EXECUTIVE SUMMARY

INTRODUCTION

This Assessment of Development Results (ADR) is a review of the contribution of the United Nations Development Programme (UNDP) to development results in Mongolia from 2001 to the present. It examines UNDP interventions from a strategic perspective, assessing how the organization designed its programme to address key development issues, how relevant its programme was to the challenges Mongolia faced and what role UNDP played in the constellation of development assistance to the country. The report also assesses the impact of the interventions under UNDP's thematic areas. Based on this analysis, the report lays out findings and makes recommendations for future programmes.

DEVELOPMENT CONTEXT

The transition of Mongolia from a Soviet-style socialist system to a democratic system with a market-oriented economy was a relatively peaceful process. But at the same time it was momentous for the country, resulting in an upheaval of structures that had been in place for 70 years. Over the last two decades, generally sound legal and institutional frameworks have been put in place for democratic governance and development of market activity. However, challenges remain in implementing these legal frameworks, in institutional capacity and in developing functioning political, social and economic systems that put into full effect the principles embodied in these frameworks.

Over the last decade, one issue has been particularly vexing for the Government and its development partners: the apparent persistence of a high level of poverty, estimated at around 35 percent, despite periods of rapid economic growth. Particularly in rural areas, poverty affects the traditional core of Mongolian society, the herders, who find themselves increasingly marginalized and vulnerable to the vagaries of market forces and of human-induced environmental changes. In response they are migrating to the cities, particularly to the capital, Ulaan Baatar, to escape diminished livelihoods and lack of services. This is gradually shifting poverty to urban centres while weakening further the potential for economic sustainability in rural areas.

The Mongolian Government has clearly diagnosed the status of democratic governance, issues affecting prospects for inclusive economic growth and the fragility of the natural environment, which is increasingly under threat from economic activities. Necessary measures have been identified in an MDG-based Comprehensive National Development Strategy 2008-2021. With this strategy, the Government aims to achieve the Millennium Development Goals (MDGs) by 2015 and to become a middle-income country by 2021. The challenge for the next decade will be successful implementation of this strategy.

While implementation of the Strategy anticipates sustained flows of official development assistance (ODA), there is potential for large revenues from vastly expanded mining operations, currently in development or being planned. Thus the role of ODA may shift.

FINDINGS: UNDP'S PROGRAMME RELEVANCE AND POSITIONING

- There are strong indications of close collaboration between the Government of Mongolia and UNDP at the policy level. One good example is the decision to use the MDGs as an overarching framework of policy and strategy. Consequently, there has been a strong concordance between the government's strategies and UNDP programmes.
- UNDP supported the development of the institutional capacities and instruments needed for the Government to implement its strategies and programmes. Over two programme cycles, UNDP has consistently supported the development of capacities, notably with regard to poverty reduction policies and sustainable resource management.

- After modest results were achieved from support to central governance institutions, including the State Great Khural (SGK, or Parliament), UNDP shifted its support to local governance and the judicial branch, focusing on access to justice, transparency and integrity. While this adjustment is understandable based on the difficulties encountered in providing effective support to central institutions, especially in the legislative branch, the implications of unresolved governance issues at the central level remain.
- Despite claims of greater citizen participation in policy documents and the inclusion of participation as an intermediate objective in a number of project documents, this crucial element of democratic governance does not seem to have received the necessary attention in the programmes. UNDP's attention may have been overly directed to public sector officials.
- Assistance for development of a national aid coordination system has yielded disappointing results, as insufficient 'ownership' of the issue at that time resulted in limited achievements. The UNDP Resident Representative promoted regular consultations between key development partners, but these sessions were more exchanges of information than actual attempts at coordinating assistance and projects. While a number of international stakeholders have expressed their desire for UNDP to take a more proactive role in aid coordination, it has to be recognized that the Government must play a leadership role; UNDP could only support the Government's efforts to this end.

