff assessment, but was not endorsed by the Parliament as an official national strategy. According to Ministry of Finance, SEG will now replace the EGSPRS.

In addition to these developments, under UNDP funded project “Poverty and MDG Monitoring and Assessment System” the capacity development initiatives for representatives of key government institutions have been taken place since summer 2005 such as a training workshop in Colombo on MDG-based planning.

The above effort has laid the foundation for in-depth technical work to develop MDG based long terms strategy which is based on needs assessment perspective planning and budgeting and to support them in developing a road map and identifying institutional arrangements. UNDP received an official request from the Government of Mongolia in summer 2005.

Objective

The main objective of the mission is to advice on step by step MDG-based planning process, help initiating costing exercise and identify proper institutional arrangements, and steps.

The main tasks:

1. Review the existing documents such as SEG, MDG report, sectoral development strategies and Medium-Term Fiscal Framework which can form the basis for MDG based national development strategy up to 2015 and discuss the parameters for MDG based National Development Strategy.
2. Review SEG for 2006-2008 in terms of aligning with MDG-based strategy and other medium-term policies and the new Government Action Plan;
3. Assess Donor interest and role in supporting preparation of MDG based national development strategy.

4. Carry out assessment of institutional arrangements for the MDG process; identify and advice on roles and responsibilities of various agencies;
5. Conduct preliminary assessment of data availability on MDGs needs assessment/costing and monitoring
6. Advise on sequence and steps to develop MDG based national development strategy;
7. Conduct a half day multi-stakeholder technical workshop for middle level staff of line Ministries, Ministry of Finance and NSO on “MDG-based national planning”.

Main output

Detailed Action Plan to develop MDG-based long-term national development strategy

Organizational arrangements

Mission will comprise of three regional advisors from UNDP, UNICEF and UNFPA and two UNDP consultants and will be led by UNDP regional advisor on MDGs and pro-poor policies.

Duration: 2 weeks starting from 13th February 2006.

“The Mission was originally scheduled from 6 February, but due to political situation in the country it has been postponed till 13 February”

The Mission will report to the UN Resident Coordinator and to the Heads of UN agencies

Annex 2: UN Advisory Mission on MDG-Based National Strategy, February 13 – 25, 2006

Agenda

The main objective of the mission is to advise the government on formulating the MDG-based National Development Strategy, in particular

- To define priority sectors and areas for costing/MDG Costing;
- Draft step-by-step Action Plan for the formulating the strategy and identify institutional arrangements; and
- Identify future areas for technical support.

Date	Activities	Venue
Monday Feb 13	Start-Up Meetings to discuss objectives of the Mission and its agenda:	
9.30 am	Meeting with UNRC and UNCT	UN Confer.
11.30 am	Meeting with Finance Minister	Room
3.00 pm	Meeting with RR, WB	MOF WB Office, MCS Plaza
Tuesday Feb. 14		
9.30 am	Meeting with NPD, PMMS	MOF
10.30 am	Technical meeting with Economic and Fiscal Policy Departments, MOF	
14:00 pm	Mission team work	UN House
Wednesday Feb.15	Mission Team Work	UN House
9.30 am	Roundtable discussions with multi stakeholders	Chinggis Khaan hotel
2.30 pm	Objectives: - brief on MDG-based strategy process - discuss priorities for costing	

	- define roles and responsibilities of government agencies	
Thursday Feb16 10.30 am 2.30 pm 5.30 pm	Meeting on Institutional Arrangements (team meeting) Meeting with Vice Chairman, NSO De-briefing UN RC	UN Conf. room NSO UN Conf. room
Friday Feb 17 2/20/200611.00 am 3.00 pm	Meeting with NPD, ICDOP (Project at President's office) Technical Meeting on needs assessment	Gov. House MOF
Monday Feb 20 11.00 am 5.00 pm (tentative)	Technical Meeting with Ministry of Nature and Environment	MONE Gov. House
Tuesday 21 10.30 am 11.30 am 11.00 am (not confirmed) Afternoon (not confirmed)	Meeting at NSO Meeting with Fiscal Department, MOF De-briefing NPD, PMMS (mission leader and ARR (P)) Technical Meeting with Ministry of Construction and Urban Development Meeting with Advisors to the President	NSO MOF MOF MCUD

