



Funded by
the European Union



Food and Agriculture
Organization of the
United Nations



International
Labour
Organization



UN
DP

THE EUROPEAN UNION FUNDED PROJECT

SDG-ALIGNED BUDGETING TO TRANSFORM
EMPLOYMENT IN MONGOLIA

ANNUAL PROGRESS REPORT



(NOVEMBER 21, 2022-NOVEMBER 20, 2023)



PROJECT SUMMARY

Reporting period	November 21, 2022 to November 20, 2023
Donor	European Union
Country	Mongolia
Project title	<u>ACA/2020/418-930 BS TA</u> SDG-aligned budgeting to transform employment in Mongolia
Project goal and objectives	The overall objective is to increase employment and promote decent work in Mongolia, which aims to: <ul style="list-style-type: none"> i) Enable and promote employability in Mongolia via direct interventions and policy improvements ii) Improve the public finance management systems to absorb results-oriented, effective, and evidence-based policies and budget initiatives in the employment and labor sectors.
Project Start/End date	October 01, 2020 - April 01, 2024
Implementing Partner	UNDP, FAO, and ILO
National and local level partners	Ministry of Finance Ministry of Economy and Development Ministry of Food, Agriculture and Light Industry Ministry of Labor and Social Protection Ministry of Education and Science Budgetary Standing Committee, Parliament of Mongolia National Audit Office Mongolian Employers' Federation Confederation of Mongolian Trade Unions Decent Work for Youth Network CSOs and research/media organizations Local authorities
Project beneficiaries	Youth Farmers/herders Remotely located youth and marginalized groups Persons with disabilities Women and girls Working men and women including those in the informal economy Unemployed/underemployed people Jobseekers
Project Total Budget	EUR 7,400,000
Contact person	Matilda Dimovska Resident Representative UNDP Mongolia matilda.dimovska@undp.org

ABBREVIATIONS

AWP	Annual Work Plan
AGS	Authority of Government Supervisory
BAU	Budget Analysis Unit
BI	Behavioral Insights
BSC	Budget Standing Committee of the Parliament of Mongolia
CMTU	Confederation of Mongolian Trade Unions
CSO	Civil Society Organizations
DACUM	Developing a Curriculum
DW4YN	Decent Work for Youth Network
EU	European Union
EPF	Employment Promotion Fund
EPP	Employment Promotion Programs
FAO	Food and Agriculture Organization of United Nations
GASI	General Agency for Specialized Inspection
GBG	General Budget Governor
GoM	Government of Mongolia
GOLSW	General Office of Labour and Social Welfare
ISCED	International Standard Classification of Education
ILO	International Labour Organization
ILS	International Labour Standards
IRBM	Integrated Results-Based Management
JICA	Japanese International Cooperation Agency
KPI	Key Performance Indicator
M&E	Monitoring and Evaluation
MDRF	Ministry Development Result Framework
MED	Ministry of Economy and Development
MITUF	Mongolian Industry Trade Unions Federation
MNCCI	Mongolian National Chamber of Commerce and Industry
MLSP	Ministry of Labour and Social Protection
MoES	Ministry of Education and Science
MOF	Ministry of Finance
MOFALI	Ministry of Food, Agriculture and Light Industry
MOC	Ministry of Culture
MONEF	Mongolian Employers' Federation
MTBF	Medium-Term Budget Framework
MTEF	Medium-Term Expenditure Framework
MTFF	Medium-Term Fiscal Framework
MTPF	Medium-Term Performance Framework
MULS	Mongolian University of Life Sciences

MUST	Mongolian University of Science and Technology
NAO	National Audit Office
NAOG	National Academy of Governance
NADP	National Annual Development Plan
NEP	National Employment Council
NSO	National Statistical Office
NGO	Non-Governmental Organization
NTPs	National Targeted Programmes (Medium-term Development Policy)
NQF	National Qualification Framework
NRDC	National Rehabilitation and Development Centre
OSH	Occupational Safety and Health
PDRF	Program Development Result Framework
PEIR/PER	Public Expenditure and Institutional Review/Public Expenditure Review
PIU	Project Implementing Unit
PPP	Public-Private Partnership
PwD	People with Disabilities
RBB	Results-Based Budgeting
RILSP	Research Institute of Labour and Social Protection (re-named as TARILSP)
SCP	Strategic Compliance Planning/Plan
SCPCS	State Committee on Physical Culture and Sports
SDG	Sustainable Development Goal
TARILSP	Training, Assessment, and Research Institute of Labour and Social Protection
TVET	Technical and Vocational Education and Training
UNDP	United Nations Development Program
VTPC	Vocational Training, and Production Centres
WG	Working Group

TABLE OF CONTENTS

TABLE OF CONTENTS	5
1. KEY HIGHLIGHTS OF THE REPORTING PERIOD	6
2. CONTEXT OF THE ACTION	8
3. PROJECT PERFORMANCE AND RESULTS	11
COMPONENT A. BRIDGING POLICIES WITH BUDGETS	13
COMPONENT B. BUDGET OVERSIGHT AND TRANSPARENCY	24
COMPONENT C. EMPLOYMENT PROMOTION: BOOSTING EMPLOYABILITY	32
COMPONENT D. LABOUR REGULATIONS	48
4. PARTNERSHIPS	54
5. COMMUNICATION & VISIBILITY	55
6. PROJECT MANAGEMENT	58
7. CHALLENGES/RISKS AND MITIGATION MEASURES	58
8. LESSONS LEARNED AND WAY FORWARD	59
9. FINANCIAL REPORT	60
10. WORK PLAN AND BUDGET FORECAST FOR THE NEXT REPORTING PERIOD	60
11. ANNEXES	60
Annex 1. Project publications and technical paper	60
Annex 2. Training list and participants during reporting period.....	60
Annex 3. Media monitoring links	60
Annex 4. Meeting minutes of steering committee meeting.....	60

1. KEY HIGHLIGHTS OF THE REPORTING PERIOD

During the reporting period, the project achieved notable achievements in its various components. Under component A, **the working group** was formed in March 2023, by Decree #2 of the State Productivity Committee, to facilitate the intersectoral and high-level coordination to institutionalize integrated results-based management. The working group intends to oversee and manage government activities in results-based planning, budgeting, reporting, M&E, and the introduction of an integrated digital system.

The project has made significant progress in integrating a results-based approach into development policy planning. For the first time, the **2024 National Annual Development Plan (NADP)** and **Dornogovi aimag AADP** were developed, applying results-based planning methodology and templates. The Dornogovi AADP was the first attempt in the country to link and cascade the national and sectoral level planned results into aimag level results, by applying results-based planning and budgeting methodologies. As such, it can serve as a tentative model for all local governments to review, modify, and apply for their 2025 annual planning and budgeting.

Budgeting has been upgraded based on results-based annual planning to ensure policies are linked to budgets. Referring to the pilots of the previous two years, the **RBB manual** was prepared to provide a background overview of results-based budgeting for participants of national and sub-national level planning, budgeting, and reporting processes.

In this reporting period, overall, 6 General Budget Governors (GBG) including MLSP, MOFALI, Ministry of Education and Science (MOES), Ministry of Culture (MOC), State Committee on Physical Culture and Sports (SCPCS), and National Audit Office (NAO) pertaining 10 sectors, submitted their 2024 annual budget to MoF applying result-based budgeting principles. In addition, **Annex 1** of the Budget Law 2024¹ was updated to include KPIs, with baselines and result targets. Moreover, **semi-annual results-informed budget performance reports** were first drafted in line with the proposed new Guidelines and templates, by two pilot ministries, MLSP, and MOFALI.

The **performance audits** were conducted using the results-oriented methodology and strategically focused to investigate better identification of performance indicators and targets, linking of development policy indicators with budget planning, and provision of better methodology guidance on RBB rollout for sectoral officials, among others. Furthermore, the model of academic engagement in performance audit conducted by the oversight body (MNAO) was tested out in 2023 through an **analytic case study on the Budget Proposal for 2024**. The case study which aimed to improve the quality of analysis, transparency, and credibility of performance audit, verified consolidated budget revenue and expenditure estimations for 2024 and provided revenue and expenditure forecasts for the next year, applying historical data-based trend analyses.

The **Employment Promotion Programs for 2023 (EPP)** was re-designed based on the gaps identified in the previous years and was approved in February 2023 by the National Employment Council (NEC). Overall, the revised design has delegated more power to the local level, improved flexibility for accessing the funds by removing designation to specific population groups, reduced duplication within programs, and

¹ The draft Budget law was submitted to Parliament on September 29, 2023, from the MoF.

attempted to incorporate RBB approach, by including more realistic KPIs as well as performance-based reporting. Revised modalities and designs of i) profiling services, ii) entrepreneurship, apprenticeship, short-term vocational training, cooperatives, were developed based on the results of the pilots and submitted to MLSP. The Guidelines on profiling services have already been adopted by the Government.

Budgets for undertaking [profiling service](#) were included in the MLSP budget for 2023 and 2024. The unit costs of profiling services estimated by the Project technical team were used in the budget preparation process. Budgets for the “Employer Support Project” (apprenticeship) were included in the EPF budget. Unit costs of employment promotion measures for 2023 and unit costs for 2023 EPPs/EPFs were prepared based on upgraded benchmark costs of EP measures/activities.

Two Public-Private Partnerships (PPPs) in the Mongolian Bactrian Camel milk and Offal meat value chains have been initiated, with key developments including the establishment of a camel herders’ cooperative, establishment of a Semi-Intensive Camel Dairy Farm in Khankhongor soum of Umnugovi province, and partnerships with private companies (Solid Partners Group (SPG) LLC and TESO group) and public institutions (MoFALI, local government offices) and educational institutions (MULS, MUST) and non-government organizations (MVMA, MMA).

The project successfully hosted the "Agripreneurship Challenge" competition, engaging more than 100 diverse start-ups in Mongolia and promoting innovation within the food and agriculture sector. As a result of the competition, three winning start-ups received growth funding and a tailored incubation program aimed at further nurturing their innovative ideas and supporting their long-term growth.

The project supported the MLSP in the development of the detailed activity plan for the **National Occupational Safety and Health (OSH) Action Programme for the period of 2021-2025**. Moreover, the project also supported MLSP in conducting a legal gap analysis on ILO Convention C187- Promotional Framework for Occupational Safety and Health (OSH). This convention is the only one of the fundamental ILO conventions that Mongolia has not yet ratified. The main objective of the legal gap analysis was to assess the existing OSH legal framework and identify areas that needed improvement to align with international labour standards.

The MLSP made progress in the process towards ratification of ILO Conventions No.81 and No.129. The project has provided technical as well as operational/logistics support to the Government and social partners. As a result, the law concept note was approved by the Minister for Labour and Social Protection and received non-objection from the Minister for Justice and Internal Affairs and has been submitted for approval to the Minister for Foreign Affairs. In accordance with the Law on International Treaties and Law on Legislation, once three ministers sign off the concept note, the ratification proposal including the revised law concept note reflecting other ministries’ comments will be submitted by the MLSP for discussion.

2. CONTEXT OF THE ACTION

The purpose of this section is to provide a brief snapshot of key developments that took place during the reporting period in legal, policy, and institutional environments which are relevant to the Project objectives.

The amendments to the Budget Law (July 7, 2023) introduced three changes towards improving fiscal stability, budget transparency and public participation, and budget discipline: i) The main macroeconomic parameters for the Medium-Term Fiscal Framework (MTFF) shall be prepared by the Budget Stability Council (BSC) (Art 8.1.2), the drafting of the MTFF statement shall be prepared by the Ministry of Economy and Development (MED) (Art 12².1), and the timeframe for considering the impact of debt management on the budget was extended from short- and medium-term to long-term². These provisions aim to delineate the functions of the macroeconomic framework and MTFF from budget preparation and execution, to discontinue the practice of revising MTFF together with the annual budget proposal. ii) Obtaining feedback from public has become mandatory (Art 28¹), and budget discussions shall take place by sectors iii) A higher quorum is now required for changing special requirements of the budget (Art. 7.7), and ungrounded estimations for the budget (Art 70.4), exceeding expenditure ceiling stated in the annual budget, swapping line items, or using budgetary resources for a purpose different from the one state in the budget law, shall be considered as grounds for dismissal of concerned officials. While the latter provision intends to improve fiscal discipline, this could be considered as a step back from the principles of results-based budgeting toward strengthening accountability for line-item-based compliance.

The Authority of Government Supervisory³ (AGS) was newly established on December 21, 2022, under the Cabinet Secretariat, with the mandate to oversee the monitoring and evaluation of the “long-term development policy, National Targeted Programmes, Five-year Main Directions of Development of Mongolia, Government Action Programme, Implementation Plan of the Government Action Programme, Annual National Development Plan, and projects and measures” (Art 5.11.1. of the Bylaw) [98]. Therefore, the Authority has become the main counterpart for introducing integrated results-based management, namely, its monitoring and evaluation stage. The Authority has started revising Government Resolution No.206 (2020) on monitoring and evaluation of development policy documents and operations of government administrative organizations.

Employment sector

The labour inspection function was transferred to the Ministry of Labour and Social Protection (MLSP) starting from January 2023. Following this change, the MLSP established a new department - Sectoral Inspection Department to oversee and manage labour inspection system as well as to develop and monitor labour inspection regulations. A total of 162 inspectors including labour, social protection, and industrial hygiene inspectors were transferred to the Sectoral Inspection Department, MLSP, as well as

² <https://montsame.mn/mn/read/325581>

³ In Mongolian - Засгийн газрын Хяналт хэрэгжүүлэх газар

General Agency for Labour Social Welfare Service (GALSWS) and General Authority for Social Insurance located in the district, capital, and aimag (province) levels.

In 2023, the MLSP announced that it would conduct a 5-10-year labour market demand and supply forecast, a study that has not been carried out since the 2013 pilot. The Government has allocated MNT750 million for the survey.

Education/TVET sector

The Law Vocational and Technical Education and Training (TVET), submitted alongside the Law on Education and the Laws on Pre-School and Higher Education, was finally approved on July 07, 2023, a law which was long due. The amended Law on TVET⁴ consists of 8 chapters and 32 articles and covers a wider scope than the previous Law.

Previous Law on TVET (2009.02.13)	Amended Law on TVET (2023.07.07)
Chapter 1. General Provisions Chapter 2. Authority and organization of TVET Chapter 3. TVET curriculum content and standards Chapter 4. Rights and obligations of participants in TVET Chapter 5. Others	Chapter 1. General Provisions Chapter 2. TVET curriculum content, programs, and standards Chapter 3. TVET providers and their organization Chapter 4. Vocational and technical education training, enrollment, and graduation Chapter 5. Participants in TVET Chapter 6. TVET authority system Chapter 7. TVET budgeting and financing Chapter 8. Others

The key reform concepts introduced by the revised Law on TVET (2023) include i) improved alignment of TVET to labor market needs, ii) continuous development of teachers and students, iii) extending semi-autonomous authority to TVET providers, iv) digital transition and flexible training, to increase opportunities to acquire skills and competences at the workplace, v) expanding partnerships, and vi) improved management and financing.

The main new elements of TVET budgeting and financing of the revised Law on TVET (2023) are the following: i) TVET expenditures are to be financed from the TVET Support Fund based on results, quality and performance of the TVET training (Art 28.1), ii) the TVET Support Fund itself is to be financed from multiple sources, such as revenues generated from own activities, supplementing Government budgetary allocation, iii) allocation of budget to TVET shall be decided by the TVET Council, composed of multistakeholder representatives, and MOES, iv) the funding formula for TVET providers is based on the variable costs estimated per student by occupations. The formula based on variable cost per student per

⁴ <https://legalinfo.mn/mn/detail?lawid=16759959076531>

occupation is a step forward compared to the previous method of line-item/input-based funding, such as salary and heating.

To implement the revised Law on TVET, several measures were taken by the Ministry of Education and Science (MOES) in 2023. These include:

- The Department of Vocational Education and Training was restructured into a stand-alone department, separate from the Department of Higher Education, MOES.
- The preparation for merging of TVET schools is underway to improve operational efficiency and quality of training. The number of public TVETs is expected to decrease from 45 down to 37 after the proposed structural change.
- The List of Occupations to be trained by TVET providers was renewed based on the International Standard of Classification of Education (ISCED) (2011). It will increase employment opportunities for graduates, by allowing a program to prepare for multiple occupations. Also, it will be aligned with the National Qualification Framework (NQF) and will enable further training pathways. Currently, a total of 286 programs have been defined under 10 sectors.