FINDINGS: UNDP'S CONTRIBUTION TO DEVELOPMENT RESULTS

The programme addressed a number of needs that are important to sustain the country's transition to democracy and a well-functioning market economy. The following constitute strong aspects of the programme:

- In its effort to support evidence-based policy formulation, UNDP contributed to an improvement in data collection from statistical and administrative sources and ready access to data. In addition, poverty and MDG data have been disaggregated to the local level, and a method to map the distribution of poor households to the smallest administrative and territorial units has been developed.
- The capacity to analyse policies based on their impact on equity and poverty has been developed, as has the ability to formulate sound poverty-reducing policy. However, results are not yet evident in policy formulation or budget allocations.
- Through a number of UNDP interventions, wide awareness of the MDGs and the principles of human development has been achieved among government officials, members of the SGK and civil society. This awareness has been institutionalized through the SGK's adoption of the MDGs, including a ninth goal on democratic governance, as a framework for national policy, as well as inclusion of a course on human development in the curriculum of the National University.
- UNDP has contributed to strengthening protection of human rights through support to the establishment and capacity building of the National Human Rights Commission at the central level and establishment of legal aid centres in *aimags* (provinces), which provide legal assistance to indigent criminal defendants.
- UNDP's programme of small grants to communities has helped advance the discussion around redistribution of revenues between central and local government and stimulated a debate regarding decentralization.
- UNDP has contributed to developing and strengthening the professional and institutional capacities of the anti-corruption agency. However, the impact is still limited because the judicial system, which should follow up on cases submitted by the agency, is not yet very effective.
- The transformation of the military-based disaster response agency into the modern, civilian-run National Emergency Management Agency (NEMA) is the result of steady support by UNDP over the past decade.

NEMA has a modern, proactive mandate of disaster preparation, mitigation and effective response.

- Although gender issues did not get sufficient visibility, the joint programme on gender-based violence had a significant impact in raising awareness on the issue and its correlate, domestic violence. This led to greater attention from relevant authorities.

Other interventions had either more localized impact or an impact that is likely to develop over time:

- UNDP's support to community-based land management and biodiversity conservation has had significant impacts in areas under the projects' jurisdiction, but evidence of an autonomous replication of the approach beyond them was lacking.

Weaker aspects of the programme include:

- Support to establishment of a system for national aid coordination has had a modest impact; it appears that officials were less concerned about coordinating technical assistance and policies than in promoting investment projects.
- Support to economic development, especially in provinces, faced the same structural and financial constraints that other, larger donor-funded projects faced, resulting in little progress.
- Support to electoral reforms was a commendable initiative, but it failed to meet its objectives, given that, just a few years later, a new discussion on reforming the electoral system has been initiated.
- Energy conservation is an important issue in Mongolia as it can significantly affect air pollution and the disposable income of the poor. However, UNDP support to such initiatives seemed overly biased towards technical solutions without sound analysis of economic and financial feasibility. There was hence little chance of replicating these technical solutions.
- Support to environmental governance largely consisted of a review of legislation by experts and government officials and the introduction of new instruments, with little participation by increasingly active environmental civil society groups. The real issue in environmental governance may be lack of implementation of existing legislation and regulations. Hence UNDP's support does not seem to have addressed the core issues underlying the problems.

MAIN CONCLUSIONS

Conclusion 1: The strength of UNDP's relationship with the Government of Mongolia has had notable results, leading to incorporation of core UNDP concerns and values into the country's broad policy framework. UNDP also successfully promoted human development through its programme activities.

It is notable that policy discussions and documents regularly refer to the concept of human development and that a Human Development Fund was created to manage the resources expected from greatly expanded mining operations. The MDGs are intended to constitute the framework for the National Development Strategy 2008-2021. With support from UNDP, the Government has been working to extend MDG monitoring to the most decentralized administrative units. The State Great Khural has adopted the MDGs as the law of the land, including a ninth goal on democratic governance. The creation of the National Development and Innovation Committee (NDIC) (in 2009) was the logical conclusion of a long process of developing an institution with responsibility for coordinating, supervising and monitoring implementation of the strategy to achieve these goals and achieve middle-income status within the next decade.

UNDP also promoted human development with its programme activities. It contributed to, for example: improved access to justice by supporting the establishment of Legal Aid Centres and awareness-raising on domestic violence; improved livelihood opportunities for the poor through its enterprise development programme; and improved management of disasters by supporting the modernization and capacity development of the disaster management agency.

Conclusion 2: The strong partnership with the Government at the strategic level has not always been translated into concordance of priorities between UNDP and the Government at the level of individual initiatives. Mismatches were observed between the intent of UNDP's initiatives and government follow-up actions. This has limited the effectiveness of many UNDP projects.