4.00 pm (pending)		Gov. House
Wen Feb. 22		
10.00 am	Internal discussion on MDG localization of MDGs and draft of Action Plan Internal discussion on draft of Action Plan	UN Conf. Room
2.30 pm	Meeting with S.Oyun, Parliament Member	Gov. House
Thursday 23		
Morning	Mission team work	UN Conf. room
11.30	Meeting with PM	Gov.House
11.30 am	Discussions on Action Plan Draft with UN CT	
3.00 pm	Wrap-up Meeting with Minister for Finance	UN conf. room
5.00 pm	Wrap-up meeting with UN RC and Heads of UN agencies	MOF UN conf. room
Friday Feb 24		
Morning	Education costing	MESC

Line ministries may request specific meetings.

Annex 3

LIST OF PEOPLE MET

Government of Mongolia

1. Mr. M.Enkhbold – Prime Minister of Mongolia
2. Mr. N.Bayartsaikhan - Member of the State Great Khural (Parliament), Cabinet Member, Minister for Finance
3. Mr. J.Narantsatsralt - Member of the State Great Khural (Parliament), Cabinet Member, Minister for Construction and Urban Development
4. Ms. S.Oyun - Member of the State Great Khural (Parliament)
5. Mr. B.Enkhmandakh – Vice-Minister for Nature and Environment
6. Mr. Ch.Khurelbaatar – State Secretary, Ministry of Finance
7. Mr. T.Sambasanchir – State Secretary, Ministry of Construction and Urban Development
8. Mr. Ya.Dolgorjav – Adviser to the President
9. Mr. D.Namkhajantsan - Adviser to the President
10. Mr. L.Lkhagva - Adviser to the President
11. Mr. Ts.Dashzeveg - Adviser to the President
12. Mr. G.Khongor – Adviser to the Minister for Finance
13. Mr. O. Gerelt-Od – Vice, Chairman, National Statistical Office
14. Mr. N.Enkhbayar – Director General, Economic Policy Department, Ministry of Finance
15. Mr. R.Batjargal - Director General, Fiscal Policy Department, Ministry of Finance
16. Ms. N.Oyundar - Director General, Strategic Planning and Policy Coordination Department, Ministry of Nature and Environment
17. Ms. S.Dorjkhand – Adviser, Secretariat of the Parliament
18. Mr. A.Demberel – Director, General Statistics Department, National Statistical Office
19. Ms. D.Oyunchimeg – Chief, Social Statistics Division National Statistical Office

20. Ms. Ya.Dorjpagma – Senior Officer, Construction and Public Utilities Policy and Coordination Department, Ministry of Construction and Urban Development
21. Mr. Ts.Zorigtbat – Staff, Economic Policy Department, Ministry of Finance
22. Ms. O.Idshirenjin – Staff, Economic Policy Department, Ministry of Finance
23. Ms. G.Bolormaa – Staff, Economic Policy Department, Ministry of Finance
24. G. Batkhurel – Staff, Economic Policy Department, Ministry of Finance
25. Mr. A.Batjargal – Director General, Information Technology Park
26. Ms. G.Oyuntsetseg – Staff, International Cooperation Division, National Statistical Office

International Agencies

27. Ms. Pratibha Mehta – UN Resident Coordinator, UNDP Resident Representative
28. Mr. Robert Hagan – WHO Resident Representative
29. Mr. Richard Prado – UNICEF Resident Representative
30. Dr. Delia Barcelona – UNFPA Resident Representative
31. Mr. S.Meyanathan – Resident Representative, World Bank
32. Mr. Barry J.Hichcock - Resident Representative, Asian Development Bank
33. Ms. Melaia Watucawaqa – UNDP Deputy Resident Representative
34. Ms. D. Nergui – UNDP Assistant Resident Representative (P)
35. Ms. G.Uyanga – Economist, UNDP CO
36. Mr. T. Nishigori – Private Sector Specialist, UNDP CO
37. Ms.O.Enkh-Ariunaa – Poverty Specialist, UNDP CO
38. Mr. O.Adiya – Partnerships and UN Coordination Officer, UNDP CO
39. Mr Aidan Cox, Regional Aid Coordination Advisor, UNDP Regional Centre Bangkok
40. Mr. Jorg Nadoll, Programme Specialist, Aid Coordination, UNDP Regional Centre Bangkok
41. Mr. Ts.Bayasgalan – National Project Manager, Institutional Capacity Building of the President Office UNDP-Funded Project

