



Joint Programme 2021 Annual Progress Report

SDG Financing Portfolio - Component 1

Cover page

UNCT/MCO: Mongolia

Reporting Period: 1 January - 31 December 2021

JP title: Rolling Out an Integrated Approach to the SDG Financing in Mongolia

PUNOs: UNDP, UNICEF

Government partner: Ministry of Finance, National Development Agency, Ministry of Health, Ministry of Education, Culture and Science, Ministry of Labor and Social Protection, National Audit Office, Development Bank of Mongolia, National Committee in Gender Equality,

Target SDGs: SDGs 1, 3, 4, 5, 8, 9, 12

Gender Marker: 2.2

Approved budget: USD 836,954

Co-funding: USD 80,000

Total Disbursement by 2021: USD 836,954

Total estimated expenditures: USD NA (est. Delivery rate: NA%)

Total estimated commitments (including expenditures): USD 562,819.7 (est. Committed rate: 67.2%)

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Executive Summary

- 1) As a part of the development of the Integrated National Financing Framework, the draft integrated national financing strategy was developed, informed by the draft INFF baseline assessment, and draft SDG costing and SDG prioritization reports prepared and submitted to the technical working group of INFF. The draft strategy was also presented at Mongolian Sustainable Finance Forum by Ministry of Finance for stakeholders and partners.
- 2) Budget proposal using the RBB template (submitted to line ministries and placed at <https://mof.gov.mn/article/entry/2022> on 5 July 2021) was prepared as a pilot in 4 sectors (within the UNJP and the EU-funded SDG budgeting project) and submitted to Parliament for approval (The law on budget 2022 approved on 12 November 2021). The education budget 2022 based on specific sectoral outputs, outcomes and KPIs developed was a step away from incremental budgeting and also serves as a model for the other sectors to shift to SDG-aligned, results-based budgeting (Annex 1 of the law on budget 2022 approved on 12 November 2021).

Child focused budget and expenditure review in the social sectors of Mongolia was conducted, aiming to assess the extent to which budgets and expenditures in the education, health, social protection and child protection sectors are aligned to child-focused policy goals and commitments in these sectors. The analysis has highlighted that although the country has robust framework legislation for managing planning and budgeting processes, it is notable that these principles do not include “the best interests of children”.

- 3) As the Addis Ababa Action Agenda (AAAA) notes well-functioning national development banks can play in financing sustainable development, the JP provided technical assistance to Development Bank of Mongolia (DBM) on the integration of sustainable financing principles into its operations, business plan and strategy. While its business plan was approved by the board on 2 July 2021, the strategy is prepared to be approved by the board. As a result of the collaboration, In January, 2022 it recently also joined Mongolian Sustainable Financing Association to integrate the sustainable financing tools into its risk assessment framework.

Annual Progress

Overall JP self-assessment of 2021 progress:

On track (expected results achieved)

Comments on self-assessment: Overall, the planned programmatic activities in 2021 were completed despite the challenges due to the COVID. Between November 2020 and May 2021, COVID-19 mobility restrictions were imposed. All events, working group meetings, discussions, workshops were needed to be virtually organised. The government staff and stakeholders quickly adopted virtual meetings, yet their participations were lower than traditional in-person meetings. The programme activities are on track. The results of the expenditure reviews, focused on child, and youth, INFF baseline study, drafting the integrated national financing strategy were conducted, presented, and discussed with line ministries, agencies and other stakeholders based on good collaboration and coordination with the relevant line ministries, agencies and other stakeholders. Some activities, including establishment of INFF oversight committee is in process to be housed in the existing structures, including the National Committee for Sustainable Development (NCSD) and/or Multi-stakeholder Council for Sustainable Development (MCSD) recently announced by the Parliament, and organising public hearing is under discussion and negotiations. For example, the proposal for the parliament hearing on budget was submitted to the Parliamentary Standing Committee on Budget, but the final decision has not yet made due to the changes in legal environment. In terms of the financial delivery, 63% (399,061) for UNDP and 80% (\$163,758.73) for UNICEF of the total allocated budget of the JP for full programme period were delivered.

