



# ASSESSMENT OF DEVELOPMENT RESULTS **MONGOLIA**

EVALUATION OF UNDP CONTRIBUTION



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### **ASSESSMENT OF DEVELOPMENT RESULTS: EVALUATION OF UNDP CONTRIBUTION – MONGOLIA**

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# FOREWORD

This report presents an independent country-level evaluation conducted by the UNDP Evaluation Office in 2010. The evaluation examines the strategic relevance and positioning of UNDP support and contributions to the development of Mongolia from 2002 to early 2010. The report assesses UNDP interventions under various thematic areas of the country programme, with a view to providing forward-looking recommendations for the next country programme, for the period 2012-2017.

Since 1990, when Mongolia embarked on a transition to a democratic polity and a market economy, UNDP has provided support in a wide range of areas. These have included development of democratic mechanisms and electoral reforms, and capacity development and modernization of public institutions. Persistent poverty, recurrent winter disasters and environmental degradation emerged as critical challenges to the country during this period. UNDP provided support to the Government of Mongolia to analyse poverty, develop an institutional response to natural disasters and initiate innovative conservation projects.

The evaluation finds that the UNDP programme was well aligned to national strategies and addressed critical development challenges faced by the country due to the strength of our partnership with the Government. UNDP's contributions were most notable in policy support, which has led to the incorporation of a human development perspective into the country's broad policy framework. Analysis from a human development perspective has been catalysed through a series of National Human Development Reports. The Government articulated a National Development Strategy in 2008 that emphasizes attainment of the Millennium Development Goals. UNDP also contributed to human development through

its programmatic activities, in areas such as access to justice, awareness of domestic violence and enterprise development.

However, the evaluation concludes that UNDP has largely remained an implementer of development projects that often were not followed up, scaled up or replicated by national partners. Several of our projects demonstrated innovative approaches and led to some tangible results on the ground. But many of these projects were not designed as an integral part of a national effort by the Government or other partners, and hence their impact was limited and their sustainability questionable. The report recommends that for UNDP to remain relevant the partnership with government and people should be strengthened. UNDP should provide strategic support to national efforts and refrain from running parallel programmes and projects.

A critical challenge for Mongolia is to reap the benefits from the profits of extractive mining, which are the main economic engine of the country, for human development in the face of persistent poverty and environmental fragility. UNDP clearly has a role to play in assisting the Government and the country to tackle this challenge. This evaluation identifies the strengths of our work in Mongolia and the potential to increase our contribution in the future. I hope that the report will be useful in building an even more effective partnership in the years to come, leading to demonstrable results for the Mongolian people.



Saraswathi Menon  
Director, Evaluation Office

# CONTENTS

<b>Acronyms and Abbreviations</b>	<b>v</b>
<b>Executive Summary</b>	<b>vii</b>
<b>Chapter 1. Introduction</b>	<b>1</b>
1.1 Objective and Scope	1
1.2. Methodology	2
1.3. Evaluability Issues	3
1.4 Process	3
<b>Chapter 2. Development Challenges and National Strategies</b>	<b>5</b>
2.1 Demography and Geography	5
2.2 Mongolia in Transition	5
2.3 National Development Strategies	14
2.4 Development Cooperation, Civil Society and the Private Sector	21
<b>Chapter 3. UNDP's Response and Strategies</b>	<b>25</b>
3.1 Strategies of United Nations Agencies, 2001 and 2006	25
3.2 Strategies of UNDP Programmes, 2001-2010	27
<b>Chapter 4. Contribution to Development Results</b>	<b>33</b>
4.1 Strengthening Democracy, Accountability and Transparency	33
4.2 Achieving the MDGs and Reducing Human Poverty	43
4.3 Improving Energy and Environmental Sustainability	52
4.4 Crisis Prevention and Recovery	60
<b>Chapter 5. UNDP's Strategic Position</b>	<b>63</b>
5.1 Relevance	63
5.2 Promotion of United Nations Values from a Human Development Perspective	64
5.3 Responsiveness	65
5.4 Implementation Issues	65
<b>Chapter 6. Conclusions and Recommendations</b>	<b>69</b>
6.1 Conclusions	69
6.2 Recommendations	71
<b>Annexes</b>	<b>73</b>
Annex 1. Terms of Reference	73
Annex 2. People Consulted	81
Annex 3. Documents Consulted	84

## Figure

Figure 1. GNI per capita and GDP growth rate	8
Figure 2. Expected funding under CCF II and CPD-CPAP	31

## Tables

Table 1. Gender-related Development Index (GDI)	12
Table 2. Gender Empowerment Measure (GEM)	13
Table 3. National development strategies	15
Table 4. Analysis of the MDG-based Comprehensive National Development Strategy 2008-2021 of Mongolia	19
Table 5. Paris Declaration Indicators	20
Table 6. UNDP Mongolia: Portfolio by practice area for CCFII and the CPD-CPAP	30
Table 7. Changes between CPD and CPAP	31
Table 8. UNDP support to MDG-oriented policy-making and monitoring	42
Table 9. Preliminary BEEP figures on financing for insulated housing	59

# ACRONYMS AND ABBREVIATIONS

ADR	Assessment of Development Results
BEEP	Building Energy Efficiency project
CCA	Common Country Assessment
CCF	Country Cooperation Framework
CG	Consultative Group
CPAP	Country Programme Action Plan
CPD	Country Programme Document
CSO	Civil Society Organization
DEX	Direct Execution
DPCLA	Department of Policy Coordination of Loans and Aid (Ministry of Finance)
EEH	Energy Efficient Housing Project
EGSPRS	Economic Growth Support and Poverty Reduction Strategy
EMP	Enterprise Mongolia Project
GDI	Gender-related Development Index
GEF	Global Environment Facility
GGHS	Good Governance for Human Security programme
GTZ	German Technical Assistance Agency
HDI	Human Development Index
HDIA	Human Development Impact Assessment
IAAC	Independent Authority Against Corruption
LAC	Legal aid centres
MDG	Millennium Development Goal
MNT	Mongolian Tugriks (Mongolian currency unit; in 2010, MNT1,000 fluctuated from \$0.68 to \$0.78)
MoFE	Ministry of Finance and Economy
MPRP	Mongolian People's Revolutionary Party
NDIC	National Development and Innovation Committee
NEMA	National Emergency Management Agency
NEX	National execution modality
NGO	Non-governmental organization
ODA	Official Development Assistance



OECD/DAC	Organisation for Economic Co-operation and Development/Development Assistance Committee
PMMS	Pilot Project to Support the National Poverty and MDG Monitoring and Assessment System
PMU/PIU	Project management unit/project implementation unit
PPP	Purchasing power parity
PREF	Poverty Research and Employment Facilitation project
PRG	Poverty Research Group
SEG	Strengthening Environmental Governance project
SGK	State Great Khural (Parliament)
TPHD	Trade Policy and Human Development in Mongolia project
UNCTAD	United Nations Conference on Trade and Development
UNDAF	United Nations Development Assistance Framework
UNICEF	United Nations Children's Fund
WHO	World Health Organization
WTO	World Trade Organization

<b>ADMINISTRATIVE UNITS</b>		<b>NUMBER</b>
<i>Aimag</i>	Province	21
<i>Soum</i>	Provincial district/county	329
<i>Bag</i>	Provincial sub-district	1544
<i>Duureg</i>	District (in Ulaan Baatar)	9
<i>Khoroo</i>	Sub-district (in Ulaan Baatar)	121

# 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.

## Chapter 1

# INTRODUCTION

### 1.1 OBJECTIVE AND SCOPE

The Assessment of Development Results in Mongolia is an independent country-level evaluation conducted by the UNDP Evaluation Office (EO) in 2010. It assessed UNDP's performance and contribution to development results in Mongolia during the past two programming cycles, covering the period from 2001 to the first half of 2010. It also drew lessons for future strategies, particularly for the next programming cycle, 2012-2016.

This ADR reviewed the ongoing UNDP-Mongolia Country Programme 2007-2011 and Country Programme Action Plan (CPAP) 2007-2011, as well as the second Country Cooperation Framework (CCF II) 2002-2006. It took a closer look at the more recent programme because of the evaluability issues. It also looked at UNDP projects and activities as a part of the broader United Nations Development Assistance Frameworks (UNDAFs) for 2002-2006 and 2007-2011 and their contributions to progress towards intended outcomes. The ADR is not an exhaustive evaluation of the whole UNDP portfolio over the study period and does not review every single project in that portfolio. While attempting to be as complete as possible, the ADR focuses on projects selected for their distribution across the various practice areas, representativeness of the type of activities UNDP has engaged in and relative financial size.

The ADR evaluated UNDP's strategy and performance from two perspectives. First, it assessed UNDP's strategic positioning; that is, how the organization was positioned within the development and policy environment in the country, how UNDP positioned itself and what strategies it used to assist the country's

development efforts. Strategic positioning was assessed according to the following criteria:

- Relevance, assessed according to:
  - How the programme has addressed the country's development challenges;
  - Whether the programme supported national development strategies and policies;
- Responsiveness, assessed according to:
  - Whether the programme adapted to changes in national development challenges and priorities;
  - Whether the country office acted in a timely fashion during crises and emergencies;
  - Whether responsiveness was balanced with a more long-term development perspective;
- Contribution to United Nations values, or more specifically the goals embodied in the Millennium Declaration for sustainable development: equality, solidarity, freedom, shared responsibility, tolerance and respect for nature;
- Strategic partnerships, in terms of how UNDP has used its partnerships to scale up the scope and impact of its work in all areas;
- Contribution to United Nations coordination, in terms of whether UNDP has supported the development of a more coherent and efficient United Nations system in Mongolia and has worked with other United Nations partners, notably in mobilizing expert resources within the system.



Second, the ADR assessed UNDP's performance in achieving intended programme outcomes and contributing to development results, using the following criteria:

- Effectiveness, or the extent to which the intended results of UNDP interventions have been attained, and whether unintended results (positive or negative) have also been generated;
- Efficiency, or the extent to which UNDP succeeded in making the best possible use of its resources—both financial and human—in the pursuit of its objectives;
- Sustainability, or the likelihood that the results and benefits generated through interventions (projects, programmes and non-project activities) will continue after closure of the interventions;
- Partnerships for results, or whether and to what extent UNDP tried and succeeded in establishing cooperative working arrangements with other organizations that increased the prospects for achieving the expected outcomes.

## 1.2. METHODOLOGY

The methodology was based on the terms of reference (see Annex 1), draft ADR Manual (March 2010 version) and broader UNDP evaluation policy.

The evaluation applied a multiple-method approach to data collection that included:

- Desk reviews of documentation produced by UNDP and the Government as well as relevant information published by a broad range of stakeholders;
- Group and individual interviews at UNDP headquarters and the Mongolia country office and with national stakeholders and beneficiaries;<sup>1</sup>

- Observation of project results and group discussions with beneficiaries at project sites, selected according to their representativeness (in terms of whether the projects reflected UNDP's core practice areas), geographic distribution within the country and the feasibility of reaching them within a reasonable time frame.

The selection of stakeholders to be interviewed relied on stakeholder mapping, which identified both UNDP partners and stakeholders who, while not working directly with UNDP, were active in the respective sectors. These stakeholders included government officials in ministries and agencies, representatives of civil society organizations (CSOs), the private sector, United Nations agencies, multilateral organizations, bilateral donors and beneficiaries. Great care was taken during the stakeholder interviews to ensure that interviewees felt comfortable expressing assessments and opinions.

The evaluation team regularly tested the validity and reliability of the information and data collected by critically reviewing their consistency across different sources and by triangulation, which sought to identify knowledgeable sources who could corroborate the information.

Examining the achievements of the two UNDP programmes towards development results (Chapter 4) involved analysing the activities of and results achieved by representative projects in each thematic area, as well as their possible consequences. This is not an evaluation or review of individual projects, however. References were made to projects that provided the most concrete evidence of accomplishments and the circumstances that may have affected project implementation and outcomes.

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1 The persons met during interviews and field visits are identified in Annex 2, and the main reference documents are shown in Annex 3.

### 1.3. EVALUABILITY ISSUES

An ADR dealing with complex programmes implemented over almost a decade encounters a number of problems:

- Although basic documents on projects and programmes remain, many of the staff and managers involved in implementing older initiatives and the intended beneficiaries had dispersed, thus depriving the evaluation of a valuable source of complementary information and corroboration.
- For many of the projects and programmes, particularly those concerning governance and capacity development, it was difficult to define clear indicators that would present both a baseline and the possibility of objective measurement of impact.
- In most cases, the lack of an appropriate control group made it difficult to differentiate between the impact from a specific project and the changes resulting from evolution of the environment in which the activities were implemented.
- The magnitude and sustainability of the outcomes of a technical assistance intervention may not be revealed for quite some time after the activities have concluded, and even after the ADR has been prepared.

These issues, recognized from the beginning, do not imply that a credible assessment of programme results cannot be achieved. Rather, they point out that an ADR cannot rely too heavily on quantitative data on predefined indicators; it needs to adopt an approach used in anthropological studies involving careful identification of corroborating observations.

### 1.4 PROCESS

The ADR in Mongolia was conducted by an independent evaluation team, composed of four external evaluators, the Evaluation Office task manager, a national coordinator and a research assistant.

After the preliminary desk research, the team leader, assisted by the national coordinator and national team specialists, undertook a scoping mission in Ulaan Baatar from 1-6 March 2010. Its purpose was to refine the scope of the evaluation, discuss the structure and rationale of the country programme, and reach a preliminary assessment of how the programme fits within the broad strategies of the Government of Mongolia. The mission was also used to select projects and activities to be reviewed in depth and to map UNDP partners for more detailed interviews. The scoping mission resulted in an inception report outlining the issues and questions to be investigated, drafted by the team leader and shared with the Mongolia country office. Based on the report, all team members undertook a second review of the documentation.

Further evidence was collected and the initial findings were validated during the main evaluation mission, 12 April to 8 May 2010. In addition to interviews and site visits in Ulaan Baatar, members of the ADR team travelled to sites in the regions of Darkhan, Sukhbaatar and Uvurkhangai to observe project activities and collect the views of a broader set of stakeholders. The selection of sites was based on the travel time required, number of project sites that could be visited and the need to expose team members to all the thematic areas. At the end of the mission, preliminary findings were presented and discussed at a working seminar involving the team and a group of stakeholders, including representatives from the Government and civil society as well as staff of UNDP Mongolia.



## Chapter 2

# DEVELOPMENT CHALLENGES AND NATIONAL STRATEGIES

### 2.1 DEMOGRAPHY AND GEOGRAPHY

Mongolia is a landlocked nation in northern Asia, bordered by the Russian Federation to the north and the People's Republic of China to the east, south and west. It is a country of extremes. While it has the 19<sup>th</sup> largest territory in the world (1,564,100 square kilometers),<sup>2</sup> in population it ranks 139<sup>th</sup> (with 2,758,000 people).<sup>3</sup> Consequently, Mongolia has the lowest population density in the world, at 1.7 persons per square kilometre (4.4. persons per square mile). Its climate is desert in the south central part and continental in the remainder, and both areas experience large daily and seasonal temperature fluctuations. Its capital, Ulaan Baatar,<sup>4</sup> is reputed to be the coldest capital in the world.

According to the 2000 census, the country is ethnically homogenous, with Mongols representing 94 percent of the population, Turkic groups (mostly ethnic Kazakhs) representing 5 percent and others (mostly ethnic Russians and Chinese) 1 percent. However, the category 'Mongols' covers a number of groups, including Halhs and Buryads, that have maintained somewhat distinct customs and dialects.

The land ranges from desert to semi-desert to grassy steppe, with mountains in the west and south-west. Arable land is estimated to constitute only 0.8 percent of this vast country.<sup>5</sup> Throughout history livestock raising by nomadic Mongol herders has been a major economic activity. In the early 20<sup>th</sup> century industrialization began, spurred by the Soviet Union and largely based on wool processing and extraction of minerals, mainly coal, copper and fluorspar.<sup>6</sup>

The country's geographic isolation is intensified by a severe dearth of transport infrastructure. Mongolia has a single rail line, connecting Beijing to Moscow, and the road network remains deficient. These geographical realities constrain development prospects. The country also suffers from the recurring *dzud*,<sup>7</sup> a climatic phenomenon that causes animal starvation, severely diminishing herders' assets and threatening their well-being.

### 2.2 MONGOLIA IN TRANSITION

#### 2.2.1 GOVERNANCE

After the collapse of the Soviet Union in the 1990s, Mongolia started democratic reforms, and today it is commonly ranked as a relatively stable

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2 Using ISO Standard 3166-1.

3 UN Department of Economic and Social Affairs, estimate of 28 May 2010.

4 This report uses the Mongolian transcription for spelling of place names and names of Mongolian historical figures rather than the more familiarly known transcription from Persian or other sources.

5 Source: <[http://earthtrends.wri.org/pdf\\_library/country\\_profiles/agr\\_cou\\_496.pdf](http://earthtrends.wri.org/pdf_library/country_profiles/agr_cou_496.pdf)>.

6 Mineral resources, according to the CIA Factbook, are estimated to include oil, coal, copper, molybdenum tungsten, phosphates, tin, nickel, zinc, fluorspar, gold, silver and iron.

7 There are several types of dzud: A black dzud is caused by a summer drought that prevents animals from storing enough fat to survive a harsh winter; a white dzud brings very heavy snow; and an iron/ice dzud brings heavy freezing rains, which prevents animals from grazing and leads to starvation.

parliamentary democracy.<sup>8</sup> The country's Constitution states as a supreme objective the building of a "humane, civil and democratic society" and guarantees basic civil rights, including freedom of expression, assembly and association as well as the right to private property. In 2005, the country showed its strong commitment to the democratic process through endorsement of a ninth MDG, 'Strengthen human rights and foster democratic governance', by the State Great Khural (SGK), the parliament. This level of success does not necessarily imply a smooth and easy transition from the socialist system, and political life in Mongolia has been somewhat turbulent over the past two decades.

The peaceful democratic revolution in 1990 introduced a multiparty system and limited presidential power. The Mongolian People's Revolutionary Party (MPRP), previously backed by the Soviet Union, was returned to power that year in the country's first multiparty elections. In the second election, in 1996, the opposition Democratic Coalition came to power. After a turbulent period, with an unstable economy and frequent changes in government, the MPRP won a resounding victory in 2000. The next four years brought a relatively stable government but also growing dissatisfaction by citizens and the opposition due to one-party domination of the government. After the 2004 elections resulted in a hung parliament, the first grand coalition was formed. However, political turbulence resumed, with frequent changes in coalition memberships. The elections of 2008 proved to be a major challenge for country's democratic institutions, after the opposition rejected the election results and brief incidents of civil unrest occurred. The

situation significantly improved in 2009, with a peaceful presidential election. Power was handed over from the MPRP-backed incumbent to the candidate supported by the Democratic Party.

Today, despite having achieved political stability and earning much praise for its commitment to democratic principles, Mongolia has yet to secure sustained progress towards these principles or to complete its transition to a democratic society:

- Although Mongolia is a party to 40 human rights treaties of the United Nations and its specialized agencies, there have been delays in aligning the Constitution and the laws with these treaties. Citizen awareness of the rights encompassed by these treaties is limited, and fulfilment of these rights is inadequate.<sup>9</sup> Mongolia was ranked 54<sup>th</sup> in democracy and human rights in 2005, largely because of the high grade it received on the freedom of the press indicator, but in 2006 it fell to 77<sup>th</sup> position, putting it in the category of 'partly free' countries.<sup>10</sup>
- A number of sources<sup>11</sup> indicate that corruption is increasing, presenting serious risks to democratic governance and healthy democratic competition.

The slow progress in enforcement of democratic principles and human rights has led one observer to write: "The Mongolian experience over the past 15–20 years suggests that electoral democracy on its own — even if it has become for a time 'the only game in town' — may be insufficient to generate a momentum of progressive democratic improvements, as it remains prone to 'hollowing out' or possibly even reversal."<sup>12</sup>

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8 Freedom House ranking 2009.

9 In particular, the 2006 report 'Human Rights and Freedoms in Mongolia' by the National Human Rights Commission states that seven indicators give evidence that these provisions are not being enforced because provisions of international treaties prohibiting torture in criminal investigation and provisions of the Convention against Torture have not yet been fully incorporated into laws and legislation.

10 UNDP Mongolia website, Millennium Development Goals, Mongolia specific MDG-9, 'Strengthen Human Rights and Foster Democratic Governance', <[www.undp.mn/mdg.html#mdg9](http://www.undp.mn/mdg.html#mdg9)>.

11 In particular, UNDP Mongolia website, Millennium Development Goals, Mongolia specific MDG-9, <[www.undp.mn/mdg.html#mdg9](http://www.undp.mn/mdg.html#mdg9)> and the World Bank, 'Mongolia Economic Country Memorandum 2007'.

12 Fritz, Verena, 'Mongolia: The Rise and Travails of a Deviant Democracy', *Democratization*, 15/4 2008.

Another issue is the failure to satisfy the expectations raised during the transition to the new political system, which feeds dissatisfaction with the status of the country's democracy. In a 2005 World Bank survey<sup>13</sup> of popular perceptions of the political situation, 7 percent of respondents found it 'very bad', 42 percent found it 'bad' and 39 percent 'mixed'. Only 8.2 percent of respondents found the political situation 'good' or 'very good'. Shortly after, the Economist Intelligence Unit<sup>14</sup> described the political scene as 'volatile'.

The Government is well aware of the need to strengthen democratic governance and has attempted to address the discontent. The country's additional MDG has three specific targets: (a) fully respect and uphold the Universal Declaration of Human Rights, ensure freedom of media and provide the public with free access to information; (b) mainstream democratic principles and practices into life; and (c) develop a zero-tolerance environment to corruption in all spheres of society. Over the last 15 years the SGK has also enacted a number of electoral reforms. However, these have apparently proved inadequate, as the SGK was once more discussing changes in the electoral system in 2010.

Despite these actions, all evidence indicates that the shortfalls of the Mongolian democratic system remain today much as they were found in a 2006 UNDP study:<sup>15</sup>

- Inadequate policies and regulations to enforce the Constitutional provision placing state power in the hands of the people, which is worsened by a lack of transparency and insufficient professional capacity in state institutions;
- Inadequate public participation in the policy debate exacerbated by practical obstacles

to citizen exercise of their right to elect and be elected;

- A slow process of formation of an independent and effective judicial power that would gain trust among the population and contribute to the credibility of state institutions;
- Wide discrepancy between the principles of self-government included in the Constitution and the dependence of local administration on the central government;
- A civil society that has yet to develop sufficiently as an effective watchdog on the activities of government;
- Worsening corruption, which constitutes an obstacle to growth.<sup>16</sup>

### 2.2.2 HUMAN DEVELOPMENT AND POVERTY

From an economic standpoint, the transition from a centralized system to a market economy, while supported by a vast majority of the population, had a brutal impact. During the 70 years under the socialist system, the country became increasingly dependent on transfers<sup>17</sup> from and trade with the Soviet Union. Between 1990 and 1993 total output fell by 20 percent, while inflation shot up to 300 percent in 1992. Though the adjustment was sharp, it was also relatively short in duration compared to other transition economies. The process of liberalization and privatization and the establishment of market institutions were not interrupted by social or political unrest. As a result, the country regained normalcy rather rapidly, although reforms are still needed to ensure sustained development through a more balanced and diversified economy.

13 Beck, Linda et al., 'The Enabling Environment for Social Accountability in Mongolia', Report #32585-MN, Social Development Department/Sustainable Development Network, World Bank, 2007.

14 Economist Intelligence Unit, Country Report Mongolia, March 2006.

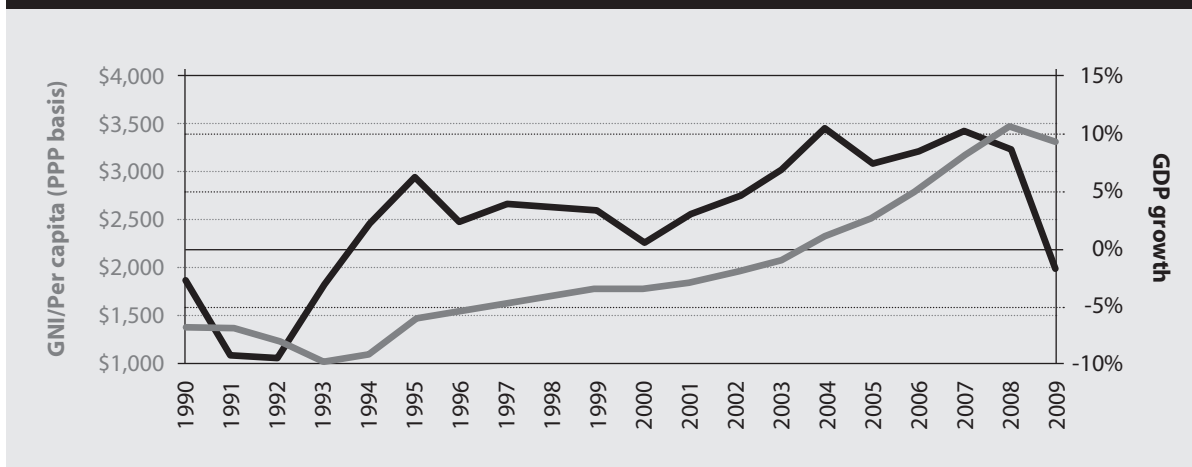
15 UNDP, 'Democratic Governance Indicators: Assessing the State of Governance in Mongolia', p. 69.

16 World Bank, 'Mongolia: Source of Growth', Country Economic Memorandum, Poverty Reduction and Economic Management, East Asia and Pacific Region, July 2007.

17 Transfers were estimated at up to 30 percent of GDP. Source: Marshall, Richard et al., February 2008, p. 4.



**Figure 1. GNI per capita (PPP basis) and GDP Growth rate (%)**



Source: IMF and the World Bank

The Human Development Index (HDI) reflects the ups and down of the country's economic conditions. The Mongolian HDI decreased from 0.652 to 0.635 in the first half of the 1990s. Starting in the mid-1990s, that downward trend was reversed, reaching 0.718 by 2006. As a result the Mongolia HDI ranking was 114 out of 177 countries. Other indicators that make up HDI have followed a similar pattern. Mongolia compares favourably with many countries on a number of indicators that make up HDI, such as life expectancy and education levels, and its relatively low HDI ranking is primarily due to its low per capita gross domestic product (GDP).