42. Ms. Ts. Erdenechimeg - National Project Manager, MDG and Poverty Monitoring System UNDP-Funded Project

Annex 4 Input for the Report of the UN Mission on MDG based National Development Strategy for Mongolia

Preparatory Work prior to the Mission

Mission members were provided with reference materials on existing plans, regulations, development strategies, survey reports, President's decrees, study reports related to the MDGs in Mongolia so that they could be familiar with the data and state of play in Mongolia.

February 13, 2006

Meeting at UN CT

Participants: UNDR RR/RC, UNICEF RR, WHO RR, UNFPA representative, and mission members and UNDP staff.

Main issues discussed: time horizon of the MDG based national development strategy, status of Economic Growth and Poverty Reduction Strategy (EGPRS) and other sectoral plans, cross cutting issues, costing and prioritization, relationship between central government and regional governments, existing plans/ master plans and their status. Issues sorted out was the understanding that the initiative was not to cost the existing plan (SEDG) but to initiate a fresh and long-term national plan based on MDGs with each MDG intervention costed appropriately. There was an agreement among all on the need to review and build upon existing plans, where feasible, for the new MDG based NDS.

Meeting at MOF with Minister of Finance and other officials of the Ministry of Finance

Participants: UNDP RR/ CC, UN mission members, UNDP ARR, and other officials of UN

The Finance Minister apprised the mission of the current status of the EGSPRS, Parliament's Resolution on the MDGs, the socio-economic guidelines (SEG) for the development of Mongolia, the need for a long term strategic plan and then made a request

for UNDP support to this process. He mentioned that the long term plan will have to be passed by Parliament to give continuity for implementation of the plan in case of a change of government. The time frame for the MDG based NDS was also discussed and it was mentioned that the plan be prepared by end 2006 and Parliament approve it in its first session of 2007.

Meeting with the World Bank

The meeting focused on the status of EGPRS. It was mentioned that the status of EGPRS was not clear to the WB as the previous government did not complete the reform agenda and the new government did not pursue this matter with the WB.

After official meetings were over, mission members discussed critical issues coming from the discussions over the day. One major issue was that of regional disparity within the framework of MDG NA. Major issue was: should the NA be conducted at regional level so as to obtain the national needs assessment as a regional aggregation or should the NA be undertaken at the national level and the regional disparity aspect be handled as a resource allocation matter? Broadly, it was agreed that we can conduct the NA at a national level and issue of regional disparity could be handled through regional allocation of resources later.

14 February, 2006

Technical meeting with state secretary and other officials of the MOF

Participants: UNDP ARR, UN mission members, and other officials of UN

Issues discussed in the meeting were the process of approving the national development strategy (NDS), the MTEF, and annual budget. Given the time frame expected for satisfactorily addressing the NA and MDG based NDS, it was agreed that the mission's work could be effectively completed by end 2006 so that it could be of use for the 2007 budget. The 2006 budget (beginning from January 1st but pending due to change of the government) would be weakly linked with the MDGs.

The Status of EGSPRS was also discussed and the mission was informed that it would not continue because finances for implementing the plan had not been disbursed by the World Bank. The government and MOF were firmly committed to preparing an NDS based on MDGs and wanted to ensure that adequate domestic and foreign resources could be mobilized so that the plan does not remain on paper and is effectively implemented. The issue of aid absorptive capacity was also touched upon in this context.

Technical Meeting on the Health Master Plan

There was a meeting with the national consultant who worked on the Health Sector Strategic Master Plan of Mongolia. She informed the mission that about 70 per cent of the health budget is still spent on curative services rather than preventive ones. She also informed the mission that health care policies and financing are still in the drafting stage, and that the health sector master plan is very comprehensive and may be a useful starting point for MDG based NDS. Mission members inquired about the costing process and were informed that plan went through a detailed costing process. But it was also observed that there was no prioritization of different programs in the master plan.