Overall progress and key developments to date (3 key JP milestones)

- 1) Based on DFA and MAPS (<https://mongolia.un.org/en/12513-sdgs-mainstreaming-acceleration-and-policy-support>) conducted in 2018, a draft baseline financing assessment with the estimation of financial needs for the national development plan and SDGs was conducted in 2021, having analysed financial landscape, financial flows and estimated the financing needs of implementing national sustainable development priorities, identified binding constraints to provide evidence-based information for the developing the national financing strategy. These identified binding constraints are the weak alignment of development plans with budgeting, no existing mechanism for long-term financing policy, pro-cyclical fiscal policy, off-budget spending, high level of government debt, an increasing number of inefficient state-owned enterprises; underdeveloped stock market, state-owned enterprises domination in market, underdeveloped Public-Private Partnership mechanism, unfavourable business and investment environment, and less access to international financial market funds.
- 2) The integrated national financing strategy was drafted and discussed with the technical working group tasked with “Strengthening the integrated national financing framework for sustainable development” under the Deputy Minister of Finance in May and November 2021. The INFF financing strategy builds on other currently effective policy documents and strategies and emphasises the financing alignment with the SDGs limiting duplication with existing policies and strategies. The strategy developed for the timeframe of

2021-2025 is foreseen that the systemic reforms to continue beyond this timeframe and be embedded into new strategies.

- 3) The partnership for the implementation of the JP has been enhanced. The partnership with the Development Bank of Mongolia has been improved by providing capacity building training and technical assistance to develop an action plan to introduce sustainable financing tools into its operations and providing financing for export-oriented companies. New partnership on sustainability reporting including ESG, and SDG impact standards, commenced with the Mongolian Stock Exchange, Financial Regulatory Commission, Mongolian Sustainable Finance Association, UN Environment Programme, Financial Centre for Sustainability, and International Finance Corporation through jointly organising the webinar on “Introducing Environmental, Social and Governance (ESG) Standards into the Mongolian Capital Markets” and developing Sustainability Reporting Guidance and Indicators for Mongolian Companies. Mongolia’s INFF financing strategy is drafted and presented at the consultation meeting for the Monetary Policy Guidelines 2022 draft organised by the Central Bank of Mongolia.

Changes made to JP:

Main Challenges: Due to COVID related restrictions, there were some challenges to organize face to face /in person meetings, workshops and consultations which were required to conduct the expenditure reviews on child and youth focused budget and expenditure review in the social sectors, result-based budgeting, baseline study with the SDG costing and prioritization, developing the national strategies, it was also challenging to obtain some budget, financial and economic data required for the review from different line ministries. PUNOs closely partnered with all relevant stakeholders to plan and overcome these challenges in order to conduct all planned activities on time. Series of online advocacy meetings were organized online with relevant stakeholders on the importance of the planned review, which has resulted in obtaining access to the required budget data and information; timely online meetings, KIIs and focus group discussions required for the child focused budget review.

Updates on SDG financing framework

Inception phase	Assessment Diagnostics	Financing Strategy	Monitoring Review	Governance Coordination
Previously Completed	Advancing (50-99%)	Emerging (1-49%)	Emerging (1-49%)	Emerging (1-49%)

Descriptions on progress by INFF building blocks

Inception Phase: The DFA (2018) was conducted to support the INFF inception phase with comprehensive recommendations for every building block of INFF. Based on DFA (2018) that was complemented by baseline assessment, draft INFF integrated national financing strategy were developed in parallel. There was no INFF roadmap developed and discussed. Because the most activities planned in the draft roadmap were not much different from the draft integrated national financing strategy, based on the discussion with MOF, UNDP integrated the INFF roadmap in the integrated national financing strategy by considering the local context. The draft integrated national financing strategy, including plan for establishing and operationalising the INFF has timelines, milestones, responsibilities, sequence steps; the working group on “Strengthening the integrated national financing framework for sustainable development”, established by the order no.2 of the Finance minister dated 4 January 2021 discussed the strategy on May and November 2021. The DFA (2018)’s main recommendations: - The efficiency of public financing should be improved and aligned with national development priorities. In the framework of the Fiscal Law and Fiscal Stability Law, Mongolia has been implementing the medium-term fiscal framework since 2004. Through the medium-term fiscal framework statement, an annual State Budget, the Government (Ministry of Finance as a principal actor) maintains macroeconomic conditions (including debt, GDP growth, unemployment) and aligns financing to development priorities. According to the baseline assessments, the funding framework is weakly aligned with the SDGs

and sectoral strategic development planning. This is due to a lack of well-developed long-term budgeting practices, a unified methodology for costing and cost-effectiveness analysis, a lack of legal framework for development policy and planning, and the adoption of cost-effective policy decisions. As a result of these challenges, the ability to align the budget with development goals, allocate it efficiently between sectors, and prioritize funding within the allocated budget is limited. Assessment documents and experts suggest establishing a classification system that identifies measures for public investment in line with SDGs and transit to the next step of the medium-term expenditure framework to improve the efficiency of the public financing.

