



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



(OCTOBER 1, 2021-SEPTEMBER 30, 2022)



PROJECT SUMMARY

Reporting period	October 1, 2021, to September 30, 2022
Donor	European Union
Country	Mongolia
Project title	ACA/2020/418-930 BS TA 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: i) Enable and promote employability in Mongolia via direct interventions and policy improvements and 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 Food, Agriculture and Light Industry Ministry of Labor and Social Protection Ministry of Education and Science Ministry of Economy and Development Budgetary Standing Committee, Parliament of Mongolia National Audit Office General Agency for Specialized Inspection Mongolian Employers' Federation Confederation of Mongolian Trade Unions Decent Work for Youth Network including the governmental and non-governmental organizations advocating labor rights for youth 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	Elaine Conkievich Resident Representative UNDP Mongolia Elaine.conkievich@undp.org

ABBREVIATIONS

ALMMs	Active Labour Market Measures
AWP	Annual Work Plan
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
GIZ	German Corporation for International Cooperation
GoM	Government of Mongolia
GOLSW	General Office of Labour and Social Welfare
HACT	Harmonized Approach for Cash Transfers
ILO	International Labour Organization
ILS	International Labour Standards
IRBM	Integrated Results-Based Management
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
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
MONEF	Mongolian Employers' Federation
MTEF	Medium-Term Expenditure Framework
NAO	National Audit Office
NAOG	National Academy of Governance
NCEP	National Council for Employment Promotion
NDA	National Development Agency
NGO	Non-Governmental Organization
NTPs	National Targeted Programmes (Medium-term Development Policy)
PDRF	Program Development Result Framework
PEIR	Public Expenditure and Institutional 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
SCP	Strategic Compliance Planning/Plan
SDG	Sustainable Development Goal

TVET	Technical and Vocational Education and Training
UNDP	United Nations Development Program
VTPC	Vocational Training, and Production Centres
WG	Working Group

CONTENTS

1. KEY HIGHLIGHTS OF THE REPORTING PERIOD.....	6
2. CONTEXT OF THE ACTION	10
3. PROJECT PERFORMANCE AND RESULTS	12
Component A. BRIDGING POLICIES WITH BUDGETS	14
Component B. BUDGET OVERSIGHT AND TRANSPARENCY	23
Component C. EMPLOYMENT PROMOTION: BOOSTING EMPLOYABILITY	32
Component D. LABOUR REGULATIONS	49
4. PARTNERSHIPS.....	53
5. COMMUNICATION & VISIBILITY	54
6. PROJECT MANAGEMENT	56
7. CHALLENGES/RISKS AND MITIGATION MEASURES.....	57
8. LESSONS LEARNED	58
9. WAY FORWARD	59
10. FINANCIAL REPORT.....	59
11. WORK PLAN AND BUDGET FORECAST FOR THE NEXT REPORTING PERIOD	59
12. ANNEXES.....	60

1. KEY HIGHLIGHTS OF THE REPORTING PERIOD

The Project Component A aims to assist the Government of Mongolia in institutionalizing a results-based budgeting approach and significant progress has been made towards this result. During the reporting period, the [roadmap for implementing Result-based Budgeting \(RBB\)](#) was drafted, laying the groundwork for Integrated Result-Based Management (IRBM). Consultations on the proposed roadmap and implementation phases are well underway among key stakeholders - Ministries (i.a. Ministry of Finance, Ministry of Economy and Development) and international organizations (i.a. World Bank, Asian Development Bank, UNICEF).

Budget proposals of three Ministries (Ministry of Labor and Social Protection, Ministry of Food, Agriculture and Light Industry, Ministry of Education and Science) for 2023 **were prepared in line with [RBB concepts](#)**. The Ministry Development Result Frameworks (MDRFs), Program Development Result Frameworks (PDRFs), and corresponding M&E frameworks were developed by cascading down the draft National Targeted Programs (NTPs), to the medium-term development policy. [Performance reporting templates](#) along with a manual were drafted to follow-up the results-based planning with performance reporting as part of the implementation of Annex 1 of the Budget law.

Improved, results-based planning and budget allocation processes were proposed for the Employment Promotion Fund (EPP) by renewing the current standard costs for services and programs and developing a local EPP budget for 2023 using the budgeting templates reflecting results and performance indicators. These revisions were made as part of the follow-up measures recommended by the [employment sector in-depth study](#) supported by the Project on issues and gaps in the planning, implementation, and financing processes of the National Employment Promotion Programs and EPP. The revisions also contributed to the evidence-based budget formulation for the transformation of the employment sector financing mechanisms.