Despite the resumption of GDP growth in 1993, per capita GDP based on purchasing power parity did not exceed the 1990 level until 1999 (Figure 1). However, by 2006 per capita GDP was 60 percent higher than in 1995. Despite this performance, official household surveys between 1995 and 2008 indicated persistent poverty, in the range of 35 to 36.5 percent. Such persistence of poverty suggests that the fruits of growth over

more than a decade have been captured primarily by a select group and that little 'trickled down' to the bottom third of the population.<sup>18</sup>

In fact, increases in the national Gini coefficient, from 0.350 in 1998 to 0.380 in 2006, indicate growing inequity in the distribution of national income. (It had fallen to 0.329 in 2002-2003.) This situation is in part the consequence of:

- The geographical pattern of growth of private sector activities given the country's constraints of poor infrastructure, vast distance, low population density and population concentration in a few urban centres;
- The lack of employment opportunities and low wages associated with newly created enterprises.

Studies have shown a direct correlation in the distance from Ulaan Baatar and the poverty rate<sup>19</sup> as well as in access to social services. As rural migrants move to the city, particularly Ulaan Baatar, to try to escape poverty and access services, they contribute to perpetuating the pattern of

18 There is a methodological debate about the accuracy of this poverty data; the World Bank estimates that poverty has actually declined. The Government of Mongolia will conduct a census in 2010 and a Household Socio-Economic Survey in 2011, which should shed light on this issue.

19 Mongolia National Human Development Report 2007.

scarce market opportunities in the regions and poverty in the cities.

Already an important producer of some minerals, Mongolia is on the verge of experiencing a significant boom in mining activities, and thus significant mining-derived revenues. Past international experience has shown that mining activities do not generate many employment opportunities and that extractive industry wealth carries a number of risks. These include excessive and poorly allocated government spending, stagnation of the manufacturing sector, economic imbalance and inflation. In short, extractive industry wealth can seriously constrain the prospects for sustained growth and prosperity.<sup>20</sup>

These risks were noted in 2008 by the International Monetary Fund.<sup>21</sup> While praising overall macroeconomic performance, it pointed out that revenue from the mineral sector rose from an average of 2.5 percent of GDP over 2001-2005 to 14.7 percent of GDP in 2007. This reflected the rise in copper and gold prices and the impact of the windfall profit tax (introduced in 2006) on these products. However, this increase in revenues led to an even faster increase in public expenditures, mostly through transfer payments and increases in public wages, thus accelerating inflationary pressures. As it is, Mongolia was hit sharply by the fall in mineral prices in the autumn of 2008. The country's key challenge in the coming decade will be to invest its mining earnings in ways that will create more balance in the economy, providing employment opportunities and adequate earnings for its population, and in improving the quality of social services.

Other challenges to the country's sustained economic growth and human development include:

- **The financial system:** After experiencing a rocky period a few years ago, the banking system has reached a certain level of stability. The country has 19 commercial banks,<sup>22</sup> a number that seems high given the low population, particularly the population in cities, where banks tend to concentrate. Yet the level of financial intermediation is low and commercial lending limited, as banks perceive it as risky. In addition, the intense competition between banks to attract deposits through high deposit rates has led to high interest rates on loans, adding another constraint to the development of commercial lending.
- **The cost of doing business:** In 2010 Mongolia was ranked<sup>23</sup> No. 60 in terms of the ease of doing business, putting it in the bottom of the top third of countries. Although on first look this seems satisfactory, in fact this ranking reflects slippage from No. 56 in 2009, indicating that other countries were improving the environment for business much faster and gaining a competitive edge.
- **Legal and institutional framework for mining:** Although the 1997 Minerals Law provided a strong framework and was considered representative of international best practice, many regulations clarifying environmental and social responsibilities of licensees were never drafted or published. Amendments in the form of a new Minerals Law in 2006 introduced the possibility of government equity, thus opening up the possibility of conflicting roles between the regulator and the operator of the sector and increasing uncertainty for investors.<sup>24</sup> The sector has been seen as plagued by abuses, triggering growing discontent in the population. In late April 2010, President Elbegdorj, as Head of the National Security Council, took

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20 In an industrialized economy, the syndrome is referred to as the 'Dutch Disease'.

21 International Monetary Fund, July 2008.

22 According to the Mongolia Bankers Association, <www.mba.mn>.

23 International Finance Corporation 2009.

24 World Bank, Mongolia Country Economic Memorandum 2007.



the initiative to suspend or revoke new and existing licenses in exploration and mining<sup>25</sup> until passage of a new law on mineral licenses.

- **Human resources and the needs of the market:** An estimated 20 percent or more of the population aged 24 to 29 is out of work, as the skills they previously acquired do not match the demands of the changing job market. It increasingly requires such skills as foreign languages, information technology and business management.

### 2.2.3 ENVIRONMENT

The land in Mongolia is relatively unproductive and ecologically quite fragile. The topsoil is thin, with an average depth of 20 cm, rendering it vulnerable to wind and water erosion. The climate is dry and harsh, and the growing season is short. Precipitation amounts are low and uneven, ranging from 50 mm to 400 mm, and the evaporation rate is high — up to 90 percent of precipitation is estimated to be lost.<sup>26</sup> As a result, close to 90 percent of the territory is considered prone to desertification.<sup>27</sup> In addition, according to 60 years of meteorological records, the mean annual temperature has risen by 2.14 degrees Celsius because of global warming,<sup>28</sup> and precipitation has fallen by 7 percent, accelerating the decline of water resources.<sup>29</sup> The frequency of natural disasters such as the *dzud* has also been increasing,<sup>30</sup> making livelihoods even more vulnerable.

It is generally recognized that nomadic people, with livelihoods dependent on what nature provides, tend to be more respectful of the

environment. The country's recent nomadic past and the resurgence of Buddhist philosophy have kept alive this culture. However, after several decades under a system that discounted environmental considerations in favour of production, environmental consciousness has eroded. In addition, the opportunities introduced by the market system have created incentives for overexploitation of natural resources.

Following the dismantling of cooperatives in 1991 and privatization of livestock herds, a significant number of families have resorted to herding who lack direct experience and have little inclination to follow cooperative forms of pasture management. This has weakened sustainable grazing patterns. Rather than moving their herds over a large territory, many herders have moved their operations close to rural *aimag* centres so they can access education and health services and be close to markets. The poor maintenance of wells following the collapse of the cooperatives has reduced the number of water points and increased the concentration of people around those remaining. The increase in the number of goats kept by individual herders following the success of cashmere production has further contributed to land degradation, as goats' grazing habits are more destructive than those of other forms of livestock, such as sheep.

An increase in the number of herders and the size and concentration of their herds<sup>31</sup> along with shifts in herd composition have resulted in overgrazing on an estimated 75 percent of total pasture lands.<sup>32</sup> Some are so severely overgrazed as to be at risk of desertification. Many analysts

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25 As reported in <[www.president.mn/eng/newsCenter/viewNews.php?newsId=194%3C/p%3E](http://www.president.mn/eng/newsCenter/viewNews.php?newsId=194%3C/p%3E)>.

26 Ministry of Nature, Environment and Tourism, 'Report on the State of Environment of Mongolia', 2007.

27 Government of Mongolia, National Programme for Combating Desertification 2010.

28 Ministry of Nature, Environment and Tourism, 'Mongolia: Assessment Report on Climate Change', 2009.

29 According to water source enumeration by the Ministry of Nature, Environment and Tourism, 852 rivers out of 5,128 rivers dried up in 2007, as did 1,181 lakes out of 3,747 and 2,277 springs out of 9,306.

30 Natural disasters took place on 25 to 30 days in 2006, compared to 5 days in 1980 (Ministry of Nature, Environment and Tourism, 'Report on State of Mongolia's Environment, 2008').

31 It is estimated that before 1990 the maximum herd size was around 25 million heads, compared to around 45 million heads in 2007-2008.

32 Ministry of Agriculture, Food and Light Industry, 2007.

have estimated the number of livestock that may be environmentally supportable. But few of these estimates have been rigorously researched, as the concept of environmental carrying capacity is very complex. Some areas are clearly reaching limits, though much of the problem might be more connected with how land has been managed and used rather than with its overall carrying capacity. This intensified land degradation increases vulnerability to natural disasters such as the *dzud*. The severe *dzud* of the 2009–2010 winter, when 8 million head of cattle may have been lost, may have driven the point home.

Added to these endogenous threats is an exogenous threat, in the form of mining and industrial operations, both formal and informal. As mentioned previously, even formal operations get approved at the central level without consultation or regard for local land use plans, rights of local herders or the investments they may have made. This is aggravated by mining by an estimated 100,000 artisanal miners,<sup>33</sup> or ‘ninjas’, operating wildcat mines without regulation or control,<sup>34</sup> resulting in damage to the landscape and water sources. In the past few years these threats have led to the emergence of many local environmental organizations that focus on mining-related pollution.

The loss of biodiversity is also increasing.<sup>35</sup> The number of wild animals has declined severely due to hunting, notably to feed the international fur trade and the Chinese medicinal trade. Forested areas are estimated to have declined from 12 percent of the territory before 1990 to barely 8 percent in 2008.<sup>36</sup> Many species of flora and fauna face a serious reduction of habitat and possible depletion<sup>37</sup> or extinction. Although not enough

is yet known about the ecological relationship between species and vegetation, it is reasonable to expect that the intensive harvesting of target species will have unintended large-scale effects on non-target species and the environment itself.

Urban centres are growing due to accelerating rural-urban migration. Their dependence on coal for heating, whether from a central power plant or from individual stoves in *ger*<sup>38</sup> districts, is causing increases in particle pollution and generation of greenhouse gases. Electricity generation is largely dependent on coal-burning power plants, further adding to the pollution.

#### 2.2.4 GENDER ISSUES

The Gender-related Development Index (GDI) for Mongolia for 2007 is calculated at 0.727, and Mongolia is ranked 92<sup>nd</sup> out of 150 countries<sup>39</sup> reporting relevant data (see Table 1). GDI measures achievement similarly to HDI, but also takes note of inequality in achievement between women and men: GDI falls when the achievement levels of both women and men in a country go down or when the disparity between their achievements increases.

Comparing Mongolia with countries having similar GDI ranking reveals that:

- Women in Mongolia have a much higher life expectancy than men, although average life expectancy for the population as a whole is lower than that of comparison countries;
- Relative to men, women are significantly better off than in comparison countries.

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33 Canada Foundation, 2005.

34 The parliament passed a law in July 2010 legalizing artisanal mining in Mongolia. It is hoped this will deter illegal use of chemicals and uncontrolled land mining.

35 World Bank, July 2006.

36 Report on the coverage of forested areas in Mongolia, presented by the Institute of Geo-Ecology of Mongolia at the International Regional Workshop for Experience Sharing in Combating Desertification, Ulaan Baatar, May 2008.

37 According to ‘Wildlife in Mongolia 2009’, 29 percent of rare animals and 21 percent of rare plants are in danger of extinction.

38 A *ger* is a round felt tent traditionally used by nomadic people. As formerly nomadic people migrate to urban areas, they are forming *ger* districts.

39 UNDP, ‘Human Development Report 2009’.

**Table 1. Gender-related Development Index (GDI)**

Country	GDI rank	HDI rank	GDI value	GDI/HDI value ratio	Life expectancy at birth		Adult literacy		Gross enrolment in education		Estimated earned income (PPP)	
					Female Male	F/M ratio	Female Male	F/M ratio	Female Male	F/M ratio	Female Male	F/M ratio
El Salvador	89	106	0.740	0.990	75.9 66.4	1.143	79.7% 84.9%	0.939	72.8% 73.3%	1.020	\$3,675 \$8,016	0.458
Fiji	90	108	0.732	0.732	71.0 66.5	1.068			73.2% 70.0%	1.046	\$2,349 \$6,200	0.379
Bolivia	91	113	0.728	0.998	67.5 63.3	1.066	86.0% 96.0%	0.896	83.6% 89.7%	0.932	\$3,198 \$5,227	0.612
Mongolia	92	115	0.727	1.000	69.6 63.0	1.105	97.7% 96.8%	1.009	84.9% 73.7%	1.152	\$3,019 \$3,454	0.874
Indonesia	93	111	0.726	0.990	72.5 68.5	1.058	88.8% 95.2%	0.933	66.8% 69.5%	0.961	\$2,263 \$5,163	0.438
Viet Nam	94	116	0.727	0.997	76.1 72.3	1.053	86.9% 93.9%	0.925	60.7% 63.9%	0.950	\$2,131 \$3,069	0.694
Honduras	95	112	0.721	0.984	74.4 69.6	1.069	83.5% 83.7%	0.998	78.3% 71.3%	1.098	\$1,951 \$5,668	0.344

Source: Human Development Report 2009

This comparison suggests that the country's low GDI ranking is not due so much to male-female disparities as to a number of conditions that contribute to overall low life expectancy.

This quasi-parity between men and women as indicated by the ratio of GDI/HDI is the result of relations rooted in a nomadic lifestyle that evolved over centuries. Family survival in the harsh climate and the isolation in the steppes and deserts required each member of the household not only to contribute actively but also to be capable of acting autonomously in case of the absence of other family members. This led to a level of balance and equality among household

members.<sup>40</sup> Similar relations existed in the upper ranks of Mongol society: historic documents<sup>41</sup> provide numerous examples of significant roles played by Mongol *Khatans* (queens)<sup>42</sup> in state affairs until the 17th century.<sup>43</sup>

In the 17<sup>th</sup> century, the Manchurian dynasty introduced administrative boundaries through which nomads could roam, thus altering the conditions of nomadic life while also importing their own cultural views on gender relations.<sup>44</sup> Under the socialist regime instituted in 1921, while nomadic livestock husbandry remained the main economic activity, new regulations further limited roaming to smaller administrative

40 Although there already existed formal laws, introduced by Chinggis Khaan, relations between men and women were not regulated by formal laws.

41 See, for example, Onon 1990.

42 To name a few: Sorkhogtun Bekhi Khatan, wife of Chinggis Khaan's youngest son Tolui, who conducted state affairs for years, from after her husband's death until the next Khaan was endorsed by the Ikh Khuraldai (Great Assembly); Naimaljin Khatan, wife of Uguudei Khaan; and Khukhchin Khatan, wife of Khubilai Khaan.

43 Including Mongol queens, such as Mankhukhai Tsetsen Khatan or Anu Khatan, who led troops into battle. See Onon, 1990.

44 Sayings such as 'Female hairs are long, but minds – short' apparently date from that time.

territorial units, *aimags*. Expansion of industrial cities such as Ulaan Baatar, Erdenet and Darkhan was accompanied by the creation of formal institutions that aimed at regulating socio-economic relations, including between men and women: the Mongolian People's Republic incorporated the equal rights of men and women into its first Constitution (1924) and introduced voting rights for women. It institutionalized women's affairs by setting up the Division for Women in 1924, the journal *Women's Inspiration* in 1925<sup>45</sup> and social security structures such as state-funded child care, maternity leave and equal remuneration for men and women.

Despite legislative and institutional reforms leading towards greater gender equality and strong progress in educational achievements, few women reached significant decision-making

positions (Table 2). Many formal structures had little decision-making power and served a more symbolic function. An example is the biannual *Ardyn Ikh Khural* (People's Assembly), which had 200 representatives, of which 24.9 percent were women.<sup>46</sup> The effective decision-making structure, the Politburo, remained overwhelmingly male dominated.<sup>47</sup>

The legacy of this pattern of exclusion of women from decision-making positions in the socialist system perpetuated itself under the new political system: only 2.1 percent of the 430 elected members of the 1990 Constitutional Assembly were women. The situation has hardly improved since then in the SGK and other representative bodies. As data show, despite their educational achievements, Mongolian women have yet to access the top levels of public administration and

**Table 2. Gender Empowerment Measure (GEM)**

Country	GEM rank	HDI rank	GEM value	Ratio of female in				Ratio of estimated income: female to male	Year women received	
				Parliamentary seats	Legislative and senior official position	Professional & technical position	Ministerial position		Right to vote	Right to stand for elections
Cambodia	91	137	0.427	16%	14%	41%	7%	68%	1955	1955
Zambia	92	164	0.426	15%	19%	31%	13%	56%	1962	1962
Armenia	93	84	0.412	8%	24%	65%	6%	57%	1918	1918
Mongolia	94	115	0.410	4%	48%	54%	20%	87%	1924	1924
Georgia	95	89	0.408	6%	34%	62%	18%	38%	1918, 1921	1918, 1922
Indonesia	96	111	0.408	12%	14%	48%	11%	44%	1945, 2003	1945
Madagascar	97	145	0.398	9%	22%	43%	13%	71%	1959	1959

Source: Human Development Report 2009

45 Munkhuu, presentation at the learning event 'Women initiating new values and approaches in politics', jointly organized by the United Nations and the NGO Female Leadership, 2010.

46 Figure from the late 1980s from 'Statistical Yearbook', National Statistical Office, Ministry of Education, Science and Culture, 2009.

47 The sole female member of the Politburo throughout its history was Yanjmaa, spouse of Sukhbaatar, leader of the People's Revolution in 1921.

business management. To put this low level of representation in perspective, it is worth noting that recent social studies suggest that 30 percent representation of women is the threshold for integration of women's points of view.<sup>48</sup> This pattern of exclusion of women from power is reflected in a Gender Empowerment Measure of 0.410, ranking Mongolia 94<sup>th</sup> of 109 countries.

### 2.2.5 TRANSPORT

At the regional level, the country's landlocked status is a key issue. To export its goods, the country is completely dependent on just two much larger neighbouring economies. The only Chinese seaport currently available for Mongolian transit traffic is Tianjin, a well-equipped and well-run port located over 1,100 kilometres from Ulaan Baatar. On the Russian Federation side, six ports are accessible; the closest is Vladivostok, almost 1,800 kilometres away. Russian transit also allows the use of St. Petersburg (on the Baltic Sea) and Novorossisk (on the Black Sea), at the cost of much longer shipping distances. Consequently, Mongolian exporters have to choose between a single port not that close to the capital and several other ports much farther away.

This isolation is compounded by other factors, including the poor quality of the country's transport infrastructure. Mongolia has barely 1.2 rail-kilometres for every 1,000 square kilometres, a ratio barely one-twelfth of the level of low- to middle-income countries.<sup>49</sup> For 2002, a similar calculation indicated barely 2.2 road-kilometres for every 1,000 square kilometres; the density of paved roads is barely 1 per 1,000 square kilometres. A number of former Soviet countries have much denser transportation networks, but having been designed to serve the needs of the Soviet Union,

these systems are poorly adapted to serve the needs of trade realigned through market forces.

The geographical isolation of the country has been recognized as a key issue for its long-term development prospects in United Nations assessments and other documents.

## 2.3 NATIONAL DEVELOPMENT STRATEGIES

Between 1996 and 2008, the successive governments of Mongolia drafted and published six national development programmes or strategies (table 3). During the same period, 304 policy documents were drafted and issued.<sup>50</sup> This report focuses on the documents relevant to the period 2001 to 2010.

### 2.3.1 GOOD GOVERNANCE FOR HUMAN SECURITY

The 2001 Good Governance for Human Security (GGHS) programme posited that the economic, social, ecological, political and cultural challenges facing the nation could only be solved through societal ownership of policies conducive to extensive collaboration between the Government, the private sector and civil society. Such societal ownership would promote greater effectiveness and continuity of policy and sustainability by "creat[ing] a good governance enabling environment for human security."<sup>51</sup> Accordingly, central and local public administration authorities as well as other government organizations, NGOs, mass media and academic institutions were described<sup>52</sup> as having participated in formulation of the policy document.

The policy was articulated around 11 priorities/objectives:

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48 Mentioned in *Closing the Leadership Gap: Why Women Can and Must Help Run the World*, Mary C. Wilson, Director of the White House Project on Women, Penguin Publishing, 2004.

49 From data in Grigoriou 2007.

50 These figures are included in the introduction of a working draft of the MDG-based Comprehensive National Development Strategy from 2007.

51 Introduction to 'Good Governance for Human Security: Policy Document', Government of Mongolia, January 2001.

52 Preface to 'Good Governance for Human Security: Policy Document', 2001, by Prime Minister Enkhbayar.



**Table 3. National development strategies**

Year	Elections	National development strategy	UN system	UNDP programme
1996		Development Concept for Mongolia		
1997				CCF I 1997-2001
1998		Programme for Sustainable Development of Mongolia for the 21st Century		
1999				
2000	Parliament			
2001	President	Good Governance for Human Security	CCA 2001	
2002			UNDAF 2002-2006	CCF II 2002-2006
2003		Economic Growth Support and Poverty Reduction Strategy		
2004	Parliament			
2005				
2005	President	National Development Programme of Mongolia and MDG 9 approval	CCA 2005	
2006				CPD
2007			UNDAF 2007-2011	CPAP 2007-2011
2008	Parliament	MDG-based Comprehensive National Development Strategy 2008-2021 and Action Plan 2008-2021		
2009	President			

1. To facilitate stabilization of the macro-economy, deepen the reform and intensify restructuring;
2. To rehabilitate the banking and financial system;
3. To facilitate economic growth by rehabilitating national industry and supporting export-oriented industry;
4. To support regional and rural development and promote infrastructure development;
5. To create an equitable social environment for human development, to improve the quality of education, health assistance and access to services at all levels;
6. To reduce poverty and unemployment, and to improve the livelihood of the people;
7. To implement environmental policy aimed at providing sustainable development and ecological balance by harmonizing protection of biodiversity with regional socio-economic development;
8. To intensify land reform;
9. To improve the living environment of the citizenry by reducing air, water and soil pollution in urban areas, and by recycling garbage and waste;

10. To remove the governance crisis and create good governance for human security;
11. To develop a democratic civil society with strong ethics that secures citizens' basic rights and fundamental democratic principles by facilitating the independence of the judiciary and a free mass media.

The document describes the management structure, which comprises four working groups, each of which is responsible for one programme component:

1. Economic transition;
2. Equity and social policy;
3. Environment and sustainable development;
4. Sound governance.

While the composition of each working group is clear on representation from different ministries and government agencies, non-governmental representation was only described as "relevant actors and stakeholders". This non-specific description contrasts with the detailed governmental representation, putting in question the extent of actual non-governmental participation. Nor does the description of programme management specify how "to create real channels for citizen voice and participation at the local, intermediate, and national levels in order to increase responsiveness to citizen demands and expectations, as well as incorporate citizen's assessments and recommendations."<sup>53</sup>

The programme was to be chaired by the Prime Minister assisted by a Programme Advisory Committee chaired by the Minister of Foreign Affairs. The Programme Management Unit (PMU) was composed of a prime minister's advisor, a director of the Cabinet Secretariat, a United Nations national advisor and a United Nations system international advisor. In addition to supporting the prime minister and the Programme Advisory Committee, the PMU was to support the Donor Coordination Committee.

Several aspects deserve to be noted:

- The United Nations system was given a key role in management of the programme, as well as the clear leadership of the Donor Coordination Committee. This indicated strong agreement on the way forward and close collaboration between the United Nations system and the Government of Mongolia in trying to integrate national and international resources for common objectives;
- UNDP and the Swedish International Development Cooperation Agency (through the Poverty Reduction and Employment Facilitation project) directly supported two of the stated functions of the programme: (a) "to commission informational, analytical, research, seminars, and other think tank activities to provide international and internal background on national and operational priorities and strategic and operational objectives, as well as on options and recommendations for their achievement" and (b) "to formulate policy proposals and action plans for their approval, operationalization, dissemination and implementation."

The Programme Advisory Committee's role, "to assist the Prime Minister in the policy planning and evaluation processes of the programme, to ensure the application of a consultative, participatory approach, and to resolve inter-component issues that do not require Prime Ministerial attention", seems to have been transferred in 2009 to the newly created National Development and Innovation Committee.

The GGHS should be seen less as a programme per se and more as the broad framework for a programme that had yet to be fully designed. The Economic Growth Support and Poverty Reduction Strategy (EGSPRS) had identical objectives (plus an additional objective regarding the mainstreaming of gender in poverty interventions) but a much narrower focus. It presented

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53 Function 6 of the programme.

itself more as a medium-term action plan. But the GGHS carried seeds of institutional reforms that were implemented long after the EGSPRS had ended.

### 2.3.2 ECONOMIC GROWTH SUPPORT AND POVERTY REDUCTION STRATEGY

The EGSPRS was a more elaborate document than the GGHS and was organized around a more economic and financial approach. It provided a clear analysis of the changes that had occurred in the previous years and of the situation at the time. The EGSPRS focused strictly on the roles and duties of the Government and the public administration in implementing the strategy. It did so by underscoring that growth was to be led by the private sector and economic restructuring was to be oriented around privatization. It made clear that a fundamental condition for success of the strategy rested on achieving and maintaining a sound macro-economic framework through specific reforms. While the GGHS programme referred to the need to maintain macroeconomic stability, it was far from specific as to how to ensure that goal. It was ambiguous about how growth and economic restructuring were to occur.

Rather than the four components of the previous programme, the EGPRS was articulated around three axes sharing a number of principles, such as a pro-poor focus, sustainability and increased citizen participation:

- Promotion of economic and financial sustainability, including specific actions to be initiated regarding budget and finances; treasury management; balance of payments; monetary policy; economic re-structuring; accounting, auditing and inspection; and civil service reforms;
- Improvement of access to markets by creating a favourable operating environment for business, legal reforms, development of infrastructure, promotion of foreign direct

investment, regional and rural development, and ensuring a sustainable environment;

- Creation of conditions for sustainable human development through improvements in education and health services, employment creation, social welfare and gender equality.

The EGSPRS did not place itself above existing policy documents and action plans but rather aligned itself to them, including international agreements. Maybe because it presents itself less as a policy document and more as an action plan regarding allocation of resources, responsibility for coordination of the EGSPRS was assigned to the Ministry of Finance and Economy (MoFE)<sup>54</sup> rather than to the Prime Minister's Office as in the GGHS programme. Nevertheless the EGSPRS had been drafted and adopted by the previous government (in power until 2004) and constituted only a medium-term strategy that set out government policies until 2006.

### 2.3.3 MDG-BASED COMPREHENSIVE NATIONAL DEVELOPMENT STRATEGY 2008-2021

In 2005, a World Bank report<sup>55</sup> made a critical assessment of the country's development strategies. This was based on the lack of an agreed long-term vision with a relevant medium-term strategy to support progress towards the vision and country-specific development targets "with holistic, balanced and well-sequenced strategy [as well as] the capacity and resources for implementation".<sup>56</sup>

The Government initiated a process to remedy the lack of such a long-term strategy. With the assistance of UNDP, which had a policy development support project implemented by MoFE, the Government drafted the Comprehensive National Development Strategy 2008-2021 (NDS), which was based on the MDGs and adopted by the SGK in 2008.