- Increased fiscal and monetary expansionary policies and welfare policies, and focus on private and domestic bond financing with relatively high-interest rates rather than soft loans, have increased the budget deficit, government debt burden and narrowed the budget space for development priorities. As of 2016, government debt was 87 percent of GDP, and since 2017 the IMF's Extended Fund Facility (EFF) has taken measures to stabilize the macroeconomy and restore debt stability (UN and ADB, 2018).

Assessment & Diagnostics: 1) Child-focused Public Expenditure Review, , as well as analysis of public spendings in the education sector and youth-focused spendings, were conducted. The expenditure reviews in the science, road and transportation sector are being undertaken. These public expenditure reviews identified gaps in aligning budget programs with development policies, unequal distribution and less efficiency of public spending. 2) The Parliament approved the Public Investment Plan for 2021-2025. The total value of the investment plan is MNT 50 trillion; 6% of this investment does not have identified sources.

Financing Strategy: 1. The INFF strategy was drafted and under discussion of the INFF technical working group. 2. The purpose of the draft Integrated National Financing Strategy is to determine integrated and multilateral strategic steps to overcome challenges of financing for the implementation of the medium-term development plan "Five-Year Development guidelines for 2021-2025", which reflects national sustainable development priorities and to improve its monitoring & review, governance & coordination mechanisms. 3. The following objectives will be implemented within the framework of the strategic goals. 3.1. Increase the tax revenue by developing and implementing Medium-Term Revenue Strategy. 3.2. Accelerate the implementation of sustainable development goals by improving the alignment of public finance and budget alignment with development policy and planning by introducing the result-based medium-term expenditure framework. 3.3. Increase financial resources for sustainable development goals by encouraging innovative financing tools to mobilize private and blended financing by strengthening Public-private partnerships. 3.4. Increase the impact of funding sources on sustainable development by creating a supportive environment for the effective implementation of non-financial measures.

Monitoring & Review: For public financing, the capacity of the National Audit Office on SDG-based performance auditing has been strengthened. Also, SDG indicators are integrated into their budgetary performance evaluation system education, labour employment, and environmental sector, collaborated with "SDG-Aligned Budgeting to Transform Employment in Mongolia" project, funded by EU and "Supporting the Implementation of the 2030 Agenda in Mongolia" project. For private financing, ESG reporting guidelines in the Mongolian capital markets was jointly developed with the Mongolian Stock Exchange, Financial Regulatory Commission, Mongolian Sustainable Finance Association, UN Environment Programme, Financial Centres for Sustainability, and International Finance Corporation to assess environmental and social impacts of the private sector. Also, to track the financial flows dedicated to the SDGs, monitor its progress and implement tailored policy incentives to support the SDGs financing, the SDG financing taxonomy was drafted with a classification system of economic activities, along with the criteria for measuring, verifying, and reporting the impacts of the financial flows towards the SDGs.

Governance & Coordination: Establishment of the Multistakeholder Council for Sustainable Development (MCSD) was announced by the Parliament of Mongolia at the First High-level National Forum on the SDGs organized under the leadership of the Resident Coordinator's and the Parliament of Mongolia on 4th October 2021 and included keynote statements of the Prime Minister, the Speaker of the Parliament and the UN DESA Chief Economist. The Forum was also attended by the Parliamentarians, Cabinet Ministers, UN system, DPs, IFIs and private sector. The key MCSD objective is to ensure oversight over the SDG implementation, including their mainstreaming in the national development programmes, SDG financing and monitoring. It aims at bringing together multiple stakeholders, including key donors, international development organizations and financial institutions, government institutions, private sector and civil society. The Parliament is working on development of the detailed Terms of Reference and defines the governance structure.