Agriculture and food sector

The Food Supply and Security national campaign, initiated by the President of Mongolia in 2022, committed to a pivotal goal, to achieve self-sufficiency in 19 critical food products over the next five years, and to transform Mongolia into a food-exporting country. In 2023, the volume of vegetable harvesting reached an unprecedented level, meeting 80% of domestic consumption.

The agriculture sector has had subsidies on 5 agricultural items – wool, cashmere, milk, livestock hides, and wheat. The Ministry of Agriculture, Food, and Light Industry (MOFALI) reported that the supply of these products has significantly increased, for which subsidies played an important role. In 2023, a subsidy for yak wool was added and will be provided in 2024.

3. PROJECT PERFORMANCE AND RESULTS

KEY OUTCOME LEVEL RESULTS – BRIDGING POLICIES WITH BUDGETS

Contribution Towards Project Outcome 1:

Project outcome	Indicator	Baseline	Target 2023	Actual 2023
Budget programs aligned with policies and results	Number (and %) of ministries/sectors that developed results-based MTEF and annual budget proposals with sectoral and SDG targets and negotiated with MOF	2 drafts (environment & health sector) (2019)	6 sectors (40%)	On track. 10 sectors under 6 General Budget Governors (MLSP, MOFALI, MOES, MOC, SCPCS) and NAO, submitted their 2024 annual budget proposals, applying RBB methodology.
	Number (and %) of sectors that submitted results-informed budget performance reports (including gender and LNOB dimension)	n/a	4 sectors	On track. 2 sectors from MLSP and 4 sectors from MOFALI prepared their 2023 semi-annual budget execution and performance reports, based on the KPIs approved.

A total of 6 General Budget Governors (GBG) including MLSP, MOFALI, Ministry of Education and Science (MOES), Ministry of Culture (MOC), State Committee on Physical Culture and Sports (SCPCS) and National Audit Office (NAO) pertaining 10 sectors, submitted their 2024 annual budget to MoF applying result-based budgeting principles. The table below describes the annual incremental progress made towards results-based planning and budgeting under the Action.

RBB elements	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024
Result-based planning	Did not take place	Did not take place	Results-based Medium-term Development Plan (National Targeted Programmes) was drafted	The methodologies for Ministry and LG Development Plan were approved. The methodology was partially applied for 2024 Annual National Development Plan.
Inclusion of RBB-templates in the Budget Circular	MOET, MOH, MOES	MOES, MLSP, MOFALI	MOES, MLSP, MOFALI (updated)	MOES, MLSP, MOFALI (further refined, to include sub-ordinate budget entities)
Programme re-classification, reflecting RBB (alignment between policy and budget programmes)	Remained as before.	Remained as before.	The proposed (budget) programme classification for the pilot Ministries was developed.	Revised programme classification template/model was drafted (aligning policy and budget programmes)

RBB elements	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024
Result-focused review of the budget proposal by MoF			RBB checklist was developed for Budget review discussion between MoF and the pilot line ministries and was partially used.	Result-focused review discussions were held between MoF and pilot Ministries (MLSP, MOFALI, and SCPCS).
Result-based budget execution and performance reporting	Budget execution reports and activity reports, KPIs were mostly too general, or activity-based	Budget execution reports and activity reports, KPIs were mostly too general, or activity-based	KPIs of pilot Ministries were defined, allowing them to report against them formally through the MOF Treasury System	MOES performance report for 2022, MoFALI, and MLSP semi-annual performance reports were produced
Ex-post budget expenditure review by program	Sector expenditure reviews (with some program component) – MOH, MOES	Sector expenditure reviews (MLSP, MOFALI, MOES, Road and Transport ⁵); KPI data for budget expenditure review <u>by programme</u> is not available	Sector expenditure reviews (culture, sports); KPI data for budget expenditure review <u>by programme</u> for 2023 will be available in early 2024 (employment, agriculture)	First budget expenditure review by programme can be conducted (employment, agriculture)
Use of performance reports and budget expenditure reviews in budget formulation and review discussions	Not feasible, due to lack of data	Not feasible, due to lack of data	Not feasible, due to lack of data	Feasible, given the expected availability of performance data
Local Governments	Public expenditure review on Zavkhan aimag was conducted	Public expenditure review on Khuvsgul aimag was conducted	21 aimag and capital city was trained on result-based management	21 aimag and capital city was trained on result-based planning, budgeting, reporting and M&E; Dornogovi aimag annual development plan and budget was prepared applying result-based methodology and templates

⁵ The review was carried out under the Joint Programme “Rolling Out an Integrated Approach to the SDG financing in Mongolia”, funded by SDG Joint Fund, implemented by RCO, UNDP, UNICEF (2020 - 2022)

KEY OUTPUT LEVEL RESULTS

COMPONENT A. BRIDGING POLICIES WITH BUDGETS

Under this component, the project aims to achieve results in the following four main areas:

- A.1 Results-informed strategic budgeting (MTEF)
- A.2 Results-informed budget presentation
- A.3 Evidence-based budget formulation
- A.4 Enhanced capacity of MOF, and line ministries in RBB and budgeting for SDGs

A.1 RESULTS-INFORMED STRATEGIC BUDGETING (MTEF)

Progress Towards Project Outputs

Outputs	Indicator	Baseline	Target 2023	Actual 2023
A.1.1 Reforms plan to upgrade the MTEF	A.1.1.1. MTEF and RBB Reforms Roadmap and Annual Workplan developed	No Reforms Plan (2019)	Roadmap drafted	On track. Result-based management Working Group was established under State Productivity Committee and held a strategic meeting in February.
	A.1.1.2. Annual review of the work plan progress	n/a	1 review	
A.1.2 Result-based MTEF process established	A.1.2.1. Templates and procedures developed and adopted by MOF to host results and priority-based negotiations.	MOET pilot (2019)	All pilot Ministries	Achieved. Results-based planning templates (all Ministries) and RBB templates (all pilot Ministries) were developed and adopted by MED and MOF.
	A.1.2.4. Results-based MTEF and budget proposals developed by selected ministries.	MOET pilot (2019)	At least 4	Achieved. RBB proposals were developed by 4 Ministries, 1 National Committee and 1 organization reporting to the Parliament (MLSP, MOFALI, MOES, MOC, SCPCS, and NAO)
	A.1.2.5. Results-based MTEF negotiations on selected sector/s	MOET pilot (2019)	4	On track. Results-based annual budget negotiations were conducted for MLSP, MOFALI, MOES, and SCPCS.

A.1.1 Reform Plan to upgrade the MTEF, A.1.2. Results-based MTEF process established. A.2.1 Budget programs aligned with policies and results, A.2.2 Result-based budget monitoring and reporting⁶.

Switching to the results-based budgeting system is considered globally as a time- and resource-intensive process. Results-informed strategic budgeting or Medium Term Expenditure Framework (MTEF) is one of the advanced stages of RBB in that strategic budgeting can be operationalized after long, medium-term results frameworks and indicators of all sectors become available with key performance and financing

⁶ The results achieved under these sub-sections are closely inter-related, therefore, were combined to present more logical flow.

data of the previous few years. As mentioned in the Annual Progress Report for 2022⁷, the Project uses MTEF as an umbrella term⁸ that has three sequential stages, namely, MTFF, MTBF, and MTPF.

- Medium Term Fiscal Framework (MTFF) encompasses the top-down specification of the aggregate resource envelope and the allocation of multi-year resources across spending sectors based on priorities.
- Medium Term Budget Framework (MTBF) encompasses a top-down reconciliation of the allocation of resources across spending agencies in a multi-year framework with the bottom-up requests presented by spending agencies.
- Medium Term Performance Framework (MTPF) encompasses the MTBF with the addition of performance and outcomes indicators, metrics, and targets.

This output of the Project addresses the PFM functions that aim at improving the Strategic Budget Allocative function, via an improved MTEF/MTPF system. Since the Project was launched in 2020, Mongolia has continued to run a Medium-Term Fiscal Framework (MTFF) system which has a limited impact on strategic allocations by programmes and results-areas. Some elements of MTBF exist, but a switch to more advanced MTBF and MTPF has not been made yet. Therefore, under this output, the preliminary study on international practice (Armenia, Brazil, Uganda, South Africa, Ghana, South Korea, Kazakhstan, and European countries) was conducted to draft a methodology on formulating MTBF/MTEF. The Ministry of Economy and Development (MED) intends to organize consultations on the opportunities and environment for MTBF implementation in Mongolia by the end of 2023.

Several processes were newly introduced in 2023, building on the progress of the last three years towards putting in place the necessary elements for switching to MTBF/MTPF. These include:

- A **Working Group** on Result-based Management was established under State Productivity Committee and held its first meeting in February 2023. Composed of representatives of key Ministries, the Working Group is expected to oversee the introduction of an online system for Integrated Results-based Management (IRBM). Technical support is being provided to the Working Group by the Project in designing the platform architecture.
- **The Draft National Targeted Programs** were updated in 2023 in line with the Methodology for Developing the National Targeted Programs, newly approved by the MED in May 2023⁹. The approval of the methodology has equipped policymakers working in line ministries and local governments with tools to use when developing medium-term and annual policy documents. The methodology has replaced the earlier guidelines which had become outdated due to the revised Law on Development Policy Planning and their Governance. The Project contributed to the drafting of the methodology by providing technical support on integrating results-based management concepts and SDG indicators and by facilitating consultations with line ministries and other stakeholders.

The national-level targets included in the Draft National Targeted Programs, as medium-term development policy document, are expected to provide the basis for determining sectoral/sub-national, and short-term development targets, further cascading down to ministry and program

⁷ SDGBE Project Annual Progress Report 2022

⁸ Improving Budget Preparation, Institutions and Tool for Budget Preparation. Fiscal Affairs Department (FAD), IMF, 2014, as referenced in the Project commissioned paper on MTEF

⁹ <http://med.gov.mn/argachlal>

results. The approval of the NTPs has been pending for two years. The draft NTPs are now planned to be submitted to the Cabinet and then to the Parliament during the Autumn session of 2023¹⁰.

- The **2024 National Annual Development Plan (NADP)** was drafted by the MED, applying results-based planning methodology and templates. This was the first time that the national annual development plan was developed with a results-focused approach. Therefore, the whole process of preparing the NADP involved all sectoral ministries and local governments. The NADP for 2024¹¹ was approved by the Parliament of Mongolia on May 30, 2024¹², thereby establishing essential frameworks and baselines for results-based budgeting for 2024.

The development of the 2024 NADP was informed and guided by the following three key guidelines:

- i) Revised “**General Guidelines on Preparing Development Policy Document**” (December 2022),
- ii) “**Guidelines for Developing National Annual Development Plan**” (December 2022),¹³
- iii) “**Guidelines for Developing Capital city and Aimag Annual Development Plan**”¹⁴ (May 2023).

The Project technical team provided support to drafting of the methodologies introduced by the above Guidelines and to the application of the methodologies during the drafting of the NADP. The methodologies incorporated IRBM concepts, aiming to enhance *three* types of alignments in the development planning, a) between long-, medium-term policies with short-term or annual development targets, b) vertical (alignments of national, sectoral, ministerial, and programme level results) and horizontal alignment and coherence of results (disaggregation of national target results into aimags), and c) alignments of different stages of the cycle of planning, budgeting, monitoring and reporting.

Given the methodology is new to the development policy planning and different from the approach that had been used over the last three decades for developing the Main Directions of Social and Economic Development, the predecessor of the NADP, it has not been applied in full and consistently. Some of the key lessons learned and observed by the Project from the planning process in 2023 include the following:

- i) Methodological coherence between short-, medium- and long-term policies is crucial, as aggregated and combined development results cannot be achieved without such coherence.
- ii) Linkage between policy and budget cannot be enhanced without multi-year budgeting and program-based budgeting:
- iii) A strong accountability and personnel performance system needs to be established to enable the achievement of policy results at the implementation level:
- iv) The importance of taking a collaborative approach to planning, budgeting, reporting, M&E and implementation for achieving the planned results has become more evident for everyone who participated in the different stages of the cycle.
- v) The need for an Integrated Information System has also become obvious, due to massive mechanistic work to be performed by government officials and other factors, such as high staff turnover; lack of succession planning; lack of evidence-based decision-making, lack of information exchange among public organizations, etc.

¹⁰ <https://legalinfo.mn/mn/detail?lawId=16759902715531> (List of agenda items for Parliamentary Autumn Session 2023)

¹¹ The draft of the Annual Development Plan for 2024 Хөгжлийн төлөвлөгөө 2024 | Эдийн засаг, хөгжлийн яам (med.gov.mn)>

¹² Resolution No. 39, Parliament of Mongolia

¹³ The methodology on formulating National ADP was approved on December 21, 2022.

¹⁴ The methodology on formulating Capital and local government ADP was approved on May 8, 2023

A.2 RESULTS-BASED BUDGET PRESENTATION

Progress Towards Project Outputs

Outputs	Indicator	Baseline	Target 2023	Actual 2023
A.2.1 Budget program aligned with policies and results	A.2.1.1. Mapping of policies vs. budget program structure	0	4 sectors	Achieved. 6 GBGs (MLSP, MOFALI, MOES, MOC, SCPCS and NAO) pertaining 10 sectors, applied 4 levels of results planning, in preparation for more stable budget program structure
	A.2.1.2. Budget classification on program reviewed for SDG alignment	0	4 sectors	On track. Conducted for 6 GBGs. Once NTPs are approved, the SDG alignment will be finalized
	A.2.1.3. SDG targets integrated into the national Budget Annex 1	Drafts for 2 sectors (2019)	4 sectors	On track. Improvements on targets conducted for 6 GBGs.
A.2.2 RBB Reporting	A.2.2.1. Results-informed budget reports	0	4 budget performance reports	On track. 3 budget performance reports developed on MoES, MLSP and MOFALI
A.2.3 Citizen's SDG Budget	A.2.3.1. Integration of policy priorities and results in the Citizen's Budget	No sector targets (2018)	SDG priority	On track. Budgetary information in key policy priority areas of respective ministries was integrated into Citizen's Budget 2024.

A.2.1 Budget programs aligned with policies and results. As of November 2023, the budget programmes in Mongolia remain not aligned with policies and results in the Ministry of Finance system. It is still not possible for all participants involved in budget execution to readily see in the system programme-level KPIs and outputs and activities linked to the programme. *Performance information for service delivery* is one of the few indicators that was scored D¹⁵ by the Public Expenditure and Financial Accountability (PEFA) report (WB, 2021)¹⁶.

Over the reporting period, the Project has made progress in the following areas towards aligning budgets with policies and results. These include:

- The **RBB Guidelines, including its templates and forms**, were updated in 2023, reflecting the Guidelines on results-based planning approved by MED, mentioned above, as well as the lessons learned and results from last two years' of piloting. The updated RBB Guidelines were included in the Budget Circular for 2024¹⁷ by the Ministry of Finance. The Guidelines include nine templates for budget proposals and three checklists for review by Budget Governors.

¹⁵ on a scale from A (high level of performance that meets good international practices) to D (either less than the basic level of performance or insufficient information to score)

¹⁶ <https://www.pefa.org/node/5006>

¹⁷ [The budget circular was published on July 4, 2023.](#)

Annex 1 of the Budget Law 2024¹⁸ were updated to include KPIs, with baselines and result targets.

- The budget proposals for 2024 of the pilot ministries (MLSP and MOFALI) were prepared, in line with the updated RBB methodology, in close collaboration with the Project throughout the budget preparation period.
- The number of ministries and agencies that applied the RBB methodology for their 2024 budget proposal was increased and included the MOC, MOES, SCPCS, and the NAO. The budget proposals of some sectors and programmes were more aligned with the RBB methodology than others, and these include the Employment Promotion Program, Social Welfare Program, Animal Husbandry Program, Horticulture Program, Food, and Light Industry Program, Veterinary Sub-program, Cultural and Physical Education Programs, Child Development and Protection Programs, and Vocational Education and Training Programs.
- Dornogovi Aimag Annual Development Plan (AADP) was developed, applying the newly adopted Guidelines for AADP, on a pilot basis. The process of formulating an AADP and budget proposal for 2024 significantly benefited from previous years of collaboration with local governments (Zavkhan, Khuvsgul and **Dornogovi aimag**) through conducting aimag expenditure reviews and analysis of local government practices of entering budget information in the system, recording expenditures and reporting. The Dornogobi AADP was the first attempt in the country to link and cascade the national and sectoral level planned results into aimag level results, by applying results-based planning and budgeting methodologies. As such, it can serve as a tentative model for all local governments to review, modify, and apply for their 2025 annual planning and budgeting.