54 Ministry of Finance and Economy from 2001 to 2006; Ministry of Finance prior to 2001 and after 2006.

55 World Bank, 'Comprehensive Development Framework Progress Report', 2005.

56 OECD, Survey on Monitoring the Paris Declaration 2006, 2007.



The NDS addresses the following areas:

- Human and social development, with sections on unemployment and poverty reduction; gender equality; family development and demography; education; health care; culture and art; science and technology; and social welfare and labour;
- Economic growth and development, including macro-economic policy (budget management, taxation, monetary policy, debt, competitiveness, foreign trade), real economic development (industrial policy, processing industry, small and medium-size enterprises, agriculture and food, tourism) infrastructure (road and transport, energy, fuel sector, information and communication technologies, urban planning), and regional and rural development;
- Environmental policy;
- Development of legislative and state structures, including legal reform, public administration, civil service, national security, foreign policy and defence policy.

The NDS is articulated around two successive phases, the first ending in 2015, with the objective of achieving the MDGs and an HDI of 0.83; and the second ending in 2021, with the objective of achieving the status of a middle-income country.

The NDS is broad, including all sectors under government responsibility, whether or not they have any direct relation to achieving the MDGs. That breadth is commendable, as it tries to include all aspects of governing and all issues to be addressed, setting objectives for them. Such a broad strategy, however, carries a downside risk of a loss of specificity as to the measures that need to be implemented and the steps to be taken, as well as unclear priority among all these objectives.

Also, although the name of the policy document clearly puts forward attainment of the MDGs

as a goal, the document is not clear about the relationship between the mentioned objectives and the MDGs themselves (Table 4).<sup>57</sup> While this can be expected in a broad document of this kind, more specificity could be expected from an accompanying action plan. However, the Action Plan 2008-2012, despite referring specifically to the NDS, does not link clearly planned activities to the strategic objectives of the NDS. As a result, the guidelines for planning and implementation in the Action Plan remain ill-defined and ambiguous.

As to the institution responsible for the NDS, the document only states that such an “institution will be established within the Government structure...in addition to elaborating long-term national and regional development plans, developing wide-scale programmes and ensuring inter-sector coordination, this institution will be responsible for monitoring, analysing and evaluating the implementation of policies, plans and programmes...[and for] monitoring and improving the current policy document, developing a long-term vision for the future and submitting them to the Government for approval as may be necessary.”<sup>58</sup> This institution, referred to also in the GGHS programme, was formally opened on 18 February 2009 as the NDIC.

#### 2.3.4 CHALLENGES IN DEVELOPING AND IMPLEMENTING A VISION

From a development perspective, ownership has been defined as a country’s ability to exercise effective leadership over its development policies and strategies. This is a challenging task for many countries, especially those that rely heavily on external aid to finance their development efforts. In the case of Mongolia, the challenge is exemplified by the fact that three distinct development strategy documents have been drafted in a span of just seven years.<sup>59</sup> In addition, similar strategies

57 MDGs are mentioned either in a self-referential manner (i.e., in reference to the document itself) or in a very generic manner.

58 Government of Mongolia, 2008a, section 8.2.1.

59 From the Governance for Human Security Programme in 2001 to the MDG-based Comprehensive National Development Strategy in 2008.

**Table 4. Analysis of the MDG-based Comprehensive National Development Strategy 2008-2021 of Mongolia**

Section of the Strategy	Number of direct references to	
	MDG(s)	MDG-based Comprehensive National Development Strategy
<b>Introduction</b>	<b>2</b>	<b>3</b>
<b>1. General Background</b>		
<b>2. Current Situation of Mongolia's Development and its Assessment</b>	<b>1</b>	
<b>3. Principles, Vision and Priorities</b>		<b>1</b>
3.1. Principles of Mongolia's Development		1
3.2. Values of Mongolians		
3.3. Vision for Mongolia's National Development		
3.4. Stakeholders, their Duties and Participation	1	1
3.5. Priorities of the MDG-based CNDP	1	1
<b>Subtotal</b>	<b>2</b>	<b>4</b>
<b>4. Human and Social Development</b>	<b>1</b>	
4.1. Unemployment and Poverty Reduction	1	1
4.2. Gender Equality		
4.3. Family Development and Demography		
4.4. Education Development		
4.5. Health Care Development		
4.6. Culture and Art Development		
4.7. Science and Technology Development		
4.8. Social Welfare and Labour		
<b>Subtotal</b>	<b>2</b>	<b>1</b>
<b>5. Economic Growth and Development</b>	<b>1</b>	
5.1. Macro-economic Policy	1	5
5.2. Real Economic Sector Development	1	
5.3. Infrastructure Development		
5.4. Regional and Rural Development	1	
<b>Subtotal</b>	<b>4</b>	<b>5</b>
<b>6. Environmental Policy</b>	<b>0</b>	<b>0</b>
<b>7. Legislative and State Structure Development</b>		<b>1</b>
7.1. Legal Reform		
7.2. Development of State Structure and Public Administration		1
7.3. Public Administration and Civil Service Reform		
7.4. National Security Policy		3
7.5. Foreign Policy		2
7.6. Defence Policy		
<b>Subtotal</b>	<b>0</b>	<b>7</b>
<b>TOTAL</b>	<b>11</b>	<b>20</b>

Source: Mongolia Comprehensive MDG-based National Development Strategy 2008-2021

<b>Table 5. Paris Declaration Indicators</b>		
<b>Indicator</b>	<b>2005</b>	<b>2007</b>
Ownership (operational national strategy) <sup>a</sup>	D	C
Aid reported on budget	2%	37%
Coordinated technical assistance with country programmes	18%	66%
Aid use of public financial management systems	49%	17%
Aid use of country procurement systems	26%	29%
Parallel programme implementation units (PIUs) <sup>b</sup>	80	53
In-year recording of aid disbursements	47%	34%
Aid link to programme-based approaches	29%	6%
Coordinated aid mission with country	20%	14%
Coordinated country analysis work	35%	32%

a. The ownership was rated on a five-point scale with A (highest) to E (lowest) based on the three criteria: existence of a country-wide development policy; a realistic development policy with clearly identified priorities; and well-costed policies that can be funded. At the time of these surveys, Mongolia did not have a monitor-able results-based strategy. b. The figure depends on the number of active projects in the country.

Source: OECD, Survey of Monitoring the Paris Declaration 2008

were drafted in the 1990s as well as a number of sector plans and strategies.

This sequence of strategies, despite their many common elements, could only have created uncertainty among stakeholders about the long-term policy direction. The shift of responsibility for coordinating implementation of the current strategy, from the Prime Minister's Office to the Ministry of Finance, added to the uncertainty.

Ownership, however, goes beyond defining a vision for development; it extends to management of resources for the strategy's implementation. In that regard, as of 2008, Mongolia faced significant challenges due to the following weaknesses, according to a review:<sup>60</sup>

- A lack of fiscal discipline, leading to a tendency towards boom-and-bust cycles, reinforced by an imbalance in legislative and executive responsibilities for fiscal matters;<sup>61</sup>
- Generally poor strategic planning, with most planning documents having weak links to the capital budget, exacerbated by poor coordination among ministries;
- No institutionalized process of project appraisal and inadequate capacity for economic appraisal within ministries;
- Procurement problems that can lead to selection of poorly qualified contractors and excessive delays in starting work, despite a very short construction season.

Mongolia also faced – and in some ways continues to face – problems in dealing effectively with international assistance (Table 5). The absence of a clear long-term development strategy before 2008 made it difficult for international partners to allocate their assistance and align it in a way to meet the identified and agreed national needs. Worsening the problem was the country's incomplete grasp of the information on the resources made available through this channel. Although Mongolia has made some progress in this regard, according to the latest data available,<sup>62</sup> it has been uneven.

While the government budgeting system has improved its ability to include aid resources, and technical assistance seems better coordinated

60 'Mongolia: Improving Public Investment Planning and Budgeting', Hasnain, Z, PowerPoint presentation, World Bank, 2010.

61 Parliament can use its discretion in budgeting to insert new projects whether or not they meet national priorities, have or have not been subjected to feasibility studies, or have had their cost estimates professionally checked. As an example, in 2008 Parliament increased the capital budget by 29.1 percent to MNT 571 billion through addition and replacement of projects in the portfolio.

62 OECD 2007 and 2008.

with government programmes, as of 2007 many indicators suggested that international assistance remained a separate process running parallel to the country's internal systems.

Starting in 2008, prospects for improving this situation were raised when the NDIC was given responsibility for implementation and monitoring of the NDS. The NDIC could do much towards improving coordination among those providing international assistance, especially if the NDIC can access current, accurate information about ODA flows, which is under the responsibility of the Ministry of Finance.<sup>63</sup>

## **2.4 DEVELOPMENT COOPERATION, CIVIL SOCIETY AND THE PRIVATE SECTOR**

### **2.4.1 DEVELOPMENT COOPERATION**

Among the countries providing development assistance to Mongolia, in recent years China is believed to have been providing arguably the most sizable and expanding assistance in various forms (grants, loans, and assistance for specific purposes).<sup>64</sup> For example, in 2003 China offered \$300 million for infrastructure funding, and in 2008 it was reported that revisions to the loan terms were agreed and specific projects for its use were identified. These included railway modernization, road construction, housing and information technology.<sup>65</sup> In 2009, it was also reported that Mongolia had asked China for a \$3 billion crisis loan to help shore up troubled banks and develop trade to counter the harmful impact of global economic turmoil, especially on its mineral exports.<sup>66</sup> Since development assistance from China is not officially published or reported

in a manner comparable to those from other countries, the precise figures were not available and would not be directly comparable to other published data.

From countries and international organizations that report to OECD/DAC<sup>67</sup> on their assistance, Mongolia received an average of about \$230 million per year in ODA between 2001 and 2008. Commitments averaged \$240 million per year, except in 2008 when the total shot up to \$819 million largely due to the compact for \$285 million over five years with the US Millennium Challenge Corporation.

Between 2003 and 2008, ODA disbursements from five development partners accounted for nearly 70 percent of the \$235 million in average annual disbursements from these countries and organizations. Japan led with 25.3 percent, followed by Germany and the Asian Development Bank at about half that level, followed by the World Bank/International Development Association and the United States.

According to the OECD/DAC database for these years, UNDP contributed just 0.8 percent or about \$1.4 million per year of its own funds on average. However, UNDP utilized contributions from other development partners such as Japan, the Netherlands, Sweden and the Global Environment Facility (GEF), and its programme expenditure reached about \$4 million per year.

The level of ODA disbursements in Mongolia from OECD sources alone averages more than \$80 per person over the period. To put this in perspective, the level of ODA per capita for Mongolia, with an HDI ranking of 115, has been compared to that of 29 countries with an

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63 It was explained to the ADR team that if the NDIC needs information regarding ODA flows, a formal letter has to be sent from the Head of the NDIC to the Ministry of Finance.

64 See for example a presentation on Mongolia-China trade and economic cooperation made by J. Shishmishig, Ministry of Foreign Affairs and Trade of Mongolia, at a workshop organized by ADB <[www.adb.org/Documents/Events/2009/Joint-Dissemination-ZamynUud-Erlian/MON-PRC-Cooperation.pdf](http://www.adb.org/Documents/Events/2009/Joint-Dissemination-ZamynUud-Erlian/MON-PRC-Cooperation.pdf)>.

65 See for example <[www.business-mongolia.com](http://www.business-mongolia.com)> and <[www.newswire.mn](http://www.newswire.mn)>.

66 See for example <[www.business-mongolia.com](http://www.business-mongolia.com)> or <[www.mongolia-web.com](http://www.mongolia-web.com)>.

67 Organisation for Economic Co-operation and Development/Development Assistance Committee.

HDI ranking between 100 and 130. While its HDI ranking puts Mongolia right in the middle of the sample, the country nevertheless received the fifth highest level of ODA per capita in 2008. Although ODA per capita has never been meant to link directly to HDI level or HDI ranking, Mongolia's high level of ODA per capita relative to its HDI ranking suggests the international community's great interest in the country's specific circumstances over the past decade.

#### 2.4.2 CIVIL SOCIETY

The Law on Non-profit Organizations, which guarantees the right to association, is considered conducive to civic engagement and social accountability. By 2007, no fewer than 5,300 organizations had been registered. However, while this number is impressive for a country with a small population, it may not reflect the true picture of civil society in Mongolia. Observers report that the number of active NGOs at the time was much smaller, between 50 and several hundred.<sup>68</sup> The remainder were either 'paper institutions' trying to access funding from international agencies or fronts for profit-oriented businesses.

The development of civil society in Mongolia has suffered from the legacy of the socialist system.<sup>69</sup> Voluntary citizen association was restricted, and state-controlled mass organizations — trade unions and organizations representing youth, women and senior citizens — dominated access to state resources. These organizations continue to exist and have maintained their access to state resources.<sup>70</sup> Consequently, despite the quantity or quality of services these mass organizations may provide to their members, their focus is likely to be on social service provision rather than on presenting independent policy viewpoints.

The legal provisions covering non-profit organizations are not implemented consistently. The Constitution guarantees the "right to seek and receive information from public bodies," and article 18 of the Law on Non-profit Organizations states: "Information other than about the activity of government relating to state or organizational secret shall be available to a non-profit legal entity."<sup>71</sup> But in practice that right is limited by the State Secrecy Law and the absence of a law guaranteeing access to information, which allows state institutions to decide arbitrarily what information can be shared. According to some reports,<sup>72</sup> the Ministry of Finance considers all budget information to be classified. Access to parliamentary deliberations is also limited, and citizens are permitted to observe sessions of the SGK for no more than 15 minutes. Likewise, the minutes of these sessions are not easily accessible to the public.<sup>73</sup> As a result, Mongolian civil society groups have limited channels to obtain government information and hence to participate effectively in policy debates. Only recently has the President's Office introduced certain forms of public meetings designed to open debates on draft budgets.

Although Mongolia has legalized freedom of expression, including through the 1998 Law on Freedom of Media, some laws deter publication of possibly sensitive material and lead to self-censorship. Such deterrents include the Criminal Defamation Law and the media registration system.

Despite these conditions, a number of organizations have been quite active, notably on human rights issues. In addition, local associations have been created over the last few years, often in reaction to what Mongolians see as abuse by mining companies and worries about their impact on their land. Many of these groups are linked

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68 Beck et al. 2007.

69 Ibid.

70 Ibid.

71 Asia-Pacific Centre for Civil Society Law, available from <[www.apccsl.org/pubs/index\\_docs.html](http://www.apccsl.org/pubs/index_docs.html)>.

72 In particular, Beck et al. 2007, citing various sources.

73 Ibid. In addition, it was found that even the votes of parliamentarians on specific issues can be withheld from the public.



under umbrella associations, giving a strong voice to environmental issues and a new impetus to social accountability.

As for religious institutions, it is said that in the early part of the 20<sup>th</sup> century, the Buddhist establishment in Mongolia has exerted power and influence comparable to that of the State.<sup>74</sup> Seeing it as an obstacle to modernization, the socialist government that came to power in 1924 severely suppressed Buddhism and its institutions, and their public role has diminished largely to cultural preservation. Very diverse assessments were made by Mongolians on the role of traditional Buddhist establishment in society. Nevertheless, some expressed the view that, despite its traditionalist tendency, the renewed Buddhism of today could play a useful social activist role in areas such as promotion of sustainable development practices, given its resurging influence, particularly among people leading traditional lifestyles.

### 2.4.3 PRIVATE SECTOR

By 2004, through privatization, the Government of Mongolia had largely ended its productive activities.<sup>75</sup> It had endeavoured to transform its ministries from production-oriented organizations into policymaking and regulatory bodies. Most basic laws and institutions needed for the market economy to function had been put in place. Following these reforms,

economic growth has been the result of private economic initiatives.

A number of issues remain, however, that tend to constrain development of private economic activities, and Mongolia could do more to improve the enabling environment for private sector development. One issue is that the laws of Mongolia provide a basic structure but lack definitions and regulations for consistent application. This allows excessive discretion in implementation. For the private sector, it creates conditions that can lead to corruption as a means to get things done.<sup>76</sup> In addition, the judiciary is generally considered not very reliable, and many businesses turn to informal ways to resolve disputes.

This legal and regulatory environment affects particularly the development of small and medium-size enterprises, which do not have ready access to officials. The large size of the informal sector indicates that many entrepreneurs remain reluctant to formalize their activities, due to onerous requirements or concerns about attracting undue attention. In addition, infrastructure problems in the regions tend to encourage concentration of entrepreneurial activities around Ulaan Baatar. Even there, despite a high concentration of banks, access to capital for small and medium-size enterprises remains limited, as most lending tends to be short term and based on assets.

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74 Estimates vary but it is said that from about 20 percent to nearly half of the adult male population were monks, and the income of the Buddhist establishment was similar to that of the State at that time. See for example, <[www.country-studies.com/mongolia/buddhism.html](http://www.country-studies.com/mongolia/buddhism.html), or [mongoluls.net/shashin/monrelihis.shtml](http://mongoluls.net/shashin/monrelihis.shtml)>.

75 Exceptions are in transport, water and sanitation, parts of telecommunications, housing and, according to recent policy pronouncements, shares of mining ventures.

76 Asian Development Bank, 2004.



# UNDP'S RESPONSE AND STRATEGIES

### 3.1 STRATEGIES OF UNITED NATIONS AGENCIES, 2001 AND 2006

#### 3.1.1 COMMON COUNTRY ASSESSMENT 2001: HUMAN RIGHTS AND HUMAN DEVELOPMENT

The global Human Development Report 2000 brought to attention the close connection between human rights and human development. At the time the United Nations agencies were preparing the Common Country Assessment (CCA), the Government of Mongolia was discussing and preparing its GGHS programme. The CCA 2001 was thus fully consistent with both international and national approaches in putting human rights and human development as its overarching theme.

The document opens with a chapter providing a detailed analysis of achievements on governance and remaining challenges regarding human rights, the judicial system, transparency, accountability, participation and responsiveness, ending with decentralization and local governance. This is followed by chapters analysing economic growth with equity; social policy; and environment and sustainable development. In addition, the CCA provides an assessment of the low energy efficiency of buildings and power production as well as the weak capacity for natural disaster management, which had been made evident by the *dzud* of 1999 to 2001.

While good governance, and specifically human rights and human development, was to be the theme of the CCA, that theme was not carried throughout the document. In fact, the chapters on economic growth, social policy and environment are dealt with in a traditional sector-oriented manner without cross-reference to the overarching theme.

#### 3.1.2 COMMON COUNTRY ASSESSMENT 2005: A NEW CROSS-SECTORAL APPROACH

The context of the 2005 CCA included a number of development strategy documents drafted and approved by the Government of Mongolia over the years, including the 1996 Development Concept Paper, draft Policy Recommendations Document (National Development Strategy for 2020), EGSPRPS and Medium Term Action Plan 2004-2008, as well as sector development strategies and master plans. Guiding the preparation of the 2005 CCA was the parliamentary resolution of April 2005, which endorsed the country-specific MDG targets for 2015, including the goal (MDG 9) formulated by Mongolia on human rights and democratic governance.

The 2005 CCA recognized six features of human development in Mongolia over the past few years: (i) significant demographic shifts among the population; (ii) consolidation of the economy; (iii) continued efforts to strengthen the institutions of democratic governance; (iv) marked reductions in child and maternal mortalities; (v) increasing attention to human rights; and (vi) transformation of traditional practices, ideas and the Mongolian way of life.

Against this background, the 2005 CCA identified four core development challenges needing particular attention. The CCA is notable for breaking with the standard approach of aligning all challenges to be addressed along United Nations business lines. Instead, it attempted to focus on core development challenges holistically through a cross-sectoral approach. Thus, the first two challenges identified were:

- **Reduction of vulnerabilities:** Despite economic growth, around 36 percent of the population



was living in poverty. Problems unknown prior to the transition were emerging, such as child labour, children living on the street, alcoholism, domestic violence, sexually transmitted infections, homelessness, trafficking of women and children, and an alarming increase in suicide.

- **Reduction of disparities:** The transition appeared to have increased disparities between sectors of Mongolian society as well as disparities in income and access to social services, infrastructure and information, which were worsened by the weak local governance capacity.

However, this cross-sectoral identification of core challenges was not consistently followed through. Another core challenge could have been identified as ‘securing sustainability’, addressing not only standard environment and sustainable livelihood issues, but also how to reconcile the traditional livelihood with economic modernization, how democratic governance could support sustainability and so on. The CCA, however, reverted to a more traditional approach along standard business lines by identifying the third challenge as:

- **Natural resources and environmental management:** Although Mongolians have traditionally showed a deep reverence for nature, over the years neglect of both rural and urban environments has led to serious problems of land and pasture degradation, desertification, deforestation, biodiversity loss, degradation of water quality and air pollution — issues that affect the quality of life and, in many cases, livelihoods.

The fourth challenge was then identified as:

- **Consolidation of progress in democratic governance:** Despite significant progress in transitioning to democracy, the country’s democratic governance needed to be reinforced through strengthening the rule of law. This was needed to instil more confidence in the citizenry and the private sector, encouraging them to invest in the country’s development.

This would take place through greater participation of people and CSOs in political processes; more empowerment of communities and local government through devolution of authority, funds and personnel; and through revamping the civil service to promote more transparency and accountability.

This again took the traditional sectoral approach. Democratic governance could have been considered a fundamental cross-cutting issue: the deficiencies in participatory governance, rule of law, access to justice and efficient civil service all affect the economic, social and environmental well-being of citizens, especially at local levels. This in turn affects disparities, vulnerabilities and sustainability, as demonstrated in the three preceding core challenges.

The strategic areas of cooperation between United Nations agencies and the Government of Mongolia were identified as:

- Addressing issues arising from the country’s landlocked status, in particular those related to transportation;
- Adopting a rights-based approach to development;
- Promoting opportunities for public participation;
- Promoting capacity development in government, the private corporate sector and among non-governmental organizations;
- Speeding up the process of decentralization and regionalized development reforms;
- Setting up a nodal policy and planning agency to better steer, coordinate and monitor national development;
- Ensuring better aid coordination and more effective aid alignment to attain the country-specific MDGs.

While the identified challenges and the proposed areas of cooperation stand well on their own, the linkages between them are not very clear except on democratic governance. It would be

difficult, except in a generic way, to assess how these strategic areas of cooperation would address vulnerabilities, disparities and sustainability within the framework of a five-year programme.

The attempt by the 2005 CCA to take a holistic approach focusing on core challenges is laudable even if it did not fully succeed. If this approach were followed in programming, the efforts of the United Nations system would have addressed key development challenges through an appropriate set of actions, regardless of agency or business line. To date, the United Nations system and UNDP still appear to operate in a sectoral way, in which the logic of 'supply side' outweighs the desire to combine forces to address common challenges.

### 3.1.3 UNITED NATIONS DEVELOPMENT ASSISTANCE FRAMEWORK 2007-2011

The UNDAF 2007-2011 identified four aspects of the development process requiring immediate action:

- Reducing vulnerabilities and disparities;
- Improving responsible and democratic governance;
- Improving natural resource and environment management;
- Addressing the issue of being landlocked and global, regional and South-South cooperation.

In doing so, the UNDAF reflected all the challenges identified as priorities in the CCA, including the inter-sectoral ones, and it added a fifth one related to the country's geophysical situation.

The UNDAF defined four outcome areas that followed the standard business lines in a perfect alignment with the above four objectives:

- **Outcome 1:** Pro-poor, good quality socio-economic services available to vulnerable population in disadvantaged regions and areas.
- **Outcome 2:** Democratic processes strengthened through institution building, civil society empowerment and enhanced accountability and transparency.

- **Outcome 3:** A holistic approach to environmentally sustainable development promoted and practised to improve the well-being of the rural and urban poor.
- **Outcome 4:** Global, regional and South-South cooperation strengthened to address cross-border social, economic and environmental concerns.

The UNDAF thus realigned the development challenges identified in the CCA into outcomes according to the standard business lines, thus limiting a possible integration of activities across business lines to better address the challenges. As an example, reducing vulnerability in Mongolia goes beyond addressing the needs of the generally accepted vulnerable groups, consisting of the poor, those in remote rural and poor suburban communities, minorities, women, youth, unregistered migrants, the disabled and the aged. Those groups may be particularly vulnerable, but in Mongolia vulnerability extends much further. The geophysical conditions in the country and the harshness of the climate mean that even well-off families can fall into the ranks of the destitute, and the vagaries of the developing market economy in a landlocked nation coupled with environmental degradation can increase the vulnerability of all. Perhaps more than anywhere else, addressing any challenge in Mongolia may require combining cross-sectoral approaches.

## 3.2. STRATEGIES OF UNDP PROGRAMMES, 2001-2010

### 3.2.1 COUNTRY COOPERATION FRAMEWORK, 2002-2006

The commonality of themes between the 2001 CCA and the GGHS programme being implemented by the Government suggests strong cooperation, at least at the level of programme design, between United Nations agencies and the Mongolian authorities. The Second Country Cooperation Framework (CCF II) reflects this level of cooperation as it aligns closely in support of the government programme.

Regarding **democratic governance**, CCF II proposed to:

- Promote broad participation in policy dialogue to reach a consensus on policy priorities within the framework of the GGHS programme, with increased people's empowerment;
- Assist in increasing accountability, transparency and responsiveness on the part of governing institutions;
- Mainstream the concepts of human security and development into the national development dialogue, notably through production of high-quality national human development reports based on national debate.

CCF II also planned to support legal reform and institutional development toward the:

- Effective implementation of national policies that promote human rights, transparency and accountability as necessary prerequisites to equitable development;
- Fight against corruption;
- Strengthening of the capacities of key democratic institutions (SGK, local *khural*s, judiciary, etc.) to improve the effectiveness of their legislative, oversight and representational functions.

Finally, CCF II also planned to assist in developing the government's capacities to manage external assistance through joint UNDP-Government programmes and actions focused on aid coordination.

Regarding **economic transition and poverty reduction**, the main objective was to improve the prospects for poverty reduction and equitable development by strengthening government capacities to analyse the root causes of poverty; set economic, fiscal, social and gender policies; and implement effective policies based on consultations under the GGHS programme.

Activities more directly targeting the poor included elaboration of national policies and strategies on microfinance. This was based on the success of the MicroStart programme in urban

areas, and in rural areas through testing and replicating innovative approaches for microfinance and for developing and/or transferring skills within the private sector to generate employment. To stimulate job creation, assistance to the private sector was to include initiatives encouraging economic revitalization in rural areas. This was to take place through development of models focusing on livestock as the basis of the rural economy and assistance in improving business management, corporate governance, foreign investment, technology transfer and marketing know-how. Other areas were support to ICT policy formulation, development of public and private partnerships, and implementation of pilot projects in cross-border electronic services.

Regarding **sustainable natural resource management**, the main objectives were to build national and local capacities to attain a balance between environmental protection and development and to reduce vulnerability to natural disasters. The programme included three components:

- Strengthening sustainable resource management, with the goal of ensuring integration of environmental considerations into planning and development processes at national, regional and local levels through multi-sectoral approaches. The expected results were to be (a) improved management of the Mongolian ecosystem through implementation of a model of sustainable management involving cooperation between local and central governments, the private sector and local communities, and (b) increased funding for environmental conservation activities through expansion of the Mongolian Environmental Trust Fund;
- Improving pollution control and energy efficiency through support to initiatives such as introduction of appropriate technology and commercialization of renewable energy systems that use energy resources more efficiently and reduce pollution;
- Strengthening the disaster management system for managing large-scale natural disasters such as *dzuds*, decreasing their threat and allowing for faster recovery.