Priority Cross-cutting Issues

How did the JP adapt to the COVID-19 context

The financing strategy was drafted to finance for the newly approved medium-term socio-economic development guideline, developed in the context of the national recovery response to COVID-19. The baseline assessment informed the strategy of the covid impact on the financial landscape and potential risks for sustainable development financing. By considering the potential negative impact of COVID-19 on financing for sustainable development, the draft strategy includes the development of new innovative debt instruments and mobilization of tax revenue in order to mobilize additional funding for filling the financial gaps. Also, UN Mongolia Socio-economic Response plan for COVID-19 identified significant amount of financing gaps in health, social protection, economic recovery and macroeconomic with relevant specific responses. The draft financing strategy includes policy level activities and financing reforms to fill this financing gaps, for example, in order to promote MSMEs, jobs and export, the strategy has an activity to restructure the state-owned financial institutions with SME and export orientations and to establish impact investment fund. While in the response plan, debt management and macroeconomic regulation have been identified as the most urgent issues. The draft integrated financing strategy plans to develop the debt management strategy focusing on post-COVID recovery.

How did the JP apply the Gender Marker

1. A baseline study to understand the current status of gender mainstreaming in the banking and non-bank sectors was conducted with the development of guidelines, tools, and templates to help banks and non-banking financial institutions (NBFIs) develop gender policies, frameworks and tools in December 2021. Based on the developed tools and guidelines, gender-mainstreaming training for financial institutions is being conducted to strengthen financial sector capacity to recognize gender-related risks, consider gender-wise due diligence, and effectively engage with their client so that gender-related risks are converted into opportunities between December 2021 and January 2022 among around 100 participants.
2. The gender considerations were integrated into the Mongolian Sustainable Finance Principles. The “Gender mainstreaming in the financial sector” expert workshop was held in November 2021, partnering with the National Committee on Gender equality, EBRD, UNICEF, and the Asian Foundation among 150 participants of the Mongolian Banking sector.
3. The expenditures reviews, focusing on child and youth were conducted with gender responsive approach.

Estimated % of overall disbursed funds spend on gender: 24%

Alignment with cross-cutting UN issues (e.g. human rights, decent work, inclusion, LNOB)

- Partnering with Central Bank, the Sustainable Development Goals (SDGs) Finance Taxonomy is being developed to identify SDG enabling projects with impact assessment and reporting criteria, focused on inclusion and leaving no one behind, and addressing underserved groups’ needs (LNOB).
- Partnering with Central Bank, Financial Regulatory Commission, Cabinet Secretariat, National Development Agency (was changed to Ministry of Economic Development from the beginning of 2022), Development Bank of Mongolia, National Audit Office, National Chamber of Commerce and Industry, UN agencies (UNRCO, UNICEF, UNFPA, WHO), Development Partners, International Financial Institutions (WB, ADB, IMF), and CSOs, the financing strategy was drafted to include the number of financing strategies and solutions (SDG Impact standards, Impact investment, sustainable public procurement, sustainable debt instruments, gender-sensitive, results-based budgeting, increasing sustainable financing), those explicitly consider the human rights, decent work,.
- Partnering with line ministries, child-focused expenditure analysis in social sectors was conducted, focusing on leave no one behind and the best interests of children principles. Currently, UNICEF is collaborating with

the line ministries to advocate and implement the key recommendations from the above-mentioned child focused expenditure analysis.

- Partnering with Mongolian Sustainable Finance Association, gender consideration, social inclusion, ILO convention on Equal pay, Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW), Financial Inclusion Toolkit on sex-disaggregated data was added into the Mongolian Sustainable Finance Principles, which are expected to increase financial inclusion.

How did the JP work to build ownership and buy-in of key stakeholders

- To build ownership and buy-in of the Ministry of Finance and other government agencies in strengthening the integrated national financing framework, the technical working group to develop the financing strategy is being led by the Ministry of Finance and was established, including the key stakeholders. The child-focused expenditure review in social sectors was led by the Ministry of Labour and Social Protection in collaboration with the Ministries of Education and Health.
- By well-integrating activities planned of the joint programme into the reforms and existing the structures, the ownership and buy-in have been also enhanced. For example, effective consultations and advocacy made the result-based budgeting integrated into the public finance reforms in the Ministry of Finance and line ministers. Ministry of Education and Science and Ministry of Environment and Tourism are championing the SDG-aligned, result-based budgeting in the country. Central bank integrated inclusive growth and sustainable financing into the Monetary Policy Guidelines for 2022. As a result of the recommendations and roadmap developed by the JP, the Development Bank of Mongolia started to become a sustainable bank by joining the Mongolian Sustainable Finance Association in January 2022.