Project Component B combines the delivery of outputs that support budget transparency and accountability improvements via enhanced budget oversight functions with respect to the role of Parliament, Civil Society Organizations (CSOs), and the National Audit Office (NAO).

The Parliamentary Standing Committee on Social Policy convened a conference “From Welfare to Employment” in September 2022 with support from the project, where the focus on support to self-employment, profiling services, and aligning employment support measures to local conditions was highlighted.

In the reporting period, the budget monitoring grants initiative for CSOs was organized successfully to promote public oversight with **10 CSOs currently conducting budget monitoring**. Of these 10 CSOs, 6 are conducting budget monitoring in the employment sector, 2 in the education sector, 1 in the health sector and 1 in the tax revenue collection.

Four types of technical guidance notes related to performance auditing were developed for NAO. These include guidelines on performance audit of i) [government policies and budgets](#), ii) [SDG-aligned budgeting](#), iii) [state budget investment plans](#), and iv) [2023 Annual Budget Proposals](#). Technical guidelines on strategic planning and quality control were also developed, contributing to the organizational strengthening of the NAO for conducting performance audits. Case-based technical support was provided to two thematic performance audits carried out by the NAO in the [employment](#) and [health](#) sectors.

Component C combines efforts towards four outcome areas for boosting employability: existing national programs for employment, Mongolia's ecosystem for enterprising/innovation, the range of skills and capacity development services, and scalable pilots that can yield insights for policy directions which, in turn, inform the first three outcomes. During the reporting period, the [revised Employment Promotion Law](#) was drafted and submitted to the Ministry of Labor and Social Protection (MLSP). A **revised design** of Employment Promotion Programs for 2023 was developed, with implementation guidelines incorporating performance indicators. In 2022, the training on profiling methodology was rolled out to all employment offices and staff across the country. Around 242 employment officers (male 59, female 183, heads of departments and divisions) from 21 aimags and 9 districts were trained on **profiling assessment** and facilitation of personal development plans with job seekers. Around 13,600 profiles of job seekers were created by the end of September 2022, as reported by the General Office of Labor and Social Welfare (GOLSW).

Four employment support measures were piloted for their inclusion in the National Employment Promotion Programs for 2023-2024. These include 1) Apprenticeship and 2) Vocational training measures 3) Promotion of cooperatives, and 4) SME and enterprising development. A costing analysis is currently underway for the proposed piloted measures.

A database of short-term training providers was added in 2022 to the website www.mergejil.mn with the Project's support. TVET graduates' tracking system was completed and under the handover stage to the respective ministries. [A TVET Quality Assurance Framework](#) was developed, integrating all stages from planning to evaluation, which aims to eliminate duplication of roles and responsibilities. Each phase in this framework has a clear purpose, relevant tools, criteria, implementing partners.

A training module and manual on enterprising in vocational education was drafted for improving students' entrepreneurial skills, the first of its kind in Mongolia. Inclusive TVET curricula for three occupations for people with disability (PWD) were rolled out. Short-term vocational course curricula on two occupations were developed to support agriculture value chain: *Slaughterer* and *Operators and repairmen of agricultural machines and machinery*, and were approved by the Training Assessment, Information and Methodology Centre (TVETAIMS).

As a result of the Project efforts to support agricultural export product and create a viable model of Public Private Partnership (PPP), **a cooperative of camel milk producers with 20 members (18 female and 2 male) was established**. Camel milk supply, identified as the weakest link in this value chain, was increased after the Project interventions and the establishment of the cooperative, from 225 liters per day in February to 700-800 liters per day in September 2022. Number of people engaged was also increased more than two-fold; from 18 herders (9 female and 9 male) from 9 households to 40 herders (20 male and 20 female) (including family members).

Component D aims to provide technical assistance in aligning national legislation and practices with international labour standards and good practices and improving the efficiency and effectiveness of labour inspection. Preparation for ratification of two conventions (C81 and C129) is underway under the **Project Component D**, with a package of documents for ratification being prepared by the MLSP, including a new concept note, an overview of the compatibility of the national legislation with the two conventions, and the legal amendments required for compliance with the conventions.

The revised Law on State Inspection and other related documents were drafted, and the technical comments from the International Labour Standards (ILS) perspective were provided. The comments included inspection visits without prior notice, officials authorized to conduct inspection activities, and duration and number of inspection visits. The technical comments on the revised draft Law on Employment Promotion are due to be completed by Q1, 2023.

The “Safety and Health in Construction Convention, 1988 (No. 167)” application report was prepared in 2022 with the Project support to the MLSP and the Tripartite Sub-Committee on Application of International Labour Standards.