Cross-cutting interventions included:

- Advocacy activities to improve understanding of and support for UNDP activities among the general public, stakeholders, national and international partners and bilateral donors;
- Strengthening of partnerships between the Government of Mongolia and United Nations agencies and other development partners to ensure that programmes and projects are in line with government priorities as spelled out in the GGHS programme;
- Assistance to help Mongolia integrate into regional and global economies, strengthen its negotiating power and access knowledge networks in order to develop effective policies and institutions.

### 3.2.2 COUNTRY PROGRAMME DOCUMENT AND COUNTRY PROGRAMME ACTION PLAN, 2007-2011

UNDP's Country Programme Document (CPD) and Country Programme Action Plan (CPAP) were organized to reflect the first three UNDAF outcomes. The activities related to the fourth outcome, 'Global, regional and South-South cooperation strengthened', are integrated into activities related to the other outcomes. While a departure from UNDAF, this presentation makes sense as global South-South cooperation should not be an outcome in itself but an approach conducive to reaching broader outcomes. It is to be noted, though, that this South-South aspect is only made explicit in relation to development of pro-poor policies, and that the regional dimension is only mentioned with regard to trans-boundary issues addressing protection of biodiversity.

The expected programme outcomes included:

- Regarding 'UNDAF Outcome 1: Pro-poor, good-quality socio-economic services available to vulnerable population in disadvantaged regions and areas', one programme component was set up as 'Achieving the MDGs and reducing poverty', with the following programme outcomes:

- Capacity of government and disadvantaged groups enhanced to mitigate economic and social vulnerabilities;
  - Availability and utilization of statistical data for planning and decision-making to improve pro-poor policies, programmes and strategies.
- Regarding 'UNDAF Outcome 2: Democratic processes strengthened through institution building, civil society empowerment and enhanced accountability and transparency', one programme component, 'Strengthening democracy, accountability and transparency', had the following two outcomes:
    - Capacity for democratic and participatory governance enhanced for national and local governing institutions;
    - Capacity enhanced for the protection of human rights and access to justice.
  - Regarding 'UNDAF Outcome 3: A holistic approach to environmentally sustainable development promoted and practised for improving the well-being of rural and urban poor', there were two distinct programmes components:
    - Energy and environmental sustainability, with the expected programme outcome: 'Environmental governance improved for effective management of natural resources and better access to priority environmental services';
    - Crisis prevention and recovery, with the expected outcome: 'Risk and consequences of natural resources minimized'.

Table 6 presents an overall view of the portfolio of projects supported by UNDP and implemented under CCF II and CPD-CPAP. Between the two programming cycles, the expected funds available to the country office decreased by 14.1 percent overall (Figure 2). Each practice area was affected differently by the changes in funding, so the composition of the portfolio has shifted somewhat. As will be seen later, some shift in focus also occurred in some practice areas.

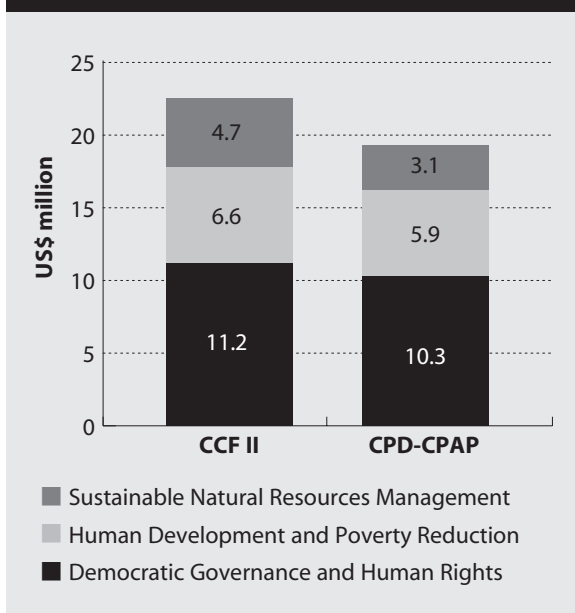
**Table 6. UNDP Mongolia: Portfolio by practice area for CCFII and the CPD-CPAP**

Area	Cycle	Project Name	From	To	Resources
Democratic Governance & Human Rights	CCFII	Capacity Development for the National Human Rights Commission of Mongolia	2001	2006	\$987,125
		Support to the Good Governance for Human Security Programme	2001	2004	\$500,000
		Parliament Strengthening for Democratic Governance	2002	2006	\$750,000
		Human Rights Strengthening in Mongolia – Phase II	2003	2006	\$380,000
		Anti-Corruption (National Integrity System Enhancement) in Mongolia	2004	2008	\$290,684
		Facilitating CEDAW Implementation for Women’s Human Rights in Mongolia	2004	2007	\$180,000
		Follow-up to the Fifth International Conference of New and Restored Democracies	2004	2006	\$630,000
		Electoral Reforms for Mongolia	2004	2006	\$180,000
		Institutional Capacity Development for the Office of the President of Mongolia	2005	2007	\$380,000
		Policy Support to Participatory Approaches for Assessment and Monitoring	2005	2006	\$125,000
		Ethics and Integrity for Good Governance in Health Sector	2006	2007	\$290,000
	<b>Subtotal</b>				<b>\$4,692,809</b>
	CPD-CPAP	Support in Achieving MDGs on Human Rights and Democratic Governance – Phase II	2007	2011	\$300,000
		Local Governance Support Programme	2007	2010	\$1,250,000
		Access to Justice and Human Rights	2007	2011	\$500,000
		Support to Electoral Process	2007	2009	\$200,000
		Capacity for Gender Mainstreaming-UNDP Mongolia	2007	2009	\$42,500
		Support to Integrity and Transparency Efforts in Mongolia	2008	2011	\$750,000
		National Integrated Database for Civil Registration	2009	2010	\$100,000
<b>Subtotal</b>				<b>\$3,142,500</b>	
Human Development & Poverty Reduction	CCFII	Poverty Research and Employment Facilitation (PREF I)	2001	2008	\$2,269,461
		Urban Poverty Pilot Project	2003	2007	\$317,799
		Pilot Project to Support the Poverty and MDG Monitoring and Assessment System (PMMS)	2005	2010	\$1,975,300
		UN Joint Programme on Development Cooperation Effectiveness	2005	2010	\$362,418
		Enterprise Mongolia: SME Support Programme	2005	2010	\$1,118,734
		Trade and Human Development	2006	2010	\$555,117
	<b>Subtotal</b>				<b>\$6,598,829</b>
	CPD-CPAP	Poverty Research and Employment Facilitation (PREF II)	2008	2011	\$3,168,360
		Enterprise Mongolia II	2008	2012	\$1,207,775
		Capacity Development for the Micro-insurance Market	2009	2012	\$1,552,468
	<b>Subtotal</b>				<b>\$5,928,603</b>
Sustainable Natural Resources Management	CCFII	Energy Efficient Housing	2002	2007	\$1,464,936
		Sustainable Management of Mongolian Grasslands	2002	2007	\$3,031,762
		Strengthening the Disaster Mitigation and Management System in Mongolia – Phase II	2002	2007	\$900,000
		Conservation of the Great Gobi Ecosystem and its Endangered Species	2003	2007	\$1,000,000
		Community-based Conservation of Biological Diversity in the Mountains of Altai-Sayan Eco-region	2004	2011	\$4,834,460
	<b>Subtotal</b>				<b>\$11,231,158</b>
	CPD-CPAP	Sustainable Land Management for Combating Desertification in Mongolia	2008	2012	\$4,150,000
		Strengthening the Disaster Mitigation and Management System in Mongolia – Phase III	2008	2011	\$1,300,050
		Building Energy Efficiency	2009	2012	\$3,815,000
		Strengthening Environmental Governance in Mongolia	2007	2011	\$1,012,290
<b>Subtotal</b>				<b>\$10,277,340</b>	
<b>TOTAL</b>	<b>CCFII</b>		<b>2002</b>	<b>2006</b>	<b>\$22,522,796</b>
	<b>CPD-CPAP</b>		<b>2007</b>	<b>2011</b>	<b>\$19,348,443</b>

Source: UNDP Mongolia website



**Figure 2. Expected funding under CCFII and CPD-CPAP (US\$ million)**



Source: UNDP Mongolia

In their broad lines, both CCF II and CPD-CPAP appear as a continuum. The fact that the CPD proposed to engage in fewer areas implies the desire for a more focused programme, perhaps

partly due to expectations of decreasing resources. The CPD continued support for some of the priorities not resolved by CCF II, suggesting a desire to build on the progress achieved and deepen the reforms and capacity development, albeit with adjustments to respond to recommendations from programme reviews, such as the one on democratic governance.

In the process of converting the CPD into its CPAP, the expected outputs were adjusted (Table 7). A review of the changes suggests that the new programme was not as settled as it may have appeared at first. The activities to be implemented may have been the subject of discussions within the country office. The elimination of some activities from the CPAP is regrettable, as in the case of the planned support to women’s representation in the SGK or the mainstreaming of human rights education. This trimming of the planned portfolio may have resulted from the need to tighten the focus of activities or the likely availability of resources to support these activities.

The differences in views within the country office may have been particularly acute regarding an

**Table 7. Changes between CPD and CPAP**

Programme outcome	Dropped from the CPD	Added by the CPAP
3. Capacity for democratic and participatory governance enhanced for national and local governing institutions	3.4 Mainstreaming of performance assessment of public agencies	3.2. Representative and oversight role of the Parliament and local <i>khurals</i> enhanced
	3.6 Women’s representation in Parliament and local <i>khurals</i> increased	
4. Capacity enhanced for the protection and promotion of human rights and access to justice	4.4. Human rights education mainstreamed	
5. Environmental governance improved for effective management of natural resources and better access to priority environmental services	5.3. Improved water quality monitoring, water treatment and adequate sanitation services promoted through policy	
	5.4. Effective reforestation attained through improved methods and management	
	5.7. National capacity for interventions towards clean development mechanisms and for access financing through Kyoto protocol strengthened	

Source: UNDP Mongolia, CPD and CPAP



activity that had been a part of CCF II and had been critically reviewed: support to enhancing the representative and oversight role of the SGK. Excluded from the CPD, this activity was included in the CPAP and, as it turns out, was never implemented. The contrasting views over this activity probably reflected the tension between the need to enhance the capacities of a key institution for democratic governance and the less-than-ideal conditions for progress that had been identified during the review.<sup>77</sup>

In contrast, the portfolios in human development and poverty reduction and in sustainable natural resources management continued to address long-term issues on which UNDP had already provided support under CCF II.

The programme was to be nationally executed under the coordination of the Ministry of Foreign Affairs. According to the UNDAF, a steering committee was to be in charge of monitoring progress towards outcomes, but neither the CPAP nor the CPD makes any reference to that mechanism.

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<sup>77</sup> For elaboration on this issue, see Section 4.1.1.

## Chapter 4

# CONTRIBUTION TO DEVELOPMENT RESULTS

This chapter discusses UNDP's contributions to development results. It is organized by the core objective of each practice area and, under each practice area, by thematic areas identified by the ADR team members during their review.

### 4.1 STRENGTHENING DEMOCRACY, ACCOUNTABILITY AND TRANSPARENCY

UNDP's continuous support to democratic governance in Mongolia is important for further reforms of the country's political system and strengthening of its democracy. UNDAF (2007-2011) outcome 2, 'Democratic processes are strengthened through institution building, civil society empowerment and enhanced accountability and transparency to reduce disparities and human poverty', targeted relevant issues for the country. So did CPD (2007-2011) outcome 3, 'Capacity for democratic and participatory governance enhanced for national and local governing institutions'.

Two distinct trends can be identified concerning the nature of UNDP's involvement in democratic governance:

- From roughly 2002 to 2006, UNDP's support was oriented towards democratic institutions at the centre of the Mongolian political system, such as the SGK, President's Office, Human Rights Commission and Anti-Corruption Agency.<sup>78</sup> The large UNDP governance portfolio also addressed the corresponding democratic mechanisms

and processes, such as electoral reforms and compliance with international conventions.

- From roughly 2006 to 2008, UNDP's focus shifted notably towards local governance and the judicial branch (access to justice, transparency and integrity). Simultaneously, funding for the democratic governance portfolio decreased from \$3.9 million to \$3.1 million.

Apart from the standard evaluation criteria of relevance, effectiveness, efficiency and sustainability, UNDP's governance portfolio was assessed according to whether it contributed to establishing the basis for sound democratic governance. The basic dimensions of participatory democracy used in this context were:

- Promoting and respecting the rule of law, public participation and democratic competition, which represent the procedural dimensions of a democratic system and which should be ensured with steadfast legislation, properly implemented;
- Freedom and equality, representing more substantive dimensions of democracy that should result from the proper design, observance and enforcement of procedural elements. For example, the relative success of a project to promote human rights is related to the level of adherence to the rule of law and public participation principles, from support to democratic institutions in the legislative and judicial branches;
- Ensuring vertical and horizontal accountability within the government structure itself, which

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78 'Mongolia: Internal Review of the Democratic Governance Portfolio', 2005, UNDP Regional Centre, Bangkok.

emerges from successful implementation of procedural and substantive elements. Vertically the government provides the top-down enforcement of the democratic principles and ensures its responsiveness to civil society demands. Horizontally the government secures the system of checks and balances and promotes cooperation rather than competition among governmental structures.

#### **4.1.1 STRENGTHENING DEMOCRATIC INSTITUTIONS AT THE CENTRAL LEVEL, 2002-2008**

UNDP's interventions at the central level ranged from support to the cabinet (2001-2004)<sup>79</sup> and the SGK (2002-2006)<sup>80</sup> to institutional development of the President's Office (2005-2007).<sup>81</sup> In terms of democratic processes, the most significant support was provided in conducting elections and electoral reform.

These interventions were highly relevant, as Mongolia needed to improve its most important representative institutions during the period of developing its democracy. While the relevance of UNDP-supported projects cannot be disputed, the nature and timing of their implementation affected their effectiveness. The turbulent 1990s was followed by a relatively stable period in the first part of the 2000s. But the price was an unchallenged majority and almost complete disappearance of an opposition capable of political competition. The result was degradation of some basic democratic principles, such as separation of powers.<sup>82</sup> The effectiveness and efficiency of projects inevitably suffered in such a political environment, as members of a party that had gained such a dominant position under the

system in place were unlikely to actively support reforms. Some suggested that the difficulties encountered in implementing such an ambitious portfolio were not so much linked to the nature of the targeted institutions as to the timing. They suggested that the project might have had more success in a more reform-oriented constellation of political forces. While probably true, this leaves open the question about UNDP's margin for manoeuvre to initiate actions to address important issues in the absence of a supportive political climate.

In 2005, the UNDP Regional Centre's 'Internal Review of the Democratic Governance Portfolio' questioned whether the narrow focus on strengthening a few central institutions really addressed the core issue affecting the democratic process: "There is concern among citizens that a 'grand coalition' government, without a strong opposition, could lead to collusion among the major parties for policies that enable them to share the spoils of office to the detriment of those who elected them to represent their interests."<sup>83</sup>

The internal review raised particular concern that the capacity development activities of many of these projects consisted largely of short-term outputs such as study tours, conferences and seminars,<sup>84</sup> which resulted in modest achievements. Evaluations of individual projects by and large confirm these findings. For example, the evaluation of the Parliamentary Strengthening for Good Governance project states that the government partners, especially the members of the SGK, provided little support for concrete moves towards strengthening the performance of its oversight and legislative functions.<sup>85</sup> This

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79 Support to the Good Governance for Human Security programme.

80 Parliamentary Strengthening for Democratic Governance project.

81 Institutional Capacity Development of the Office of the President of Mongolia project.

82 President Natsagiin Bagabandi signed the constitutional amendments allowing parliamentary representatives to serve in the government at the same time.

83 UNDP Regional Center Bangkok, 2005.

84 Ibid., page 13.

85 'Project Evaluation: Parliament Strengthening for Democratic Governance', P. Rawkins and N. Danzan, UNDP, Ulaan Baatar, June 2006.

led the authors to conclude that, “Overall, it cannot be claimed that there has been significant progress towards achievement of the project outcome.”<sup>86</sup> Therefore, the activities developed under the first cluster of projects that were mainly focused on ‘old style’<sup>87</sup> capacity building may have raised awareness in the short term, but they were not likely to bring about effective institutional changes in the long term.

From discussions with stakeholders, the ADR team concurs with the findings cited in the review. Even if these UNDP initiatives could have been effective at one time, that progress has evidently not been sustained. The country’s largest democratic institution, the SGK, remains largely closed to scrutiny by CSOs and to wider public participation. In fact, the SGK held the first and so far the only open hearing in 2009 after months of deliberations about its content and format.

One of the most important outputs of UNDP’s parliamentary strengthening project was the network of parliamentary advocacy centres. These were designed to improve the public’s access to information on the SGK and its work. Considering the size of the country and the degree to which the population is scattered outside Ulaan Baatar, the establishment of such centres at least in the *aimag* centres could be an important step towards public participation. Unfortunately, the ADR team was unable to confirm whether these centres still exist three years after project completion.

As a consequence, public participation in the work of the SGK remains marginal, and CSOs have few mechanisms to contribute meaningfully to official legislative processes. The SGK is also widely considered weak in terms of its government oversight functions, despite growing public concerns about possible abuse of the nation’s rich mineral resources.

A similar outcome was observed in respect to support for the Office of the President. The functioning of the Office did not improve significantly during the life of the project, but rather, only after the election of the opposition candidate in 2008. The new president started to exercise his constitutional veto rights and initiated the process of opening the Government to the public through establishment of the Citizen’s Hall in his office. These progressive changes can hardly be attributed to the outcomes of the UNDP project, which was completed almost two years before. The emergence of political contention at top levels of the political system brought about initiation of reforms, and the right time to support the President’s Office is probably now.

On promoting free and fair democratic competition, UNDP supported efforts to change the electoral system in 2005<sup>88</sup> and participated in preparations for the 2008 elections.<sup>89</sup> The conduct of elections is a sensitive and politicized issue in Mongolia. Since the democratic reform of the early 1990s, Mongolia has radically changed its electoral system on at least three occasions: 1992, 1996 and 2000. It has also made numerous other changes, including re-districting and changing the number of members of Parliament per district. UNDP’s attempt in 2005 to support electoral reform has not yielded any significant results; the Government has not taken up the options suggested by the project. The 2007–2009 electoral assistance project focused on the electoral commission faced great challenges due to the chaos of the 2008 elections.<sup>90</sup>

A needs assessment commissioned by UNDP in 2008 noticed severe shortfalls in the electoral process: “The General Election Commission is, in effect, a partisan Commission, where the SGK appoints the majority of members, and some members have been politicians prior to being on

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86 Ibid., page 11.

87 For instance, see ‘Capacity Development: A UNDP Primer’ 2009.

88 Electoral Reforms for Mongolia project.

89 Support to Electoral Process project.

90 ‘Electoral Capacity Building Needs Assessment’, UNDP Mongolia, 2008.

the Commission.”<sup>91</sup> The report criticized the lack of a civil society role in the election monitoring process and the poor organization of the election in rural areas. The peaceful conduct of the 2009 presidential election, although less challenging in terms of organization and conduct, may be taken as an indication that UNDP’s efforts had a positive impact. However, the issue of electoral reforms is still alive, and discussions on the topic were ongoing in political circles at the time of the ADR mission. While UNDP should strive to assist in building a system that ensures free and fair elections in Mongolia, it should be careful to ensure that its support leads to substantive reforms, not superficial changes.

The most successful outcomes of the 2002-2007 democratic governance programme came from the initiatives and actions that were carried over into the next planning period. These are related to development of tools for monitoring MDG-9 (human rights, democracy and corruption), human rights and integrity and transparency. The significance of this fact is reflected in the discontinuation of most projects at the central government level in 2007-2008; only projects with the prospect of efficient continuation and sustainability were maintained, and focus was shifted to other levels.

UNDP has to be credited for this change, which reflected the reality and involved reducing the scope of this portfolio. However, in doing so, UNDP gave short shrift to the recommendations from the 2005 internal review, which pointed out the weaknesses of the projects at that time. It also suggested directions for their improvement, identifying possible entry points in democratic institutions<sup>92</sup> such as CSOs and the Constitutional Court. Given its resource constraints and based on its diagnosis of development needs and the uncertain political direction at the time, UNDP shifted its focus towards local governance.

In summary, UNDP interventions were highly relevant due to the growing democracy’s need to improve the functioning of its most important representative institutions. However, the timing of the interventions was not ideal, coming at a time when the political scene was overwhelmingly dominated by the party in power, and the achievability of the outcome should have been questioned. Effectiveness was low: not only was there little support for reform in these institutions at that time, but the approach was too conventional, consisting of providing equipment and sponsoring participation in seminars and study tours.

#### 4.1.2 SUPPORT TO LOCAL GOVERNANCE

As pointed out above, roughly in 2007-2008 UNDP began to gradually shift its emphasis to the local level of government.

Decentralization has been implemented slowly since the 1990s and has faced numerous obstacles and setbacks. Administratively, Mongolia is divided into 21 *aimags* (provinces), 329 *soums* (provincial districts/counties) and 1,544 *bags* (provincial sub-districts). Ulaan Baatar is comprised of 9 *duuregs* (districts) with 121 *khoroos* (sub-districts). Though each level of local government has some form of citizen assembly or *khural*, elected at regular intervals, the low level of authority granted to these representative institutions puts in question the real democratic value of local elections. The *khurals* usually meet only three or four times a year to counsel the local governor, who is himself appointed by the central government. The local governor has little autonomy; his or her responsibilities are largely limited to implementing the budget allocated by the central government for pre-determined expenditures for public services. As a UNDP project document noted, “The Public Sector Management and Finance Law, which came into effect in 2003, has recentralized all expenditure responsibilities for social service delivery, including education

91 Ibid., p. 17.

92 UNDP Regional Centre in Bangkok, ‘Mongolia: Internal review of UNDP Democratic Governance Portfolio’, mission report by Stephen Browne, Patrick Keuleers, R. Sudarshan, Elizabeth McCall and Juan Gomez, Ulaan Baatar, June 2005.



and health, from local administrations to the line ministries' portfolio."<sup>93</sup> Therefore, local governments have limited autonomy to plan, initiate or fund any local development projects that are not backed or approved by the central government. This lack of autonomy is considered a major constraint to regional development in Mongolia.

Focusing on enhancement of democratic governance practices at local levels was opportune for UNDP, and its support was relevant, especially since few foreign development partners or government agencies were actively working on decentralization prior to 2008.

Through its support to local governance, UNDP has been aiming to introduce, through a demonstration effect, an alternative to the current public sector management and financial system. UNDP's local governance initiative combines a pilot block-grant scheme<sup>94</sup> with efforts to explore decentralization options and stimulate a policy discussion on how to increase fiscal decentralization. The local governance project also supports a review of the sectoral functions of *aimags*, *soums* and municipal governments and the roles and powers of elected *khurals*. The sectoral function review should form a basis for the initiative to increase the inclusiveness and accountability of the elected councils.

The local governance initiative is a well-designed programme oriented to expanding participation opportunities and enhancing the decision-making capacity of local governments, particularly in allocating resources and conducting local development initiatives. Communities found the block grants scheme beneficial since it addresses some immediate local needs and also serves as a model of public participation in decision-making through consultations and debates. As one of the first efforts to establish an effective public participation mechanism at local levels, UNDP's

initiative may be establishing a precedent and triggering a new dynamic for greater public participation by citizens and CSOs.

Local authorities report that UNDP's support is important in raising capacities. However, questions can be raised about whether their appreciation of the project is due more to the claimed increase in local government capacity or to the actual availability of extra-budgetary funds for local projects.<sup>95</sup> Beyond implementation of budget allocations, the functional competencies of local government structures remain so unclear that their existence can be questioned. For example, one *aimag* official indicated that, in the case of a leaky roof at the elementary school, months could pass before clearance of the request for emergency repairs by the line ministry at the central level.

The relationship and responsibilities of local government units beyond the standard ministry-*aimag-soum* structure are also found to be unclear and have yet to be clarified by the project. During an ADR field visit, for example, a member of a *soum khural* claimed certain governance powers at the *soum* level, while the chairman of the *aimag khural* stated that council bodies have little decision-making authority beyond writing to the central ministries.<sup>96</sup> These discrepancies in understanding of the relative powers and responsibilities at different levels of local government clearly show the challenge ahead for the local governance initiative to address the functional responsibilities and inclusiveness of local elected councils.

It is too early to tell if the local governance programme has achieved the intended outcomes, since the programme is ongoing and the current results only partially relate to the intended outcomes stated in the project document. The ADR team considers the local governance project an important UNDP initiative that should be

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93 'Local Governance Support Programme: Project Document', UNDP Mongolia, 2007.

94 Scheme similar to that enacted by the United Nations Capital Development Fund in other countries with a similar objective.

95 'Mid Term Evaluation of the Local Governance Support Programme', F.H. Laersen, UNDP, Ulaan Baatar, 2009.

96 ADR field visit to Darkhan and Selenge *aimags*.



carefully monitored to ensure congruence of intended outcomes by all stakeholders. To achieve sustainability, UNDP should ensure that government ownership continues the good practice of local participation through block grants and fully implements the second part of the project, which focuses on functional responsibilities.

In summary, the intervention to enhance democratic governance at the level of local government is extremely relevant to the needs of Mongolia, not only to extend the practice of democratic governance but also to enhance the potential for regional development. In many ways, the intervention is quite limited in scope, focusing largely on redistribution of revenues from the centre without really addressing the need for the corresponding transfer of power. But this intervention may provide the opportunity for a continued and deepened extension of local governance powers. Given that activities are ongoing, it is too early to assess their effectiveness, except in terms of the clear impact on discussions of decentralization with relatively small resources, or whether their impact will be sustained, as its demonstration effect has yet to be incorporated into accepted policies and practices.

#### 4.1.3 HUMAN RIGHTS AND ACCESS TO JUSTICE

A functioning system that supports the rule of law is one of the most important preconditions for other difficult political and economic reforms in transition societies. UNDP has approached the rule-of-law aspect of democratic governance through projects to enhance the government capacity to protect human rights and establish relevant monitoring and enforcement institutions.