Annual Reporting on Results

Results achieved in promoting the priority thematic SDG agendas

1. Partnerships for the Goals (SDG17)

- The Office of the Resident Coordinator and the Parliament of Mongolia organized the first High-Level National SDG Forum in October 2021 that featured opening remarks of the Speaker of the Parliament, the Prime-Minister and the Resident Coordinator, and keynote speech of the UN DESA Chief Economist. It brought together multiple stakeholders, including MPs and high-level officials from the government, IFIs, key donors, private sector and civil society, to discuss the progress achieved so far with regard to the SDGs, including implementation, financing and monitoring. The Parliament launched the Multi-stakeholder Council for Sustainable Development at this high-level event.
- The Mongolian Sustainable Finance Forum, which brings national policy makers, regulators, banks and FIs, MDBs and international organizations, private investors, clients, businesses, civil society representatives, technology developers, educational institutions and E&S/ESG experts working in the field to drive green development through sustainable finance, discussed the draft integrated national financing strategy and brought the INFF concept to their attention in November 2021.
- The Ministry of Labour and Social Protection, the Department of Family, Children and Youth Development, Youth Development Council and the United Nations Population Fund (UNFPA) co-organized the National Youth Development Forum 2021. The relevant ministries, government agencies and NGOs held discussions with youth representatives on various issues concerning youth, including education, health, employment and social participation. At this forum, the youth-focused expenditure review that is aimed to generate evidence-based information for promoting greater visibility of youth-related issues into the government budget and off-budget planning and strengthening the effectiveness of public resources for youth.
- UNICEF strengthened the partnership with MLSP, MOF, MOES, MOH on child-focused budget planning to promote the alignment of budgets and expenditures in the education, health, social protection and child protection sectors with child-focused policy goals and commitments in these sectors.

2. Inclusive and equitable quality education (SDG4)

- Education Sector Public Expenditure Review and Education planning and public investment review identified gaps in aligning budget programs with policy and found almost no coherence between education planning, pedagogical needs, learning environment and investment.
- KPIs developed based on international experiences, and SDGs for all public schools, kindergartens, aimags, districts, making the performance indicators focused on quality of education are integrated into the 2022 budget law. The program and function categories were rearranged to align more with the policy and SDG in the budgeting software for general secondary and pre-primary education.
- As a result of this support of JP to the government, the public educational expenditure is expected to more contribute to inclusive and equitable quality education.

3. Gender equality and empowering all women and girls (SDG5)

- The JP supported to integrate gender consideration, social inclusion, ILO convention on Equal pay, Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW), Financial Inclusion Toolkit on sex-disaggregated data into the Mongolian Sustainable Finance Principles, which are expected to contribute to gender equality and women empowerment by (1) ensuring gender equality throughout all levels of the financial institution, (2) providing more appropriate, accessible and inclusive financial solutions and services that women want and need, and (3) leveraging the influence that the financial sector has to improve gender equality with clients and on the broader community.

JP contributions to the Joint SDG Fund's global results (especially around Outcome 2 & Output 4)

- 1) Joint SDG Fund Outcome 2: Additional financing leveraged to accelerate SDG achievement (2.2: Ratio of financing for integrated multi-sectoral solutions leveraged in terms of scale)- Joint SDG Fund Output 4: Integrated financing strategies for accelerating SDG progress implemented.
- 2) Indicator 4.1: #of integrated financing strategies that were tested (disaggregated by % successful / unsuccessful) From the financing strategies mentioned in INFF Building Block2 Financing strategy, SDG aligned budgeting was tested for education sector in 2021.
- 3) Indicator 4.2: #of integrated financing strategies that have been implemented with partners in lead
 - Number of integrated financing strategies that have been implemented with government/public partners in lead (Integrated National Financing Strategy). From the financing strategies mentioned in INFF Building Block2 Financing strategy, SDG aligned budgeting was implemented for education sector.