The Dornogovi AADP and the budget proposal for 2024 also incorporated *soum* (the smallest administrative unit) inputs and contributions for the aimag planned results, through RBB methodologies. The close collaboration between the aimag and soum policy and finance officials, MoF representatives, and the Project team throughout the year revealed many practical issues which need to be resolved for further improvement of the Guidelines and was a productive learning process for all parties involved.

- A **RBB manual** was developed in 2023 by the Project team to provide a background overview of results-based budgeting for participants of national and sub-national level planning, budgeting, and reporting processes. The manual draws on international literature on RBB/IRBM practices and captures the lessons learned during the last three years of piloting of RBB in Mongolia. The manual is intended to be a working reference document for practitioners and will be updated as the RBB pilots are scaled up to more sectors and entities.
- A comparative table of policy programmes and the existing budget programmes was prepared, as a step forward for the institutionalization of revised budget classification. Replacing or updating the existing budget programmes that are based on COFOG classification with a results-oriented, policy programme classification is a tremendous task. An initial revised architecture of budget classification with a number of layers has been drafted for further consultation with sectoral stakeholders.

¹⁸ The draft Budget law was submitted to Parliament on September 29, 2023, from the MoF.

- The methodology for results-based planning and budgeting needs to be consistent with the methodology that the Government applies in monitoring and evaluation of sectoral policy implementation, organizational performance, and fulfillment of legislation. Initial steps for aligning the two methodologies were made in 2023 through joint workshops and consultative meetings with the Authority of Government Supervisory.

A.2.2 Result-based budget monitoring and reporting. Enhancing the budget reporting system with the results-based framework, i.e. presentation of the progress on the performance of programmes in line with the financial performance information (budget execution reports) is one of the key milestones in the institutionalization of results-based budgeting. Producing such a report has not been feasible in the past due to the absence of well-defined policy programmes and performance indicators.

Over the reporting period, the Project has made progress in the following areas towards results-based budget monitoring and reporting, under the leadership of the Treasury Department of the Ministry of Finance. These include:

- The **business processes** of budget planning, budget execution reporting, and the government monitoring and evaluation systems were analyzed in 2023 in order to synchronize them. A survey was conducted among treasury accountants and the planning and budget documents of the pilot ministries' (MLSP and MOFALI) were reviewed as case studies. The analysis revealed the timelines, responsible officers, and guidelines for each of these processes were not congruent and not integrated. For example, there had been discrepancies in performance indicators and targets stated in the NADP for 2020 and 2021 and those stated in Annex 1 of the Budget Law. Likewise, the budget execution reports did not contain policy or service delivery performance data and there was no regular process to reconcile or integrate them.
- **A case study on results-based budget reporting** was carried out, drawing on the set of results and indicators identified by MLSP and MoFALI for 2023, with the intention of developing a results-based budget execution and performance reporting methodology and templates. As the findings of the case study suggest, data sources, data collection frequencies and timelines need to be aligned for producing budget execution reports along with performance data, beyond the synchronization of KPIs and targets.
- A draft **Guidelines** on results-based budget execution and performance reporting was developed by the Treasury Department, MoF, with the Project support. The draft Guidelines with their methodology and templates are under review by the MoF and provide for twice-a-year reporting.
- **Semi-annual results-informed budget performance reports for the first half of 2023** were drafted in line with the proposed new Guidelines and templates, by two pilot ministries, MLSP and MOFALI. The publication of the reports is underway for public dissemination. The report results were introduced to MLSP and MOFALI management and responsible officials for policy, budget, and execution on October 18. In total, 89 participants participated in the discussion and exchanged progress, challenges and further solutions. **The education sector 2022 Annual Budget Execution and Performance Report** was prepared. This was the first time that the sectoral budget programme reports combining financial and performance data were produced, meeting the requirements stated in Art 54.5 of the Budget Law. There are many areas in this process that need further improvement, nonetheless, the above-

mentioned reports provide an important precedent and a basis for the next cycle of planning, budgeting, and reporting for 2024 and 2025.

- A study on designing and developing an online platform for combined budget execution and performance reporting by ministry, programme, and activity, has been initiated by the Treasury Department, with the Project support. The proposed design intends to be linked directly with the Government Financial Management Information System, to avoid disconnected and duplicated processes.

A.2.3 Citizen’s SDG Budget. Presentation of information on expected results in line with the proposed budget allocations by sectors and ministries in a simple format for a wide range of stakeholders for them to absorb and utilize is one of the key aspects of ensuring fiscal transparency of national and local government budgets. The PEFA report (2021) highlighted that the Glass Account regime, including citizen-focused budget documents on government websites, and high levels of availability of budget documents and data, but also noted that “there is limited data captured on the performance of government operations and thus data on outcomes achieved from the activities of government are not always transparent. In addition, the way in which programs are classified does not support comparative analysis of resource allocations of functions of government in a manner fully consistent with international standards”¹⁹.

Over the reporting period, the Project has made progress in the following areas towards Citizens’ SDG budget, contributing to the budget transparency initiatives of the Ministry of Finance. These include:

- In 2022, the Project supported the MOF in the preparation of a **‘Citizens’ budget’ booklet** containing information from the beneficiary's perspective on the 2023 budget. The "Citizens' Budget" booklet was revised to highlight budget allocations to programs supporting the implementation of the SDGs in its design and classification. The Citizens' Budget" booklet for 2024 was Released.
- **A dashboard of budget allocations** to ministries responsible for SDG priority sectors is being developed for public use. The dashboard will be accessible via the Ministry of Finance's website and expected to provide information on ministry outcomes, program performance indicators, and targets.

A.3 EVIDENCE-BASED BUDGET FORMULATION

Progress Towards Project Outputs

Outputs	Indicator	Baseline	Target 2023	Actual 2023
A.3.1 Sector Public Expenditure and Institutional Reviews for informed budget	A.3.1.1. Research on SDG priority sector public services and budget effectiveness and benefit incidence	0	1 research	On track. Adjustments were made in EPP and EPF planning, financing, and allocation procedures, based on the previous year’s expenditure review studies.
	A.3.1.2. PEIR development for	0	1 PEIR on SDG	Achieved. 3 PERs on child protection, culture, and physical education were developed. A study on local

¹⁹ <https://www.pefa.org/node/5006>

decision-making	evidence-based budget formulation		priority sector	government budgeting practices was conducted based on the Dornogovi aimag case.
A.3.2. Improved prioritization of sector programs	A.3.2.2 On-the-job support in priority setting and bridging with MTEF	0	1 sector supported	On track. Technical methodology is being drafted.
	A.3.2.3. Improved project evaluation and selection methodology linked with PFM Strategy	n/a	Methods applied	
A.3.3 Improved costing of policies	A.3.2.1. Review of national programs' costing	3 costing completed by ADB (health)	Costing of SDG sectors completed	On track. Benchmark costs for EPP were re-calculated to reflect market rates. A study on policy costing was conducted.

A.3.1. Sector Public Expenditure and Institutional Reviews (PEIRs) for informed decision-making. A comprehensive stocktaking of policy, institutional and expenditure outlook in relation to a specific societal goal (e.g. specific SDG area) is an effective vehicle to provide findings and recommendations to key stakeholders, such as the finance and line ministries as an input to their MTEF and budget formulation exercise.

Over the reporting period, the Project has made progress in the following areas towards gathering and producing analytic studies, data, and evidence to support evidence-based budget formulation. These include:

- A study on the Design and Effectiveness of the Employment Promotion Fund was carried out in 2023, aiming to improve its performance, reach-out, and delivery methods. This was a study which followed up on the findings and recommendations of another study supported by the Project in 2022, a study **Employment Promotion Policy, Measures and Analysis of the Current State of Financing** which provided a detailed description of the current employment promotion system and identified areas for improvement. Several measures and actions have been taken following the findings and recommendations of the study on EPF:
 - i) **Employment Promotion Fund (EPF) budget proposals** of three aimags (Dornogovi, Uvurkhangai, and Orkhon) for 2023 were developed as pilots, applying RBB principles and approaches and reflecting the findings of the above-mentioned study on the EPF. The results of the pilots were presented to MOF and MLSP and resulted in an agreement to extend the pilots into other aimags and districts.
 - ii) The EPF sub-funds for aimags and districts were created to facilitate disbursement schedules.
 - iii) **A regulation for preparing EPF proposals** aligned with RBB was developed and approved for further adoption, and
 - iv) **Benchmark costs for key measures** were updated and approved by MLSP. These updated benchmark costs were used for EPF 2023 budget formulation.

v) Budget proposals of the EPF for 2023 were developed based on bottom-up proposals from each aimag and district, with the involvement of active participation of all local authorities in the planning and budgeting processes. As a result of this improved practice, EPFs budget for 2023 were developed, taking into account each local government's actual needs and demands based on demographic statistics. The project provided continuous technical support to the General Office of Labor and Welfare Services (GOLWS), Labor and Welfare Services Divisions in aimags and districts, the Ulaanbaatar Department of Employment in improving EPF budget planning through identifying accurate outcomes, outputs, key performance indicators, baselines, and targets, for the medium-term of 2023-2025 in line with results-based principles and approach. Additionally, the project piloted the **Airag soum** (soum - the smallest administrative unit) of Dornogovi to support bottom-up results-based budget proposals for EPF with KPIs.

- **Public Expenditure reviews:** With the extension of the project's cooperation with government and parliament entities, the requests and demands from partners have been expanded with immense efforts. In 2023 the project has conducted three public expenditure reviews on **culture, physical education, and child protection** sectors, and preparing to extend the review on the environment and energy sector.

In order to improve the quality of the PERs the project developed the **Methodological handbook for PER/PIER** reflecting the good international practices and methodologies. Moreover, the **functional review guideline** was developed to provide fine approaches/methods to review the personnel job functions, structure, and their overlaps, duplications, and gaps with the purpose of finding potential solutions to increase public productivity and quality of service delivery. The **functional review** was undertaken on Dornogovi, Orkhon, and Uvurkhangai to test the proposed guideline, and identified findings were used to finalize the guideline.

A.3.3 Improved costing of policies. The programme costing, both at its high-level estimates and bottom-up detailed calculations, is key in driving the budgeting process in a smooth and effective manner. Improved costing in combination with the improved prioritization process (A.3.2) will supply the necessary information for high-level budget decisions. Costing of policies is a new concept for Mongolia, especially, in relation to budget decisions.

Over the reporting period, the Project has made progress in the following areas towards improved costing of policies. These include:

- **A study on Agricultural Subsidies** started in 2022 was finalized and was presented to MOFALI for further evidence-based decision-making. The findings of the study also generated interest for MED and the Budget Analysis Unit of the Parliament. Further study has been initiated in 2023 upon request from MED on the costing of policy alternatives to subsidies. The study has provided a snapshot of the current status of agricultural subsidies and set a baseline for repeat studies and policy evaluations, which is a regular exercise in RBB.
- **A Study on Policy Costing**, the first of its kind in Mongolia, was conducted in 2023. The study explained the concepts behind policy costing and its purposes, drawing on international good practices, and proposed potential approaches and practical ways for carrying out policy costing. Demonstrating a good case study of policy costing using a reliable methodology remains a priority for the Project, given the increasing role that policy costing could play in future decisions, especially with regard to policies entailing large public expenditures.

A.4 ENHANCED CAPACITY OF MOF AND LINE MINISTRIES IN RBB AND FOR SDGs

Progress Towards Project Outputs

Outputs	Indicator	Baseline	Target 2023	Actual 2023
A.4.1 Strategic Advisory Services	A.4.1.1. Strategic Advisory Board Meetings and Recommendations	0	1 SAB meeting	Achieved. The strategic meeting was held in April 4 (Result-based Management Working Group under State Productivity Committee)
A.4.2. Regional Peer Learning and Study Tours	A.4.2.1. Capacity building and knowledge exchange on MTEF practices	n/a	1 study tour	On track. Planned to be organized in the last quarter of 2023
A.4.3 Training On-the-job Capacity Building	A.4.3.1. Training on MTEF and RBB for MOF and line ministries	0	4	Achieved.

A.4.1. Strategic advisory services. The purpose of providing strategic advisory services is to facilitate national stakeholders' involvement in defining a high-level strategic path for the reforms using international good practices and experience from countries where RBB and MTEF processes are set.

An intersectoral, high-level coordination mechanism was created in the form of a Working Group on integrated results-based management in March 2023, by Decree #2 of the State Productivity Committee, and was tasked to oversee, manage, and coordinate government activities on result-based planning, budgeting, reporting, M&E and introduction of an integrated digital system. A **consultative meeting** of the Working Group was organized in April 2023, chaired by MED, co-chaired by the Ministry of Digital Development and Communication, and with representatives from MoF, Authority on Government Supervisory, Cabinet Secretariat, and the project team. The WG has remained active throughout the year.

The development of the digital architecture of the integrated-result-based management has commenced with drafting a Terms of Reference for the information system.

A.4.3. Training On-the-job Capacity Building.

Over the reporting period, knowledge sharing among stakeholders took place in two directions;

i) initial introduction of MTEF/MTBF and results-based management concept through training, workshops, and consultative meetings. A total of 32 training workshops and consultations were conducted at the beginning of the year, engaging 1,895 governmental officials (733 men and 1,162 women) from various sectors and local governments. In particular, 165 management-level officials took part in the methodological training on the Annual National Development Plan for 2024 organized in January 2023. The training on the Aimag Development Plan for 2024 of Dornogovi aimag attracted 76 officials (51 females and 25 males).

The workshops in May and June 2023 were more focused on application new RBB templates and engaged a total of 1,168 government officials (475 male and 663 female) from line ministries, 21 aimags, the capital city, and districts, who are in charges of policy planning, budgeting, monitoring and evaluation.

ii) support to regular teamwork on actual development of guidelines or preparation of draft plans, budget formulation, and reporting. In most cases, such support was focused on cascading results from national to tsectoral, ministerial and program levels with corresponding KPIs, baselines and targets in line with results-based principle and concepts.