February 15, 2006

Roundtable with Government, Donors and Civil Society

Participants: UNDP RR/ CC, UN mission members, UNDP ARR, and other officials of UN

A national workshop was organized to (i) give stakeholders a brief introduction on the process of preparing an MDG based strategy, (ii) discuss priorities for costing, and (iii) define roles and responsibilities of various government agencies. Mission members each made a 15-minute presentation covering these issues. In the discussions and comments from the floor, a lot of interest was evinced on methodological issues and on the connection between MDG needs assessment and the macro economic framework. Concerns were also raised whether the whole exercise would be a duplication of work already underway with respect to sectoral plans and whether the MDG based NDS might

remain on paper only. Several suggestions were made for identifying priority areas within MDGs.

After the workshop mission members met country representatives of various UN agencies and the IFIs (ADB, IMF, and WB) at a dinner at the UNDP RR residence and discussed various policy issues, the political, economic and social environment, growth prospects, monetary management, fiscal space, etc.

February 16, 2006

Meeting at National Statistical Organization (NSO)

Participants: UN mission members and other officials of UN

The meeting was organized to interact and discuss with NSO its role in the MDG monitoring and data compilation process. It was recognized that NSO being the central independent agency reporting to Parliament, is the single most comprehensive source of most of the MDG related data in Mongolia. Since NSO does not have indicators and data on a few MDG targets including MDG-9 (related to human rights, good governance and zero tolerance to corruption which are specific to Mongolia), NSO sought UN support and assistance in developing such indicators. It was also pointed out that foreign aid, particularly grants and funds to NGOs are not properly tracked. A need to strengthen this was agreed upon. Regarding the availability of various data on different sectors, it was agreed that a separate technical meeting with relevant staff of NSO would be arranged.

Afterwards, mission members and UNCT staff met to brainstorm on the Action Plan. It was decided to set up 12 thematic task forces involving different ministries and agencies. Their task would be to identify specific interventions relevant for meeting particular MDG targets. Broad terms of reference and composition of each of the 12 task forces were spelled out as a proposal to be put forth to relevant government authorities.

February 17, 2006

Meeting with the Head and Advisors in the Presidents' Office

Participants: UNDP RR/ CC, UN mission members, UNDP ARR, and other officials of UN

The Head of the Office of the President informed the Mission of the Presidential Decree which created a Working Group to oversee the process of preparing the MDG based NDS. He pointed to the need for appointing national consultants to draft the strategy document. The issue of coordination was also raised. There was a request to meet the President's Advisors separately to discuss the methodological issues.

Technical Meeting with State Secretaries of all Ministries (portfolio managers)

A technical meeting was called by the Ministry of Finance to discuss the methodological aspects of MDSG based NDS and to discuss formation of Thematic Task Forces for the MDG NA. The mission made three presentations on the broad framework, steps involved in the preparation of the strategy, explained the nature of interventions with a detailed illustration of one intervention from the Goal on gender equality. After considerable consultations with representatives from different Ministries, the Chair agreed to form 12 thematic task forces for the NA and costing exercise.

February 20, 2006

Internal Meeting at UN House

The new member from UNICEF, Radhika Gore, joined the mission and was briefed about the progress so far, the focus of the mission, the methodology, and issues related to general approach of the mission and particularly about Goal-9 on human rights, good governance and zero tolerance to corruption.

Meeting at the Ministry of Nature and Environment

Participants: Mission Members, NPD of MDGs, and UNDP officers

A meeting was held with the assistant Minister of the Ministry of Nature and Environment, secretary of the ministry, and senior officers of the Ministry. The Minister briefed the mission about different priorities within the Ministry -- which covers a wide range of activities like combating water resources, afforestation, air pollution, solid waste disposal, heating needs, early warning of climatic changes, and disaster management, special protected area expansion, rehabilitation due to mineral resource extraction, potable water, chemical management, and ecological education. It was clarified that the ministry has already followed an inter-ministerial approach for preparing their action plan. The ministry has a Green Belt initiative (2004) to prevent desertification with the storms, medicinal plants and agro-forestry for self sustenance. There are already 26 national plans approved by the parliament however, budgetary resources are too scarce to implement them.

February 21, 2006

Meeting at NSO

Participants: Mission Members, NPD of MDGs, and UNDP officers

The mission had passed on a detailed check list of data requirements in different social and economic sectors like education, health, gender equality, agricultural productivity, water and sanitation, energy, etc. before the meeting. NSO officials promised to supply whatever information they have within 2 weeks. Further discussions with NSO officials focused on the availability of several important macroeconomic variables like capital stock, sectoral investments, saving rates, sectoral employment, input-output tables, and income distribution by deciles.