With many UNDP projects, the activities and results were not followed up or taken over by the Government in a way to ensure effectiveness of the initiatives and sustainability of the results achieved. For example, UNDP has steadily supported development of government capacities to collect and produce data to analyse poverty with a view to assisting development of poverty-focused policies. However, policymakers have yet to make regular, effective use of this capacity in formulating policies or drafting annual budgets. Similarly, there have been long delays in considering and passing laws related to grassland management, which were drafted with contributions from the field experience of UNDP and other development partners. A notable exception is the initiative to provide legal assistance to criminal defendants. After UNDP contributed to setting up the system, the Government assumed full responsibility and now bears the core costs of operations.

Conclusion 3: UNDP's approach to development challenges in Mongolia over the last two cycles often appears less strategic than tactical. Each project or activity seems focused on achieving its narrow objective, and efforts are not coordinated to address common national development objectives among UNDP's cluster teams or among development partners.

Lack of concerted effort among UNDP clusters and among development partners to achieve commonly agreed national development results in a most effective manner has led to the lack of sustainable national impact.

One example concerns poverty and growing vulnerability in rural areas, which is seen partly as resulting from environmental degradation related to poor grazing practices. The problem seemed to be exacerbated by weakness of the regulatory framework and lack of enforcement. It would seem natural, therefore, that the strategy to address such an issue would require multidimensional interventions involving all cluster teams of the country office. Instead, under the standard project-based approach, the cluster teams are not prone to joining together to address a common objective.

Similarly, the lack of collaboration (beyond exchange of information) with other development partners undertaking related projects is seriously limiting project results. The knowledge of other development partners' activities, such as in grassland management or enterprise development, has not been translated into collaboration that could have leveraged the results of interventions. Likewise, if another development partner had supported judicial reform, it could have enhanced the results of UNDP's assistance to the anti-corruption authority. These missed opportunities are symptoms of the failure to put national effort at the centre of development, with UNDP and other partners playing coordinated supporting roles.

Conclusion 4: Too few examples were found of public involvement in policy formulation and programme implementation through civil society groups in UNDP's programme activities, despite its intention to do so.

In Mongolia, voluntarily created civil society groups are a relatively recent phenomenon. While many of the more established groups focus on human rights issues, a growing number address environmental and social issues. Many are still weak and seeking their voice, which limits their effective contribution to policy discussions and programme implementation.

In its documents UNDP often refers to the need for greater public involvement in general and engagement with civil society groups in particular. However, representatives of a number of civil society organizations expressed the view that UNDP had until recently interacted mostly with representatives of public institutions, having initiated few meaningful interactions with civil society. As UNDP engages with the Government on diverse policy issues, including civil society in its activities would help strengthen the capacities

of non-governmental actors and the country's democratic system.

Conclusion 5: UNDP's past support has not led to effective and transparent aid coordination at policy and programme levels. Recent progress made by the Government in this regard presents a renewed opportunity.

The Government of Mongolia has pushed forward donor coordination mainly in dealing with development aid and investment projects. However, progress has been slow in establishing an effective and transparent coordination mechanism that aligns and integrates policy and programme support with national efforts. This has resulted in incoherent policy support or uncoordinated parallel programmes by different development partners.

With the establishment of the NDIC, the Government has made strides towards establishing such a mechanism centred on the Comprehensive National Development Strategy. Given UNDP's experience in this area, it could play a useful supportive role in this effort.

Conclusion 6: UNDP has been implementing projects mostly under a national execution modality (NEX). This involves a project management unit/project implementation unit (PMU/PIU), often staffed by outside experts and working in parallel to the national implementing partner. This practice tends to weaken national ownership of the results, limits the projects' contribution to the capacity development of partner institutions, and calls into question whether the projects really address the priority needs of the national partner.

Under the current method of implementing nationally executed projects, a national project director (often a government official) controls the resources, while responsibility for implementation rests with the PMU/PIU, often staffed by hired outside experts and working in parallel to (and not in direct support of) the national implementing partner. This practice dilutes the responsibility and accountability of the project director for achieving results effectively and efficiently, while reducing the potential for capacity development of the institution. Moreover, the use of the PIU/PMU calls into question whether the projects were really addressing the priority needs of the Government and the country, or were undertaking activities that the implementing partner would not embark on without PIU/PMU.