COMPONENT B. BUDGET OVERSIGHT AND TRANSPARENCY

Under this component, there are three main areas for strengthening budget oversight, transparency, and accountability:

- B.1 Enhanced parliamentary role in budget oversight
- B.2 Increased role of CSOs in budget analysis and oversight functions
- B.3 Strengthened and transparent performance audit

KEY OUTCOME LEVEL RESULTS – BUDGET OVERSIGHT AND TRANSPARENCY

Contribution Towards Project Outcomes 2 - 4

Project outcomes	Indicator	Baseline	Target (2023)	Actual 2023
2. Parliament oversights on RBB scrutiny and Policy & Budget linking	Number of Budget Hearings on RBB and expenditure effectiveness etc	0	4	On track. A formal Budget Hearing on RBB and expenditure effectiveness did not take place, but budget discussions were held.
3. Budget Monitoring by CSOs	Number of sectors/ ministries monitored by CSOs on their budget implementation, using RBB and LNOB principles, and communicated to the public	0	4	On track. CSOs were involved in the performance audit for the '2024 National Budget Proposal'.
4. Performance Audit of SDG priority programs	Number of performance audits of SDG priority sectors and programs	0	2	Achieved. Three performance audits were completed

B.1. ENHANCED PARLIAMENTARY ROLE IN BUDGET OVERSIGHT

Progress Towards Project Outputs

Outputs	Indicator	Baseline	Target 2023	Actual 2023
B.1.1 Results-based policy analysis and oversight	B.1.1.1. Policy implementation analysis	0	4 sectors	On track. The findings of the study on improving fiscal discipline, transparency, and accountability were reflected in the revised Budget Law. Policy implementation analytic studies on three topics are being conducted.
B.1.2 Results-based budget	B.1.2.2. Evaluation of the cost-effectiveness of the spending (Annex 2 of the national annual budget)	0	1	On track. The findings of the studies on employment sector cost-effectiveness (EPP/EPF) and agricultural subsidies were

Outputs	Indicator	Baseline	Target 2023	Actual 2023
scrutiny and monitoring				presented to the Parliament to support Parliament budgetary oversight roles.
	B.1.2.3. Sector and program expenditure reviews by committees	0	2	Achieved. PERs in employment agriculture were presented and handed over to the Parliament Secretariat.
	B.1.2.4. Budget Hearings on Expenditure Effectiveness	0	4 policy areas	On track. Budget Hearings did not take place, Brief notes on the 2024 budget preparation and expenditure analysis of two pilot ministries were submitted to the Division of Budget Analysis of the Parliament for its briefing to MPs.
	B.1.2.5. Regular briefs/notes to MPs on findings of expenditure trend analyses	0	1 trend analysis	On track. Brief notes on the 2024 budget preparation and expenditure analysis of two pilot ministries were submitted to the Division of Budget Analysis of the Parliament for its briefing to MPs.
B.1.3 Enhanced capacity of the Parliament in budget oversight	B.1.3.1 Study on coherence of the medium-term budget planning with long-term development program approved by parliament	0	1 study	On track. Mapping of national and sub-national ADPs with long-, medium-term policy and annual budgets was shared with the relevant entities of the Parliament
	B.1.3.2. Manual on coherence of the medium-term budget planning with long-term development program documents	0	1	On track. A guideline on policy and budget linking is being drafted.
	B.1.3.3. Review of budget execution variance using financial and program performance information	0	2 reports	On track. The first performance-based budget reports were prepared for the pilot ministries and are expected to be shared with the Parliament Standing Committees.
B.1.4 Enhanced capacity of the Parliament in budget oversight	B.1.4.1. Handbook on annual budget proposal review (methodological guidance for newly elected parliamentarians)	0	1	On track. A brief handbook on annual budget proposal review will be developed after the RBB budget preparation guidelines is updated.
	B.1.4.2. Peer exchange on improving budget control and increasing expenditure effectiveness	0	1 study tour	On track. Planned for Q1 2024.
	B.1.4.4. Capacity building on providing quality analysis and information to MPs	0	1 training	Achieved. 3 workshops were organized on topics related to budget oversight.

B.1.1. Results-based policy analysis and oversight. B.1.2. Results-based budget scrutiny and monitoring. B.1.3 Parliament oversight on effective Policy-Budget linking. As part of its routine work of oversight, the Parliament reviews the implementation status of various policies, laws, and resolutions adopted by the Parliament, deliberates on budget proposals, and discusses the findings of the audit reports submitted by the MNAO. The Project aims to bring results perspective in such reviews and discussions so that MPs are better informed about the policy-budget linkage. The main tools used for overseeing policy-budget linkage include cost-effectiveness analysis of the budgets, sector and programme expenditure reviews by the Standing Committees, budget hearings on expenditure effectiveness using RBB principles, and regular briefs/notes to MPs on findings of expenditure trend analyses.

The Department of Monitoring and Evaluation, Division of Budget Analysis of the Parliament Secretariat, and Budgetary Standing Committee are the main counterparts for achieving this output.

Over the reporting period, the Project has made progress in the following areas towards improved results-based policy analysis and oversight, budget scrutiny, and policy-budget linkage. These include:

- Policy analyses on three priority topics relevant to SDGs are being conducted, incorporating a results-based perspective: i) Review of consolidated revenues to develop medium-term budget planning and budgeting (MTBF/MTPF); 2) Study on the effect of SME support policy initiative (MNT 10 trillion loan) and 3) Impact analysis of foot and mouth disease prevention policy. The findings of these analyses are intended to be submitted to Parliament and to be used as case studies of results-based policy oversight.
- A manual for costing for policy measures is being developed to equip officers of the Division of Budget Analysis and other relevant stakeholders with readily available tools.
- Proposals for legislative amendments to improve fiscal stability, discipline, budget transparency, and accountability were prepared with the Project support, upon request from the Budgetary Standing Committee (BSC) of the Parliament. Stakeholder consultation of the proposed amendments was organized under the leadership of the BSC, in April 2023, engaging policymakers, research institutions, international organizations, banks and financial institutions, CSOs, employers, and employee organizations. The amendments were approved by the Parliament in July 2023.
- **Report on international and country experiences in conducting budget hearings and public consultations** was prepared.
- The findings were used to develop the **manual on the budget oversight hearings and public discussions** was drafted to support the parliament to conduct those events in an effective way based on result-based perspectives.
- In September, the review studies of ‘Employment promotion policies, measures, an analysis of the current state of financing’ and ‘Study on agricultural subsidies’ were presented to the officials of Parliament Secretariat to provide information about the sectoral challenges in two pilot ministries, the current progress of the project, and further collaboration in introducing and institutionalizing RBB by strengthening parliamentary oversight of budgets.

- The brief notes on the MLSP & MOFALI 2024 budget preparation processes are prepared. Therefore, two expenditure reviews are also prepared for presentation to the Parliament Secretariat and Standing Committees to strengthen their roles in budget oversight.
- The first performance-based budget reports were developed and will be shared with parliament standing committees. The project plans to support the development of a handbook on RBB for the MPs.

B.1.4. Enhanced capacity of the Parliament in budget oversight. A much closer collaboration with the Budgetary Standing Committee, Department of Monitoring and Evaluation, and Division of Budget Analysis of the Parliament Secretariat was forged in 2023, through multiple bilateral meetings and a joint work.

Staff of the Budgetary Standing Committee, Department of Monitoring and Evaluation, and Division of Budget Analysis gained a good overview of the ongoing work and the methodology being used in introducing results-based planning and budgeting through two rounds of workshops held in April and June 2023. The **workshops** were instrumental in identifying next steps of collaboration toward institutionalizing results-based budget oversight. A total of 109 participants, including 44 men and 65 women took part in the workshops.

Locally elected representatives of Dornogovi aimag Citizens' Representatives Khural (Local Council) gained knowledge and understanding on how results-based management would translate at the sub-national and local level annual planning, budgeting, and reporting at the 'Result-based management' training workshop held in September 2023. Around 120 local politicians who participated in local budget scrutiny took part in the workshop.



Picture 1: 'Result-based management' training workshop, Dornogovi province, September 2023

B.2 INCREASED ROLE OF CSOs IN BUDGET ANALYSIS AND OVERSIGHT FUNCTIONS

Progress Towards Project Outputs

Outputs	Indicator	Baseline	Target 2023	Actual 2023
B.2.1 Sector Policy Analyses Performed	B.2.1.1. Collaborative research on policy effectiveness	0	1 policy paper	On track: CSOs were involved in the performance audit on the '2024 budget proposal' to provide research-based evidence to the MNAO.
B.2.2 Budget Monitoring by CSOs	B.2.2.1. Regular budget monitoring using RBB principles		1 budget monitoring report	
	B.2.2.3. Communication and public outreach on budget monitoring		1 activity	On track. The findings of the performance audits were made public by the MNAO
B.2.3 Capacity building for CSOs and media on budget monitoring and oversight functions	B.2.4.1. Training for CSOs on RBB, budget analytical toolkit, bridging research with policies and budgets, etc.	0	1	Achieved. 1 training and 1 consultative workshop were organized to improve the budget analysis skills.
	B.2.4.3. Trainings on journalists and officials from 10 soums	0	1	On track. RBB training was conducted to the parliament journalists and next training for involving soum-based staff and journalists is planned in November

B.2.1 Sector Policy Analyses and B.2.2 Budget monitoring by CSOs. The scope and quality of budget oversight by the CSOs depend on the quality of research, policy advice, and their collaborative engagement with oversight bodies (Parliament and MNAO) throughout the research process.

Parliaments and the Ministry of Finance are interested in receiving third-party and independent opinions over the budget programs implementation, especially those that are in the SDG priorities and have related outcome targets in the Budget Annex 1 (as a commitment by the Executive to the Parliament to adhere to those goals). The Project will support CSOs in playing that critical role by monitoring budget programmes using both the financial and non-financial performance monitoring aspects (RBB principles).

Over the reporting period, the Project has made progress in the following areas towards improved policy analyses, collaborative research on policy effectiveness, and CSO budget monitoring, using RBB principles. These include:

- Selected aspects of employment, health, and education sector budgets were analyzed, as part of the CSO budget monitoring exercise, which started in 2022. **The Consolidated Report on Budget Monitoring** by ten participating CSOs was completed in February 2023 and Brief Notes (1-2 pages) containing main conclusions and recommendations were prepared for public dissemination by the CSOs.
- A model of academia engagement in performance audit conducted by the oversight body (MNAO) was tested out in 2023 through an **analytic case study on the Budget Proposal for 2024**. The case study which aimed to improve the quality of analysis, transparency, and credibility of performance

audit, verified consolidated budget revenue and expenditure estimations for 2024 and provided revenue and expenditure forecasts for the next year, applying historical data-based trend analyses. The case study revealed that the availability and reliability of the historical data was a challenge to be addressed for producing high-quality analysis in the future, even with the MNAO support in data collection.

- CSO comments and insights on the 2023 budget execution and 2024 Budget Proposal were obtained through a consultative meeting held in September 2023 among 12 CSOs and the research team, which carried out the above-mentioned case study on the 2024 Budget Proposal. Some of the **key points** raised by the CSOs include the need to improve the availability and reliability of data to enable CSOs to conduct budget analyses; sectoral public expenditure tracking must be conducted by professionals and made public; information of foreign debt-financed projects should not be classified as ‘confidential’; methods of measuring policy and budget implementation need to be improved; budget classification needs revision; and capital investment budget spending needs to be more transparent. The full list of comments and insights was communicated to the MNAO and the Division of Budget Analysis of the Parliament Secretariat.

B.2.2 Enhance the capacity of CSOs over budget monitoring. B.2.3 Capacity building for CSOs and media on budget monitoring and oversight functions.

Ten CSOs that took part in the budget monitoring exercise in 2022 gained skills to identify areas to focus and monitor, learned methods to analyze budgets and communicated their findings to decision-makers and the public. They also learned the differences between traditional budgeting and results-based budgeting/RBB principles. A training on Results-based Planning and Budgeting was held for CSOs in October 2022 and for Parliament journalists (8 males and 29 females) in December 2022.

In 2023, a platform of regular interaction between Parliamentary journalists and prominent economists and budget commentators was initiated with the Project facilitation in the form of a Morning Tea. Parliamentary journalists, as most active reporters who regularly cover economic and budget-related topics obtained information on RBB, but also experts’ views on pressing economic and budget issues of the day. Following the meetings, some of the journalists published articles on budget efficiency and effectiveness, with a high reach-out.

B.3 STRENGTHENED AND TRANSPARENT PERFORMANCE AUDIT

KEY OUTCOME LEVEL RESULTS – PERFORMANCE AUDIT

Several MNAO performance audit reports²⁰ produced in 2023 contained conclusions and recommendations related to better identification of performance indicators and targets, linking of development policy indicators with budget planning, and provision of better methodology guidance on RBB rollout for sectoral officials, among others.

²⁰ MNAO, 2023, Performance Audit Report on Health Insurance, Results-Based Financing System, and Its Effectiveness.
MNAO, 2023, Performance Audit Report on Outcomes of Mongolia's 2022 Annual National Development Plan Implementation
MNAO, 2023, Performance Audit Report on Current Status of Higher Education and Its Effectiveness

References to results-based budgeting were also included in the opinions that the MNAO submits to the Parliament of Mongolia, on the execution of the 2022 national budget as well as on the 2024 Budget Proposal.

SDG implementation and progress were considered in all performance audits focusing on the links between national development objectives and SDGs, and the level of achievement of national development objectives.

- Results-oriented approaches are applied to PAs at all levels (national and sub-national).
- During the audit, findings and conclusions on budget proposals are aligned with the long-term development policy, government action program, and other policy documents as well as in compliance with RBB principles with better formulation of program results, targets and KPIs incorporating qualitative and quantitative indicators.

Progress Towards Project Outputs

Outputs	Indicator	Baseline	Target 2023	Actual 2023
B. 3.1 Performance Audit of SDG Priority Programs	B.3.1.1. On-the-job support in mapping/bridging program-based planning vs. line-item budget execution data for an effective performance audit	0	2	Achieved. On-the-job support was provided on three performance audits.
B. 3.2 Civil Hall (Social) Audit	B.3.2.1. RBB-based presentation of budget and audit reports.	0	4 sectors	On track: MNAO engaged the CSOs in conducting a performance audit for the 2024 Budget Proposal
B. 3.3 Capacity Building on PA	B. 3.3.1 Study tour and Training on development performance audits	0	1	Achieved. Conducted 3 training for MNAOs and 1 study tour was organized

B.3.1 Performance Audit of SDG Priority Programs. B.3.2. Civil Hall (Social) Audit. The purpose of this output is to support MNAO to effectively analyze and audit budget programs linking their actual performance with declared objectives and targets as per the long-term, medium-term development policies and other national development plans. The technical guidelines related to performance audit, SDG-aligned budgeting, and RBB, developed in the previous two years have already become reference materials of regular use by auditors.

Over the reporting period, the Project has made progress in the following areas towards improved analysis of policy and budget links in performance audits and the use of RBB principles. These include:

- The **Handbook on Performance Audit - ISSAI implementation**, which was translated into Mongolian in 2022, was reviewed and endorsed by the State Audit Standards Committee in March 2023 for official use.
- The translation of the **two guidance books** on auditing the development and use of key national indicators - GUID 5290 and Evaluation of Public Policies - GUID 9020 – was also submitted to the

MNAO for reference. These references are intended for use in auditing implementation of annual national development plan.

- The **methodological recommendations** were developed in 2022 on conducting performance audit on annual state budget proposals, incorporating the concept of RBB and reflection of SDGs. The methodology was taken into consideration by MNAO when formulating its opinion for 2024 budget proposal.
- **A review on supply, configuration, installation, acceptance, and providing services on Performance Audit-related Information System (PAIS)** was completed in 2023 upon MNAO request, and recommendations were submitted to the MNAO. The technical paper on introducing a web platform for performance audit and budget monitoring was prepared by auditors who took part in the study tour to the Georgian National Audit Office.

B. 3.3. Capacity building on Performance Audits. In 2023, the MNAO continued to actively engage with the Project on capacity building on performance audit, consolidating the progress that had been achieved in the previous two years.

- MNAO auditors and officials gained practical and contextualized information about SDGs, targets, indicators, and progress that had been made by Mongolia in SDG implementation in 2016-2022 through online training workshops on SDGs organized in November 2022 (147 participants in total, including 85 women and 62 men) and in December 2022 (112 participants in total, including 67 women and 45 men). The workshop topics were related to Goal 12 “Responsible consumption and production”, Goal 13 “Climate action implementation”, Goal 8 “Decent work and economic growth”, and Goal 9 “Industry, innovation, and infrastructure”. The workshops were also intended to share some tools for undertaking performance audits on the implementation of SDGs.
- Auditors also updated their understanding of RBB approaches at the 'Results-based Planning and Budgeting' training organized in December 2022. The training was attended by 54 officials (26 men and 28 women).
- The 2024 Annual Plan and budget proposal of the MNAO were developed, using the results-based approach, with the Project support. The Budgetary Standing Committee of Parliament commended the results-based approach when it approved the plan and the budget for 2024. A methodology training was also organized for 81 participants from 21 aimags, the capital city to assist in the preparation of the 2024 annual development plan and the budget proposal.
- A group of auditors exchanged their experience in practicing RBB with their Georgian National Audit Office counterparts during their visit to Georgia in March 2023. New insights and lessons were devised during the **study tour** in areas related to engaging the public in budget oversight, SDG-aligned auditing practices, and web platforms for performance audit and budget monitoring. A training session on RBB principles was conducted on November 2-3 for 69 auditors from MNAO, the capital city, and Orkhon audit office. The training focused on enhancing PA methodologies according to RB concepts and on audit guidance on the development and use of key national indicators and evaluation of public policies.