A self-assessment monitoring tool for enterprises on labour law compliance is being developed by Mongolian Employment Federation (MONEF), and the monitoring of the implementation of the Law on Occupational Safety and Health (OSH) and newly revised Labour Law in the construction, mining, textile, and energy sectors is being conducted by Confederation of Mongolian Trade Unions (CMTU) for improvement of working conditions in these sectors. Strategic Compliance Planning (SCP) methodology is being introduced at the General Agency for Specialized Inspection (GASI) to strengthen its labour inspection targeting and impact. The four priority sectors (mining, construction, textiles and small-scale energy production) were identified and relevant trainings were held.

FOCUS ON TARGET GROUPS AND GENDER DISAGGREGATED DATA

The principle of leaving no one behind (LNOB) and gender equality are preconditions and accelerator for achieving the SDGs. The Project’s final beneficiaries or target groups include youth, people with disabilities (PWD), women and those living in remote areas. The Project maintains the focus on target groups in two ways: at policy and systems level through better informed designs, and by implementing activities which directly aim at the target groups.

Sectoral expenditure reviews reveal discrepancies of funding by location. Results-based planning and budgeting requires disaggregated data by location, gender, and target groups. Studies on Employment Promotion Fund revealed that the funds and programs were not focusing on those who are in greatest need of employment support. Profiling assessments are expected to help with better targeting, and accordingly with more resources channeled to those in need. However, these need to be substantiated by performance reporting and specific LNOB assessments. Design thinking trainings were conducted for project consultants several times to promote beneficiary perspectives in all activities. Design thinking session was included in the nationwide training on results-based planning and budgeting.

Activities for youth. In 2022, the Project continued to collaborate with the Government on youth employment promotion pilot project called “Participation”. The “Participation” project involved 1,240 unemployed youth aged 15-34 with multi-sectoral integrated support, to guide them through the pathways to employment. Of which, total of 545 people, including 345 young women and 200 young men had their employability skills profiled using the project supported methodology.

A series of podcasts were released by the Project for young people to support their understanding about what decent work is, the labor market demands, and required skills etc. A total of 10 podcasts were disseminated, and the Project intends to continue to engage with young people to keep the employment as a recurrent theme among them.

The Job Fair was successfully organized by UNDP, FAO and ILO at Sukhbaatar Square in September 2022, as part of the Open SDG Day, which provided an opportunity for young people to gain tips on writing a CV, have their employability skills profiled, meet with potential employers, and participate in initial job interviews, all as a means to support youth in their search for gainful employment.

Activities for people with disabilities. One of the barriers for employment of people with disabilities is lack of vocational education and training due to curricula and learning environment being not inclusive. Based on the needs assessment, inclusive TVET curricula for three occupations were developed last year and rolled out in 2022. These include i) Archivists and Office Assistants; ii) E-service Staff; and iii) Support Service Workers. The teacher’s handbooks for three occupations were released to provide detailed instructions on how to deliver the content. The student handbooks containing a total of 22 competencies were developed with visual demonstration of sign language. During the handbook preparation, 300 new signs were developed to communicate technical words such as risk, prohibition, etc. All handbooks are due to be disseminated in December 2022. The course materials are also being uploaded electronically. A total of 28 students with disabilities were trained as E-service workers (16) and Archive and Office Assistants (12), during the pilot which took place at the Rehabilitation Center in Ulaanbaatar over the last two years of the project. Refurbishment support is being provided to the Polytechnic College, Bayanchandmani soum in Tuv aimag for creating a PWD-friendly learning environment, based on the prior relevant assessments. The Polytechnic College is expected to offer the above courses on a pilot basis from spring semester of 2023.

Most visual and communications products produced by the Project have sign language translation or subtitles. Activities, studies, and training manuals planned for 2023 by the Project will be reviewed from an inclusiveness perspective.

Activities for remotely located job seekers. With the lifting of COVID-19-related movement restrictions, the environment for sub-national level capacity building activities was favorable in 2022. The Government adopted Austerity Law in 2022, restricting in-person trainings and workshops due to fiscal constraints; however, the projects funded by international organizations were not affected. Thus, two rounds of nationwide trainings were held in 2022 training on profiling service for all Employment Offices and training on results-based planning and budgeting. Profiling methodology is a client-focused methodology, starting with how ready individual job seekers are for employment, thus allowing a more tailored approach for youth living in remote places.

Profiles of around 13,600 job seekers from across the country were created in 2022. The breakdown of job seekers whose profiles were created will be ready in December 2022 for further analysis.