Technical Meeting with the Director of Fiscal Policy, MOF

Participants: Mission Members, NPD of MDGs, and UNDP officers

The meeting was called by the MOF to discuss how the sectoral allocation of the budget could be determined in a transparent and credible manner. The present system of budget allocation is based on an incremental method. The allocation is not based on concrete spending requirements/needs of sectoral projects or programs, nor based on priorities, but by is determined by past allocation patterns. It was realized that MDG NA should support a credible budget allocation pattern based on the medium term expenditure framework. For the current budget and the medium term budget framework to be presented by April 2006, however, the MDG based budgetary framework may not apply. As a start though, it was suggested that sectoral plans could be reviewed to assess their needs and criteria for prioritizing projects/programmes be identified and linked to the MDGs.

Meeting with the Minister and Secretary of the Ministry of Construction and Urban Development

Participants: DRR UNDP, Mission Members, NPD of MDGs, and UNDP officers

The DRR apprised the Minister of the objectives and scope of the mission. Mission members briefed the Minister on the steps involved in the broad methodology. The Minister informed the team that a number of programs and initiatives under the Ministry already exist with approval from the Parliament. He indicated constraints of funds, problem of coordination, and issue of prioritization and ensuring efficiency. The Minister was also curious about the methodology of the NDS and offered to make his comments on the draft at a later stage.

During the technical meeting with officials after the conclusion of the meeting with the Minister, the State Secretary informed the mission of the existing Action Plan for constructing 40 thousand houses at the cost of US \$ 600 million. These were not just housing projects on a stand alone basis, but were a package of all associated services with housing. He provided a copy of the plan to the mission and showed willingness to cooperate with all thematic working groups as and when they are formed. The mission was also informed that the Ulaanbaatar (UB) Development Plan 2020 was approved. The migration to UB and its implication for MDG NA was also discussed.

Meeting with the Advisors of the President

Participants: Mission Members, ARR UNDP, NPD of MDGs, and UNDP CO staff

The Mission apprised the advisors of the approach and methodology of the MDG based NDS. Links between the MDG NA and macro framework was also discussed. The advisors suggested starting the work with a review of existing plans, reports and studies. They also suggested incorporating persons in the task force from academic institutions like Mongolia Development Institute which has worked on the Mongolia Development Plan. Five copies of the Handbook prepared by Millennium Project were handed over to them by the Mission. It was also agreed to translate it in Mongolian for wider dissemination and readership.

February 22, 2006

Internal Meeting at UN House on MDG localization and draft of Action Plan

The mission members discussed the draft Action Plan taking stock of all the inputs gathered so far. It was estimated that it would take at least 3 months for completing the MDG NA after formal announcement of the 12 Thematic Working Groups. The macro aspects would take about 2 months and the acceptance of the draft after due deliberations would take another 2-3 months.

Meeting with S. Oyum, Member of Parliament at the President's Office

Participants: UNDP RR/ UN RC, Mission Members, NPD of MDGs, and UNDP officers

The UN RC apprised her of the objective and scope of the mission and briefed the MP on the methodology and proposed action plan for an MDG NDS. The MP expressed a concern that the new strategy should not end up duplicating efforts already put in. She advised the Team to follow a proper process for the establishment of Thematic Task Forces and suggested that the Prime Minister being the Chair of the Working Group appointed by the President might be able to coordinate the process better. She also

expressed her concern about engaging parliamentarians in the process and enhancing their capacity for oversight over the process.

Meeting with Aid Coordination Mission (ACM)

Participants: Mission Members, UNDP AR, and other officials of UNDP

The ACM team inquired how cost estimates generated by the needs assessment would be reconciled with the macro constraints, since resource needs would presumably far exceed revenue generation from domestic sources. Issues regarding data gaps and lack of proper systems to monitor and coordinate foreign aid efforts in the country were also discussed. The ACM mission inquired about the MTEF formulation process and its application to annual budget and performance evaluation processes. Mission members responded by discussing the MTEF process and its underlying strength in terms of performance evaluation.