COMPONENT C. EMPLOYMENT PROMOTION: BOOSTING EMPLOYABILITY

Under this component, the Project aims to achieve results in the following main four areas:

- C.1 National programs on employment promotion strengthened and made more coherent.
- C.2 Ecosystem for innovation, start-ups, business incubation, and enterprising reinforced.
- C.3 Capacity and skills for wage and self-employment boosted.
- C.4 Pilots, with scope for scaling-up, undertaken for building lessons, and policy development

C.1 NATIONAL PROGRAM ON EMPLOYMENT PROMOTION STRENGTHENED AND MADE MORE COHERENT

Progress Towards Project Outputs

Outputs	Indicator	Baseline	Target 2023	Actual 2023
C.1.1 Existing national programs mapped, and bottlenecks identified	C.1.1.4 National programs revision and update	Lack of results-orientation	Updated programs	Achieved. The EPPs and EPFs for 2023 were revised in line RBB approach and approved by the NEC, but further updates are needed.
C.1.2 Support services for coherent program implementation designed	C.1.2.1 Identification of sectors/projects for wage and self-employment	n/a	4 local employment rich projects	On track. A profiling approach is put in place with the required tools and functional reviews. Support services, such as financial assistance, vocational education, apprenticeships, and others are being revised in content and design.
	C.1.2.3 Linkage of advisory support with local cooperatives, businesses with markets	n/a	1 linkage service provided	
C.1.3 Support services incorporated in national programs, and in the Ministry budget	C.1.3.1 Review/update of organizational management and coordination support services	0	1 update	Achieved. Guidelines for EPPS was developed for frontline staff. The module on profiling was uploaded to www.ejob.gov.mn . www.ezuvshuurul.gov.mn was upgraded for better coordination and management.
	C.1.3.2 Reflection of the support services in the national programs and budgets of MLSP, MOFALI and agencies			Achieved. Budget for profiling and apprenticeships was included in the MLSP budget. Service fees were updated and used for budgeting for EPPs/EPFs

C.1.1 National programs' revision and update.

- **Re-design of the national Employment Promotion Programs.** The **Employment Promotion Programs for 2023** (EPP), re-designed based on the gaps identified in the previous years, were approved in February 2023 by the National Employment Council (NEC). The key differences and updates of the revised design were described in the Project Annual Progress Report²¹ for 2022. Overall, the revised design has delegated more power to the local level, improved flexibility for accessing the funds by removing designation to specific population groups, reduced duplication within programs, and attempted to incorporate RBB approach, by including more realistic KPIs as well as performance-based reporting.

The EPPs need to be further optimized (overall and individually) based on the regular review of the implementation and other tools, including expenditure reviews, policy impact studies, or RBB audits. Thus, in 2023 the MLSP initiated an impact assessment of the 'Financial Support' measure to estimate likely future effects for employment. The Project provided technical and methodological support for this ex-ante impact assessment study, which will be carried out by the Training, Assessment, and Research Institute of Labor and Social Protection (TARILSP), a government entity. The Project also provided support to training local employment staff on collecting field data for the impact assessment.

Guidelines for Implementing Employment Promotion Programmes and Measures in 2023 were developed with Project support, incorporating all relevant steps, procedures, approaches, benchmark costs, and targets. The Guidelines were disseminated to all frontline employment officers as a reference so that the concept and purpose behind the revised design of employment promotion programs and expected changes on the ground are clear to them.

M&E Guidelines for employment promotion programmes and measures were drafted in 2023, and are under review by the MLSP.

- **Re-design of financial grants provided by the Employment Promotion Fund.** A study on **the situational analysis on current mechanisms of financial support grants** was undertaken in 2023, upon request from the MLSP. The study analyzed the purpose of the financial grants, target audience, eligibility criteria, and relevant procedures, guidelines, and the forms (business profiling). A revised design for the provision of financial grants was drafted for further consultation with stakeholders.
- The design of the '**Employer Support Project**', a government-initiated project to be implemented in 2024, is expected to be devised and managed by the Project technical team, at the government's request. The Employer Support Project is about implementing apprenticeships and a total of MNT 11 bln was allocated from the Employment Promotion Fund (EPF). The idea of this project was informed by the lessons learned of the apprenticeship pilot that the Project supported in 2022 – 2023 (described under C.1.2).
- **A study on part-time employment and wages** commenced in 2023 with the Project support, in close collaboration with the Department of Labour Relations, MLSP. This is the first time in Mongolia that such a study is being carried out. The study is expected to explore the general trend of part-time employment in the country, hourly wage, number of work hours, and the possibility of introducing

²¹ SDGBE Project, Annual Progress Report 2022, p.

contract of part-time work in the civil service, based on the research of experience and practices different countries use. The study is expected to be completed by the end of 2023.

- **A survey of local labor market demand and supply** was launched in 2023 in three pilot aimags (Dornogovi, Orkhon, and Uvurkhangaï). The project will work further on setting effective arrangements to conduct local labour market demand survey through the local institutions such as labour and social welfare service divisions/departments.
- **Draft Law and Accompanying Documents** for establishment of the Central Provident Fund were drafted in accordance with the requirements set in the Law on Regulations. Currently, Draft Law, Concept note, Needs & Requirements Survey, and Amendments to other Laws were submitted to MLSP. A technical consultative meeting was held on October 27 with 25 representatives from MLSP departments. The purpose of the meeting was to obtain technical inputs and comments for further improvement.

C.1.2 Support services for coherent program implementation designed. The revised design of the Employment Promotion Programs also requires changes in the design and modality the support services are provided.

- **The rollout of the profiling** approach continued in 2023 with the Project technical support, aiming to improve the delivery of employment support services in more personalized manner. **A set of profiling forms, a template for individual plans**, and the relevant Guidelines were approved by Order of the Director of the General Office for Labour and Social Welfare Service (GOLSWS) in November 2022.

The institutional arrangements and functions of aimag and district employment offices were mapped out to align job roles and responsibilities with case-based employment support services. The revised structure of Employment Divisions/Departments in line with a client-based approach/case-based arrangement was approved by the Order of the Director of GOLSWS in November 2022. The **revised draft Job Descriptions for Case Manager** were developed based on **DACUM**²² and delivered to the Civil Service Council for approval.

An online module for profiling was integrated into the employment sector portal <http://www.job.gov.mnw/> www.ejob.gov.mn. The instructions on e-profiling service through the software were prepared for national and sub-national employment specialists.

A Training for Trainers (ToT) on profiling was organized in June 2023, with 65 employment officers from MLSP, GOLSWS, and Labour and Social Welfare Service divisions/departments of 21 aimags and 9 districts. This group of trainers is leading the rollout of the nationwide profiling exercise and introduction of client-based employment service and case management approach.

- **Pilots for re-designing employment support services.** Four types of employment support services were piloted in 1 aimag (Bayanchandmani soum) and UB in 2023, aiming to test out a new design and

²² Developing a Curriculum (DACUM) is a process that incorporates the use of a focus group in a facilitated storyboarding process to capture the major duties and related tasks included in an occupation, as well as the necessary knowledge, skills, and traits. This cost-effective method provides a quick and thorough analysis of any job. <https://facilitation.eku.edu/what-developing-curriculum-dacum>

delivery mode of employment promotion measures and to scale up and mainstream positive results and lessons learned into a revised design of employment support services. These include:

i) **Entrepreneurship.** A modality of support services to self-employed people was tested in 2022 through entrepreneurial and mentoring support provided to a group of 20 businesses. These 20 businesses (which had been selected based on the profiling method) successfully graduated in December 2022, after six months of incubation for entrepreneurship. A tentative design for business entrepreneurship and mentoring support services, with proposed sequence and steps, was developed, based on the results of the pilot. The lessons learned from the pilot and the proposed design of entrepreneurial and mentoring support services were presented to MLSP and district employment officials.

A short-term training module for entrepreneurship (5 days) was developed in collaboration with the TARILSP and submitted to the MLSP for application. The training module will replace the training content (3 days of training which combines content on how to write a project-1 day and managing the business days) provided to the job seekers who are willing to receive financial support. The proposed module will be in use from 2024. In order to improve job seekers' employability, a quality assurance assessment of the vocational training curriculum (most demanded 20 occupations) was undertaken. In line with the findings of this assessment, a training curriculum for digital skills was developed according to the needs of the current labor market. The documents are currently being reviewed by the PIU and representatives from MLSP and MOES.

ii) **Vocational training.** A modality of offering a competence-based short-term (up to 45 days) vocational training was tested in 2022 and 2023 for potential re-design in the way the employment support services are provided as part of the case management system. A group of jobseekers was selected for the pilot, based on the results of the profiling, namely, the need to obtain vocational training in order get employed. The occupations for the short-term vocational training for the participants were thoroughly chosen, based on the interests expressed during the preparation of the personal development plan. The providers of 10 occupations, most of them being in high demand (hairdresser, manicure, farmer, baker, chef, machine operator, tailor, etc.) were selected to train the pilot group of the unemployed and job seekers. A soft skills session was added as one unit of the required competencies.

The pilot to offer short-term vocational training was completed in February 2023, and the results were presented to the MLSP. A total of 59 participants graduated the short-term vocational training and received Competency Certificates. The inclusion of soft skills in the short-term vocational training curriculum was recommended.

The pilot modality was different from the current set-up in 4 main features; i) based on personal needs of learning geared for employment, ii) flexibility in terms of the training institution (not automatically allocated), iii) training cost for each occupation was based on market rates, not on normative rated approved by the EPF, which is considered to be much lower than the market rates, and iv) small fine-tuning of the training content to fit the needs of the participants.

The proposed revised design of the modality that short-term vocational trainings are offered, and short-term training providers are managed was submitted to the MLSP. The recommendations included better targeting through profiling, revised cost estimations, tailored content of training, and the delivery mode of vocational training.

iii) **Apprenticeship.** A modality of organizing apprenticeship as an effective link in the journey to employment was tested in 2022 and its results were presented to the MLSP and other stakeholders in April 2023.

The apprenticeship pilot initiative was managed by the employer's association, and the pilot design was composed of four stages – i) selecting the participants whose profiling results show that they would benefit from apprenticeship (not the other types of employment support), ii) holding soft skills trainings to prepare them for workplace environment, iii) finding employers who can offer mentors and train the selected mentors for apprenticeship, and iv) carry out apprenticeship for duration of six months. The actual enrollment was 27 as opposed to 60 as initially planned. The apprenticeship was completed in 2023, with mixed results and a lot of useful lessons learned for the design of future apprenticeship programs. The proposed modality, sequence and steps, and procedures for managing and implementing apprenticeships were developed based on the results of the pilot, presented to the MLSP, and shared with representatives of employers and trade unions.

iv) **Cooperatives.** A modality of supporting cooperatives in rural areas by positioning them as participants of the value-chain was tested in 2022-2023 with the Project support. The pilot consisted of three stages, i) identifying people interested in self-employment or cooperatives through profiling by the local employment office, ii) engaging them in an entrepreneurship training journey facilitated by experienced business coaching experts and creating a community for impression sharing, iii) identify people or cooperatives with business ideas that have potential to promote employment in rural areas and become part of a value chain, with the help of agricultural cooperative expert, iv) provide grants through local governments to enhance transparency and accountability, and v) obtaining feedback on the business take off.

Three cooperatives were selected for this pilot for further support out of six entities that had taken part in group entrepreneurship training. Their business ideas were horse training farm, livestock bathing, and wool/hide processing. All three cooperatives received grants from the Project through a partnership with the Governor's Office at Bayanchandmani soum, Tuv aimag. The cooperatives were invited to the five-day agricultural business development training organized by the FAO, under the Project. After almost a year, two of them were still enthusiastic and running the business whereas one cooperative was still operating, but was still facing challenges, such as the availability of reliable workforce.

The results of this pilot showed that this modality of providing support to cooperatives with a combination of employment support services (thorough profiling), entrepreneurship training, and provision of financial grants with regular feedback communications can be much more viable than the current practice of disbursing grants in one-off action.

- **Engaging the private sector in delivering public employment services.** A study on private labor exchange offices is underway to enhance the private sector's role in delivering public employment services.
- **Re-design of employment office services.** Three simple techniques were tested under this activity, using behavioral insights approach, to nurture a more client-centered culture in workplaces; i) A

checklist was used to review daily communications with clients, ii) a log sheet was used to record all services delivered, and iii) different sms messages were used to test which one would prompt clients' response and increase the number of clients engaged in employment promotion initiatives. The frontline employment officers witnessed different effects their behavior brings for clients and learned ways to improve the reach-out of services they deliver, by tailoring them to clients' profiles.

Testing of these techniques took place in Songinokhairkhan district in 2022 and the results-sharing event was held in March 2023 with district and khoroo workers.

C.1.3 Support services incorporated in National programs and reflected in Ministry budget.

Institutionalization of strengthened employment support services into the EPPs plays a crucial role in boosting and sustaining employability nationwide. As stated in the Project document "Institutionalization also addresses the inclusion of disadvantaged groups who have untapped potential in the labour force, for example, targeted interventions focusing more on youth and persons with disabilities, and those laid off for the time being". Therefore, under this sub-output, the Project aims to facilitate the effective integration of the advisory and support services that have been piloted with the Project support into the implementation process of the EPPs and measures.

Over the reporting period, the Project has made progress in the following areas towards incorporating employment advisory and support services in EPPs. These include:

- Revised modalities and designs of i) profiling services, ii) entrepreneurship, apprenticeship, short-term vocational training, and cooperatives, were developed based on the results of the pilots and submitted to MLSP. The Guidelines on profiling services have already been adopted by the Government. Continued support is being provided by the Project on the inclusion of advisory and support services for the "Employer Support Project" (apprenticeship), due to be implemented under the EPF. Revised modality and design for engaging private employment exchange offices are under development.
- Budgets for undertaking **profiling service** were included in the MLSP budget for 2023 and 2024. The unit costs of profiling services estimated by the Project technical team were used in the budget preparation process.

Budgets for the "Employer Support Project" (apprenticeship) were included in the EPF budget.

Unit costs of employment promotion measures for 2023 and unit costs for 2023 EPPs/EPFs were prepared based on upgraded benchmark costs of EP measures/activities.

C.2 ECOSYSTEM FOR INNOVATION, START-UPS, AND ENTERPRISING REINFORCED

Progress Towards Project Outputs

Outputs	Indicator	Baseline	Target 2023	Actual 2023
C.2.2 Mapping and integrated assessment carried out of donor/partners initiatives towards employment to strengthen a forward-looking ecosystem for employability.	C.2.2.1. Mapping of the integrated assessment	0	1 update	Achieved. Integrated system on donor-supported employment support projects was updated and handed over to the MLSP
	C.2.2.2. Mutual support platform	n/a	1 meeting	On track. Pending to be conducted in Q4
	C.2.2.3. Inclusion of employability strengthened	n/a	Assess inclusion	On track: A new function has been added to the system to show inclusions
C.2.3 Start-up businesses supported with a particular focus on youth, remotely located and PWD	C.2.3.1. Identification of a spectrum of innovative/start-up business ideas	n/a	4 reviews	On track. 3 innovative start-up ideas on digitalizing employment services and promoting decent work were supported through the Hackathon.

C.2.1. A common platform for innovative and start-up initiatives. As reported in the Project Annual Progress Report 2022, the Project is contributing to existing platforms of innovation and start-up initiatives, rather than building a new one.

C.2.2. Mapping and integrated assessment carried out of donor-supported initiatives towards employability. The upgraded version of the online database and website (<https://projects.mlsp.gov.mn>) of employment-related projects funded by international organizations and development partners was launched and operationalized in 2023. A **Regulation on ‘Creating, using, maintaining, and protecting the data of projects and programs** funded by development partners, state, non-governmental organizations’ was drafted and submitted to the MLSP for approval, to ensure the sustainable functioning of the database.

C.2.3 Start-up businesses supported with a particular focus on youth, remotely located job seekers, and persons with disabilities, as well as short- and medium-term opportunities for those temporarily laid-off due to external shocks.

Innovative ideas and solutions to issues surrounding youth employment and decent work were generated by young people through a digital **HACKATHON** organized by the Project (UNDP and ILO team) in September 2023. Further details are provided in D.1.6.

Hackathons provide a platform for the generation of new ideas, which eventually could result not just in start-up businesses, but lead to a workable modality for the Government to support start-up businesses, which currently is still missing. The start-up ecosystem in the country itself is at the formation stage.

C.3 CAPACITY AND SKILLS FOR WAGE AND SELF-EMPLOYMENT BOOSTED

While Component C.2 focused on employment support services, Component C.3 aims at boosting employability, by re-invigorating the training, education, skills development, and career guidance mechanism, introducing new innovative methodologies that focus on soft-skills and employer-employee collaboration.