Progress against JP-specific outcomes

Outcome 1: INFF governance structure and monitoring and review for financing of SDV/SDGs function effectively. - Establishment of the Multistakeholder Council for Sustainable Development (MCSD) was announced by the Parliament of Mongolia at the First High-level National Forum on the SDGs on 4th October 2021 organized by the Office of Resident Coordinator and the Parliament. The key MCSD objective is to ensure oversight over the SDG implementation, including their mainstreaming in the national development programmes, SDG financing and monitoring. It aims at bringing together multiple stakeholders, including key donors, international development organizations and financial institutions, government institutions, private sector and civil society. This Outcome was funded by the RC and the Parliament. No JP funding was utilized for this Output in 2021. - The National Audit Office updated guidelines on performance audit with technical assistance to effectively analyse and audit budget programmes linking their actual performance with declared objectives and targets as per national development policies and plans. - The advanced and comprehensive approach of child focused expenditure review was applied for social sectors.

Outcome 2: INFF produced financing strategy leverages resources for SDV/SDGs from public and private sources. - SDG aligned budgeting was implemented for education sector. - Baseline Study: Current State of Gender Mainstreaming in the Mongolian Sustainable Finance Sector with Gender Assessment Tool for Financial Institutions and Gender Mainstreaming Framework for Financial Institutions was conducted.

Progress against JP-specific outputs

Outcome 1: INFF governance structure and monitoring and review for financing of SDV/SDGs function effectively. - Establishment of the Multistakeholder Council for Sustainable Development (MCSD) was announced by the Parliament of Mongolia at the First High-level National Forum on the SDGs on 4th October 2021 organized by the Office of Resident Coordinator and the Parliament. The key MCSD objective is to ensure oversight over the SDG implementation, including their mainstreaming in the national development programmes, SDG financing and monitoring. It aims at bringing together multiple stakeholders, including key donors, international development organizations and financial institutions, government institutions, private sector and civil society. This Outcome was funded by the RC and the Parliament. No JP funding was utilized for this Output in 2021. - The National Audit Office updated guidelines on performance audit with technical assistance to effectively analyse and audit budget programmes linking their actual performance with declared objectives and targets as per national development policies and plans. - The advanced and comprehensive approach of child focused expenditure review was applied for social sectors. -

Outcome 2: INFF produced financing strategy leverages resources for SDV/SDGs from public and private sources. - SDG aligned budgeting was implemented for education sector. - Baseline Study: Current State of Gender Mainstreaming in the Mongolian Sustainable Finance Sector with Gender Assessment Tool for Financial Institutions and Gender Mainstreaming Framework for Financial Institutions was conducted.

JP contributions to strengthening UN coherence, partnerships and reducing duplications of efforts

JP has led to strengthening the UN system better working together at three levels, including (1) within JP's PUNO, (2) bringing UN agencies into JP's activities at other UN agencies level and (3) collaborating at UN project level in SDG financing and ensuring the coherence. At JP's PUNO level, while UNICEF conducted Child-focused budget and expenditure review in the social sectors in the education, health, social protection and child protection sectors to assess alignment of child-focused policies with the budget and is developing a guideline on result-based, child focused budgeting in social sectors, specifically in the area of child protection, UNDP developed an education budget proposal and KPIs for 2022, informed by the results and recommendations of not only public expenditure review in education sector conducted by UNDP but also the Child-focused budget and expenditure reviews, ensuring avoiding any duplication

At other UN agencies level, representatives from UNFPA, WHO with UNRCO and UNICEF are included in the working group tasked with "Strengthening the integrated national financing framework for sustainable development" established by order of the Minister of Finance to develop the integrated financing strategy for ensuring the policy coherence, partnerships and reducing duplications of efforts at UN level. Also, with UNFPA, the youth budget review was conducted to jointly identify the financial gap and challenges for young people in Mongolia. At UN projects level, JP's activities planned in the SDG aligned budgeting and MTEF well-complemented to SDG budgeting initiatives planned in "SDG-aligned Budgeting to Transform the Employment in Mongolia" project, implemented by UNDP, FAO, and ILO. These activities are being implemented coherently and consistently by discussing the results bi-weekly.