UNDP has initiated projects to strengthen human rights protection,<sup>97</sup> helped establish the National Human Rights Commission of Mongolia, provided support to national integrity and corruption-fighting authorities<sup>98</sup> and helped establish the Access to Justice programme, which sets up legal aid centres (LACs) to serve the most vulnerable communities.<sup>99</sup> These initiatives are highly relevant to UNDP's role and mandate and to the needs of the country, especially in terms of the close relationship between the rule of law and the poverty reduction objective and MDG monitoring programmes.

In the first programme cycle (2002-2006), UNDP helped establish the relevant government institutions and mechanisms for monitoring the state of human rights and reporting to the appropriate international institutions in terms of obligations under international conventions.<sup>100</sup> Today, UNDP is proud of the fact that Mongolia has a "National Human Rights Commission that does not shy away from the central human rights issues in Mongolia, such as the state of detention centres and the expensive and cumbersome civil registration requirements that impede access of rural migrants to urban centres to essential social services."<sup>101</sup>

However, during its field research, the ADR team was warned that a number of human rights issues remain outside the regulatory and protective reach of government institutions. The team was informed of criminal suspects spending prolonged periods of time in detention waiting for trial or in some cases not even being formally charged. The ADR team was also presented with evidence of a rise in domestic violence, especially in poor areas, with victims finding limited legal protections and few if any 'safe houses' outside the capital.

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97 Human Rights Strengthening in Mongolia projects I and II.

98 Support to Integrity and Transparency Efforts in Mongolia project.

99 'Access to Justice and Human Rights', project document, UNDP Mongolia, 2007.

100 Mongolia ratified the International Convention on the Elimination of All Forms of Racial Discrimination in 1969; International Covenant on Civil and Political Rights in 1974; International Covenant on Economic, Social and Cultural Rights in 1974; Convention on the Elimination of All Forms of Discrimination against Women in 1981; and Convention on the Rights of the Child in 1990. It acceded to the Convention Against Torture and Other Cruel Inhuman or Degrading Treatment of Punishment in 2000.

101 UNDP Mongolia, Support to National Human Rights Commission of Mongolia Fact Sheet.

A source of concern is the sustainability of the capacity of these institutions to address ongoing and emerging human rights issues. The National Human Rights Commission should be an important addition to the government capacity to safeguard human rights. However, it seems to be engaged primarily in arguments with the Parliamentary Committee for Human Rights and the Ministry of Justice on its roles and responsibilities. The three bodies seem to be acting independently; they do not share information or act in a coordinated manner, which weakens the horizontal accountability among these key institutions.

An important factor in this situation may be the lack of opportunities for civil society to establish meaningful policy dialogue with institutions regarding human rights protection. Civil society organizations are sometimes consulted by government institutions individually, but their opinions are said to be often disregarded, and civil society members are frequently omitted from formal meetings, even where UNDP is regularly present. The ADR team could not find examples of cooperation between government institutions and CSOs (as opposed to individual consultants) on UNDP project implementation, despite the large number and size of human rights projects implemented in Mongolia. This raises questions about community ownership of development results and sustainability of project impact.

The most important achievement in improving access to justice is UNDP's initiative to establish the LACs. They are designed to provide legal representation in criminal cases for defendants not assigned legal counsel by the State and unable to afford legal representation. Many LACs also provide legal advice to citizens in non-criminal civil matters when beneficiaries are unable to resolve their problems through formal mechanisms.

This initiative can be assessed as highly useful and relevant to establishment of good practices in providing legal protection for the most vulnerable members of society. The Government has

established credible ownership over LACs and a functioning environment. LACs have had notable results and served significant numbers of cases since 2008. Visits to various LACs led to several observations important for both the effectiveness of the Access to Justice programme and its sustainability:

- The functional role of LACs seems to depend on the individual coordinator's managerial discretion. Some LACs function exclusively as providers of legal assistance, while others seem to be more focused on social counselling, including for victims of domestic violence.<sup>102</sup> While a vulnerable population has a dire need for social counselling services, this role is outside the basic mandate of LACs and risks diluting their effectiveness. In addition, the disparity of LAC functions in neighbouring *aimags* could raise the issue of equality of services to defendants.
- The double role of LAC lawyers and coordinators (most of whom work for the LAC and the local government at the same time) is necessary given current resources. However the LACs should evolve into more independent centres with full-time staff to ensure their impartiality and sustainability.
- The Ministry of Justice started paying the salaries of LAC staff within one year after funding by the Open Society Institute, so sustainability of services beyond the project seems ensured. However, based on interviews with a small sample of LAC lawyers, there is a risk that the gap between the LAC salary and the income of a private lawyer could eventually make it impossible for many LACs to staff their legal positions.
- Until now, LACs have been established in *aimag* centres, a satisfactory approach for the first phase. However, given the geographical reality of Mongolia, this makes legal assistance unavailable or at least expensive for residents of distant *soums*, given the high cost of travel. The fair provision of legal assistance

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102 Field visit to the Darkhan, Selenge and Uvurkhngai *aimags*.

to all will require expansion of LACs, which are already overburdened, or the design of alternative means to provide legal aid to all targeted groups.

In summary, UNDP's interventions in this area are fully relevant to the need of ensuring respect for basic human rights in democratic Mongolia. UNDP successfully assisted the establishment of government institutions and mechanisms for monitoring human rights and of centres for providing legal aid to vulnerable people. These achievements were accomplished at relatively low cost, especially the LACs. The fact that the Government has assumed the costs of operating these centres is a positive step for their sustainability. However, success cannot be measured only in financial terms. The ADR team raises the issue of sustained functionality and effectiveness, first, of human rights institutions at the central level, due to apparent problems in horizontal accountability; and second, of LACs, as the growing demand for their services is straining their already limited resources.

#### 4.1.4 INTEGRITY AND TRANSPARENCY

UNDP has been involved in the anti-corruption and government integrity efforts over the two programme cycles. Initial support was provided under UNDP's former global Programme on Accountability and Transparency, targeting the parliamentary anti-corruption working group established by the SGK in 2000. The working group was responsible for drafting a new anti-corruption law and for preparing the National Programme for Combating Corruption (NPCC). The National Action Plan to implement the NPCC was finalized and approved in 2002.<sup>103</sup>

To support implementation of the action plan, in 2003 UNDP launched the National Integrity System Enhancement project, which had four main objectives: (1) support selective initiatives under NPCC; (2) raise public awareness; (3)

support finalization of the policy, legal and regulatory framework for combating corruption; and (4) support management of the coordination and monitoring of NPCC implementation.<sup>104</sup>

The latest Integrity and Transparency Project, started in 2007, adopted a more ambitious approach in supporting the Government's anti-corruption agency, the Independent Authority Against Corruption (IAAC), and its dialogue with other social stakeholders. The project aimed to develop IAAC capacity to monitor implementation of the United Nations Convention against Corruption and MDG 9 reporting on anti-corruption and to conduct investigations regarding human rights norms and principles of due process. It also expected that local stakeholders (government authorities, judicial authorities, civil society) would initiate and monitor local accountability and transparency initiatives in pilot *aimags* and *soums*.

In summary, the ADR team finds the anti-corruption efforts of UNDP relevant to the overall efforts in terms of UNDAF outcome 2 and CPD outcome 3. IAAC is a relatively new government agency that still requires assistance. Interactions with IAAC officials provided an impression of a well-organized unit eager to perform its job. At the same time, the IAAC team had concerns about its effectiveness and efficiency if its efforts do not receive follow-through from the other branches of the system in charge of fighting corruption — notably the prosecutor's office and the courts. The ADR team agrees on this important point, not only in respect of UNDP's anti-corruption efforts but also in its interventions in access to justice and human rights in general. Capacity building of government agencies in charge of protecting the public interest (Human Rights Commission, State Specialized Inspection Agency, IAAC) will not be effective if the judicial branch does not follow through, especially regarding the system of prosecutors and judges.

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103 'UNDP Integrity and Transparency Project' document.

104 Ibid.

The ADR team is aware of UNDP's limited resources, which requires narrowing its focus to the most important development challenges. But the team also believes that UNDP should use its comparative advantage in aid coordination to make maximum use of its interventions in one branch of the government (anti-corruption) by synchronizing with interventions by other development partners in the related branches (judiciary).

#### 4.1.5 COOPERATION WITH CIVIL SOCIETY

A vibrant and proactive civil society is a *sine qua non* condition for a well-functioning democratic system. Apart from their watchdog and community development roles, CSOs frequently act as catalysts for democratic changes. The CSO community in Mongolia is gradually developing, and given the historical and regional context, its active existence is a great achievement. However, the civil society community in Mongolia still faces numerous challenges.

Many Mongolian CSOs are unable to sustain themselves through membership support and have to rely on foreign donations or support from the Government. This results in pressure to work on issues based on funding availability. For example, the Mongolian Gender Equality Centre focuses almost exclusively on human trafficking, which is a serious and growing problem for Mongolia. But it is only marginally related to the central issues of promoting gender equality in Mongolia.

UNDP Mongolia does not have a programme or project for development of the civil society sector. On the other hand, most UNDP programmes and projects at least formally mention or plan for CSO involvement at a certain stage, in either a consultancy or a participatory role. Having conducted a number of interviews within the CSO community, the ADR team has the view that CSO contributions to UNDP projects, outputs and outcomes have been relatively

modest and that CSO development and cooperation have not received sufficient attention in UNDP's interventions.

The 2005 internal review of the democratic governance portfolio noted the weak links between UNDP and the CSO community: "The project on developing institutional capacity within the Office of the President, begun earlier this year, has as an objective to stimulate and support policy dialogue between government and civil society... However, no activities are included within the project proposal to further this objective."<sup>105</sup> The review suggested that support to civil society is an important entry point for UNDP if its goals are to improve democratic governance. Similarly, the lack of independent election monitoring and oversight in the 2008 election led to serious contests of the official results, but CSOs specializing in election monitoring were not allowed to officially follow the voting and counting processes.<sup>106</sup> Despite these circumstances, UNDP has not considered support to civil society sector development in its most recent planning period (UNDAF and CPD 2007-2011).

Civil society involvement was found to be more substantial in the Human Rights and Access to Justice programmes. CSOs have actively participated in the Human Rights Strengthening in Mongolia (HURISTMON) I and II projects, working on development of the national human rights strategy. The Centre for Human Rights Development was also involved in establishing the Human Rights Commission, and its head was invited to participate in the work of the Commission's board. While there were reports of critical CSOs being left out of meetings, in general, involvement of the most active civil society representatives has resulted in positive outcomes for UNDP. A notable success was the Access to Justice project, in which the legal aid centres were initially established under the auspices of UNDP as foreign-supported CSOs. Today, LACs

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105 UNDP Regional Centre in Bangkok, 'Mongolia: Internal review of UNDP Democratic Governance Portfolio', mission report by Stephen Browne, Patrick Keuleers, R. Sudarshan, Elizabeth McCall and Juan Gomez, Ulaan Baatar, June 2005

106 UNDP Mongolia, Electoral Capacity Building Needs Assessment, 2008.

**Table 8. UNDP support to MDG-oriented policy-making and monitoring**

Projects	Objectives	Poverty Data	Policy Formulation and Implementation	Advocacy	Local Governments
PREFI	Strengthen national capacity in poverty research, formulation, analysis and monitoring [towards] adoption of improvement of pro-poor policies and actions	Support to HIES (with LSMS features)	Poverty Research Group: definition of monitoring instruments, analysis, policy advice	NHDR 2002	
	Strengthen local governments to manage poverty reduction programmes and monitor delivery of their benefits				Voucher system pilot
PMMS	Support the establishment of a comprehensive, integrated and decentralized system of monitoring and assessment for achievement of poverty reduction goals, MDGs	Coordination system between existing monitoring components of poverty and MDGs	Strengthened national capacities in analysis and impact statement from a human development perspective		MDG localization through local level participatory mechanisms
		Poverty monitoring information system based on statistical and administrative data developed and in use	Domestic and international resources linked within framework of MDGs to guide decisions on prioritization and resource allocation		
	Promote the use of monitoring information for improving implementation and policy reform				
PREFII	Strengthen the capacity of government and disadvantaged groups to mitigate economic and social vulnerabilities		Integration and enforcement		
	Improve availability and utilization of statistical data for planning and decision-making to improve pro-poor policies, programmes and strategies	Poverty mapping and enforcement		HD trainers of trainers	Poverty mapping and measurements
		Labour statistics		NHDR 2010	
		Persons with disabilities		HD textbooks	
THDP	Mainstream human development concerns into trade policymaking		Trade and human development policy analysis	Global networking among landlocked countries	

Source: UNDP project documents



function as independent government-supported units that have gained the trust of their beneficiaries. If the centres manage to become sustainable, their model of indirect CSO building could be replicated in other areas of UNDP work.

## 4.2 ACHIEVING THE MDGS AND REDUCING HUMAN POVERTY

The key focus of UNDP activities in this practice area in the two successive programming cycles has been development of the capacities for evidence-based and MDG-based policymaking to support the formulation or implementation of government programmes and strategies.

### 4.2.1 MDG-ORIENTED POLICY AND MONITORING

The end of the National Poverty Alleviation Programme in 1999 clearly showed the limitations of a targeted poverty reduction programme in achieving a broad impact on poverty levels. It demonstrated that real progress against poverty could not be achieved and sustained without more equitable social and economic policies.<sup>107</sup>

Starting in 2001, UNDP initiated a sequence of projects<sup>108</sup> with the overall objective of developing capacity for evidence-based policy formulation with a particular focus on poverty reduction. These projects constituted a coherent ensemble that aimed at strengthening capacities in mutually reinforcing areas required to formulate sound policies (see Table 8).

In their totality, these projects provided support for:

- Policy analysis, by establishing the Poverty Research Group (PRG) within the public administration. Its role is to commission poverty-related research, conduct analyses and advise the Government on pro-poor policies and programmes, as well as to build

the capacity of government officials to undertake simple and practical analysis of policies to assess their impact on poverty and human development;

- Strengthening of data collection, by updating survey methodologies at the National Statistical Office; developing a methodology to map spatial distribution of poor people to the smallest administrative and territorial unit; and improving basic labour and time-use statistics;
- Poverty and MDG monitoring, by introducing a system to coordinate various components of monitoring and assessment; strengthening participatory monitoring capacities of local governments and community-based organizations; and developing a broadly accessible poverty monitoring information system based on statistical and administrative data;
- MDG needs assessment and costing as well as localization;
- Numerous advocacy activities on the human development concept and the MDGs, notably through support for the research, drafting and publication of NHDR reports.

The Poverty Research and Employment Facilitation (PREF) I project also provided support to deal with lingering problems from a revolving loan fund of the National Poverty Alleviation Programme. In addition it initiated a pilot skills training programme providing vouchers for unemployed workers, a scheme that was soon taken up and expanded by the National Employment Agency.

These projects were successful in that they produced all their outputs and established the systems necessary for evidence-based policy formulation, including the spatial mapping of the poor population. The success was particularly notable in improving the quality of data,

107 A similar comment was made in a Brooks World Poverty Institute study by Marshall, Nixon and Walters in 2008.

108 Poverty Research and Employment Facilitation projects I and II, Pilot Project to Support the National Poverty and MDG Monitoring and Assessment System, and Trade Policy and Human Development in Mongolia project; see Table 8.



integrating different sources and improving their accessibility. It also has been reported that some *aimags* have undertaken production of their own MDG reports.

The advocacy efforts have also been quite effective. Parliament adopted the MDGs as a framework for public policy, meaning that policy documents are either framed as MDG-based or specifically refer to the MDGs and/or human development. A fund created to manage the revenue from the boom in mining activities has been named the Human Development Fund. The awareness of these concepts and approaches has also spread among the burgeoning civil society, which increasingly refers to them. The concept of human development is likely to gain more credibility and more support now that the national university has included in its curriculum a course on human development.

Much was accomplished by the PRG. The evaluation of PREF I concluded that the PRG was effective in mobilizing research capabilities around poverty issues among NGOs and academia, and the products from these research studies have been widely disseminated and used. (This was despite the fact that the PRG ended up being used to support the elaboration of EGSPRS, and the time and effort devoted to that somewhat detracted from PREF's intentions.) The evaluation also points out that (i) these studies may have had limited usefulness for policy formulation due to their excessively academic orientation and (ii) policymakers were unlikely to make productive use of the research, an issue of both capacity and of weak ownership of the research agenda in some ministries and agencies.

Over the last nine years, the PREF projects (I and II) and the Pilot Project to Support the National Poverty and MDG Monitoring and Assessment System (PMMS) have been examples of UNDP's strong commitment to support capacity

development for improved and better-informed policymaking processes in the Government and public administration. This sustained support has led to the development of tools, methods and processes and the capacity to make use of them among the public administration. However, their impact on policymaking and budget allocation has yet to be felt. Accordingly, until existing capacity starts to be translated into better policymaking, further support to refining that capacity is unlikely to result in a different outcome.

The assistance to trade and human development was not as successful. First, the key component was building the capacity of the trade policy and negotiation unit of the Ministry of Trade and Industry. It was to result in a "solid policy analysis on the impact of WTO accession<sup>109</sup> on poverty eradication and human development in Mongolia"<sup>110</sup> through the application of a human development impact assessment (HDIA). Two points are important regarding this objective:

- While UNDP has a comparative strength in human development issues, within the United Nations the comparative strength on technical assistance on trade issues rests with the United Nations Conference on Trade and Development (UNCTAD). Given the efforts for greater collaboration between United Nations agencies, close collaboration between UNDP and UNCTAD could have been expected on this project, but it does not appear to have taken place.
- Despite UNDP's launch of HDIA in 2003, the concept has yet to gain a foothold in academia and research institutions; it is being used and discussed only within UNDP and related United Nations organizations. The evaluation team of this project noted that the "HDIA is a relatively new concept without a set methodology by its design and nature and tackles with a very difficult relationship between international trade and human

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109 Mongolia joined WTO in 1997, nine years before the beginning of the Trade Policy and Human Development in Mongolia project.

110 Trade and Human Development project document.

development”.<sup>111</sup> Without a set methodology, the capacity meant to be developed under the project remains unclear and diffused.

The last point is important, as the project evaluation report implies that progress was hindered by conflicting approaches on the content of an HDIA as well as on methodologies. Indications of such conflicts can be found in the dismissal of the first consultant on the project as its “draft methodology and scoping outcome was (sic) not adopted by the global, regional and country level entities of UNDP”.<sup>112</sup> But even the completed assessment study came under criticism by the evaluation; it found that “the analyses in the document do not have a certain impact assessment methodology or methodologies”.<sup>113</sup> Regarding capacity development through training, the evaluation found that most of the training was concerned with pure trade issues and negotiations and did not include many elements of human development. This is not surprising, given the limited reach of the trade-related HDIA concept. Nevertheless, at the time of evaluation, heads of various departments stated that the training had been beneficial to their staff.

In summary, since policies grounded in evidence and research are more likely to be effective, UNDP’s interventions were relevant to the stated government objective of alleviating poverty. In particular, the effective interventions were the technical aspects of capacity development for strengthening data collection related to poverty and the MDGs, including at decentralized levels, and the poverty-focused policy analysis. In other words, the interventions were effective in that they contributed to developing the instruments and the means for MDG-based and poverty-inclusive policymaking. From a broader perspective, given the lack of firm evidence that these instruments and capacities have been

used to develop policies better aligned with the MDGs, it can be concluded that effectiveness was limited by factors external to the interventions. The broad awareness of the human development concept and its institutionalization in curricula were also significant achievements that may provide the basis for better policies in the future. With regard to integration of the human development dimension in trade negotiations, the results are much more uncertain, as the concept itself remains rather vague and subject to interpretation by practitioners.

With the exception of implementation of the trade project (which experienced long delays), in the absence of contrary indications, the implementation of these interventions can be assessed to have been efficient. The sustainability of these achievements will depend on whether policymakers use the tools put in place to formulate better policies.

#### 4.2.2 AID COORDINATION

In the aftermath of the transition and the loss of aid from the former Soviet Union, abundant ODA from industrialized countries flowed to Mongolia, making it one of the most heavily aided countries in the world.<sup>114</sup> However, by the early 2000s, it was estimated that these financial flows had had only a modest impact in terms of growth and poverty reduction and may even have had a negative impact. This is because the aid reduced the pressure for domestic adjustment and increased debt levels without really improving the country’s long-term prospects.

The issues of better coordination of aid among development partners and alignment of aid with national priorities had already been addressed in the 1990s and early 2000s through support to installation of two aid databases in the Ministry

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111 Keklik et al. November 2008.

112 Ibid.

113 Ibid.

114 ‘Development Cooperation Effectiveness and Harmonization: Joint Programme of the Government of Mongolia and the Donor Group’, UNDP Mongolia, Ulaan Baatar, 2005.

of Finance.<sup>115</sup> But a new impetus for better aid coordination emerged in the first years of the new millennium, with the Consultative Group (CG) deliberations, MDG Declaration, initiation of the PRSP process and the Rome Declaration on Harmonization.

The Government had already initiated such a process through its GGHS programme, which included a donor coordination committee. Unfortunately this coordination mechanism fell short of meeting expectations. With government-donor policy collaboration limited to the annual CG meetings and the monthly donor group meetings chaired by the UN Resident Coordinator, United Nations theme groups succeeded in maintaining a certain level of coordination, if only by sharing information among key development partners.

In 2003, the Law on Foreign Loans and Grants was adopted, providing a framework for managing external resources. It assigned specific responsibilities to the Ministry of Finance's Department of Policy Coordination of Loans and Aid (DPCLA). At the November 2003 CG meeting, the EGSPRS was adopted and the CG called for enhanced development cooperation.

In April 2004, at a government-donor workshop, a decision was taken to establish four government-donor working groups — infrastructure, social sector, private sector and cross-sector — and to implement a partnership approach. In subsequent years, some of these working groups waned and others were created. In the meantime, several ministries were working to design and implement plans for greater policy cohesion, resource allocation and aid coordination, with the assistance of various development partners. Despite their best intentions, these disjointed efforts never amounted to an actual and effective aid coordination system. The 2004 parliamentary elections and the resulting changes in government

composition and structure and the functions of some agencies<sup>116</sup> also affected this incipient process.

The joint programme<sup>117</sup> for Development Cooperation Effectiveness and Harmonization was launched in May 2005. It was implemented by DPCLA under NEX modality to support these ongoing initiatives and national priorities, in particular:

- Implementing the 2003 Law on Foreign Loans and Grants;
- Implementing decisions of the 2002 and 2003 CGs and the principles of the Rome Declaration;
- Enhancing aid effectiveness in Mongolia to achieve the MDGs.

The programme had three objectives:

- Enhancing the quality of information and stakeholders' access to it;
- Creating a better enabling environment for policy coherence;
- Reducing the burden on the civil service through greater harmonization of donor procedures in line with the principles of the Rome Declaration on Harmonization and OECD/DAC guidelines.

Given the pre-eminence of aid coordination in UNDP's agenda and UNDP's apparent success in introducing the concept of human development and the MDGs in policy discussions, this project appeared relevant in advancing implementation of the policy agenda. The ADR team was therefore surprised to learn during discussions with stakeholders that the project had had a very low profile. In fact, many stakeholders were not aware of it. This indication of the project's low effectiveness was confirmed by the report of an independent evaluation.<sup>118</sup>

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115 These were supported by UNDP and the EU Technical Assistance to the Commonwealth of Independent States and Debt Management Financial and Analysis System (World Bank and UNCTAD).

116 Particularly the restructuring of the MoFE into the Ministry of Finance.

117 The programme was financed by UNDP (86.1 percent), WHO (9.8 percent) and UNICEF (4 percent) as parallel financing, with about \$150,000 left unfunded.

118 Chapelier and Sergelen, 2009.

The evaluation report also found the project extremely relevant for Mongolia, as it addressed both local needs for better integration of activities between the Government and development partners, and the obligations of Mongolia with regard to the international agenda on ODA. The project management arrangements — an executive committee with chairs and co-chairs of working groups and a policy advisory board including partner members of the CG — were found to constitute a “nice theoretical construction” though heavy for a project of its size. In practice, however, the working groups were never constituted, and in 2006, meetings of the CG were replaced by semi-annual technical meetings.<sup>119</sup> And neither the executive committee nor the policy advisory board became operational, leaving the project with little guidance over activities by DPCLA and the PMU/PIU. The project demonstrated little capacity to adapt to this changing environment. The same problem afflicted the UN Resident Coordinator’s Office in the first year of the project and the Human Development and Poverty Reduction Unit<sup>120</sup> in the country office in the following years.

As a result, despite a one-year extension of the project, the independent evaluation found a low level of effectiveness:

- On the first objective, “enhancing the quality and accessibility of information and stakeholders”, the database software had yet to be delivered at the time of the evaluation and there were uncertainties as to how operational it would be. What was certain was that neither stakeholders nor other government agencies had access to it;
- On the second objective, “creating a more enabling environment for policy coherence”, the independent evaluation found there was

little to show, since there could not have been any support to the working groups and the consequent improvement of sector strategies. It is recognized that DCPLA provided, through the project, some logistical support to the thematic groups organized by the World Bank, but it was not as envisaged under the project.

- On the third objective, “reducing the burden on the civil service through harmonization of donor procedures”, little was achieved, as the 2008 Paris Declaration survey indicates, and the use of the national financial system remains limited. Some development partners explained that, “The reason why this modality is rarely used is that there is not a strong demand from the Government. It does not seem that it is a priority for the Government.”<sup>121</sup>

This last comment and the failure to set up the previously agreed working groups could be taken as indications of a lack of interest (or a shift of interest) on the part of the Government for closer integration of development partners’ programmes with its own. The question would then be: After agreeing (in 2004) to a collaboration framework and signing a project to support that framework, why did the Government shift its interest away from that framework? One explanation was put forward in a number of interviews and documents:<sup>122</sup> The project lost its importance when, beginning in 2005, the reappraisal of the potential mineral wealth of the country and the surge in processing of minerals reduced the potential contribution of concessional aid to development prospects.

In that context, it is somewhat puzzling that the evaluation report regretted the shortfall in resources mobilized for the project and recommended that UNDP continue support for the aid effectiveness

119 The CG was the leading force for advocacy for greater aid coordination, a role not assumed by the semi-annual technical meetings.

120 As a ‘joint programme’, the project was initially under the UN Resident Coordinator’s Office. After the funding from UNICEF and WHO was spent, the project was shifted under the UNDP portfolio and funded solely by UNDP.

121 Quoted in Chapelier and Sergelen 2009.

122 Among others: Interviews with various sources, and Chapelier and Sergelen 2009.



agenda. The ADR team agrees with UNDP that it should not act on that recommendation until more favourable conditions are in place. Such conditions would include firmer ownership of such an initiative coupled by a clear intent to coordinate aid and technical assistance for maximum development results. Presence of such conditions could be confirmed, for example, when easy access to information is provided to all relevant stakeholders;<sup>123</sup> aid coordination by DCPLA is properly linked to policy coordination by NDIC; and serious discussions on the best modalities to achieve development goals take place in coordinating mechanisms at technical levels.