RECOMMENDATIONS

Recommendation 1: UNDP should continue and enhance the support extended over the past decade to develop capacities to define and implement evidence-based policies focused on human development.

By following up on the MDG-based Comprehensive National Development Strategy, identifying indicators and intended results, the Government is now moving from a broad declaration of intentions to a more operational perspective. UNDP could further support capacity development of NDIC, inter alia, through assistance in refining the indicators and designing clearly targeted programmes and then in devising the ways to implement the strategy.

Recommendation 2: UNDP should better link its assistance to the government's priority actions and be more selective to this end. UNDP should keep in mind that the development of capacities should not be an end in itself; it should be a means to realize an expected outcome.

UNDP should continue to make strategic interventions where they have been making a real difference, such as in capacity development support for disaster management. At the same time, UNDP should be more selective in initiating support and avoiding activities with little chance of follow-up actions by the Government to replicate or scale up initiatives. UNDP should try to refrain from continuing activities if there is no evidence or likelihood that the capacity and tools developed will actually be used. For example, activities supporting further refinement of local poverty and MDG mapping could become superfluous if policies and programmes would not make use of the data, tools and capacities that have already been developed. The development of capacities should not be an end in itself; it should be a means to realize an expected outcome.

Recommendation 3: UNDP should make a serious effort to introduce a more strategic and programmatic approach to its activities, focusing on development objectives and achievement of results. To this end, it should (i) foster more collaboration among its cluster teams and design their activities towards well-defined common objectives; and (ii) promote much closer collaboration, if not integration of parallel activities, with other development partners where appropriate.

This approach may pose a managerial challenge in view of UNDP's operational approach, based on clearly assigned responsibilities and accountabilities structured according to projects and practice areas. Closer collaboration or integration of activities with other partners would also be challenging given the diverse practices, procedures and policy objectives among partners. Nevertheless, such a strategic approach centred on development objectives and achievement of results is probably the only way for UNDP to make a substantial impact in Mongolia.

Recommendation 4: UNDP should take a more inclusive approach to supporting democratic governance by involving civil society more directly and substantively into its activities. UNDP could also support government efforts to improve participation of civil society in governance.

UNDP could strengthen public involvement and thereby democratic governance by involving civil society more directly and substantively in preparing and implementing its projects and other activities. This should not be the sole responsibility of the democratic governance cluster team. It should be achieved through mobilizing existing and developing civil initiatives in a variety of areas, from associations for environmental protection, to NGOs providing social services, to advocacy groups engaged in activities relevant to UNDP's programme. This would allow UNDP to contribute to giving voice to a broad range of citizen concerns and strengthening the democratic process. At the same time it would help in building the capacities of civil society organizations. UNDP could also support government efforts to improve participation of civil society in governance.

Recommendation 5: UNDP Mongolia should strategically position itself as the facilitator of national efforts and government programmes, rather than being a project implementer. In doing so, it should utilize its comparative strength, such as its convening power, global network and value-based approach.

UNDP seemed to have been running projects that, while broadly consistent with government policy, were mostly additional to and run in parallel to the government's own work. Hence, their impact has been limited by UNDP's fund mobilization capacity, and their results have lacked national impact. Instead, UNDP should strive to focus on leveraging national efforts and the government's own programmes.

For example, when UNDP implements a project as a pilot case of an approach designed to address a particular development challenge, it should be designed from the outset within the context of a national programme so that the approach and results can be replicated and extended by the Government either directly or through its aid coordination mechanism.

Recommendation 6: UNDP should review its approach to the use of the NEX modality and initiate a strategy for transition to a full NEX modality by the end of the forthcoming programme.

Under a true NEX modality, ownership of projects would lie with the national implementing partner, who should be fully responsible for implementation of activities and results achieved. This approach leads to capacity development of the partner. UNDP should confine itself to playing a supporting role, providing specific technical assistance and financial support for implementation. It should not effectively take over implementation responsibility by establishing PIUs/PMUs. Their frequent use also calls into question whether UNDP was addressing the true priorities of the national partners.