Gender disaggregated data

Activity	Male	Female	Other	Total	Proportion
Trainings Component A	821	1330	-	2151	38:62
Trainings Component B	281	357	-	638	44:56
Trainings Component C	455	945	-	1400	33:67
Profiling service	2473	3649	-	6122**	40:60
Job fair* (jointly organized by UNDP, FAO and ILO)	107	163	2	272	39:60:1

*The data relates to the survey participants of the job fair

**In total 13602 people were profiled and 7480 people’s data is in process.

2. CONTEXT OF THE ACTION

The IMF mission concluded in May 2022 that Mongolia's post-pandemic recovery is likely to be delayed as the outlook is subject to significant risks stemming from commodity price volatility, border closures, an escalation of sanctions on Russia, tighter global financing conditions, and the risk of a pandemic resurgence. Mongolia pursued a tighter fiscal policy with the adoption of the 2022 supplementary budget by cutting current expenditures and tighter prioritization of public investments. It is addressing supply-side disruptions by continuing to accelerate needed public investment and improved processes to facilitate automated zero-contact exports at the border. It allowed energy prices to reflect market values to preserve limited fiscal resources and help conserve energy use.

Results-based development planning. The Parliament of Mongolia approved the 2023 National Development Annual Plan¹ on May 26, 2022, pursuant to the Law on Development Planning and its Management. This was the first annual plan since the Ministry of Economy and Development was established. The plan consists of 75 measures under 18 objectives of 5 chapters and contains relevant indicators and targets. The deliberations during the parliament session indicated the need for further aligning the annual plan with the development priorities.

The National Targeted Programmes, the medium-term development policy document, was drafted and submitted to the Parliament for approval in July 2022, and the initial discussions held in October 2022² pointed to improving indicators prioritization, and intersectoral policy coherence.

Public Finance Management (PFM) reforms. A new fiscal revenue-sharing arrangement is in place with the effect of the revised Law on Territorial and Administrative Units and their Governance (LATUG)³ on January 1, 2022, to further fiscal decentralization and improve public service delivery in local areas. The new Medium-Term Debt Strategy for 2023-2025 was adopted to support fiscal prudence and debt sustainability. The Debt Strategy stipulated that *SDG financing will be supported and coordinated with debt instruments* and preparatory work will be done in collaboration with the relevant line ministries⁴. The Law on Public and Private Partnership was drafted to facilitate private investment in public projects and promote the private sector and is being debated at the Parliament.

To reduce longer-term fiscal spending pressures, the Government intends to reform the pension system, state-owned enterprises, public investment, and financial risk management⁵.

Budgetary reforms. The Budgetary Standing Committee of the Parliament organized a discussion "Budgetary policy reforms" in September 2022, where presenters raised many pressing issues of budgetary reforms, including budget planning. The 2023 budget proposal contained two important statements which are relevant to the Project objectives; i) to intensify budgetary financing mechanism reforms in health and

¹ <https://montsame.mn/mn/read/297798>

² <https://montsame.mn/mn/read/305208>

³ UNDP provided technical support to the drafting of this Law.

⁴ <https://legalinfo.mn/mn/detail?lawId=16530615487321>

⁵ Speaker's Speech at the Opening of the Parliament's Autumn Session, 2022

education sectors towards improved service quality, performance, and results, and to introduce these reforms in other sectors; and ii) to undertake civil service salary reform linking salary to performance⁶.

In October 2022, an open public discussion was organized on the draft Budget 2023, the first in the history of the Parliament of Mongolia. The draft budget proposal had been placed in the parliament website ahead of the open discussion for public to review and comment. Even though the inputs and comments received from the public were not so much on fiscal policy reform issues, the discussion set important precedent for budget transparency and public participation in budget preparation.

Employment sector reforms. The MLSP has started piloting a new approach to welfare and poverty reduction policy (Graduation approach), targeting very poor households with a comprehensive set of support, including basic needs, household savings, support for small businesses, training, and on-the-job practice, life skills training, social participation, and self-esteem. The average period for a household to get out of poverty is estimated to be 18 months, and 1,500 households in Songinokhairkhan and Bayanzurkh districts of Ulaanbaatar city are expected to participate.

The labour participation rate for Q2 2022 was 59.3%, with 67.7% for men and 51.9% for women, resulting in gender gap of 15.8 points⁷. The labour participation rate for women continues to decline.

Labour inspection. The revised Labour Law came into force in January 2022 extending labour protection to previously excluded groups and bringing numerous changes in regulations, procedures and institutions. The law now allows unannounced labour inspection at workplaces in both formal and informal settings. This is an important step that Mongolia has taken towards ratification of ILO C81 and 129 concerning labour inspection.