As Mongolia has been one of the most ODA-dependent countries in the world, the coordination of external assistance was and continues to be a prerequisite to enhance the prospects of sustainable development. Despite that need, effectiveness can only be assessed as low, given that few of the outputs were produced and the objective remains unattained.

#### 4.2.3 SUPPORT TO IMPROVED LIVELIHOODS

The migration of the population towards Ulaan Baatar in hope of improving livelihood opportunities not only creates social, economic and other problems in deserted regions but also makes it difficult for the capital to meet the demands on its scarce resources. While creation of livelihood opportunities in the regions is clearly imperative, this objective has to confront not only the constraints created by poor infrastructure but also the limited market opportunities because of the low population density in the regions.

Through a variety of programmes, the Government is attempting to address the challenge, as are a number of international agencies. In particular, the German Technical Assistance Agency (GTZ) is implementing a \$15 million regional

development programme and the World Bank is supporting a \$51 million programme to improve livelihoods in the regions. After the successful MicroStart programme, which helped to open up access to finance for small and medium-size enterprises and to create Xas Bank, UNDP initiated activities in some regions, with the assistance of the Government of Japan, to support the development of productive activities based on local products and to link them with market opportunities outside. The goal was to put producers on a self-sustaining growth path.

The Enterprise Mongolia Project (EMP) used a two-pronged approach. First, the One-Village-One-Product initiative identified areas locally or regionally recognized for a specific product and provided services to small producers, with the goal of increasing production so the product could be sold beyond the region. Second, the Local Cluster Development Initiative was to help various small entrepreneurs through provision of business development services and improved access to finance. The project contracted NGOs to set up local Enterprise Mongolia Centres where local entrepreneurs could receive training and advice. In addition, the project provided 'collateral substitutes' to beneficiaries and negotiated a memorandum of understanding with Xas Bank for loans, made under advantageous terms. These arrangements were to address the capacity constraints of local entrepreneurs and their lack of access to finance.

At the time of the ADR mission, EMP's phase I was completed and phase II had just begun, after a lapse of more than one year. Field observations,<sup>124</sup> though limited in scope, provided the ADR team with cases illustrative of the constraints faced by EMP and similar projects. Local business owners expressed great appreciation for the project's technical support and the assistance in accessing finance and market opportunities. Nevertheless, it was also observed that:

123 At the time of evaluation, there was no network connection to provide NDIC with access to the donor data at Ministry of Finance, and a formal letter had to be sent by the Head of NDIC to the Minister of Finance.

124 In the main urban areas of the *aimags* of Uvurkhangai and Selenge.

- Many of the participating enterprises remained family businesses, and their improved sales had yet to translate into much hiring other than neighbours on an as-needed basis. The stated intention had been to use increased revenues to purchase machinery, rather than to hire and train outside workers.
- Many of the participating enterprises could not find necessary inputs on the local market and had to import them from other *aimags* or Ulaan Baatar, thus limiting the multiplier effect on the local economy.

These observations were confirmed during discussions with the manager of another regional development project.<sup>125</sup> This individual explained that processing local agricultural products, such as fruits into jams, requires importing sugar, pectin and empty containers from Ulaan Baatar. The enterprise also faces the constraint of limited electricity and the cost of transporting the finished product to the main market, Ulaan Baatar. The whole process is therefore costly and the end product is not competitive. For these reasons, that project was concentrating on relatively large regional urban areas where some kind of local market opportunities could be developed, while testing different approaches in more sparsely populated areas.

According to the EMP phase I evaluation report,<sup>126</sup> only 97 businesses of the 500 expected at initiation of the project benefited from access to Xas Bank financing. It was also reported that Xas Bank ceased lending to EMP-supported businesses at the end of phase I. At the time of the ADR team visits, EMP business owners were eagerly awaiting full operations of EMP phase II, hoping that a new round of financing would become available.

While the financing scheme may not have been central to implementation of EMP I, its low level of performance compared to expectations in the face of severely restricted access to financing for

small businesses should raise questions. One reason may be the scarcity of sound and viable projects despite the assistance of the EMCs, a possibility that cannot be dismissed in view of the experiences of similar regional development projects. However, another explanation may be the nature of the financing support provided by phase I: while a simple partial loan guarantee scheme under proper circumstances would have leveraged the amount available for support to financing under the project, the provision of collateral substitute may in fact have frozen these funds. The project evaluation report alludes to this possibility.

In addition, while a loan guarantee scheme would have helped direct new customers to Xas Bank and opened the possibility of replication through a demonstration effect, the provision of collateral substitutes could have just put a few beneficiaries in compliance with overly risk-averse lending conditions by Xas Bank. This could explain the suspension of lending by Xas Bank at the end of phase I. In other words, the conditions for replicability and sustainability may not have been present in the project. An analysis of the factors behind the poor performance of the financing component would have contributed to a better understanding of the constraints to financing for small and micro businesses and provided an opportunity to identify further measures likely to overcome them.

Another issue is the sustainability of services provided by EMCs. In EMP phase I, EMCs provided services at very low cost, below the cost-recovery point, in order to reach as many users as possible. The goal was to create a sufficient client base for cost recovery, but EMCs have had difficulty in shifting towards cost recovery. As a result, in the interim between phases I and II, EMCs have had to continue operating at a reduced level of activity with meagre subsidies from some institutions. Thus, EMCs would not be sustainable without a new financing mechanism.

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125 GTZ Regional Development Initiative.

126 Quiroga et al., 2008.



Like other projects with similar objectives in Mongolia, the EMP faces the structural constraints of small local markets and poor transport infrastructure, which seriously limit the prospects for business development in the regions. The problem is compounded when the target areas are selected based on poverty indicators rather than on potential.<sup>127</sup> While the intent of EMP was laudable, in retrospect the question of its feasibility has to be raised. While a business assistance project cannot be expected to have sufficient resources to significantly alleviate the structural constraints, the limited resources of EMP spread over four *aimags* probably constituted an additional constraint. For example, the small amount of resources available for the loan guarantee scheme may have led Xas Bank to view it not as a test of a marketing opportunity but as a marginal operation. As a hypothetical example, if EMP could have joined forces and worked collaboratively with another regional business development project with similar approaches, the loan guarantee scheme could have reached a critical mass and thus received closer attention from Xas Bank.

Addressing another need, UNDP recently initiated a project to develop a micro-insurance market for health care. The objective was to address a crucial vulnerability facing many Mongolians due to the transition to a market-based system. The scheme is still being developed, and the project team is working with a number of financial institutions. The ADR team has discussed the initiative with the project team and believes it is innovative and relevant, but is concerned that not all of its implications have been sufficiently investigated. If these are not addressed, the ADR team feels, the project may unwittingly increase the vulnerabilities of those under the scheme. Experience in other parts of the world suggests that a proper regulatory body is needed for this type of insurance.<sup>128</sup> Without

it, participating private insurance companies will have strong incentives to try to deny reimbursements through a set of complex rules,<sup>129</sup> while benefitting from collecting a stream of monthly premiums. Those insured under the scheme would run the risk of paying for services well below what had been promised.

For both poverty alleviation and regional development, it is fully relevant to try to promote local economic activity based on local production. However, the initiation of an activity should be based on reasonable prospects of feasibility. As projects with objectives similar to those of EMP have experienced, poor infrastructure and limited local market opportunities present formidable obstacles to progress. This kind of initiative faces serious constraints that can only be addressed with much greater resources. One possible way to find such resources is to collaborate with other development partners engaged in similar projects, and pool the resources together for a joint initiative. This would lead to a 'critical mass' and would help to mobilize the administration and the banking sector, thus providing better conditions for sustainability. EMP presented no significant advantage or alternative to similar projects run by other development partners, and given its limited resources, it may have been more effective to collaborate with these projects.

#### 4.2.4 GENDER ISSUES

In most countries, the term 'gender' refers to women's issues, such as lack of access to education and financial autonomy. In Mongolia, as pointed out in Chapter 2, the situation is somewhat different. Although the empowerment of women lags behind that of men, Mongolian women perform generally better than men on the indicators that make up GDI. The only GDI indicator in which women lag is average earned income.<sup>130</sup>

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127 Discussions with the management of a bilateral agency project were illustrative in this regard.

128 Some suggested that this could be handled by the financial supervision agency, but it is obviously beyond the scope of that agency.

129 The debate on health care reform in the United States during 2009-2010 is illustrative in this regard.

130 Mongolian women's earned income is estimated at 87.4 percent of men's, which is one of the highest ratios among all countries and certainly among countries with similar HDI and GDI rankings.

The gender issue in Mongolia thus tends to present itself less as a 'women's' issue and more as a real gender issue, encompassing both men's and women's issues.

Little information was available to the ADR team on UNDP's gender approach between 2002 and 2006. From interviews with staff, it appears that gender was mainstreamed in the programme and projects as a cross-cutting theme, under the responsibility of a gender focal point.<sup>131</sup> This approach is widely applied by UNDP around the world. UNDP also implemented a project in cooperation with the Ministry of Finance, 'Capacity building on gender-sensitive budgeting (2002-2004)'.<sup>132</sup> A successor project appears to have been in planning, as a draft project document titled 'Support for gender sensitive budgeting' is dated November 2004, but it does not seem to have been implemented.

Without impugning the reasons behind such a project, it is necessary to look at it from the viewpoint of whether national ownership existed at its onset, when the MoFE was still struggling to assert control of the budgetary process and its implementation. Without broad acceptance of the idea that addressing gender issues would contribute to sustainable development, training on gender-specific budget allocation or analytical tools would have had little impact.

In the current programme cycle, UNDP clearly wanted to develop a more country-specific approach to gender issues in Mongolia. In September 2006 it initiated a one-year project, with funding from the UNDP Gender Thematic Trust Fund, to elaborate a 'Gender Mainstreaming Strategy for UNDP Mongolia, 2008-2011'. In October 2006 an assessment of needs was carried out for capacity development among staff and counterparts and for the support of research on gender. Then began the process of drafting the Gender Mainstreaming Strategy,

which included a series of workshops involving country office staff and a broad range of stakeholders. It was completed in March 2008. An institutional mechanism, with a core Gender Focal Team, was put in place to implement and monitor the Gender Mainstreaming Strategy on a monthly basis. This included expert-supported reviews of annual work plans from a gender perspective; advice to the country office, project staff and national counterparts in incorporating gender equality results; and training in gender issues and in strengthening gender mainstreaming in human resources processes.

UNDP participated in the 'Joint UN Programme on Prevention of Violence against Women and Children in Mongolia' from September 2007 to December 2008. The project is reported as having had a significant impact in raising awareness about gender-based violence and domestic violence. The advocacy efforts that accompanied the project contributed to ratification of the Palermo Protocol by the Government in May 2008. They also contributed to a much-increased focus on domestic and gender-based violence by the General Police Department, development of new ways of dealing with it and initiation of programmes to change perpetrators' behaviour.

In addition to these clearly identified UNDP-supported activities, UNDP has engaged in advocacy on issues of gender. This has taken place both indirectly, through ensuring that gender is addressed in project activities and publications, and more directly, through special events such as celebration of International Women's Day. It was difficult to assess how much UNDP was able to contribute to the gender dimension during its discussions with the Government, or the degree of substance in those discussions. In this regard, UNDP may have had a contribution in establishing the National Programme for Gender Equality in 2002. However, the clear lack of concrete results on women's empowerment,

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131 In UNDP programmes, gender is typically defined as a cross-cutting issue. However, since it is also the focus of MDG 3, gender is discussed under this section of this report addressing MDGs.

132 See final report. The project was attached to and managed by the PREF project.

despite greater awareness, shows the limit of advocacy in the medium term.

Regarding international commitments on gender issues, the Government of Mongolia has ratified the Conventions on the Elimination of All Forms of Discrimination against Women, Women's Political Rights, Protection of Motherhood and Equal Wages. In the early 2000s, the Government initiated a National Programme on Gender Equality. To ensure its implementation, in 2005 the institutional status of its responsible authority was elevated; instead of having one officer at the Ministry of Social Welfare and Labour, it became the National Committee on Gender Equality, chaired by the Prime Minister.

The committee instituted gender focal points in ministries and agencies, but they tend to be fairly low-level officials with little power. Despite its limited financial and personnel resources, it cooperated with authorities and NGOs and received support from the Asian Development Bank to draft the Gender Equality Law. It promotes gender equality by eliminating gender-based discrimination in all spheres and clarifying the responsibilities of authorities. It has also addressed compliance mechanisms and instituted an employment dispute commission.<sup>133</sup> The draft law also re-introduces the 30 percent quota for women candidates in national elections, which was first introduced after the 2004 elections and rescinded shortly before the 2008 elections. The draft law was submitted to the SGK and recently considered for discussion.

Although the status of women in Mongolia presents a much different profile than in many other countries, positions of power remain largely inaccessible, and women are denied their potential contribution to the nation's development. UNDP support to raising awareness of gender issues is therefore relevant. Despite their limited scope, UNDP interventions have helped,

notably in raising awareness on gender-based and domestic violence. This has led to improvements in treatment of gender issues by security forces and the justice system.

### **4.3 IMPROVING ENERGY AND ENVIRONMENTAL SUSTAINABILITY**

As seen in Chapter 2, the already fragile environment in Mongolia is threatened by intensifying pressures, mostly from unregulated human activities. Over the last two programming cycles UNDP has supported efforts to mitigate these pressures, both downstream, contributing to development of self-regulatory mechanisms by herders, and upstream, contributing to revision of environmentally related laws and regulations for more effective implementation.

#### **4.3.1 ENVIRONMENTAL GOVERNANCE AND AWARENESS**

Environmental governance is defined as the sum of organizations, policy instruments, financing mechanisms, rules and procedures that regulate environmental protection.<sup>134</sup> This definition may imply but does not make explicit that governance in a democratic society is not the result of one actor; it requires participation by civil society and the private sector as well as government. Governance requires whole system management, including enforcement mechanisms and tools to implement rules and policies.

Mongolia has a fairly comprehensive environmental legal framework. It even includes laws related to payments for environmental services and use of natural resources. Yet there is no institution above sector ministries in charge of developing, coordinating and following up on sustainable development policies. Although environmental protection is by nature a cross-sectoral issue, decisions affecting the environment are

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133 The draft Law on Promotion of Gender Equality, 2009.

134 'Strengthening Environmental Governance in Mongolia', project document, UNDP Mongolia, 2006. Definition adapted from 'Global Environmental Governance: Reform Agenda', International Institute for Sustainable Development, 2006.

made largely according to sectoral concerns by different ministries. At the local level, *aimag*-level plans should be consistent with *soum*-level decisions because the law requires the *soum khural* representative to approve of *aimag* land use plans. However, in practice, mining authorities deliver mining exploration and exploitation licences after negotiations with *aimag* governors, without requiring the formal approval of the *soum* or *bag* authorities and without having to comply with local land use plans.

Altering the environment affects the lives of all people, especially in a country like Mongolia, where many livelihoods depend closely on nature. Yet there exists no institutionalized participatory process to define priorities on sustainable development or environmental issues at national and local levels.<sup>135</sup>

Since 1992, UNDP has been closely involved with issues of environmental conservation and protection in Mongolia. It has assisted in developing a body of environmental laws to promote a balance between environmental protection and development. In the first programming period under review, UNDP efforts to improve environmental governance were largely focused on raising environmental awareness. The objective was to get “as much information as quickly as possible into the hands of those organizations that can use it to increase public awareness and promote more sustainable approaches to national development”, according to a UNDP report.<sup>136</sup>

Starting in 2008, the Strengthening Environmental Governance (SEG) project had an objective of addressing weaknesses in environmental governance by contributing to (i) harmonizing and addressing key environmental and fiscal legislation and policies to facilitate sound environmental governance at all levels; (ii) strengthening institutional mechanisms to implement and monitor environmental policy at

local and central level; and (iii) increasing CSO involvement in environmental decision-making and monitoring through public participation and information disclosure at all levels.

The project began by supporting review of existing laws and policies and drafting of recommendations on how to harmonize them. The project has also promoted the introduction of new instruments such as strategic environmental assessment or environmental auditing, along with the necessary training so they can be applied by specialized government agencies and national experts. The World Bank and other agencies have also been involved.<sup>137</sup> With regard to information disclosure and public participation in environmental management issues, SEG assisted agencies to establish regular mechanisms to display information, such as websites, press conference and reports in daily newspapers. They also received assistance in media relations.

SEG has conducted television and radio programmes on emerging environmental issues and is planning to strengthen expertise and methodological capacity of non-state actors. However, it is not clear to what extent such capacity development activities have strengthened participation by the intended beneficiaries. In discussions with environmental NGOs and their umbrella groups, the ADR team was not able to identify any institutionalized channel of communication between the Government and environmentally focused NGOs.

An environmental umbrella NGO has a representative in a dedicated office in the Ministry of Environment. But this arrangement was largely initiated by the ministry to ease its process of releasing calls for bids for works it needs to contract out; it is not intended as a channel for policy discussion and input. By forming this relationship with the ministry, the umbrella environmental organization runs the risk of being seen as simply business-seeking, but it is possible that the

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135 Internal evaluation of ‘Sustainable Natural Resource Management’, 2006.

136 ‘Strengthening Environmental Governance in Mongolia’, project document, UNDP Mongolia, 2006.

137 Including Netherlands Mongolia Trust Fund for Environmental Reforms.



arrangement will evolve into a more substantive relationship. Nevertheless, it is clear that communications between civil society and government institutions regarding environmental issues at this stage depend more on sporadic events than on an institutionalized channel. Despite SEG intentions, the project seems to have emphasized the technical side, giving little attention to improving the process and climate of environmental governance.

UNDP is also a key contributor to a joint project on water and sanitation, which aims to implement pilot initiatives that will eventually lead to setting up a governance system for water use. It was surprising to learn that, 20 years after the political transition, Mongolia has no overall framework for governance of water use, despite the fact that water is a scarce resource in much of the country. The joint project strives to “improve water and sanitation governance and living conditions of target area population through providing support to strengthened coordination mechanism and increasing access to safe drinking water sources and sanitation facilities and improving water resources management”.<sup>138</sup> Activities aim to:<sup>139</sup>

- Strengthen institutional structures and the legal framework on water governance and sanitation service by facilitating implementation of government action plans and programmes. These include the National Environmental Health Programme and Programme for Sanitation Facilities. It also call for creation of a legal framework that enables clear definition of responsibilities, by assessing the needs for institutional capacity to implement the legal framework on water and sanitation;
- Increase knowledge and practice on water protection and conservation among professionals, communities and schoolchildren through trainings and study tours on water engineering, sanitation and hygiene, as well

as advocacy and awareness campaigns among communities;

- Improve laboratory capacity for drinking water and wastewater analysis (especially in rural areas) through provision of water analysis devices and trained laboratory staff, plus a feasibility study for improving wastewater treatment operation and monitoring;
- Support the construction of safe water supply and adequate sanitation facilities through the construction and repair of wells and other facilities;
- Enhance community ownership of water sources and develop a model to be introduced nationally.

This joint project constitutes an interesting initiative of UNDP and other United Nations agencies. Project activities have started only recently, and it is mentioned here only as an additional example of UNDP’s work in fostering improved sectoral governance in Mongolia.

In summary, the issue of environmental governance is fully relevant to the needs of Mongolia. Challenges seem to reside not so much in inadequacies of legal and regulatory texts as in problems with implementation and enforcement. If this is correct, UNDP’s efforts to refine a framework may be misplaced. Insufficient participation by the environmentally conscious civil society sector also may have influenced the effectiveness of environmental governance. On the other hand, assistance to the water sector, as the first attempt to address governance issues in that sector, is fully relevant.

#### **4.3.2 SUSTAINABLE LAND MANAGEMENT AND BIODIVERSITY**

UNDP supports the development of a legal framework for environmental management in Mongolia. Yet based on worldwide experience, UNDP has been keenly aware that even the

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138 ‘Joint Programme on Water and Sanitation in Mongolia 2007-2011’, project document, UN Country Team in Mongolia, January 2008.

139 Ibid. and interviews.



best legal and regulatory framework for environmental sustainability has limited impact unless the communities directly concerned, often poor and at the edge of survival, find it beneficial to support enforcement of these rules. Certainly in Mongolia there is a need to strengthen enforcement of laws, but advocacy in that area does not preclude the need to work with communities to start addressing the problems they face.

Starting in 1997, through implementation of a biodiversity project in eastern Mongolia<sup>140</sup> that extended well into the period under review, UNDP has used a community-based approach in most of its environment-related projects. Based on experience with such an approach, the implementation of a community-level management model requires:

- securing user rights over resources, which in Mongolia mostly involves herders' rights over land;
- taking into account land conditions and herd carrying capacity;
- establishing community structures to strengthen users' negotiating power with local authorities and service providers;
- including provisions and options for intensifying land use, including appropriate livestock composition such as the ratio of goat to sheep;
- having access to an early warning system covering pasture and environmental conditions.

The community-based approach requires establishment of a partnership between herders or groups of herders and local authorities, with an agreement from higher levels of public administration.

The projects implemented by UNDP cover a wide range of issues, from desertification<sup>141</sup> to improvement of land pasture management and preservation of biodiversity.<sup>142</sup> In broad terms, these projects have one common objective: to preserve an environment, or at the very least to minimize its degradation. These projects also cover a wide array of ecological zones in Mongolia, with biodiversity projects focusing on two internationally important zones: Altai-Sayan (mountainous and forested mountainous areas in the west and northwest) which stretches through the territories of the Russian Federation and China and are included in Global 200;<sup>143</sup> and the Great Gobi Ecosystem (the southern and southwestern Gobi regions), one of the largest desert ecosystems in the world. Both zones make up an important share of national protected areas.<sup>144</sup> In the meantime, land management projects have covered the central and eastern steppes, which are more prone to desertification, and deserts and forested steppe areas.

These projects have different rationales. For some the primary objective is improvement of livelihoods through better use of land resources, while others target preservation through development of income-generating activities that have minimum impact on the environment. The differences may seem subtle at first, as both cases seem focused on better livelihoods and environmental preservation, an attractive theoretical construct but in practice a delicate balance to achieve. It is clear from experience that attempts at environmental preservation are prone to failure if they do not also contribute to improved livelihoods of the people most directly affected. There is a clear link between poverty and conservation/preservation. However, the success of such an initiative will

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140 'Biodiversity Conservation and Sustainable Livelihood Options in the Grasslands of Eastern Mongolia', project document, UNDP and GEF, Ulaan Baatar, 1997.

141 'Sustainable Land Management to Combat Desertification in Mongolia', UNDP Mongolia, project document.

142 'Community-based Conservation of Biological Diversity in the Mountain Landscapes of Mongolia's Altai Sayan Eco-region', project document, UNDP Mongolia, 2003.

143 The Global 200 is the world's most outstanding habitat areas, possessing rich biological resources (World Wide Fund for Nature).

144 Currently, 14 percent of the total territory is protected. The country's goal is to reach 30 percent.

be assessed according to the degree of progress towards the primary objective, whether it is livelihood or preservation/conservation.

In that regard, it is interesting to note that some stakeholders involved in initiatives closely related to that of UNDP seem to disagree with UNDP's focus on livelihoods in its sustainable pasture management project. It has been implied that, if the project was presented as a livelihood project to the herders, they may perceive it as a way to improve their income and lose sight of the long-term need to change their behaviour to attain a more sustainable livelihood. On the other hand, a greater focus on the land and what it represents to the herder community would constitute an education and awareness process that may yield fewer successes in the short term but more durable long-term results.

It is beyond the capacity of the ADR team to pronounce on this debate, but it sheds light on some issues that were raised during discussions and field visits. In discussions and evaluation reports, much is made about the number of herders' groups that have been organized over the life of the project and what has been accomplished in terms of relationships with local authorities, use of land, preparation for winter and so on. However, it appears that a certain percentage of these herder groups disintegrate or cease to function, and there is little information as to what percentage remain in existence after the project has finished. Without discounting the individualism that may characterize nomadic herders, the question should be raised as to why groups disintegrate when there seem to be obvious advantages to working as a group. The stock answer — a lack of leadership — fails to address why members of the disintegrating group do not associate into a new group to benefit from the advantages that are supposedly demonstrated by the groups that remain intact.

Given the social context of Mongolia, creating herder groups gives the herders a stronger voice in local governance. The problem may be not in the creation of the groups themselves but in the incentives provided by the projects to promote formation of groups.<sup>145</sup> A visit to a group of herders suggested that the project in question had provided not only technical assistance but also a well, a small tractor and seedlings, benefits that went well beyond the herders' probable contribution. Whether this group will remain after project support ends will likely depend on whether or not the gains from the project are sustainable and are sustained by the herders. In that regard, the ADR team wondered whether a comment in one evaluation report is representative of a more general issue: "Most of these herders' groups were solely dependent on the external support provided by the project and they lacked internal organizational capacity, structure and leadership."<sup>146</sup>

This brief digression does not invalidate the project achievements. According to stakeholders and project staff, herders who participated in the project suffered significantly fewer herd losses in the 2009-2010 *dzud* than did other herders in the same region. The difference reflected the impact of pasture resting and rotation and the fencing of hay fields promoted by the project. If confirmed, this result should prove that, despite the herders' misgivings about the community-based approach, it yields tangible benefits. However, in another case,<sup>147</sup> the evaluation report found a lack of "any systematic connection between herders' groups and natural resource management and/or biodiversity conservation". The evaluation team "did not meet any herder groups that were engaged in implementing tangible activities for biodiversity conservation".

This apparent divergence of results raises two issues:

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145 Project staff tend to be assessed on the quantitative aspects of meeting output targets because in most cases the qualitative elements of progress towards objectives and outcomes depend on subjective assessment.

146 Murray et al. 2009, p. 63.

147 Ibid.

- At the very least, a cross-project evaluation of the effectiveness (and sustainability) of the community-based model of resource management should be undertaken to identify the conditions under which it is appropriate and yields results as well as the reasons that hinder its effectiveness in other cases.
- In the implementation of a development project, there is a fine line between providing conditions for beneficiaries to assume responsibility for project activities and having the project (its staff and other recruited personnel) undertake these activities. To meet output targets,<sup>148</sup> project staff tend to substitute themselves for direct stakeholders, thus distorting project achievements.

It is unfortunate that the assessment of this part of the UNDP portfolio can rely only on evaluation reports and comments from project staff, since these sources tend to focus narrowly on outputs and can offer little information about outcomes. An illustrative example can be found in the evaluation of the Sustainable Grassland Management Project.<sup>149</sup> Regarding outcome 3, “herder community associations have the capacity to identify economic opportunities and to negotiate service contract with outside providers”, the evaluation states: “35 of 72 herders’ groups are involved in commercial activities developed with the project support... The project contributed to develop an entrepreneurship mentality... herders groups... have enhanced capacities to identify and negotiate with services providers and markets”. This comment only reflects the herders’ participation in training and provides only an unsupported statement that the training has improved capacities.