Strategic Partnerships, Documents and Communications

How did the JP facilitate collaboration with diverse stakeholders in the SDG financing space

Overall, the partnerships developed with these key institutions is one of the notable highlights of the JP implementation, for expanding the engagement of the UN with the private sector on a much larger scale and building

many new partnerships (working with partners such as the Development Bank, Central Bank, Financial Regulatory Commission and), creating a solid foundation for the INFF. - Ministry of Finance. The Ministry is co-chairing the Steering Committee, and is co-leading the INFF technical working group. Strong partnership with the Ministry of Finance facilitates bringing together line ministries and the relevant stakeholders and builds buy-in. The partnership is enhancing the implementation of other UN projects such as the UNDP SDG-budgeting project and UNICEF’s Child-focused result based budgeting initiative that are implemented with the MOF and line ministries. - National Development Agency. The partnership is focused on aligning the development policies with the budgeting and financing. The JP conducted SDGs prioritization and costing exercise based on the request of the National Development Agency. The methodology and final results were presented and submitted to the NDA.

- Development Bank of Mongolia (DBM). It is the first partnership for the UN with the national Development Bank. The JP conducted an initial assessment on the extent of the integration of sustainability principles in the DBM operations. Based on the JP consultations and initial recommendations, the DBM has included a goal on introducing sustainable financing principles in the business plan, which was approved in July 2021 and in their revised 3 year strategic plan (which is due to be approved by the DBM’s Board of Directors in early 2022). - Central Bank and Financial Regulatory Commission. The financial regulators have an important role in creating the investment environment for sustainable projects and therefore channeling private sector resources to sustainable development. The JP worked on development of SDG Finance Taxonomy and ESG reporting guideline with them. They committed to adopt the SDG Finance Taxonomy in the financial sector. - Industry associations. The partnership with the Mongolian Sustainable Finance Association, the JP co-organized the Mongolian Sustainable Finance Forum with technical workshop on the gender mainstreaming to the financial sector.

Did the JP secured additional financing (co-funding/co-financing) from the following stakeholders:

Government	Donors & IFIs	Private Sector	PUNOs	Other Partners
No	No	No	No	Yes

Comments on additional financing secured: Overall, the partnerships developed with these key institutions is one of the notable highlights of the JP implementation, for expanding the engagement of the UN with the private sector on a much larger scale and building many new partnerships (working with partners such as the Development Bank, Central Bank, Financial Regulatory Commission and), creating a solid foundation for the INFF. - Ministry of Finance. The Ministry is co-chairing the Steering Committee, and is co-leading the INFF technical working group. Strong partnership with the Ministry of Finance facilitates bringing together line ministries and the relevant stakeholders and builds buy-in. The partnership is enhancing the implementation of other UN projects such as the UNDP SDG-budgeting project and UNICEF’s Child-focused result based budgeting initiative that are implemented with the MOF and line ministries. - National Development Agency. The partnership is focused on aligning the development policies with the budgeting and financing. The JP conducted SDGs prioritization and costing exercise based on the request of the National Development Agency. The methodology and final results were presented and submitted to the NDA.

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JP organized events in 2021

JP Launch Event	Annual Donor Event	Partners Event
No	No	No

Number of strategic documents produced by the JP: 7

Number of strategic documents contributed by the JP: 1

Number of communication materials produced: 33

2022 Plans & Way Forward

JP priority activities & expected results for 2022

In 2022, the main priority activities are to work in: 1. Adoptions of “Integrated National Financing Strategy”, “the SDG Finance Taxonomy”, “Framework Application for Gender Mainstreaming in Mongolian Financial Institutions”, “Gender Assessment Tool (GAT) Overview”, and ESG Reporting Guideline for companies, 2. Capacity building trainings on Gender Mainstreaming in Financial Institutions, development of SDG-based performance audit learning materials. 3. INFF/ SDG financing-related advocacy, knowledge sharing, awareness event.

3 major transformative results that will be achieved by the end of the JP

1. The government will have an integrated national financing strategy to leverage financial resources for national sustainable development from public and private sources. The financial sector will have a framework for Gender Mainstreaming in Mongolian Financial Institutions and capacity to integrate gender-considerations into their policy, governance and operations.
2. With the EU Budget Support Technical Assistance project, the government’s capacity to develop the result based MTEF in employment, education, social protection, and agriculture will be significantly strengthened.
3. SDG Finance Taxonomy, determining national sustainable thematic investment areas, their definitions and classifications, criteria and KPIs into which private sector financial resources will be encouraged will be defined and adopted.

Estimated rate of completion for each result as of 31 Dec 2021

Result.1	Result.2	Result.3
Emerging (1-49%)	Advancing (50-99%)	Advancing (50-99%)