In September 2022, the Government took a decision to restructure the General Agency for Special Inspection (GASI) to ease the burden on businesses/enterprises by transferring the technical inspections to the line ministries. The GASI is an integrated public inspection authority with twenty-six different inspection services, including labour inspection. The labour inspection is about to be shifted to the MLSP from January 2023.

Agricultural sector. The Soum Development Fund was re-organized into the Cooperative Development Fund in 2021. The “Harvest-4” Sustainable Crop Farming Development campaign continued in 2022, and the President of Mongolia initiated a new national movement “Food Supply, Food Security” to ensure the quality production and processing of agri-food.

⁶ <https://online.flippingbook.com/view/240352611/>

⁷ <https://1212.mn/BookLibraryDownload.ashx?url=Labour%20force%202022%20Q2.pdf&ln=Mn>

3. PROJECT PERFORMANCE AND RESULTS

KEY OUTCOME LEVEL RESULTS – Bridging policies with budgets

Project outcome 1:	Indicator	Baseline	Target 2022	Progress and achievement
Budget programmes aligned with policies and results	Number (and %) of ministries/sectors which developed results-based MTEF and annual budget proposals with sectoral and SDG targets and negotiated with MOF	2 drafts (environment & health sector) (2019)	2 sectors (13%)	On track. 3 sectors (MLSP, MOFALI) (MOES with support from another UNDP project).

A total of 13 programmes of two Ministries (MLSP and MOFALI) were prepared, submitted, and approved in 2022, with results-based templates specifically approved by MoF for these two Ministries. While only an intermediate outcome, the approval of these programmes indicated that the results-based planning and budgeting methodologies being applied on a pilot basis for the pilot Ministries can be scaled-up to other sectors. The table below describes the annual incremental progress made towards results-based planning and budgeting under the Action.

Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023
Budget Circular with specific SDG-aligned instructions for the pilot Ministries (MOET, MOH, MOES)	Budget Circular with specific instructions for the pilot Ministries (MOES, MLSP, MOFALI)	Budget Circular Annex 1 specific to the pilot Ministries (MOES, MLSP, MOFALI) (updated)
Results-based planning ahead of RBB did not take place	Results-based planning ahead of RBB did not take place	Results-based Medium-term Development Plan (National Targeted Programmes) was drafted, pending approval by the Parliament.
Results were identified based on key sectoral indicators only	Results were identified for one level only – programme/ministerial	4 levels of results were identified - national, sectoral, ministerial, and programme
Contribution to higher level results and interlinkages were not clear and explicit	Contribution to higher level results and interlinkages were not clear and explicit	Contributions to higher-level results and interlinkages were made more visible
Performance indicators of different levels of results were used without attribution to the right level	Performance indicators of different levels of results were used without attribution to the right level	Performance indicators were sorted out, efforts were made to assign them to the right level
Targets were not broken down by aimags or sub-units, remained as general Ministry targets	Targets were not broken down by aimags or sub-units, remained as general Ministry targets	Targets are being allocated for provinces, so that each aimag's achieving its targets would allow achieving of the national targets
Pilot Ministries formally defended their budget proposal based on performance indicators at the Budget review discussion between MoF and the pilot Ministries	Pilot Ministries budget proposals based on performance indicators were accepted at the Budget review discussion between MoF and the pilot Ministries	RBB checklist was developed for Budget review discussion between MoF and line ministries and was partially used.
Budget Programme classification remained as before. Pilot Ministries did not report on the achievement of indicators as	Budget Programme classification remained as before. Pilot Ministries are expected to report their performance indicators at the end of 2022	The proposed Budget Programme classification for the pilot Ministries was developed.

Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023
part of next year's budget formulation		Pilot Ministries are expected to report their performance indicators formally through Treasury System
RBB training was conducted for the pilot ministries and their provincial departments. Focused only on sectoral performance indicators and budget formulation.	RBB training was conducted for the pilot ministries and their provincial department online. Focused only on sectoral performance indicators and budget formulation.	RBB training combined with results-based planning trainings were conducted for the pilot ministries 3 times, starting early in 2022. The pilot ministry trainings were followed by nationwide in-person training for their provincial departments. Focused on integrated results-based planning, differentiation of levels of KPIs and RBB.

As a result of many factors, including establishment of the Ministry of Economy and Development (MED), the drafting of the medium-term Development Programmes (NTPs), deliberation of the Annual Plan for the National Development by the Parliament, budget preparation exercises for 2022 and 2023, the NAO recommendations, as well as the Project initiated numerous workshops on RBB and the expenditure review studies, there is **an increased acceptance of the need to bridge policies with budgets through integrated results-based planning, budgeting, and management**. Policy and finance department officials saw the need for better aligning the budgets with policies, need and opportunities for shared results and closer coordination of separate programmes for the same target groups. The increased acceptance was also observed at the sub-national level during the nationwide training on results-based planning and RBB.