February 23, 2006

Meeting with the Prime Minister, Vice Minister of Finance, and at UN House on MDG localization and draft of Action Plan

Participants: RR UNDP/ UN RC, RR UNICEF, RR UNFPA, RR WHO, Mission Members, ARR UNDP and other UNDP officers

The Mission discussed the objective, scope, methodology and proposed Action Plan for the formulation of an MDG based NDS. The UN RC raised 3 issues related to the process: (i) various task forces and institutional arrangements needed for the implementation of MDG based NDS, (ii) establishing thematic task forces and issuing guidelines for their work (iii) complementarities between long term strategies and medium term plans.

The Prime Minister welcomed the UN team and expressed his commitment to proceed with an MDG based NDS. He praised the support received from the UN system and mentioned that UN programs at the grass root level were very successful. He found the

proposed Action Plan reasonable in terms of its timeframe. He indicated that the entire work could be done in close collaboration with the Working Group set up by the President and the 12 Thematic Task Forces proposed by UN. The Deputy Finance Minister stated that the suggestion for formation of the Thematic Task Forces was good and timely and they could function in close cooperation with the Working Group. The PM mentioned that the DPM was the co-coordinator of the Working Group and would effectively coordinate the matter between the Thematic Task Forces and the Working Group. He would also discuss the matter with the Finance Minister and decide about the Task Forces.

Comments on the SEG, Results Matrix and NDS preparation to be presented by MOF during the Donor Meeting on February 27

The 3 members of the mission - Anuradha Seth, Rabindra Dholakia, and Yuba Raj Khatiwada were requested to prepare their comments on the Socio-Economic Guidelines and the Results Matrix which would be presented by the MOF to the Donors' meeting in late February. Written comments were prepared and a meeting was held with representatives of the MOF to discuss this. The written comments were handed over to the MOF representatives as inputs for their deliberation.

February 24, 2006

Meeting with Mr. Ayush Batjargal, Director General of National Information Technology Park (NITP) and UNESCO consultant

Participants: Mission Members and CO UNDP staff

In this technical meeting, Mr. Batjargal briefed the Mission about the work done by NITP. Further, he shared his experience and estimates on costing the educational sector plan. In a detailed discussion with him, the mission got familiar with the situation existing in the primary, secondary and pre primary education sub sectors of the country.

Meeting with Oyanga, UNDP officer on Proposed Human Development Report 2006

The mission members gave their inputs to the outline of the NHDR drafted by UNDP.

Wrap-up Meeting with Minister and other officials of MOF

Participants: RR UNDP/ UN RC, Mission Members, ARR UNDP and UNDP CO staff

The wrap up meeting with the Finance Minister focused on the mission's work during the last two weeks, the proposals for the Thematic Task Forces, Action Plan for MDG based NDS, and coordination of the whole process. The UN RC raised issues regarding (i) clarification of roles and functions of various working groups, task forces, and line ministries; (ii) role of the Office of the PM and DPM; (iii) overall focal point and coordination work in the government; (iv) preparation of an organigram and (v) linkages to be established between medium term and long term development frameworks for the coming week's meeting with Donors. The FM supported fully all the 3 proposals of the Mission on Action Plan, Thematic Task Forces (TTFs), and Terms of References for the TTFs. The FM clarified that all these would be formally approved by the office of the PM or DPM and an appropriate decree would be issued. This would legitimize the TTFs. Moreover, MOF will work as the focal point and coordinate all these TTFs with the macro framework for the MDG based NDS. He also agreed that the development strategy would be a 'plan by and for Mongolia' and that MOF welcomed technical support and assistance provided by UN. He appreciated the need for the training of the TTFs to start as soon as possible by mid March. He also agreed to complement the Action Plan with a communication strategy to sensitize and involve all national stake-holders.

Debriefing Meeting with UNDP RR/ UNRC

A debriefing meeting was held with the UNDP RR/RC at the conclusion of the mission. The mission members informed her about the progress made during the 2 week mission. The current status of the country's planning process, programs, data availability, institutional and human capacity to undertake MDG based NDS and the existing level of work already done in this area was discussed. Further action required on the mission's

part was also discussed. Upon request from the government, it was agreed that the next mission could start working as per the schedule mentioned in the Action Plan (mid March).