Administrative boundaries are artificial parcelling of the land and have little to do with nature itself. UNDP projects attempting to deal with ecological issues seem to have been limited to certain administrative areas that did not sufficiently cover individual ecological zones. By working within administrative units smaller than an ecological

zone, improvements in conditions in the project area can open the way to ‘free riders’ from outside, which has happened in a number of projects.

Working across administrative boundaries to cover an eco-zone may be beyond the resources available to UNDP. However, the logic of the approach and the potential of impact should lead UNDP to forge partnerships with the Government and other development partners to identify the eco-zones and the issues they face, design complementary activities among partners and build a management system to coordinate and implement the activities. It is through such a pooling of human and financial resources that UNDP could make a substantial impact.

For projects dealing with natural resources management, whether pasture or biodiversity, results have been very localized. The processes leading to the results have yet to be duplicated to an extent that would affect the identified ecological challenges. Nevertheless, these projects stimulated awareness of the issues among the population and policymakers. Some of the projects supported the creation and capacity development of a unit dealing with pasture and land management in the Ministry of Food, Agriculture and Light Industry, though it has not been fully integrated into ministry structures. A law on pasture has been drafted and submitted to the Government for debate. It recognizes the importance of securing access to pasturelands through legalized regulation and incorporating the concept of community-based management of pastoral resources.

In summary, activities for environmental preservation, conservation and rehabilitation are relevant not only because they are part of international commitments but also because in Mongolia they are an integral part of the national culture and livelihood. Assessing effectiveness of these interventions, the ADR team can only echo a 2006 internal outcome evaluation of the environmental portfolio, which found that results of activities in this field tend to be too localized. In

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148 Ibid.

149 ‘Sustainable Grassland Management Project: Terminal Evaluation’, UNDP Mongolia, February 2008, p. 3.

addition, no ex post evaluation has taken place, so it is not clear whether the improvements seen at the end of the project have been maintained. The practices demonstrated by various interventions are not replicated, or if they are, not to an extent that contributes to elimination of the problems they were meant to address.

#### 4.3.3 ENERGY ISSUES

Mongolia has an extremely harsh winter climate, with temperatures ranging from -10 C to -30 C at midday and falling to as low as -40 C at night. Buildings must be heated for up to eight months a year. In urban areas, most heating is provided by low-cost soft coal, with unsustainable use of wood in northern urban areas. In Ulaan Baatar, it is estimated that 60 percent of families, mostly poor, live in 'ger areas', inhabiting traditional Mongolian felt *gers* and slightly larger informally constructed houses with minimal thermal insulation, resulting in high heat loss.

As a result, urban air pollution — both particulates and greenhouse gases — is extreme during the winter. In Ulaan Baatar it has been estimated that the *ger* areas generate up to 90 percent of heating-related pollution. Poor insulation leaves *gers* and informal houses under-heated despite the significant share of income that poor families must allocate for heating.

Long aware of this issue, UNDP has initiated several projects that aim to increase awareness of the need for better insulation of residential housing. These efforts have focused on individual housing, which was rare in socialist times but has grown rapidly since then in the outskirts of cities. UNDP implemented the Provision of Energy Efficiency for Social Services (PEES) project from 1997 to 2001. In 2002, again with the

assistance of GEF, UNDP launched the project Commercialization of Super-Insulated Buildings in Mongolia', known as EEH (for energy-efficient housing), which was evaluated in 2007.<sup>150</sup> In 2009, with the assistance of GEF and the Korea Energy Management Corporation, UNDP launched a new project, Energy Efficiency in New Construction in the Residential and Commercial Buildings Sector in Mongolia, known as BEEP (for Building Energy Efficiency Project).

The ultimate objective of EEH and BEEP is to generalize the spread of properly insulated buildings in Mongolia. But BEEP also includes assistance to review and draft a "modern, user friendly, less confusing, lower compliance cost, more effective and proper performance-based Building Code/Norms/Standards energy efficiency system that is more appropriate<sup>151</sup> for Mongolian conditions and that will be strictly enforced by the relevant government agencies".<sup>152</sup> If successful, this component could contribute to better living conditions for Mongolians in general. However, the issue, as often, is not in the legal or regulatory framework but in the implementation of that framework.

Although the types of insulated houses promoted by the two projects are quite different and the BEEP project is still young, the evaluation of the EEH project sheds interesting light. The EEH focused its efforts on insulating straw-bale buildings before expanding its activities to *ger* insulation blankets. To summarize the evaluation report:

- The EEH project focused largely on new formal construction through a technology that, "at time of project design, was not a mainstream commercial technology anywhere in the world, in spite of over 20 years of development, technical support and publicity".<sup>153</sup>

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150 Pool and Lodon 2007.

151 More appropriate relative to the Soviet-based system inherited from the socialist area and still in place.

152 'Energy Efficiency in New Construction in the Residential and Commercial Buildings Sector in Mongolia', project document, UNDP Mongolia, 2009

153 Pool and Lodon 2007. The report pointed out that in the United States, after more than 20 years of effort, only around 500 straw-bale buildings had been built, and that only around 2,000 were known to be in existence around the world. Thus, the project's expectation of building 15,000 to 20,000 in Mongolia was unrealistically ambitious.



Furthermore, straw-bale buildings deviated from what Mongolians tend to expect in an individual house. Since housing is one of a household's largest investments, achieving acceptance was difficult, at least initially.

- The focus of the project on straw-bale buildings was not supported by a sound analysis of the supply chain needed to store quality straw from the autumn harvest in northern grain areas through the long winter and then transport it to urban areas to meet an uncertain demand.
- The focus on straw-bale buildings also discounted the use of other insulating materials more widely available in local markets, such as expanded polystyrene sheets, which are already used in construction, both formal and informal. It is recognized that the polystyrene sheets are all imported, mostly from China, and vary widely in quality, a problem that would have needed attention.
- The EEH project did not pay enough attention to the gap between the technical demonstration of a product or system and the needs and conditions for its mass-market development, especially with few or no subsidies.

The EEH evaluation focused almost exclusively on straw-bale buildings, which were the focus of the project document, and hardly mentions the *ger* insulation blankets. After the initial (heavily subsidized) provision of these blankets as a demonstration, the demand for them crashed. A probable reason was the prohibitive cost of these blankets for people with little savings and precarious income.

In short, while the EEH evaluation recognized that the project met its outputs and raised awareness about energy efficiency, the initiative has not achieved sustainability. The evaluation suggested that the core reason for the project's limited impact was that the enthusiasm for a technology that met all the environmental considerations was not followed by sufficient attention to the practical aspects of extending it.

BEEP promotes a different type of insulated houses,<sup>154</sup> and the issue of availability of materials has largely been addressed. However, discussions between the ADR team and the BEEP team suggest the approach followed by BEEP may not have addressed the critical gap mentioned in the EEH evaluation, between the technical demonstration of a product or system and the needs and conditions for its mass-market development.

On the basis of some demonstration houses built by GTZ, the BEEP project has commissioned designs from a local construction company and is working with Xas Bank to implement a mortgage scheme to finance construction. The project document does not claim an anti-poverty objective. But given that an estimated 90 percent of winter heating-related pollution originates in the *ger* areas around Ulaan Baatar and that project documents refer specifically to the *ger* districts, it is clear that the project intended to benefit people in these areas by establishing a system to reduce air pollution, so the poor are the *de facto* target population.

The preliminary figures for construction costs and financing (see Table 9) suggest that a purchasing household would have to come up with a down

**Table 9. Preliminary BEEP figures on financing for insulated housing (MNT, %)**

House size	35 sq.m	65 sq.m
Building costs	15,374,000	26,998,770
Down payment	3,074,000	5,399,700
Monthly payment	225,590	396,460
Minimum required monthly income	528,400	698,800
Share of housing in monthly income	42.7%	56.7%
Required monthly income over GDP per capita	234.9%	310.7%

Source: Project estimates and IMF

154 Insulated masonry house, insulated timber-framed house, structural insulated panel house.



payment estimated at MNT 3 million to MNT 5.4 million and then spend between 42.7 percent and 56.7 percent of the minimum required monthly income on repayment of the loan. In turn, the minimum required monthly income would represent between 235 percent and 311 percent of the estimated GDP per capita. Assuming households with both parents earning at incomes at that level, the monthly loan repayments would still represent between 117 percent and 155 percent of household income. As it is, the loan repayment would amount to 42.7 percent to 56.7 percent of the required minimum income. The ADR team accepts that these figures may not be final and may be subject to revisions. However, it is unlikely that revisions would bring them down to affordable levels without substantial subsidies, which the project cannot afford and which would put sustainability in question.

In addition, poor households are unlikely to have saved the amount necessary for the down payment, and a 100 percent loan shifts all the risk to the lender, a commercially unviable solution. It has been proposed that the plot of land underlying the houses could provide collateral and therefore security for the loan. Although this proposal is attractive at first sight, it does not address the issue of providing the borrower with an incentive to repay, since the land to be used as collateral was granted for free to the families occupying it. The only risk to borrowers under this scheme would then be the possibility of expulsion, a risk that borrowers who have put up a down payment face anyway in addition to loss of the down payment.

Although the project has good intentions, meeting its objectives would require an unsustainable level of subsidies under current conditions. The objective of energy conservation is highly relevant for Mongolia as it could decrease air pollution and improve the welfare of the poor through better housing and more disposable income. However, the effectiveness of UNDP's approach can only be seen as poor. The projects seem to be focused almost exclusively on technical issues

and have not given enough attention to economic and financial issues that would prop up their sustainability. As a result, as shown by EEH and suggested by the direction of BEEP, significant resources are applied towards an objective that is most likely unattainable under the circumstances.

#### 4.4 CRISIS PREVENTION AND RECOVERY

Following a drought that reduced the fodder crop for animals in many parts of the country during the summer of 1999, the winter had unusually heavy snowfall and ice, preventing millions of livestock from grazing. By May 2000, 2.6 million livestock had perished — 7.8 percent of the entire herd. The following winter was even more severe and resulted in the loss of over 1 million livestock. These two consecutive years of drought and *dzud* undermined the food security of large numbers of people, especially nomadic herders. This in turn exacerbated inequities between rural and urban populations and drastically hampered development efforts. Mongolia has also experienced other disasters, including wildfires and outbreaks of animal diseases.<sup>155</sup>

At the country's request, UNDP established a project to strengthen the national system for disaster preparedness and response management. This support has been extended through two other projects into the current programming cycle. Although distinct, these projects work in parallel and are consistent with UNDP's objective of supporting environmentally sustainable development.

UNDP's goal in Mongolia between 2002 and 2010 has been to improve national capacity to manage disasters and risks. This goal is supported with concrete objectives to (i) establish a legal and institutional framework involving cross-sectoral and civilian-based disaster management; (ii) support implementation of laws; (iii) enhance the country's technical and institutional

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155 Ministry of Environment, Nature and Tourism, 'Report on the State of Mongolia's Environment 2008'.

capacity; and (iv) promote partnership among all related stakeholders at national and local levels, including communities. These projects assist Mongolia in fulfilling its commitment to the Hyogo Framework for Action 2005-2015: Developing Resilience of Nations and Communities to Disasters, which calls for implementation of disaster management and preparedness through concerted actions.

UNDP has taken a multi-year and phased approach. Successive projects build on achievements of previous phases and systematically address the issues in successive phases. The planned outcomes for each phase were spelled out at a series of national conferences<sup>156</sup> in 2001, 2004 and 2005:

- In phase I, in 2002, the legal environment was set up, based on a new concept of disaster management that promoted sectoral and inter-sectoral interventions. A new National Disaster Management Agency was established, combining a fire brigade, state reserve fund and civil service, functions that had previously been served by different agencies with separate activities.
- During phase II, the new law was updated in 2005, reflecting the country's need to combine disaster management with disaster mitigation and prevention. The technical capacity of the National Disaster Management Agency (renamed National Emergency Management Agency, NEMA) was further supported with training and provision of some equipment.
- In phase III, the focus is supporting NEMA capacity, increasing public awareness and expanding community-based disaster management while integrating preparation for the consequences of climate change.

These UNDP projects have greatly contributed to increasing the capacity of NEMA and its branches in 21 provinces and 9 city districts. Training, equipment and knowledge and information services, including risk and needs assessment, have reached all offices and staff. As a result, awareness and use of disaster and risk management are growing among staff, especially in outlying and remote areas, which are more prone to natural disasters. The objectives of building a legislative and institutional framework and enhancing the capacity of NEMA have largely been met. NEMA is positioned as the key agency for disaster relief and management in Mongolia.

But much still needs to be done to promote national partnerships for risk reduction and community-based disaster management. Meeting this objective is essential to achieve the goal of enhancing overall national capacity, meaning involvement of sectoral institutions, the private sector, NGOs and communities. NEMA's cooperation with other agencies is limited; it exchanges weather news with the Meteorological Institute, and with the Education Institute is drafting a training programme on disaster management for possible integration into primary and secondary school curricula.

As required by law, councils are established at all levels of administrative structures, and some ministries appoint officers in charge of emergencies.<sup>157</sup> NEMA is responsible for facilitating the coordination of these structures and for establishing a national partnership to serve as a network of organizations that could mobilize their resources to respond to an emergency. As made clear during the 2009-2010 *dzud*, these partnerships have yet to operate. Interviews clearly suggested that delivery of *dzud* relief services was seriously delayed by a lack of critical information and of coordination, for which NEMA was responsible.

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156 The conferences involved a wide range of actors, from high-level decision-makers to NGOs, local communities and international donors. They discussed the needs and priorities in enhancing the country's capacity and resilience to cope with natural disasters. The objectives of UNDP's three projects reflect the needs and priorities that were formally expressed at these conferences.

157 For example, the ministries of Agriculture, Food and Light Industry; Health; Nature, Environment and Tourism.

UNDP has promoted the establishment of 40 herder groups in eight high-risk *soums*, providing small grants to enhance their resilience to natural disasters. As pointed out by the final evaluation report, this effort succeeded in motivating herders to form groups, raised their awareness of disaster reduction strategies and implemented the grants to support their livelihood or risk preparedness. Best experiences were shared among herder groups through festivals. This experience in community-based disaster management is to be expanded to four new *soums* and two *duuregs*.

According to the project manager, a system for effective partnership among stakeholders is to be detailed in a draft framework of actions going forward to 2015. It is to be renamed as a national plan and strategy, and when approved it will formalize the mechanism for inter-agency collaboration.

In summary, UNDP's support to disaster management and mitigation in Mongolia is highly relevant to the country's needs and priorities. It has contributed to filling a gap that exposed the vulnerabilities of citizens. UNDP has helped to set up a legislative framework and establish NEMA, a core government institution in charge of disaster management and mitigation. The technical capacity of NEMA and its branches has been

upgraded through training and some equipment across the country, and its internal coordination has improved. However, after almost nine years of support, NEMA has yet to develop the network of partnerships with institutions and community organizations that would create the conditions for NEMA not only to mitigate disasters but also to respond to them effectively.

With relatively moderate funding (barely over \$4 million), the projects managed to reach 4,000 beneficiaries (NEMA staff) and 40 herder groups and provided some equipment. This is a good indicator of resource use. The impact and efficiency of resource use could have been even greater if the high turnover of staff within NEMA had not required successive training sessions on the same topics. While a certain amount of staff turnover is normal, the turnover at NEMA seems to have increased the cost of building the capacity of personnel.

The sustainability of results achieved by the end of the third project will depend on whether issues (many beyond the control of UNDP) that have slowed capacity building in NEMA, notably the staff turnover, can be resolved and whether NEMA is managed professionally without being overly affected by political considerations.

# UNDP'S STRATEGIC POSITION

### 5.1 RELEVANCE

To assess whether UNDP programmes have been addressing the development challenges and priorities that support national strategies and policies,<sup>158</sup> the first task is to analyse the development of the national strategies and UNDP programmes.

As discussed in Chapter 2, when the CCF II was prepared in 2001, the Government had just launched the GGHS programme and constituted working groups to design corresponding national programmes. When the CPD and CPAP were prepared in 2006, the programme under implementation was the EGSPRS, a medium-term programme that soon came to an end. The EGSPRS focused almost exclusively on reduction of poverty in financial and economic terms; it did not address democratic governance or environmental sustainability. It was only in 2008 that the Government drafted and the SGK adopted the MDG-based Comprehensive National Development Strategy 2008-2021. The comprehensiveness of the issues discussed may not be sufficiently balanced by clear prioritization of the actions to be implemented.

While not inconsistent with these official frameworks, the two successive UNDP programmes were designed less as direct responses to these frameworks and more as internally formulated initiatives to address the shared diagnosis of the challenges facing the country. Nevertheless, given the obvious close collaboration between the Government and UNDP over the period under study, UNDP's programmes and their components were designed in full agreement with the Government, even though there was no clear strategic framework to guide them.

The breadth of the development strategy and its accompanying Action Plan 2008-2012 did not necessitate any change in UNDP's programme; the activities under the CPAP fit well under this broad framework.

All activities supported by UNDP that were reviewed by the ADR team (as reported in Chapter 4) were assessed as relevant in that they addressed aspects of important issues for the country's sustainable development. However, the limitation of resources available to UNDP from its own funding and other development partners has limited its ability to address broad issues that could have pushed the country towards the intended development results. As pointed out in Chapter 4, UNDP-supported initiatives can largely be characterized as having succeeded since they achieved intermediate goals. But they had only had localized impact, geographically and institutionally, and they have yet to make a significant impact towards the overall objectives. Illustrative examples from the last two programmes include:

- Support for greater integrity and transparency in the public administration, despite having made notable strides in developing the capacity of key institutions such as the IAAC, has not translated into an effective anti-corruption force, as the downstream judicial institutions that have to adjudicate the cases remain weak.
- Support to land and pasture management appears to have had an impact on at least some of the herders' groups that participated and in focusing greater attention on land degradation among policymakers. But outside these

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158 According to the ADR Manual, March 2010 (draft), the relevance of a UNDP programme is assessed by "whether it has been addressing the development challenges and priorities in support of national strategies and policies" and "whether UNDP's programme and strategy has leveraged national development strategies".

project areas (and those of other development partners) the conditions that led to implementation of these projects remains the same.

- Support to business development in regions through EMP has had an impact on some small businesses, but it could not create the conditions for sustainable provision of business development services or access to credit for these businesses.

The contributions of these projects to the broad objectives they intended to achieve may have been limited not so much by the nature of the implemented activities as by the fact that these projects acted in isolation and could not deal effectively with the broader issues affecting them. In that regard, the ADR team proposes that UNDP's achievements may have been greater if UNDP had been able to leverage its resources through closer collaboration with other development partners. In advancing this hypothesis, the ADR team recognizes that Mongolia is no longer a priority country for a number of funding partners that frequently collaborate with UNDP. This limits the resources they make available to their country programmes, thus limiting somewhat the areas under which mutual leveraging of activities could be possible. However, on a number of occasions, UNDP projects were implemented in parallel to partners' projects with relatively similar objectives and much larger resources. Under these conditions, it is quite possible that closer collaboration could have helped enhance the results.

If a strategy is a carefully designed plan to reach an outcome, and a tactic is a tool for accomplishing a specific target towards that outcome, parts of UNDP's programme over the last decade present themselves as a series of tactical moves that are not necessarily coordinated through a clear strategy. In that context, to use another military analogy, skirmishes may be won, but the conditions to end the conflict remain formidable.

The question remains whether any single development agency could be expected to assume responsibility for implementing a full strategic approach

to address a development constraint, especially when other stakeholders are present and active in that field. Besides the financial and human resources that need to be mobilized, implementation of an effective strategic approach requires the buy-in of all stakeholders so that activities are harmonized and don't operate at cross purposes.

For UNDP, the path towards a more strategic programme approach rather than a project-driven modality passes through much closer collaboration and cooperation with other stakeholders. This would allow sets of activities to be designed, coordinated and implemented to address all the tactical targets, thus leading to the success of the agreed strategy and achievement of the intended outcomes. This modality of close integration with other stakeholders would give true meaning to the partnerships created. It would also provide a concrete platform to promote greater aid coordination by starting on well-identified common objectives.

## **5.2. PROMOTION OF UNITED NATIONS VALUES FROM A HUMAN DEVELOPMENT PERSPECTIVE**

Mongolia offers a particularly successful example of UNDP efforts to promote United Nations values. It is not often that these values, the MDGs and the concept of human development feature so prominently in official proclamations, policy documents (such as the MDG-based Comprehensive National Development Strategy) and in institutions (such as the Human Development Fund). This achievement can only be the result of close collaboration between UNDP and successive governments over the years, and the support that UNDP has provided to the transition to democracy.

It can be argued with some justification that these references to United Nations values are still largely limited to proclamations and documents, and that in a number of cases a significant gap exists between the intent of these statements and the actual implementation. An illustrative example may be found in the issue of women's



access to positions of power. Despite an apparatus that is supposed to guarantee gender neutrality, women hold few positions in the top ranks of the public administration. And, despite having adopted the MDG target of 30 percent women's representation in the SGK by 2015, in spring 2010 members of the SGK were still discussing a threshold of 15 percent.

Without minimizing the slow implementation of United Nations values in Mongolia, the ADR team came to the assessment that UNDP has set a fertile ground for support to these values by expanding the discourse about them beyond official circles. Representatives of NGOs and CSOs refer regularly to either the set of United Nations values or to specific values, and the concept of human development is a recurrent one. But the institutionalization of a course on human development at the university constitutes probably the strongest guarantee for the sustainability of the concept in Mongolian life and its continued dissemination among the population. This growing awareness and sensitivity to the human development concept and approach is likely to translate into demands for effective policies.

### 5.3. RESPONSIVENESS

UNDP has certainly been responsive in times of crisis. It responded with assistance to the 1999-2001 *dzud* and initiated support to modernize and build the capacity of a crisis preparation and response agency, NEMA. In 2010 it mobilized resources to address the most immediate needs in response to the 2009-2010 *dzud*.

The question remains whether UNDP has been sufficiently responsive to other latent or developing issues in Mongolia in a way that could have helped contribute to advance the human development agenda. In that regard, the ADR team noted that UNDP activities implemented in support of these policies or strategies appear to have only marginally involved public participation, particularly of CSOs, whether with regard to democratic governance or environment-related issues. Thus UNDP may have missed opportunities to

address issues of concern to the people that could have been picked up if UNDP had involved civil society more regularly.

A key development over the last decade has been the emerging prospect of a mining boom that, through taxes and royalties, could significantly increase the level of resources available to support the development agenda. On the downside, this opportunity also carries the risk of serious damage to the environment. Some international organizations, such as the World Bank and the International Finance Corporation, have been advising the Government on management of the mining sector. UNDP's programme does not appear to have been involved to the degree expected, given its close collaboration with the Government at the policy level regarding human development and the MDGs and at the sectoral level on environmental issues.

## 5.4. IMPLEMENTATION ISSUES

### 5.4.1 PARTNERSHIPS

The CCF II document refers explicitly to partnerships under its proposed cross-cutting interventions, specifically indicating that "UNDP will work closely with the Government of Mongolia to ensure that its programmes are in line with government priorities... UNDP will also work with other United Nations agencies to achieve the goals specified in UNDAF... the country programme will also draw on the regional programs of UNDP in its three thematic areas...". Yet neither the CPD nor the CPAP makes any reference to partnerships.

Partnerships outside the United Nations system tended to be informal, resting less on joint efforts towards common objectives and more on exchange of information. The UNDP Resident Representative certainly seems to have engaged in fostering such a process through regular meetings with development partners. The feedback received from a number of them indicates an expectation for a more active coordinating role by

the Resident Coordinator.<sup>159</sup> On the other hand, one major bilateral donor made clear its interest in an active exchange of information but not “in being coordinated”.

This difference in position may reflect less an actual difference in approach than a difference in the interpretation of what coordination entails. For UNDP and the Resident Coordinator to respond effectively to requests for a more active role in coordination, a clear understanding would be needed about what coordination involves, its limits and the role that a government representative would play in that process. Also needed would be an agreement on sources of financing for that process.

Collaboration (at least as exchange of information) with institutions outside the United Nations was not restricted to upper management. The ADR team received clear indications that UNDP staff and the managers of some projects interacted actively with managers of similar projects financed by other development partners.

Most heads of United Nations agencies indicated their appreciation<sup>160</sup> with the collaborative attitude of UNDP management. Agencies without official representation but with a bureau staffed by Mongolian nationals also expressed their appreciation for the decision by the Resident Coordinator’s Office to participate in a broader range of coordination meetings, beyond those needed for drafting the CCA and UNDAF. An indication of the willingness of UN agencies to collaborate can be found in a number of joint programmes, such as HIV/AIDS, gender-based violence and water and sanitation. (These joint programmes are not implemented through a single budget; distinct components are implemented in parallel by each agency.)

#### 5.4.2 IMPLEMENTATION OF THE NEX MODALITY

All UNDP projects in Mongolia are implemented under the NEX,<sup>161</sup> according to which the staff of the institution hosting the project is supposed to assume all responsibility for project management, including execution of activities, financial control and procurement. However, implementation of NEX in Mongolia normally includes a PMU/PIU, staffed with personnel who do not belong to the institution and work under contract to the project. The persistent use of PMU/PIU is contrary to the principles of the Paris Declaration on Aid Effectiveness, and the number of parallel PMUs/PIUs is an indicator in the Declaration’s implementation monitoring. The responsibilities of PMU/PIU personnel depend on their terms of reference; duties can range from providing technical expertise to project management and financial management. The most direct involvement of institution staff in project management is through the national project director. This individual has the authority and responsibility for approving project expenditures, particularly those that have to be paid through the project account.

In essence, implementation of NEX in Mongolia is a hybrid modality that deviates from the basic principles of NEX. This way of implementation probably does not contribute to the key objectives of NEX: the development of ownership and of institutional capacities. Nor is it likely to achieve the effectiveness and efficiency of the direct execution (DEX) modality.

To the question of why UNDP continues to operate under this hybrid NEX modality, the standard answer provided to the ADR team emphasized the lack of capacity of the

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159 The distinction between the responsibilities of the UNDP Resident Representative and the UN Resident Coordinator is not always clear to the heads of bilateral agencies’ representations in the country, who may use the terms interchangeably. Some assumed that the Resident Coordinator’s role is to promote aid coordination among all donors rather than only among the United Nations agencies. At time of the ADR mission, however, the Resident Coordinator position was assumed *ad interim* by the UNICEF Representative, and it was the UNDP Resident Representative *ad interim* who engaged in promoting exchanges between donors. Hence the distinction was clear.

160 The extent of the development of partnerships and inter-agency collaboration over the two programme cycles is difficult to assess because of the turnover of heads of agencies. The assessments here therefore tend to be based on their recent experience.