KEY OUTPUT LEVEL RESULTS

Component A. BRIDGING POLICIES WITH BUDGETS

Under this component, the project aims to achieve results in the following main four 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 2022	Actual 2022
A.1.1 Reforms plan to upgrade the MTEF	A.1.1.1. MTEF and RBB Reforms Roadmap and Annual Workplan developed	0	n/a	On track. The RBB/MTEF roadmap & key actions were drafted, the consultations with MOF, MED, and other stakeholders are ongoing.
	A.1.1.2. Annual review of the work plan progress	n/a	1	On track. A formal annual review of the work plan progress did not take place, however, consultations on details of the proposed roadmap and key actions are well underway.
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)	MLSP, MOFALI, MOES	On track. RBB templates along with guidance were developed for the pilot ministries' 2023 budget.
	A.1.2.4. Results-based MTEF and budget proposals developed by selected ministries.	MOET pilot (2019)	At least 2	On track. RBB proposals were developed by 3 ministries (MLSP, MOFALI, and MOES) and submitted to Parliament for approval
	A.1.2.5. Results-based MTEF negotiations on selected sector/s	MOET pilot (2019)	2	On track. Results-based annual budget review took place for 3 pilot Ministries.

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 data of the previous few years. 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.

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

- Medium Term Performance Framework (MTPF) encompasses the MTBF with the addition to performance and outcomes indicators, metrics and targets.

Thus, the enhanced strategic role of the budgeting and transition from MTFF to MTBF/MTPF will be the focus of the Project technical support in 2023 and 2024, drawing on the crucial steps laid down in 2021 and 2022. Key steps taken towards MTBF/MTPF are described in the following sections.

A.1.1 Reform Plan to upgrade the result-based budget (RBB). In 2022, the key concepts, methodology, diagnostics of the existing situation, and preparatory steps for the move to the MTBF/MTPF and RBB were developed through the Project initiated concept notes and review papers.

Medium-term Development Planning document (“National Targeted Programmes”/NTPs)⁹ drafted in 2021-2022 by drawing on Vision 2050 and using results-based planning approach, integrated horizontal and vertical coherence. In the public sector, planning for results and maintaining fiscal discipline requires a longer-term view. The technical support promoted and applied the integrated results-based management (IRBM) methodology, which was fundamentally different from techniques previously used by government organizations. Therefore, the drafting process involved extensive trainings on IRBM and consultations across key thematic areas. The technical support to this initiative started under another UNDP project, and was later, taken over by this Project. With the expected approval of the medium term NTPs, a crucial pre-condition for transition to MTBF/MTPF and RBBs would be met.

Methodology for linking of Results-based planning with RBB was developed and piloted. The systematic and technical methodology explaining key concepts and principles of results-based planning and results-based budgeting was prepared in 2022. The methodology was used as reference material for building a common understanding on RBB principles, revealing the gaps between the existing system of budget formulation and RBB. The methodology was piloted for 2023 budget proposals by the pilot Ministries and can also be used by other Ministries in 2023.

Key stages and actions for the institutionalization of RBB and key elements for transition to MTBF/MTPF from MTFF were identified, with the year 2022 to be dedicated to setting up the foundations, 2023 to full testing, and the year 2024 becoming the year of full implementation of results-based planning and budgeting and proposed MTBF/MTPF. The list of documents and templates to prepare for 2024 roll-out was drafted. The draft roadmap for RBB and MTBF/MTPF were widely shared with MOF, MED, and the pilot ministries via consultative meetings/workshops to build the same level of awareness and understanding of the new concepts and the principles behind them for further effective collaboration.

While the roadmap for RBB focused more on actions to be taken by line Ministries, including sector expenditure reviews, setting up sector priorities and performance indicators, or programme classification, the transition to MTBF/MTPF requires the MoF to introduce systemwide changes in the way budget ceilings are set, estimating revenues from sectors, treating operating and capital expenditures, as well as recurrent budget programmes and new policy programmes. Following the completion of the Concept Note, technical and policy-level consultations with MOF and MED regarding strategic budgeting and MTBF/MTPF started in 2022, but the main activities will take place in 2023.

⁹ <https://d.parliament.mn/tusul/20dc7b53-b8e0-44a9-9095-4e51c9264148>

“Guided by the overall resource envelope and aggregated sector ceilings in the MTF, the RBB will develop medium-term budget ceilings for individual ministries with the objective of allocating these resources towards ultimately achieving sector priorities. The rationale for the Ministries expenditure ceilings will be based on its contribution to the sector and national priorities in the coming years with due consideration being given to the program expenditure and performances from the previous years. The Ministries policy priorities and the expenditure ceilings will guide them in developing their medium-term SPPs” (Except from the *Concept note on Transitioning to MTBF/MTPF from MTF*).