Progress Towards Project Outputs

Outputs	Indicator	Baseline	Target 2023	Actual 2023
C.3.1 Institutionalized Capacity Development services institutionalized for facilitators in Design Thinking and Behavioural Insights and Education institutes in Enterprise Education Pedagogy	C.3.1.2 Designing, pilot testing, and revision of counseling services	0	1 design document	On track. Design of new content of counseling service is underway.
	C.3.1.3 Training modules on enterprising skills, soft skills, and technology	0	2 training modules	Achieved. Training curricula with manual for teachers and students were developed and disseminated.
	C.3.1.4 Pilot of all specialized modules	0	10 TVETs	On track. Piloted at five TVETs, five grants were awarded to support design thinking initiatives.
	C.3.1.5. Enterprise education training modules	0	10 TVET, 1 secondary	
	C.3.1.6. All relevant training services scaled up	na	-	On track. A request was submitted to MOES regarding the introduction of innovative training modules to TVETs.
	C.3.1.7 Skills training, and counselling established	0	3 training modules certified	Expected to be certified and applied nationwide in 2024.
C.3.2 Distance/online platforms expanded for master training and capacity increased to deliver employment services remotely for strengthened inclusion	C.3.2.1. Identification of disadvantaged groups	na	Update of supplementary modules	On track. Identifying integrated service (including social service) for profiling group D.
	C.3.2.2 Development of on-line distance learning modules	0	1 set of modules	Achieved. An electronic version of the teachers' and students' manuals were developed.
	C.3.2.3 Piloted and revised	0	150 persons covered	Not started yet
C.3.3 Regular platform established for Implementation of employer-oriented measures and employer-	C.3.3.1 A regular platform for employer-oriented measures & interactions operationalized	0	1 meeting	On track. Two proposals were tested to promote a regular platforms and proposed some initiatives.
	C3.3.2 Exchange experience, new ideas, for employer&employees	0	1 job fair/1 SDG event	On track. Job fair was organized in October 2023.

Outputs	Indicator	Baseline	Target 2023	Actual 2023
employee interactions	C.3.3.3 Designing and organizing job relevant trainings	0	40 permanent employees trained	On track.

C.3.1 Capacity Development Services institutionalized for facilitators in design thinking and Behavioral insights.

The Training Module on Entrepreneurship and Enterprising was completed in 2023 and submitted to the MOES as inputs for further decision-making on institutionalization of the curriculum. This was the that an Entrepreneurship Training Module tailored to TVETs was developed in Mongolia²³. The module was finalized after extensively piloting it at five TVET schools (Polytechnic Colleges in Bayanchandmani soum of Tuv aimag, Nalaikh district, Bayankhongor aimag, and 2 colleges in Ulaanbaatar; Production Art Polytechnic College and Food Technology Polytechnic College) and reflecting the findings of the pilot. Overall, the pilot of the training module involved 167 students and 107 teachers, and the general feedback was very positive. As part of the pilot, 48 trainers underwent a ToT, and five start-up ideas generated by students were provided small grants for further development.

A set of results aimed at strengthening the very foundation of the TVET ecosystem and architecture was achieved in 2023. These areas were identified at the beginning of the year through a systems analysis as critical gaps that had been affecting the overall employment sector performance. TVET sector quality assurance is also one of the indicators of the EU Budget Support for the Government of Mongolia.

- **The Occupational Index** was updated in 2023 with the Project support. A total of 286 occupational names and indices from ten main economic sectors were updated in accordance with the International Standard Classification of Education (ISCED 2011) and the International Standard Classification of Occupations (ISCO-08), known as YAMAT-08. The updated draft Occupational Index was submitted to MOES for review and adoption.
- **The development of the National Qualification Framework (NQF)** and related methodology began in 2023, with the Project technical support, in collaboration with the Secretariat of the National Council for Education Accreditation. This exercise is intended to engage multiple stakeholders, including education, employment, industry representatives, employers, and trade unions, and is expected to be completed by May 2024.
- **Quality evaluations of TVETs.** A total of 69 TVET providers (30 in Ulaanbaatar and 39 in aimags)(state-owned and private) were evaluated by the Education Assessment Centre, MOES, with Project support. The evaluation covered three areas, including institutional operations, quality of curricula, and teachers’ competence. The results of the evaluations received mixed feedback, mainly because of the difference in methodology applied after the TVET mandate has been shifted from MLSP to MOES. The methodology proposed by the draft TVET Quality Assurance Framework that was developed in 2022

²³ Save the Children Japan Office in Mongolia developed Entrepreneurship Training Module for high school students, which was adopted by the MOES in 2023?

with the Project support, was not used in full. Discussions are being held with the national counterparts on further improving the methodology and procedures for evaluating quality of TVETs to bring the process to internationally accepted standards.

C.3.2. Expanded distance/online platforms for career advisory master training and increased capacity to deliver employment services remotely for strengthened inclusion.

The purpose of this output is the institutionalization of training on skills needed for target beneficiaries, including remotely located youth, persons with disabilities, and job seekers, using technology-based supplementary modules.

Over the reporting period, the Project has made progress in the following areas towards expanding online platforms for career advisory master trainings and increasing capacity to deliver employment services remotely. These include:

- A career counseling e-learning course is being developed for frontline employment officers as part of mandatory capacity-building training. It is based on the in-person training content that was developed earlier with the Project support. Requirements for career counselors are also being developed. The framework for the provision of online career counseling services was drafted and expected to be adopted by the Joint Order of Ministers of MLSP and MOES.
- The curricula for three occupations (Archivist, Office Assistant, and E-Service Staff) were developed for people with disability in 2022, with the Project support. Since then, the curricula have been piloted at the National Rehabilitation and Development Center (NRDC). As a result, 28 students with disability graduated from NRDC in 2023 with competency certificates in two occupations.

Teacher's Handbooks for occupations Archivists, Office Assistants, and E-Service Staff were published in 2023. **Student Handbook for E-Service Staff** was edited and designed for publication.



Picture 2: E-Service staff handbook for students and teachers

PDF versions of the handbooks were placed online in preparation for e-learning.

The Bayanchandmani Polytechnic College²⁴ started offering E-Service Staff vocational training course for young people with disability in 2023 academic year. This was the first time in its 54-year history that the Bayanchandmani Polytechnic College opened a class for PwD. Renovation works were conducted for improved accessibility of the training facility and supplementary learning equipment was procured as per standards, in preparation for admission of students with disability.

The Bayanchandmani Polytechnic College's experience of offering classes for students with disability was shared at the National Conference on TVET sector management held in August 2023.

²⁴ Located in Bayanchandmani soum of Tuv aimag, 72km from Ulaanbaatar



Picture 3 & 4: Accessible learning environment for students with disabilities at Bayanchandmani PC, 10 November 2023

C.3.3 Regular platform for Implementation of employer-oriented measures and employer-employee interactions. The purpose of this output is to enable closer interactions and mutual understanding among employers, employees, and training institutions, towards greater and stable employment, fit for job workforce, and reduced disparities between employee expectations and employer perspectives.

A call for proposals was announced in 2022 by the Project, as promoting mutual understanding between employees and employers required the generation of new ideas from the private sector and other groups of society. Two proposals selected were ‘Conscious Leadership’ and ‘Behavioral Change in Leadership in the Food and Agriculture Sector’. Below are the results achieved through these pilot sub-projects.

- A group of 20 business leaders were engaged in the ‘**Conscious Leadership**’ initiative from October 2022 to May 2023, implemented by a local NGO²⁵. A series of partnership engagement workshops were held on topics such as business and human rights, sustainable finance, and promoting shift from informal to formal business. Nine out of these 20 companies carried out labour rights due diligence reviews, which resulted in several recommendations for improving human rights in labor relations.
- The modality for employee-employer interaction for SMEs for decent work and mutual understanding was tested out through the second proposal, “**Dem**” (Giving a helping hand to each other) in partnership with another local NGO²⁶. The sub-project engaged 20 companies, including cooperatives, operating in the food and agriculture sector. At the end of the interventions, a range of positive outcomes were observed at a personal level (increased attention to self-development, learning, and health), family level (spending more time with family, meeting needs to love and be loved mutual understanding), and organizational level (increased expression of views by employees, directors behaving more as leaders not bosses, increased mutual trust and respect, job satisfaction, and overall positive organizational culture).

The sub-project underwent through 6 stages; i) identifying participating business entities organically, based on their expressions of interest, ii) identifying conducting actual situation of the business and human rights and decent work at business entities (225 people from businesses in Ulaanbaatar,

²⁵ International Women’s Federation of Commerce and Industry (IWFCI), established in 2017.

²⁶ Women Associations of Mining Sector (WAMS) www.wams.mn

Umnugovi, Tuv, Bayankhongor, and Uvs aimags) through questionnaire and art therapy methods, iii) conducting cause-effect analysis of all issues identified during the previous stage data collection, and development of a methodology for businesses to resolve the issues identified, iv) organizing solutions Hackathon by using design thinking methodology (27 business leaders), v) establishing a ‘joint endeavor community’ among participants to jointly track implementation of promises made during Hackathon, and supporting the implementation with different tools, and vi) wrapping up and sharing the results achieved.

Simplified Occupational Safety and Health Guidance for SMEs was developed for the participating SMEs, as the needs assessment showed that the formal guidelines are not easily understandable.

Mediations between employers and job seekers with disabilities were held at **the Inclusive Job Mediation Event** in October 2023. Job mediation coaches assisted in pre-screening, managing expectations of both employers and job seekers and undertook to profile. As a result, out of the total targeted 50 job seekers, 28% successfully concluded their employment contracts, while the remaining job seekers are still being supported with further mediation.

C.4 PILOTS WITH SCOPE FOR SCALING-UP UNDERTAKEN FOR BUILDING EVIDENCE, ESTABLISHING LESSONS, AND POLICY DEVELOPMENT

Under Component C.4, managed by FAO (C. 4.1-C.4.4) and UNDP (C4.5), the Project aims to achieve results through five specific outputs.

Progress Towards Project Outputs

Outputs	Indicator	Baseline	Target 2023	Actual 2023
C.4.1 Effective public-private partnership models with large-scale youth employment potential in agriculture value chains identified, designed, and piloted (to strengthen on-ground implementation of national programmes)	C.4.1.1 Number of successful PPPs (increased number of end customers)	0	2 improved products	On track. Two promising value chains: Mongolian Bactrian camel milk and offal meat.
	C.4.1.2 Designing skill needs and training	0	Training for 50 – production quality and quantity improved.	On track. 29 have graduated in total, 14 graduated from the “Slaughterer” and 15 from the “Operator and Repairman of Agricultural Machines and Machineries” training course.
	C.4.1.3 Promotion of network platform	0	4 meetings	On track. “Agripreneurship Challenge” competition was organized.
	C.4.1.4 Support to selected agriculture value chains	0	Production quality and quantity improved	On track. Essential training in the area of sanitation and hygiene practices, dairy farming practices, quality standards, and camel wool technology were organized for agribusinesses and camel milk cooperatives. The procurement of essential equipment is underway.

C.4.2 Organizational and technical innovations promoted to support Mongolian agribusiness enterprises move up the agri value chains	C.4.2.1 Identification, nurture and commercialization of at least 2 new agri-based products	0	At least 2 new products developed.	On track. 1. Mongolian Bactrian Camel-milk. 2. Offal-based product is at the R&D stage.
	C.4.2.2 Scaled up under Ministry regular budget	0	At least 1 product is included in MoFALI work plan.	<i>*MoFALI is responsible for scaling up under the regular budget when the pilots are undertaken.</i>
C.4.3 Building of competitive national Mongolian food brands supported in national and international markets meeting national and international quality/safety standards	C.4.3.1 Potential products identified	0	2 new products	On track. 1. Mongolian Bactrian Camel milk-based product. 2. Offal-based product
	C.4.3.2 Independent consumer market research			
	C.4.3.3 Business plans developed among 150 trained			
	C.4.3.4 Selected food brands piloted			
C.4.4 Agribusiness-based youth employment policy and action plan for Mongolia developed challenges identified and piloted	C.4.4.1 Analytical review of 4.1- 4.3		Analytical review	On track. The high-level engagements took place with the 1000 Baby Camel Festival and consultative sessions on the establishment of a milk cluster.
	C.4.4.2 National-level workshop			
	C.4.4.3 High level workshop			

C.4.1 Effective public-private partnership models with large-scale youth employment potential in agriculture value chains identified, designed, and piloted.

The PPP model, created with the Project support for the camel milk supply chain through establishing a camel milk cooperative in 2022, continued to operate successfully in 2023. The camel milk supply (to TESO Group) continued to increase, contributing to potential commercial opportunities such as exports to Saudi Arabia and China. Ice cream produced from camel milk has already become an export product (China).

The setup a Semi-Intensive Camel Dairy Farm is underway in Khankhongor soum, Umnugobi aimag, in collaboration with a private company (Solid Partners Group LLC). Essential equipment to enhance productivity and product quality, including a milk cooling tank, a milk analyzer, a camel milking parlor, and other equipment was procured by the Project for the farm in Khankhongor soum.

14 students graduated in 2023 from the short-term vocational training course “Slaughterer” at Erdene TVET, which was introduced last year, with the Project support. A cooling and freezing room and a groundwater well were set up in 2023, complementing the refurbishment of the Slaughterhouse Training Center, Erdene TVET.

15 students graduated in 2023 from the six-month vocational training course "Operator and Repairperson of Agricultural Machines and Machineries" offered by Bayanchandmani Polytechnic College. The agricultural tractor training simulator package was delivered by the Project to Bayanchandmani Polytechnic College, to contribute to the practical components of the course.

Advocacy activities were also organized by the Project to promote increased enrollment in TVETs.

Diverse ideas for developing new agricultural products were generated through the "Agripreneurship Challenge" competition, which attracted 100 applications, of which 20% were from people with disabilities. The winners who had been selected following a 3-day boot camp workshop, received a total of MNT50 million as growth funding and are currently participating in a one-year incubation program.

30 export-oriented companies selected from a pool of 73 applicants, completed a three-day "International Trade and Export Strategy" training in August 2023, organized by the Project.

In 2023, the cooperative in Khanbogd ("Galbiin Goviin Bayalag Erdene") managed to increase its monthly average sales by 108% to MNT13.4 million, as a result of the collaboration with the Project. The project interventions included i) trainings related to baby camel wool production, camel wool preparation and properties, standardization, and international market entry, and ii) provision of a solar-powered mobile milk storing unit installed on the truck which utilizes a cold-chain system for storing the milk and block-chain based quality tracking sensor.

C.4.2 Organizational and technical innovations promoted to support Mongolian agribusiness enterprises move up the agri value chains.

Development of new products is being carried out within two selected value chains: Mongolian Bactrian Camel milk and offal meat. Interventions through PPP frameworks with TESO Group and SPG LLC are to support the development of camel milk-based products produced by respective companies which would promote market competition and penetration and enhance the value chain further creating various employment opportunities in rural areas.

Veterinary services were provided in 2023 to the Semi-Intensive Camel Milk Farm, to ensure the safety and quality of the milk at its source. The veterinary services included clinical examinations, treatments, preventative and emergency services, vaccinations, disinfections, and trainings on hygiene and food safety for milk-based products. To date, 6,573 camels from 20 members of the "Galbiin Goviin Bayalag Erdene" cooperative, and 980 camels from 7 herder households from Khankhongor soum milk producers' group were examined for the purposes of ensuring the health of camels.

A research study on optimal technologies for producing nutrient-rich offal-based products is being conducted by the School of Industrial Technology, Mongolian University of Science and Technology (MUST), aiming to commercialize the product by mid-2024.

Specific equipment essential for optimizing production flows and boosting production capacities was identified for selected participants from the Agripreneurship Challenge competition. For example, for Magic Bee LLC, which produces pain relief health balm out of bee venom, the Project focused on procuring key equipment, an Emulsifier and a Material Feeding Pump, which will not only streamline production processes but also improve the product quality and increase productivity. For Speck Materials LLC, which

specializes in producing paper made from cattle dung, the equipment identified was a machinery for processing cattle dung into small pieces, which is a crucial step in extracting the materials necessary for crafting dung paper. This equipment is essential for augmenting production capacities and operational efficiency and contributes to strengthening the agriculture value chain.