161 With the exception of the 2010 response to *dzud*.

implementing agency. This generic response first raises the questions of who determines this lack of capacity, and how, and exactly what capacity is lacking.

The prevalent use of PMUs/PIUs for project execution further leads to a fundamental question: If UNDP had not offered the implementing agency this option for project execution,<sup>162</sup> and if the project were supposed to meet a priority government objective, would the agency be willing to take action to achieve the same objective as per its mandate? If not, it puts into question whether the project objective was really a priority for the Government and whether the agency would need to act on it regardless, or whether it was a UNDP-induced action that the agency would take only if a UNDP-hired PIU/PMU would take care of it. In line with the principles of national ownership of the development process, UNDP is supposed to play a supporting role to the Government when it takes priority actions for achievement of its development goals. In its support, UNDP could provide some operational resources or specific technical expertise. The use of PIUs/PMUs hence does not seem to follow these principles.

Concerns were also raised about a project director who has the authority to control resources but, because of the presence of the PMU/PIU, does not participate in project implementation. Would this person have sufficient incentive to choose the most efficient and effective course of action to achieve the project results? Or would he/she consider the project a supplement to his/her institutional resources? A case in point concerned a project that called for involvement of outside stakeholders, notably civil society, but the project director did not involve any outside stakeholders in implementation. While the ADR team could not examine such claims on individual cases, it

recognizes the possible risks involved in this way of implementing the NEX modality.

Finally, another issue is that financing of PMU/PIU could further raise overhead costs, thus limiting the resources available for substantive project activities.

Since UNDP has been active in Mongolia for 35 years, it is reasonable to suggest that the time has come to shift to a truer NEX modality that would meet the criteria of the Paris Declaration. In that regard, preparation of the next programme should provide an opportunity to draft a strategy for a transition towards a complete implementation of NEX.

#### 5.4.3 DELIVERING AS ONE

The ADR team was informed that the Government of Mongolia has contacted the Office of the Secretary-General to request that Mongolia be included among the countries implementing the 'Delivering as One' (DaO) initiative. Moving into the DaO modality would affect UNDP's future strategic position, so this issue deserves some attention.

The DaO initiative aims to advance beyond the UNDAF towards a truly unified programme. Operating under four principles — One Leader, One Budget, One Programme, One Office — it allows all the agencies to share their comparative advantages. The objective is to enhance the contribution to results while lowering overhead costs through consolidation of programmes. The Government would deal with a single counterpart, streamlining coordination, management and supervision of the programme. In theory, the initiative appears to present only advantages both to the United Nations and to the country. Whether the scheme can be implemented successfully may be another matter entirely, and subject to a set of conditions.

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162 Normally, PMU/PIU is also financially supported by UNDP. For example, the personnel of a UNDP project, PREF I, were detached from the MoFE and "the remunerations of the Poverty Research Group (PRG) national professional staff was...covered by UNDP under a reimbursable loan agreement with the MoFE under which UNDP reimbursed the Government of Mongolia for staff seconded under the label". Incentive payments were paid by UNDP, although the staff making up the PRG never left government service. The Government therefore has little incentive to prioritize the projects from the financial aspect as well.

Evaluations of pilot DaO initiatives in a number of countries suggest that successful countries had a firm commitment to aid coordination and had undertaken effective steps towards achieving that goal. In these cases, DaO was not an isolated initiative but part of a broader national process of asserting ownership of the country's development process and strengthening horizontal coordination and collaboration within the Government. In particular, entering into the DaO initiative implies realigning relationships among UN agencies and sectoral ministries through a central channel. This would require changes in how ministries acquire funding from and engage in activities with UN partners, and hence it requires strong political resolve. Further, it seems that in the pilot countries the principles of the Paris Declaration were being implemented more successfully than in Mongolia.

Aid coordination in Mongolia has been focusing almost exclusively on loans and investments. It does not appear to involve much technical assistance, which is the main input of the UN agencies, or coordination of international assistance with national policies. In fact, the deficiency in these types of aid coordination is leading donors to request that UNDP assume a more proactive role. In addition, the counterpart for the UN

agencies is the Ministry of Foreign Affairs, which has little direct responsibility for implementation of activities related to development priorities. It could hence be said that the basic conditions for effective implementation of DaO in Mongolia have yet to be fulfilled.

However, the government's request for it should be seen as an opportunity for the United Nations to build on previous initiatives and to advocate for setting up an effective system for national management of the development process. The relatively recent designation of NDIC as responsible for coordinating and monitoring the NDS is a sound first step. It needs to be completed by entrusting NDIC with responsibility for coordination of national policies and international assistance, and for implementation of the Paris Declaration principles. To be able to assume these expanded responsibilities, NDIC will need strengthened capacities, through a programme of technical assistance and participation of its staff in project formulation and evaluations. With government commitment to a coherent system of management of the development process through NDIC along with the requisite assistance, the conditions for successfully implementing DaO could be met within a few years.



# CONCLUSIONS AND RECOMMENDATIONS

## 6.1 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 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 multi-dimensional 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.

## 6.2 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.

# TERMS OF REFERENCE

## 1. INTRODUCTION

The Evaluation Office of UNDP conducts country evaluations called Assessments of Development Results to capture and demonstrate evaluative evidence of UNDP's contributions to development results at the country level, as well as the effectiveness of UNDP's strategy in facilitating and leveraging national effort for achieving development results. ADRs are carried out within the overall provisions contained in the UNDP Evaluation Policy.<sup>163</sup> Based on the principle of national ownership, the Evaluation Office seeks to conduct ADRs jointly with the national Government whenever agreed and possible.

The purpose of an ADR is to:

- Provide substantive support to the Administrator's accountability function in reporting to the Executive Board;
- Support greater UNDP accountability to national stakeholders and partners in the programme country;
- Serve as a means of quality assurance for UNDP interventions at the country level;
- Contribute to learning at corporate, regional and country levels.

The ADR in Mongolia will be conducted jointly with the Government in 2010 towards the end of the current programme cycle of 2007-2011. The ADR in Mongolia is hence intended to make a contribution to a new country programme, to be prepared by UNDP country office in Mongolia together with national stakeholders.

## 2. BACKGROUND: COUNTRY CONTEXT AND KEY QUESTIONS

The country's transition to a democracy and a market economy, set in force when the socialist regime collapsed in the early 1990s, has not been an easy one. Especially in the early years, the collapse of the subsidized socialist economy and the markets of its traditional socialist trading partners forced the economy to shrink by 10 percent both in 1991 and 1992, with the inflation rate reaching 325 percent in 1992, having led to a dip in the Human Development Index (HDI) from 0.652 in 1990 to 0.626 in 1992. Only in 1998, HDI returned to the 1990 level at 0.651.

Since then, Mongolia saw significant advances in human development with continued democratic and market reform, bringing HDI to 0.655 in 2002 and to 0.720 in 2008. The country now ranks 112<sup>th</sup> in the 2008 Global Human Development Report making it a medium human development country, and 100<sup>th</sup> in the 2008-2009 Global Competitiveness Report. The 2007 National MDG Report indicates that many MDG targets are on track, including the vital infant and maternal mortality goals. This paralleled economic growth in real terms, which has risen from 1.3 percent in 2000 to 6.3 percent annual average for 2001-2004 and to 8.7 percent for 2005-2008.

Behind this progress was the Government's effort towards improved and equitable human development. The Good Governance and Human Security Programme (GGHSP), adopted in 2000, set 11 priority goals in the areas of political, social, economic and environmentally sustainable development. UNDP's second Country Cooperation Framework (CCF II) 2002-2006 supported this

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163 <[www.undp.org/co/documents/Evaluation-Policy.pdf](http://www.undp.org/co/documents/Evaluation-Policy.pdf)>



effort, specifically those set out in GGHSP, by aiming to galvanize national action through the demonstration of best practices in the fields of governance, economic and social development, and natural resources management. This was a part of the overall support rendered by the UN Country Team in Mongolia under the first United Nations Development Assistance Framework (UNDAF) 2002-2006.

Despite this progress, the problems of disparities and vulnerabilities remain in Mongolia. Disparities have been growing between rural and urban areas, within urban areas and between residents of traditional *gers* and others, not only in income but also in access to basic social services and information. The persistent income poverty and the harsh natural conditions make the life of a large number of population vulnerable. The vulnerability is compounded by the undiversified economy, heavily reliant traditionally on livestock herding and more recently on mining. The vastness of land and the low population density, the extreme cold weather with little rain, the constant threat of land degradation and desertification make overcoming these problems inherently a difficult one.

The Government's Plan of Action 2004-2008 and the Regional Development Strategy, as well as the adoption of national MDGs in 2005, reflect its commitment to tackle these disparities and vulnerabilities, and promote good governance. UNDP has been supporting this effort through the current Country Programme 2007-2011, operationalized in the Country Programme Action Plan (CPAP) 2007-2011, under the second UNDAF 2007-2011.

Since 2004, the Mongolian economy had grown close to the average of 9 percent, largely due to the gains from the mining sector. The globalization and technological development have become the reality in Mongolia, providing new opportunities and challenges. The transition process to the multi-party democracy and the market economy is nearly over. The chronic problems of disparities and vulnerabilities still linger however under this

new global reality. The poverty rate has not gone down much, only by less than one percentage point from 2002-2003 to 2007-2008, to 35.2 percent. The rapid urbanization also widened the urban-rural gap.

Under this context and with a view to further promoting human development, in early 2008, Mongolia adopted MDG-based Comprehensive National Development Strategy to serve as an overarching policy document for the next fourteen years of development in a humane, civil and democratic society through actively pursuing development of Mongolian society, economy, science and technology in conformity with the global and regional development.

In November 2008, the new Government's Plan of Action 2008-2012 was adopted with the following main objectives:

- Speed up the development of the mining sector, renew its legal environment, turn strategic and large mining deposits into economic circulation and grant parts of the revenue generated by the mining sector to citizens;
- Develop and implement the industrial programme, plan and develop mining-based industry, small and medium enterprises based on local raw materials;
- Fully cover domestic needs in agricultural products, in particular, meat, milk, flour, potato and vegetable;
- Create a condition where every citizen could be healthy, educated, employed and able to have income and pay special attention to the training of professional workers;
- Ensure transparency, openness, speedy and fair treatment in service delivery and accountability in public administration and strengthen mutual trust between the state and citizens.

UNDP will continue to support these efforts through its current and forthcoming country programmes.



The Mongolian economy remains heavily dependent on ODA assistance, and Mongolia remains one of the countries with highest aid per capita. There is an expectation that, as democratic and market reforms bear fruit in Mongolia, the international development assistance will decline in the future. This includes a shrinking resource base to UNDP Mongolia, including its core funding and the external funding that it relies on programme implementation.

## KEY QUESTIONS

Given the above context, the ADR will address key strategic questions in addition to its standard analysis of UNDP's contribution to the development results. Such key strategic questions are:

Has UNDP responded well to development challenges of the country and the evolving needs during its transition? Has it effectively supported national strategies and plans for the pursuit of human development? Have the mix of approaches (e.g., capacity development, technical assistance, policy advice, community-based projects, advocacy) been the most effective and appropriate one in achieving the maximum development results? How could UNDP shift its portfolio and the mix of approaches so as to respond well to the current and future needs of the country and the changing context, including the possible decline of the resource base?

Further, the Government of Mongolia is interested in: the assistance to promote the private sector development; and the coordinated and strategic development cooperation, especially in the context of UN system coordination. In this regard, the following questions should be examined:

How has the cooperation between UNDP and the Government influenced the country's private sector development?

How has UNDP, through its support to the Resident Coordinator system, contributed

and succeeded in a coordinated United Nations approach? How such a coordinated approach contributed to better development results? Has the cost of coordination been contained to keep the programme implementation efficient? Is the UN Country Team in Mongolia ready to deepen its coordination in the programming and implementation aspects, and what needs to be done to make further progress in this regard?

The ADR Mongolia will address the above questions within its established framework described below in its scope and methodology.

## 3. SCOPE AND METHODOLOGY

The ADR will review UNDP's experience in Mongolia under its two most recent country programmes (2002-2006 and 2007-2011), and assess its contribution to the national effort in addressing its development challenges, encompassing social, economic and political spheres. It will assess key results, specifically outcomes – anticipated and unanticipated, positive and negative, intentional and unintentional – and will cover UNDP assistance funded from both core and non-core resources.

The ADR has two main components, the analysis of how UNDP has responded to the development challenges in Mongolia, and how UNDP strategically approached it. For each component, the ADR will present its findings and assessment according to the set criteria provided below<sup>164</sup>. Further elaboration of the criteria will be found in the ADR Manual (to be provided by the task manager). The key questions provided in the background above will be addressed within this framework.

### ASSESSMENT OF UNDP'S STRATEGY AND APPROACHES

The ADR Mongolia will assess the strategy and approach of UNDP both from the perspective of the organization's mandate<sup>165</sup> and the development

164 The criteria may be revised in early 2010.

165 For UNDP's Strategic Plan, see <[www.undp.org/execbrd/pdf/dp07-43Rev1.pdf](http://www.undp.org/execbrd/pdf/dp07-43Rev1.pdf)>

priorities in the country. This will entail systematic analyses of UNDP's place and niche within the development and policy space in the country, as well as strategies and approaches used by UNDP to create a position for the organization in its core practice areas and to maximize its contribution through adopting relevant approaches. The set of criteria to be applied in assessing UNDP's strategy are: (i) strategic relevance and responsiveness to evolving development challenges; (ii) UN values, (iii) strategic partnerships, (iv) development cooperation coordination.

### **ASSESSMENT OF UNDP'S RESPONSE**

The assessment of UNDP's response to the development challenges will entail a review of UNDP's programme portfolio of the previous and ongoing programme cycles, and conducted by the areas of intervention. This would entail: a review of development results achieved by the country and UNDP's contribution to them with a reasonable degree of plausibility; the extent to which intended programme outcomes were achieved; and factors influencing results (e.g., UNDP's positioning and capacities, partnerships, policy support). Where relevant, the relationship to the national effort and UNDAF will be analysed. The set of criteria to be applied in assessing the development results are: (1) programmatic relevance, (2) effectiveness; (3) efficiency and (4) sustainability.

The overall contents and structure of the report will follow aforementioned ADR Manual.

## **4. EVALUATION METHODS AND APPROACHES**

### **PRINCIPLES AND GUIDELINES**

The ADR Mongolia will be conducted in adherence to the Norms and the Standards<sup>166</sup> and the ethical Code of Conduct<sup>167</sup> established by the United Nations Evaluation Group (UNEG), as well as to UNDP's Evaluation Policy.

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166 <[www.uneval.org/normsandstandards/index.jsp?doc\\_cat\\_source\\_id=4](http://www.uneval.org/normsandstandards/index.jsp?doc_cat_source_id=4)>

167 <[www.uneval.org/papersandpubs/documentdetail.jsp?doc\\_id=102](http://www.uneval.org/papersandpubs/documentdetail.jsp?doc_id=102)>

### **DATA COLLECTION**

In terms of data collection, the evaluation will use a multiple-method approach that could include document reviews, workshops, group and individual interviews, project/field visits and surveys. The appropriate set of methods would vary depending on country context and the precise nature would be determined through the scoping mission and desk reviews, and detailed in an inception report to be prepared by the evaluation team.

### **VALIDATION**

The evaluation team will use a variety of methods to ensure that the data is valid, including through triangulation. All the findings must be supported by evidence and validated through consulting multiple sources of information.

### **STAKEHOLDER PARTICIPATION**

A strong participatory approach, involving a broad range of stakeholders, will be taken. The ADR will have a process of stakeholder mapping that would identify both UNDP's direct partners as well as stakeholders who might not have worked directly with UNDP. These stakeholders would include government representatives of ministries/agencies, civil-society organizations, private-sector representatives, UN agencies, multilateral organizations, bilateral donors, and importantly, the beneficiaries of the programme. Furthermore, in order to identify key development challenges of the country, the evaluation team may conduct interviews and consultations beyond those involved directly in UNDP country programme.

## **5. THE EVALUATION TEAM**

The ADR will be conducted by an independent evaluation team. The team will be constituted of three or more members:

- Team leader, with overall responsibility for providing guidance and leadership for

conducting the ADR, and in preparing and revising draft and final reports;

- Team specialists, who will support the team leader and provide the expertise in specific subject areas of the evaluation, taking the lead in designing and conducting evaluation and drafting the relevant parts of the report in those areas;
- National coordinator, who will act as the coordinator and interlocutor of the team in the country, and to liaise with UNDP country office and the national Government as needed; one of the team specialists may assume the role of the national coordinator;

## **6. ROLES AND RESPONSIBILITIES, AND MANAGEMENT ARRANGEMENTS**

### **UNDP EVALUATION OFFICE**

The Evaluation Office will conduct the ADR jointly with National Development and Innovation Committee (NDIC) of Mongolia. Its task manager will provide overall management of and technical backstopping to the evaluation. In consultation with the designated focal point in NDIC, the task manager will set the terms of reference for the evaluation, establish the evaluation team, receive the first draft of the report and decide on its acceptability, jointly organize a stakeholder meeting to present the preliminary results of the evaluation, and manages the follow-up processes. The task manager will also support the evaluation team in understanding the scope, the process, the approach and the methodology of the ADR, and in designing the evaluation, provide ongoing advice and feedback to the team for quality assurance, and assist the Team Leader in finalizing the report. The Evaluation Office will meet all costs directly related to the conduct of the ADR.

### **NATIONAL DEVELOPMENT AND INNOVATION COMMITTEE (NDIC)**

NDIC will conduct the ADR jointly with the UNDP Evaluation Office. The designated focal

point within NDIC for this exercise will be its Information, Research, Monitoring and Evaluation Division (IRMED), which will oversee the ADR in close collaboration with the Evaluation Office task manager. IRMED will collaborate with the task manager in the formulation of the terms of reference and the evaluation team, jointly organize a stakeholder meeting to present the preliminary outcomes of the evaluation, jointly receive the draft report, and manage the follow-up processes within the Government of Mongolia. NDIC will ensure and safeguard the independence of the evaluation team in conducting the ADR, and assist the team in its contact with different units of the Government as required.

### **UNDP COUNTRY OFFICE IN MONGOLIA**

The country office will support the evaluation team in liaison with key partners and other stakeholders, make available to the team all necessary information regarding UNDP's programmes, projects and activities in the country, and provide factual verifications of the draft report. The country office will contribute support in kind (e.g., arranging meetings with project staff and beneficiaries; assistance for the project site visits; or office space for the evaluation team if necessary). To ensure the independence of the views expressed in interviews and meetings with stakeholders, however, country office will not participate in them.

## **7. EVALUATION PROCESS**

### **PHASE 1: PREPARATION**

In consultation with IRMED/NDIC, the Evaluation Office will set up the terms of reference and establish the evaluation team. The Evaluation Office will also undertake preliminary research to prepare for the evaluation, and conduct a workshop for the team to understand the scope, the process, the approach and the methodology of the ADR.

## PHASE 2: PLANNING

- **Desk reviews** – Based on the preparatory work by the Evaluation Office and other information and materials obtained from the Government, UNDP country office and other sources, the evaluation team will analyse, inter alia, national documents and documents related to UNDP's programmes and projects over the period being examined. Through the desk review, the evaluation team is expected to develop a good understanding of the challenges that the country has been facing, and the responses and achievements of UNDP through its country programme and other activities.
- **Scoping mission** – The team leader will undertake a scoping mission to the country to conduct interviews of country office programme staff and key programme partners, and to hold planning meetings with the team.
- **Inception report (evaluation plan)** – From the information collected at the scoping mission, desk reviews and the planning meetings with the team, the team leader will develop the evaluation plan and submit it as an inception report. The inception report should include:
  - Brief overview of key development challenges, national strategies and UN/UNDP response to contextualize evaluation questions;
  - Key evaluation questions for each evaluation criteria;
  - Methods to be used and sources of information to be consulted in addressing each set of evaluation questions;
  - Preliminary hypotheses reached from the desk study with a clear indication of the information source (e.g. an evaluation report) that led to the hypothesis;
  - Selection of projects/activities to be examined in-depth;
  - Plan of evaluation activities, including those to be undertaken before and during

the main mission and possible visits to project sites for observation.

## PHASE 3: EVALUATION

- **Data collection** – Based on the evaluation plan as established in the inception report, the team will collect and validate data required for the evaluation before and during the main mission. This will be done by conducting, inter alia, further desk reviews, interviews, focus group meetings, and surveys. During the data collection stage, the team will further develop the hypotheses and validate them through triangulation and other methods.
- **Data analysis** – The team will analyse the data, using a solid methodology that would enable the team to ensure that the results of such analysis are well supported by data. While the team will start analysing data as they are collected, towards the end of the main mission, the team will have dedicated time to analyse the data collected above to reach preliminary findings, conclusions and recommendations. Evaluation Office task manager will assist the team during this stage to ensure the validity of findings.
- **Main mission** – While the data collection and analysis will take place throughout the evaluation process, a large part of collecting and analysing non-document data will be done at the main mission, which will last approximately four weeks. During the main mission, the first three weeks are allocated mostly to data collection, while the last week will be dedicated to analysing the collected data and to reach preliminary findings, assessments, conclusions and recommendations. At the end of the main mission, a stakeholder meeting will be organized. In preparation of the main mission, the National Coordinator will establish a tentative schedule of its activities in consultation with other members of the team, UNDP country office and IRMED/NDIC. The schedule may need to be further adjusted during the course of the mission.



- **Stakeholder workshop** – A stakeholder workshop will be organized at the end of the mission for the evaluation team to present its preliminary findings, conclusions and recommendations, and to obtain feedback from a broad range of stakeholders. The team will brief IRMED/NDIC on its presentation prior to the stakeholder workshop.

#### PHASE 4: DRAFTING AND REVIEWS

- **First draft and the quality assurance** – The team will further analyse information collected and incorporate the initial feedback from the stakeholder workshop. The team leader will submit to the Evaluation Office the first draft of the report within three weeks after the departure of the team from the country. The first draft will be accepted by the Evaluation Office, after revisions if necessary, when it is in compliance with the terms of reference, the ADR Manual and other established guidelines, and satisfies basic quality standards. Once the basic quality check is done, the Evaluation Office will transmit the first draft to IRMED for its review and comments. The first draft is also subject to a quality assurance process through external reviews.
- **Second draft and the factual verification and comments by key stakeholders** – Once the first draft is thus accepted and quality assured, it becomes the second draft after necessary revisions. The second draft will be reviewed for factual verification and comments by (a) UNDP country and RBAP through the Evaluation Office; and (b) the Government through IRMED/NDIC. The team leader, with assistance from other team members, will revise the draft as appropriate in close consultation with the task manager. The team leader will prepare an audit trail to record changes made on the second draft.
- **Final draft** – Once the second draft is thus revised, it becomes the final draft. The final draft will be edited and formatted by the

Evaluation Office for publication. The team leader will prepare an ADR brief with Evaluation Office assistance.

#### PHASE 5: FOLLOW-UP

- **Management response** – UNDP country office will prepare a management response to the ADR under the oversight of RBAP. RBAP will be responsible for monitoring and overseeing the implementation of follow-up actions in the Evaluation Resource Centre.<sup>168</sup>
- **Communication** – The ADR report and brief will be widely distributed in both hard and electronic versions. IRMED/NDIC will be responsible for dissemination within the Government and its partners, and other stakeholders in the country. The evaluation report will be also made available to UNDP Executive Board by the time of approving a new Country Programme Document. The report and the management response will be published on the UNDP website.<sup>169</sup>

The tentative timeframe for the evaluation process is described in Table A1.

## 8. EXPECTED OUTPUTS

The expected outputs from the evaluation team are

- An inception report, providing the design and the plan for evaluation (as specified in the process section of this document).
- The final report, ‘Assessment of Development Results – Mongolia’ (maximum 50 pages plus annexes)
- ADR Brief (2 pages)
- Presentations at debriefings and at the stakeholder meeting

The final report of the ADR will follow the ADR Manual (to be provided by the Evaluation Office), and all drafts will be in English.

168 <<http://erc.undp.org/>>

169 <[www.undp.org/evaluation](http://www.undp.org/evaluation)>



<b>Table A1. Evaluation Time-frame</b>	
<b>Activity</b>	<b>Estimated timeframe</b>
Preliminary research by the Evaluation Office	Nov. – Dec. 2009
Preparatory mission by the Evaluation Office	Nov. 2009
Establishment of terms of reference and the evaluation team by the Evaluation Office/NDIC	Dec. 2009
Desk review by the evaluation team	Jan. – Feb.2010
The following are tentative and will be decided in consultation with the team, country office and IRMED:	
Scoping mission and the inception report	End Feb/early March
Main mission to the country	Apr. 2010
Submission of the first draft	End May 2010
Internal review process and quality assurance	June 2010
Submission of the second draft	Mid-July 2010
Review by the country office and RBAP	Mid-July – early Aug. 2010
Validation with the Government	Aug. 2010
Issuance of the report	October 2010

## Annex 2

# PEOPLE CONSULTED

### **GOVERNMENT OF MONGOLIA**

Ayush, Head of Strategic Policy Department,  
Ministry of Social Welfare and Labour

Banzragch, Ts., Director, Sustainable  
Development and Strategic Planning  
Department, Ministry of Nature,  
Environment and Tourism

Batbayar, Z., Deputy Director, Water Authority

Batbold, B., Head, Foreign Relation  
Department, Ministry of Environment  
and Member, Supervisory Board of the  
Civic Council of Environmental NGOs,  
Lecturer, Eco-Asia Institute

Batkhurel, Macroeconomic Policy  
Department, NDIC

Dagvadorj, D., Director of Sustainable  
Development and Strategic Planning  
Department, Ministry of Nature,  
Environment and Tourism, UNCCD  
focal point

Davaasuren, Ch., Independent Authority for  
Anti Corruption

Dorjkhand, Deputy head of Aid Coordination  
Department, MOF

Enkhsaikhan, B., Head of Office, National  
Committee on Gender Equality

Enkhtaivan, E., Head, Information,  
Research, Monitoring and Evaluation  
Division, National Development and  
Innovation Committee

Gantulga, D., Head of Construction and  
Public Utilities Department, Administration  
for Land Affairs, Construction, geodesy  
and Cartography

Gerelchuluun, D., Head of Administration  
Office, National Human Rights Commission

Hurenbaatar, B., Head of Aid Coordination  
Department, Ministry of Finance

Munkhsaikhan, G., Officer, Information,  
Research, Monitoring and Evaluation  
Division, National Development and  
Innovation Committee

Namsrai, D., Deputy Director, National  
Emergency Management Agency

Narantuya, G., Head of Secretariat, National  
Human Rights Commission of Mongolia

Nyamjav, D., Vice Minister, Cabinet Secretary  
of the Government and the Project Director  
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## Annex 3

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