Key stakeholders expressed their support to the transition to results-based planning and budgeting. Numerous high-level consultative meetings were organized with the Cabinet Secretariat, MOF, MED, NAO, line ministries, MLSP, MOFALI, MET, European Union, ADB and WB, with support of the Project international IRBM/PFM experts in April and August 2022, on acceleration of PFM/RBB reform processes. Most stakeholders were highly positive and supportive of the whole-of-government approach to RBB reforms as opposed to continuation of the pilot sector approach. The proposed timeline for the whole transition is expected to take 2-3 years and with three integrated phases.

A common consensus over the reform timelines and key actions were also reached in 2022, and the proposed actions were included for PFM reform strategies by MoF. However, more consultations will be required in 2023 on actual details and conversion of the main RBB principles into operational guidelines.

A.1.2 Result-based MTEF process established. RBB templates along with guidance were developed for the pilot ministries’ 2023 budget. RBB proposals were developed by 3 ministries (MLSP, MOFALI, and MOES) and submitted to Parliament for approval. Results-based annual budget review took place for 3 pilot Ministries.

Challenges. The public administration system in Mongolia is highly rule-based, with laws, regulations and guidelines to be approved before any actions can be taken. However, this caused some challenges when new approaches such as results-based planning and budgeting are introduced. For example, the development of the National Targeted Programmes, the medium-term development policy, was expected to be results-based, however, due to the difference between the approved methodology and the methodology proposed by the Project, even though the methodologies were similar conceptually, some of the elements could not be made compliant with the IRBM principles.

The last two years were a period of intensive learning both for the government officials involved and the national consultants and the PIU, making sense about the best way to put internationally accepted good practices into the national context.

A.2 RESULTS-BASED BUDGET PRESENTATION

Progress Towards Project Outputs

Outputs	Indicator	Baseline	Target 2022	Actual 2022
Output A.2.1 Budget program aligned with policies and results	A.2.1.1. Mapping of policies vs. budget program structure (redesign of national programs to host structured information applicable in RBB context)	0	2 sectors	Completed. Two sectors' budget programs were redesigned to host structured RBB and used for the 2023 budget proposals. Completed for 2 sectors.
	A.2.1.2. Budget classification on program reviewed for SDG alignment	0	2 sectors	Completed.. Conducted for 2 sectors.
	A.2.1.3. SDG targets integrated into the national Budget Annex 1	Drafts for 2 sectors (2019)	4 sectors	On track. Completed for 3 sectors, including education sector under another UNDP project.
Output A.2.2 Results-based Budget Monitoring and Reporting	A.2.2.1. Performance reporting templates and formats developed.	0	New template and procedures	Completed. The manual & templates were drafted and presented to MOF
Output A.2.3 Citizen's SDG Budget	A.2.3.1. Integration of policy priorities and results in the Citizen's Budget	Citizen budget no sector targets (2018)	2 drafts	On track. Once 2023 budgets are approved, policy priorities & results will be integrated into Citizen's budget 2023. Will be completed for 2 sectors by early 2023.

A.2.1 Budget programs aligned with policies and results. 'Budget programs' or the classification of budget by programs was introduced around a decade ago, however, remained more a common title for a group of activities, with little connection to performance and outcome level results. Given the difficulty with the update to the existing software which are being used by all the budgetary entities, the classifications are to be changed at once for all the entities and introducing new classifications one by one was not feasible. The Project is working closely with the consultants of the World Bank project funded by the European Union on "Strengthening Fiscal and Financial Stability" (SFFS), who are working on revision of program classifications, by proposing revised program classifications for the two pilot sectors.

Budgets of two pilot Ministries for 2023 were presented in results-based templates, with policy priorities and target indicators linked to national results. Two pilot ministries (MOFALI and MLSP) received SDG-aligned [RBB templates/worksheets](#) and [instructions](#) on 5 July 2022 as part of the 2023 Budget Circular approved by the MOF.

Dedicated technical support was provided to two pilot Ministries, with the deployment of a group of international and national consultants. The Ministry Development Result Frameworks (MDRFs), Program Development Result Frameworks (PDRFs), and corresponding M&E frameworks were developed by cascading down national level targets and indicators included in the draft NTPs, the medium-term national development policy document. The draft NTPs incorporate relevant SDG indicators. The program Logic Linkage (ProLL) approach (stakeholder analyses, problem trees, solution trees) was used to identify vertical

and horizontal links with national and sectoral priorities. *A budget review checklist* was also developed and shared for ensuring the quality assurance of budget proposals of budget proposals.