C.4.3 Support building of competitive national Mongolian food brands in national and international markets that meet national and international quality/safety standards:

A study is being conducted by the School of Animal Science and Biotechnology (SASB) of the Mongolian University of Life Sciences (MULS), to increase camel milk yield and feed efficiency via improved pasture management intervention, feeding management, and supplementary feed. Currently, seven supplementary feeding technologies are being developed for testing, complimented by various lab analyses, and the best few technologies will be selected for adoption based on the test results so that the products meet national and international standards and their competitiveness is enhanced.

A comprehensive offal market study is being conducted by the Mongolian Meat Association to assess meat and by-product output, consumption trends, and factors influencing demand, and explore export opportunities while promoting these findings to consumers and producers. The outcomes will inform strategic marketing endeavors designed to enhance the value of offal meat for both consumers and producers.

A total of seven series of five-day trainings on the “Rural-Invest” toolkit were organized in 2023 to provide the tools required for developing business proposals and attracting investments for agri-businesses run by youth and those in rural areas. The trainings were facilitated by Master Trainers from the School of Economics and Business, MULS, certified by FAO Investment Centre. The participants have acquired the skills to formulate project proposals and business plans for small to medium-sized projects, conduct financial analysis & evaluation, and compare the proposals for their financial benefit. A free dedicated business planning software in the Mongolian language was provided to the participants.

The trainings were organized in Umnugovi, Erdene TVET, Bayanchandmani Polytechnic College, Khentii, and Ulaanbaatar, engaging 160 participants (45 male and 115 female) in total, including applicants from the “Agripreneurship Challenge”, TVET students, provincial civil servants, and other entrepreneurs. The trainings also comprised a module on “Decent Employment”, delivered in collaboration with ILO and trainers from the “Decent Work for Youth Network”.

C.4.4 Agribusiness based youth employment policy and action plan for Mongolia developed, challenges identified, designed and piloted:

A series of key events and meetings, ranging from the 1000 Baby Camel Festival to technical discussions with public and private sector partners and consultative sessions was organized by the Project, aiming to establish a milk cluster in Mongolia and lay the foundation for growth in the sector.

In November 2022, H.E Ambassador Axelle Nicaise and FAOR Vinod Ahuja led a delegation participating in the 1000 Baby Camel Festival in Khanbogd Soum, Umnugovi. Local officials discussed the positive impact of the project on the local economy, job creation, and soum development policies. The establishment of the "Galbiin Goviin Bayalag Erdene" cooperative, with a majority of female members, was highlighted as a non-mining income catalyst. During the visit to a cooperative member, it was noted that project-provided cold chain equipment improved milk preservation and income generation by

supplying milk to TESO. Challenges identified during this visit informed the project's future plans and actions.

A consultative meeting on establishing a milk cluster was organized in September 2023 by the Project, in collaboration with Dairy Asia Secretariat, the MOFALI, the EU's International Trade Development in Mongolia project. During the meeting diverse representatives from the private sector, academia, professional associations and government and international organizations expressed their ideas and exchanged opinions.

A stakeholder meeting on meat value chain was organized in September 2023 by the Project, in collaboration with the MOFALI and Mongolian Meat Association. The participants discussed industry challenges and future directions, explored export prospects, shared updates on solutions and recent developments, and exchanged their ideas. Summary documents have been prepared for both meetings and shared with the participants for follow-up actions.

Challenges

One of the key challenges in the food and agriculture sector is the absence of a comprehensive state policy on the workforce, which has contributed to a low level of interest and employment among young people in this sector. According to the 2019 Labor Force Survey Report by the National Statistics Office, only 8% of the workforce belongs to the 15-24 age group. Within this demographic, 28.2% are engaged in agriculture, 8.9% in manufacturing, and a substantial 23.4% are unemployed. This data shows a great shortage of skilled professionals in the sector.

The selection of offal meat as a potential product for the PPP posed a time constraint. With the "no-cost extension" of the Project", more time will be available for the promotion of the developed product, aligning with the standard stages of nurturing, commercializing, and exporting.

The shortage of technical and operational staff at relevant government entities, employers' and workers' organizations has been mitigated by the Project through different measures, but remains a challenge.

C.4.5 A model training hub for non-food sector (leather and fiber) production set-up and piloted. The purpose of this output is to contribute to increased jobs including for people with disability in the leather and fiber sector by addressing skills mismatch and shortage of skilled workforce in collaboration with training institutions and industry associations.

A study on demand for workforce, and skills and training needs in leather and textile industries which began in 2022, was completed in 2023, and the findings were presented to all stakeholders. The described low wage of the sector compared to mining, lack of awareness among school leavers about the professions, TVET quota, shortage of skilled teachers, low wage of teachers, lack of detailed specifications of required vocations by industries, and lack of practical skills of graduates as chains of issues to be addressed for building sufficient workforce and decent work environment in the sector.

A scholarship program was implemented in 2022-2023 by the Project, to increase the enrollment in the Textile Engineering course of the MUST, in collaboration with the industry associations. While the scholarships alone cannot maintain or increase enrolments in the future, this initiative was a necessary part of the package of other measures towards increasing jobs in the leather and fiber sectors.

COMPONENT D. LABOUR REGULATIONS

Under Component D, managed by ILO, the Project aims to achieve the following key results:

- D.1** Regulatory frameworks aligned with International Labor Standards
- D.2** Compliance boosted through the strengthened capacity of labor inspection system.

KEY OUTCOME LEVEL RESULTS – LABOR REGULATIONS

Contribution Towards Project Outcome 8:

Project outcome	Indicator	Baseline	Target 2023	Actual 2023
Regulatory frameworks aligned with international labour standards	Number of unannounced labour inspections	n/a	At least 10	Achieved. 550 non-planned inspections ²⁷ (in response to citizens' complaints)

In 2022, the project has provided technical comments and recommendations on the revised draft Law on State Inspection Law in the areas of (i) inspection visits without prior notice, (ii) officials authorized to conduct inspection activities, and (iii) duration and number of inspection visits.

In 2023, the project continued its support to the MLSP in the preparation of a set of ratification documents including a law concept note, an updated legal gap analysis on ILO Conventions on labour inspection, No.81 and No.129, and the draft legal instrument for the ratification of these conventions. Currently, the law concept note was approved by the Minister for Labour and Social Protection and the Minister for Justice and has been submitted for further endorsement to the Minister for Foreign Affairs. In accordance with the Law on International Treaties and Law on Legislation, once three ministers sign off the concept note, the ratification proposal will be submitted by the MLSP for Cabinet discussion. If the government supports the proposal, it will be submitted to Parliament. The ILO's support to the MLSP on ratification of the ILO labour inspection conventions and revision of the Law on Employment Promotion will be continued in 2024

Technical comments were also provided by the Project team on the draft concept note of the Law on Employment Promotion.

KEY OUTPUT LEVEL RESULTS

Progress Towards Project Outputs

Outputs	Indicator	Baseline	Targets 2023	Actual 2023
---------	-----------	----------	--------------	-------------

²⁷ According to the MLSP, non-planned inspections, referred to as "unannounced" inspections by the MLSP, are conducted in line with the Law on State Inspection. These unannounced inspections are carried out in two specific forms: i) In response to citizens' complaints and petitions, and ii) unannounced inspections of premises that were publicly announced at the beginning of the year, following the guidelines/guidance approved by the chief inspectors.

Output D.1.1. Ratification of the ILO Labour Inspection Convention, 1947 (No. 81) and the ILO Labour Inspection (Agriculture) Convention, 1969 (No. 129)	D.1.1.1 Number of policy or technical briefs produced	0	1	Achieved.
--	---	---	---	------------------

D.1.1. Ratification of the ILO Labour Inspection Convention, 1947 (No. 81) and the ILO Labour Inspection (Agriculture) Convention, 1969 (No. 129) and effective application of ILO Fundamental Conventions and employment-related conventions promoted: In addition to the ongoing support for the ratification of ILO C81 and C129, as noted above, the Project provided technical comments to the draft Labour and Social Protection Industry Inspection Regulation developed by the MLSP to align it with the international labour standards on labour inspection. The draft labour inspection regulation is yet to be finalized by the MLSP at the moment.

The [ILO Guidelines on General Principles of Labour Inspection](#) (March 2022) was translated and published in 2023. The Guidelines provide detailed technical guidance on key principles contained in Conventions Nos 81 and 129 in the context of current practices and challenges. The Guidelines were presented during the workshops organized by the MLSP with support of the Project in May and September 2023, attended by 130 labour inspectors and 60 chief inspectors, respectively.

The project also supported the implementation of the national OSH campaign organized by the tripartite national committee on OSH, MLSP, OSH Center, GALSWS, and General Authority for Social Insurance, aiming to foster a culture of safety and health across all sectors in the country. [The month-long multimedia campaign](#) has included public service announcements (PSAs) in long-distance buses, a social-media photo challenge and an art competition among secondary school students, which was carried out in synergy with the EU-funded, ILO project, “Trade for Decent Work”. To reach a wider audience, the campaign screened the PSAs on 400 buses traveling across provinces in Mongolia. With a focus on mineworkers, who face a high risk of accidents and diseases, the PSAs engaged diverse viewers in remote regions, including viewers commuting to the mining sites in the Gobi desert such as Rio Tinto's underground mine, Ukhaa Khudag, and Bayangol coal mines. An estimated **21 thousand passengers** watched the video. In addition, the PSAs were aired on three major television stations, during prime-time for over 20 days for better visibility and outreach.

In the photo challenge, more than **1,600 participants**, including forestry workers, correctional officers, miners, police officers, railway station staff, public bus drivers, and school teachers from various professions, participated and shared their photos on Facebook, holding a sign to highlight the importance of occupational safety and health. The campaign attracted a diverse range of participants from different companies, trade unions, and schools.

D.1.2. Advice on improving legal environments to increase the efficiency of labour inspection and employment promotion provided.

Progress Towards Project Outputs

Outputs	Indicator	Baseline	Target 2023	Actual 2023
D.1.2 Advice on improving legal environments to increase the efficiency of labour inspection and employment promotion provided	D.1.2.1 Number of legal advice provided by ILO	0	1	Achieved.

D.1.2. Advice on improving legal environments to increase the efficiency of labour inspection and employment promotion provided: The project has provided the following support to the MLSP and social partners to align labour inspection laws and legislation in line with international labour standards:

1. The project supported MLSP in the development of a detailed activity plan for the National Occupational Safety and Health (OSH) Action Programme for the period of 2021-2025. In this regard, a tripartite consultation meeting was organized by the project, bringing together the MLSP, social partners, researchers, and the OSH Center, a sub-ordinate unit of the MLSP. The meeting served as a platform to incorporate comments and feedback from all stakeholders. As a result, the detailed activity plan was revised and approved by the State Secretary of the MLSP on 19 May 2023.
2. The project also provided technical support to the MLSP in conducting a legal gap analysis on ILO Convention C187- Promotional Framework for Occupational Safety and Health (OSH). This convention is the only one of the fundamental ILO conventions that Mongolia has not yet ratified. The main objective was to assess the existing OSH legal framework and identify areas that needed improvement to align with international labour standards. The gap study findings were shared with the MLSP OSH division, Ministry of Mining, OSH center under the MLSP, MONEF and CMTU at the tripartite workshop held on 23 June 2023. Through this study, the MLSP and the social partners improved their knowledge and information, for further strengthening the OSH legal framework. The project will continue its support to the MLSP on the possible ratification of the C187 in synergy with the EU-funded, ILO-implemented, Trade for Decent Work project in 2024.

D.1.3. The Sub-Committee on Application of ILS assisted in their reviews and discussions of international labour standards and Mongolia’s related obligations.

Progress Towards Project Outputs

Outputs	Indicator	Baseline	Target 2023	Actual 2023
D.1.3. The Sub-Committee on Application of ILS assisted in their reviews and discussions of international labour standards and Mongolia’s related obligations	D.1.3.1 Number of ILO convention translated into Mongolian reviewed and edited	0	1	On track.
	D.1.3.2 Number of recommendations by the sub-committee on Application of International Labour Standards	0	1	Achieved. 1 (technical advice for preparation of 1 government report)

D.1.3. The Sub-Committee on Application of ILS assisted in their reviews and discussions of international labour standards and Mongolia’s related obligations: The Tripartite Sub-Committee on Application of ILS was supported in preparing and discussing government reports on the application of ratified Conventions due this year. The “Employment Policy Convention, 1964 (No. 122)” application report was prepared and submitted to the Committee of Experts on the Application of Conventions and Recommendations.

Following the adoption of the Labour Law of 2021, National Tripartite Committee on Labour and Social Partnership was established in 2022, and different sub-committees were established, one of which, is the

tripartite sub-committee on the application of ILS. In 2023, this sub-committee was re-established. The project will continue its support to the sub-committee in developing recommendations regarding the application and reporting of Mongolia’s ratified ILO conventions in 2024.

D.1.4: Law and practice research conducted to identify implementation gaps and areas for alignment with ILS, in particular, those concerning fundamental principles and rights at work, occupational safety and health, employment and labour inspection

Progress Towards Project Outputs

Outputs	Indicator	Baseline	Target 2023	Actual 2023
D.1.4: Law and practice research conducted to identify implementation gaps and areas for alignment with ILS	D.1.4.1 Number of knowledge products on SDG trends and fundamental labour rights and labour law	0	1	Achieved.

The project is in the process of establishing a new implementation agreement with the National Statistical Office to update a study, [“Accelerating SDG through decent work: SDG monitoring and country profile for Mongolia”](#).

D.1.5. MONEF and CMTU supported in their effective promotion of fundamental principles and rights at work, decent working conditions, formalization of employment and collective bargaining.

Outputs	Indicator	Baseline	Target 2023	Actual 2023
D.1.5: MONEF and CMTU supported in their effective promotion of fundamental principles and rights at work.	D.1.5.1 Number of improved or new services by the organizations of workers and employers	0	1 by MONEF 1 by CMTU	On track.

The project organised a study tour to the Philippines to improve membership services provided by Mongolian employers and business member organisations (EBMOs) – Mongolian Employers’ Federation and Mongolian National Chamber of Commerce and Industry, in the context of labour law compliance at the enterprise level. The study tour took place in August 2023 in collaboration with the ILO Manila office and the Employers’ Confederation of the Philippines (ECOP). The Mongolian EBMOs learned the best practices of membership services offered by the ECOP and the Philippine National Chamber of Commerce and Industry. The participants have disseminated the study tour insights and knowledge to their respective organisations and developed project proposals based on the insights acquired during the study tour with the aim of enhancing their membership services on improving working conditions and labour law compliance at the enterprise level.

In support of improving working conditions of the high-risk sectors, to support MLSP labour inspection plan, the CMTU was supported in the organisation of the Labour Law training in Bayankhongor aimag among 50 representatives, including industrial trade union federations, as well as 12 aimag trade union federation heads.

D.1.6. Professional groups and the Mongolia Decent Work for Youth Network (DW4YN) supported to promote awareness and action on labour rights of Mongolian youth especially with a view to promote formalization of employment.

Progress Towards Project Outputs

Outputs	Indicator	Baseline	Target 2023	Actual 2023
D.1.6: Professional groups and the Mongolia Decent Work for Youth Network (DW4YN) supported to promote awareness and action on labour rights of Mongolian youth especially with a view to promote formalization of employment.	D.1.6.1 Number of decent work and compliance campaigns conducted	0	1	1 (on track)

D.1.6. Professional groups and the Mongolia Decent Work for Youth Network (DW4YN) supported to promote awareness and actions.

Two hackathons (digital and non-digital) were organized by the Project (Decent Work for Youth Network (DWYN) and UNDP) in 2023. The objective of these hackathons was to improve the knowledge and awareness of youth, aged 18-34 years olds, concerning their labour rights, decent work, youth employment, and improved access to employment services and distance learning opportunities in TVET. The hackathons were attended by 100 young persons of 21 teams. Three winning hackathon projects on the following topics were awarded seed funding of a total of USD \$5000:

- Promotion of the principles of freedom of association among young employees in a CU chain store
- Promotion of Labour Law among TVET students through an innovative game application
- Provision of innovative equipment for persons with visual disabilities to support their employment.

Labour law trainings workshops for around 150 youth in the agriculture sector were organized by the DWYN in 2023, in combination with the FAO led trainings on rural investment.



Picture 5: Digital Solution Hackathon, 29 September 2023

D.2.1. Support provided for the formulation of annual Strategic Compliance Plan (SCP).

Progress Towards Project Outputs

Output	Indicator	Baseline	Target 2023	Actual 2023
D.2.1: Support provided for the formulation of annual Strategic Compliance Plan (SCP).	D.2.1.1 Number of annual SCPs implemented	0	1	On track. 1

The MLSP developed its annual inspection execution plan for 2023 by using the Strategic Compliance Planning (SCP)²⁸ methodology introduced by the ILO. Through the application of the SCP methodology, the labour inspectors identified four priority sectors - namely, mining, construction, textiles and small-scale energy production. In the labour inspection execution plan for 2023, a total 2315 premises of these high-risk priority sectors were identified for inspection. As of 30 June 2023, these labour inspections resulted in approximately MNT1 billion in fines being imposed on businesses that did not comply with Labour Law and the Law on Occupational OSH.

In 2023, the focus of the Project was on assisting the MLSP in the establishment of the labour inspection system effectively, in the context of the transfer of labour inspection responsibility from GASI to the MLSP. The project support was to further strengthen the regulatory framework and the human resource capacities in line with the ILS. As noted above, the project provided technical comments to the draft labour inspection regulation.

Two training workshops were organized in 2023 for a total of 190 inspectors including chief inspectors, labour inspectors, labour hygiene inspectors, and social protection inspectors. The technical guidelines on the labour inspection, which is based on the ILO Conventions No.81 and No.129, were presented at the workshops. The workshops also facilitated the discussion between the MLSP and the local units in charge of labour inspection at aimag, capital, district levels within GALSWS and General Authority for Social Insurance. A senior labour inspector from the MLSP obtained most recent information on labour inspections, by attending the training course of the [Academy on Labour Administration, Labour Inspection and Workplace Compliance](#), in Turin, Italy, in October 2023.

D.2.4: Training programme on workplace compliance and labour rights delivered to social insurance, hygiene and labour inspectors at the national, aimag and soum levels and integrating into the Youth Employment Service desks (4 in provinces and 2 in UB).

²⁸ Strategic compliance planning is the term used by the ILO to refer to operational strategies by labour inspectorate to overcome the limitations of traditional enforcement models towards a more prioritized and proactive approach. The objective is to maximize the impact of limited labour inspection resources through improved data gathering, root cause analysis, the design of complementary interventions and strategic partnerships with other stakeholders, in particular employers' and workers' organizations.

Progress Towards Project Outputs

Output	Indicator	Baseline	Target 2023	Actual 2023
D.2.4 Training programme on workplace compliance and labour rights delivered to social insurance, hygiene and labour inspectors at the national, aimag and soum levels	D.2.4.1 Number of assessment reports describing challenges and good practices in the provision of integrated services to promote compliance and formalization of employment	0	0	On track. 1 (training needs assessment report)

The [new ILO Curriculum on Building Modern and Effective Labour Inspection Systems](#) was translated into Mongolian. In 2024, a training based this newly translated curriculum will be organized in collaboration with the MLSP.

4. PARTNERSHIPS

Over the reporting period, the Project has continued to foster impactful collaborations across various sectors. These partnerships have been instrumental in making the progress that has been highlighted in the previous sections of this report. Below is a brief overview of our valued partners and collaborators, categorized for clarity:

- **Government ministries and agencies.** MoF, MED, MLSP, MOFALI, MOES, MOC, SCPCS, State Productivity Commission, Authority of Government Supervision (results-based planning and budgetary reform), MLSP (labour inspections, employment reforms, Labour Law compliance), NAO, Budgetary Standing Committee of the Parliament of Mongolia (budget oversight).
- **Local governments.** Finance and Investment Departments and Governor’s Offices of 21 aimags and Ulaanbaatar Municipality (results-based planning and budgeting), Dornogovi aimag (Aimag and soum level piloting of RBB), Khanbogd soum of Umnugovi aimag (PPP pilot), Food and Agriculture Departments of Khentii and Umnugovi provinces, and Veterinary Department of Umnugovi province.
- **Cooperatives.** Three cooperatives in Bayanchandmani soum and two in Umnugovi aimag (value chain, PPP).
- **Employers’ associations and Trade Unions.** MONEF, CMTU, National Chamber of Commerce and Industry (Labour Law compliance, employment promotion programmes)
- **Private sector and industry associations.** Mongolian Meat Association, Mongolian Veterinary Medical Association as well as private companies such as Educated Enterprise LLC, SMS - Startup Marketing Space LLC, TESO Group, Solid Partners Group (SPG) LLC, Tech Partners LLC, True Vision LLC, Doloon Boldog LLC, Magic Bee LLC, Airee Felt LLC, Speck Materials LLC.
- **Academia and CSOs:** School of Animal Science and Biotechnology and School of Economics and Business of MULS, School of Industrial Technology of MUST, National University of Mongolia, Development Solutions NGO, Research and Development Institute of Light Industry, UFE, Dairy Asia, DW4YN
- **Development projects funded by international organizations and development partners.** “Project to Strengthen Self-Reliance Support System Focusing on Creation of Job Opportunities for People in Need” (JICA), Strengthening Fiscal and Financial Stability project (World Bank), MERIT project (Government of Canada).

5. COMMUNICATION & VISIBILITY

The Communication and Visibility Strategy stipulated in the Project document, and the Communications Action Plan for 2023 was successfully implemented, raising awareness about the Project outcomes among stakeholders and the public. The visibility of the European Union has been ensured in all communication efforts.

The summary of the key communication and visibility results achieved over the reporting period is provided below. The full list of communications products is provided in [Annex 5. Communications Monitoring Table](#).

Awareness about the activities and achievements of the Project was built among target audiences: The project continued publishing activity and event news (in the form of narrative posts, photo stories, short video coverage, and info-graphics) on the UNDP website and social media (**in total 68 posts**) reaching out to total of **over 44,000 Facebook followers of the page**, and **over 15,000 Twitter followers** which were actively shared by partnering government institutions, NGOs and the private sector. Activities implemented in provinces were promoted by local TV and media outlets.

Achievements of the project at the beneficiary level were communicated through the human-interest video stories of [Mr.Davaadorj](#) (*inclusive learning support*) and [Ms.Khoroltsetseg](#) (*employment promotion service*) and the local cooperative story of [“Chandmani Altan Tul”](#) (*innovative local cooperative support*). Moreover, inclusive learning environment and PwD specific curriculum in [Bayanchandmani Polytechnic College](#) was promoted through a launch event involving the local Governor, relevant government institutions and NGOs. These video stories **organically reached the total over 15,000 views and over 400 reactions** on UNDP social media channels alone.



Picture 6: Mr.Purevdorj.U, veterinarian at Chandmani Altan Tul cooperative in Bayanchandmani soum, Tuv province

The [Inclusive Job Mediation Event](#) specifically targeted job seekers with disabilities, and was organized not as a one-off event, but rather as a month-long Inclusive Job Mediation activity by applying innovative approaches in partnership with specialized job mediation coaches, inclusive pre-screening and consultation to reach sustainable job placement. As a result, out of total targeted **50 job seekers 28% successfully concluded their employment contracts**, while the remaining job seekers are still being supported with further mediation. In total **over 120 people directly participated and benefited** from this activity, with **indirect reach out of minimum 900 people**.



Picture 7: Inclusive Job Mediation Event, 25 October 2023

Result Based Management concepts advocated among policymakers and the general public: The project intends to advocate the importance of bridging policy with budget through a set of measures (*TV Policy Discussions, articles, social media coverage, and video content*) to leverage public support and raise decision-makers commitment.

Mobilizing and strengthening journalists in areas of result-oriented policy-making and budgeting is also an important part of advocacy measures, hence the project organized a Media Training event for journalists specialized in economics, budget, and parliament. Moreover, the project initiated collaboration with the Economic Journalists' Club to implement journalists' discussions, targeted content development, and dissemination. Morning tea two discussions were held on "Result based budgeting and planning" topic targeting economic and parliamentary journalists with [renown economists](#) and [analysts](#) as guest speakers. For the first time, project capacitated [local journalists and CSOs in Dornogovi province](#) to support their engagement and participation in designing and implementing the result oriented local development planning and budgeting. In the reporting period the total of **over 130 journalists, media specialists and CSOs strengthened their capacity.**

Project knowledge products shared to stakeholders and the public: The digital copies of project publications were distributed publicly via the UNDP web page and social media, uploaded to relevant government websites (including the MLSP donor dashboard), and mass-mailed to project consultants and partners. A limited number was printed, shared with relevant Government partners, and distributed during training and events.

Moreover, project consultants' presentations on key concepts of RBM and RBB were recorded as

educational videos and posted on UNDP YouTube channel. The Project Bulletin for Quarter I and Quarter II highlighting the key achievements and progress was developed and shared with project partners and stakeholders.

Visibility of European Union support was ensured: The project contributed to the European Union visibility during [EU Day 2023](#) by offering a variety of inclusive activities targeting youth, such as job counseling, engaging lectures at the event, both in-person and online, performances, and promotional services. In total over **2,000 people visited the project booth, while the career development sessions were physically attended by 85 people with over 4,600 online views.**



Picture 8: Youth career counselling session, Europe Day, 14 May 2023

[A high-level mission](#) including the EU Ambassador and UNDP Resident Representative was organized in conjunction with RBM training in Dundgovi province. Moreover, newly appointed UNDP Resident Representative and Deputy Head of European Union Delegation [visited Songinokhairkhan District](#) and met with project beneficiaries.

To ensure branding compliance and visibility of EU funding, the project developed “Project logo usage and branding guidelines”, which was approved by EUD and shared among project consultants and stakeholders in [English](#) and [Mongolian](#). The project promotional materials were renewed with eco-friendly notebooks and tote bags.

The Project publication and technical papers are attached in **Annex 1**.
Training list and Participants during reporting period is attached in **Annex 2**.
Media monitoring links are attached in **Annex 3**.

6. PROJECT MANAGEMENT

Project Implementation Unit (PIU). The Project is managed by UNDP and implemented in collaboration with FAO and ILO. The PIU consisting of UNDP, FAO, and ILO teams, is located at UN House, which facilitates daily interactions among three teams. The core PIU team currently has a total of 10 staffs (5 from UNDP, 3 from FAO, and 2 from ILO).

Project Steering Committee meetings and Annual workplan. The Project's annual work plan for 2023 was approved on December 2, 2022, by the Project's third Steering committee meeting. The annual budget approved (Jan-Dec 2023) was \$3,571,343, which was revised in September 29, 2023 to \$3,398,078. On June 16, 2023 the semi-annual SC meeting was held and discussed the semi-annual progress report. The meeting minutes are attached in Annex 4.

Reporting to EU Delegation. Monthly progress updates were shared with the EU Delegation, Information on upcoming events were provided to facilitate the engagement of the Delegation. A Brown Bag Lunch meeting was organized in February 2023 at EU Delegation Office, to share information on the Project progress.

The contractual addendum. To sustain the foundations built by the Project, and complete the intended Action, UNDP has submitted a no-cost extension request on October 16, 2023 to EUD Regional Office in Thailand. The request is under review stage.

Procurements. Over the past reporting period, PIU (UNDP, FAO, ILO) procured services of 37 individual consultants (19 female and 18 male) and 11 contractor companies for the effective implementation of planned interventions.

Harmonized Approach to Cash Transfer (HACT) micro-assessment and spot checks. The HACT framework represents a common operational framework for UN agencies to assess the associated risks before transferring cash to government and non-governmental implementing partners. A HACT micro-assessment of one government partner, MOF was conducted in 2022 by an external auditing company, in accordance with the HACT micro-assessment guidelines. The overall risk was assessed as 'low', and a total of 5 recommendations were provided.

Two spot checks at MOF are scheduled in December 2023, in accordance with UNDP financial rules and regulations. Spot checks are performed to assess the accuracy of financial records for cash transfers to IPs, status of the programme and whether there have been any significant changes to applicable internal controls.

7. CHALLENGES/RISKS AND MITIGATION MEASURES

Considering the Parliamentary election of Mongolia in 2024, and expected changes on legal framework and civil servants capacitated on the methodology and concepts calls a risk on the sustainability of system level changes that the Project has contributed.

To mitigate the related risk on sustainability of project outputs and results, the guidelines and methodologies are under way of approval by the ministers. Also, the development of information system has just started to strengthen the foundations built. The importance of effective communication at various

institutional levels and raising public awareness will not be overlooked and the existing efforts will be scaled-up.

Lack of integrated information system on development policy planning, budgeting, reporting and M&E is becoming a core challenge on the implementation and application of result-focused methodologies at executive as well as oversight functions, as the current isolated systems are prone to lack of information exchange between various functions, duplication and overlap of data processing and implementation.

8. LESSONS LEARNED AND WAY FORWARD

Multi-stakeholder engagement. It is crucial to focus on extending effective communication with a variety of partners at different levels in order to enforce mutual efforts efficiently. The engagement of multiple stakeholders representing different groups is more beneficial than involving only one organization. It will be important for the project team to devote more attention to the methodological deliverables as the election period approaches next year.

Awareness building. Project communication efforts will be more diversified and encompasses various communication channels. Capacity building of key implementation partners was an essential mechanism for making changes to the current governmental system and current practices in the first 3 years of project implementation. Thus, the project focused more on building the capacities of governmental officials to ensure sustainability of the project outcomes in the areas PFM and employment transformation. However, high governmental staff turnover prompted the project to consider other options in addition to trainings/meetings, including the development of an integrated system, an e-learning platform and public awareness raising.

Whole-of government approach. In the past two years, the implementation of RBB at the two ministries of MLSP and MOFALI has demonstrated the significance of sharing efforts with multiple stakeholders, including local governments, agencies, and donor organizations, to successfully adopt and implement an IRBM system. Furthermore, the budgeting process was not an isolated phenomenon, the other phases within the whole cycle, including planning, reporting, monitoring and evaluation, and management information systems, are critical components to promote a continuous transition and a more effective implementation of an IRBM system. Accordingly, the government-wide implementation of result-based planning has been scaled up in the current year. Further scaling-up of budgeting and reporting is needed at all levels of government. Government leadership has observed a good start to promote integrated results-based management through the state productivity committee's working group.

Leaders to champion the change. The concept of result-focus has been well accepted by middle-level government officials and demanded by parliamentarians. It is essential that decision makers provide leadership to accelerate and sustain the implementation process in Mongolia, given the civil service culture and legal system. Thus, it is crucial to ensure the leadership engagement.

Inspiring and engaging the younger generation. Another lesson learned was the significance of inspiring and engaging the younger generation in the policy and budget oversight, food and agriculture industry, labor rights and to make them realise the potential. Therefore, in the coming year, the project team is planning to organize a collaborative meeting and discussion involving educational institutions that train future professionals in the food and agriculture sector and employers from the sector. As well as organizing youth brainstorming on the policy and budget oversight.

Synergizing with other EU-funded projects and donor projects. Synergizing with other EU-funded project on “Trade for Decent Work” project has been effective and cost efficient on organising ILS reporting training and attending EU Day and SDG Open Day events to promote decent work agenda in Mongolia.

In area of implementing RBB, the project made close collaboration with EU funded WB implementing SFFS project and which will be expanded to ADB, JICA and GIZ on the policy costing in TVET sector, budgeting for climate, integrating capital and operational budget for program budgeting.

9. FINANCIAL REPORT

Project financial report is attached in below hyperlink.

[Project financial report](#)

10. WORK PLAN AND BUDGET FORECAST FOR THE NEXT REPORTING PERIOD

Work plans with preliminary budgets (UNDP, FAO, and ILO) are attached in below hyperlink.

[Annual work plan for 2024](#)

11. ANNEXES

Annex 1. Project publications and technical paper

[Project publications and technical papers](#)

Annex 2. Training list and participants during reporting period

[Training list and participants during reporting period](#)

Annex 3. Media monitoring links

[Media Monitoring Links \(1 Oct 2022 – 20 Nov 2023\)](#)

Annex 4. Meeting minutes of steering committee meeting

[Meeting minutes of steering committee meeting](#)