RBB templates to be used at the sub-national level were developed and piloted. Integrated results-based planning framework should incorporate sub-national level priorities and results through horizontal and vertical integration. However, for both central and sub-national entities, it was not evident how their policy priorities and quantitative and qualitative targets would be linked and feed each other to create an integrated framework. Therefore, *a case study of one aimag (Khuvsgul)* was conducted and mapped out the current situation of budget formulation processes, program coding and integrated reporting. Three budget programs (employment, agriculture, and environment) were converted into RBB structures on a pilot basis. Based on the case study findings, a set of technical recommendations were developed and presented to MoF and local government stakeholders. Adjustments and actions to take for strengthening budget methodological instructions and circulars were also developed, reflecting the linkage of policies with budgets, results-oriented planning and budgeting, and SDGs. The proposed templates on *use of budget classifications* (by program, by activity and economic classification) were accepted by MOF for its revision of budget classifications planned for December 2022.

The RBB templates for sub-national governments, which cascade down the Ministry Development Result Framework (MDRF) to aimag and soum levels, were tested out during the nationwide training on ‘Results-based Planning and Budgeting’ which were held in September and October 2022.

A.2.2 Results-based performance monitoring and reporting. Integrated results-based planning and budgeting will not work if there is no follow-up performance monitoring and reporting. The existing system of monitoring and budget execution reporting would need to reflect the overall concept of the results-based planning and budgeting.

Gaps in the current situation on budget execution reporting were revealed and reporting templates were newly developed in 2022, incorporating results-based planning and budgeting principles. One of the main findings of the study was that information on performance and results on activities/programs for which budget resources were allocated does not constitute integral part of the budget execution reporting, thereby, hindering budget efficiency and effectiveness analysis. Following the study, *a manual for performance reporting* and reporting templates were developed, using the same approach applied in result-based planning and budgeting, and delivered for review by MOF. The proposed reporting templates include i) the budget general governors' performance versus targets, ii) programs' performance versus targets, iii) output/measures' performance versus targets, iv) the budget general governors' results-based budget program performance (by economic classification), and v) the budget general governors' results-based budget program, their output/ measures' performance (by economic classification).

The findings of the study on budget execution reporting practices and proposed templates for improved reporting were presented to the staff of the Treasury Department of MoF.

Challenges. RBB can materialize if all the stages of budget guidelines, formulation, review, implementation, monitoring, reporting and other administrative processes are made congruent with each other. Currently, the introduction of RBB is being promoted at the planning and budget formulation stages of the pilot entities only. This affects the overall effectiveness of the concept and may cause setbacks if not scaled up or institutionalized in the coming few years.

To tackle the challenge, budget execution reporting templates and guideline are under development by the project consultants at Treasury fund of MoF. Active dialogues between the project and respective authorities, e.g. Cabinet Secretariat and MED are being held to build common approach and define collaborative areas.

A.3 EVIDENCE-BASED BUDGET FORMULATION

Progress Towards Project Outputs

Outputs	Indicator	Baseline	Target 2022	Actual 2022
Output A.3.1 Sector Public Expenditure and Institutional Reviews for informed budget decision-making	A.3.1.1. Research on SDG priority sector public services and budget effectiveness and benefit incidence	0	1 research	Completed. Employment sector research was conducted to verify the effectiveness and efficiency of EPFs and programs
	A.3.1.2. PEIR development for evidence-based budget formulation	0	1 PEIR on SDG priority sector	On track. 2 PEIRs on employment sector (updated) and local government (Khuvsgul) are being conducted. Road and transport sector PEIR was conducted under another UNDP project.
A.3.2. Improved prioritization of sectors programs	Recommendations on cross-sector and intra-sector prioritization improvement based on SDG targets, and bridging with annual national development plan and MTEF	0	-	On track. Technical consultations were made with MED and planned to provide technical support in the development of annual national development plan
Output A.3.3 Improved costing of policies	A.3.2.1. Review of national programs' costing	3 costing completed by ADB (health)	Costing of all employment programs completed	On track. TVET and employment sector costing were conducted

A.3.1. Sector Public Expenditure and Institutional Reviews (PEIRs) for informed decision-making. The PEIRs review past years' expenditures and provide an assessment of where the taxpayers' money had been spent, the efficiency of public spending, and the value for money benchmarks, and as such provide critical information for improving budgetary allocations for future years. In 2021, the Project provided support to expenditure reviews in employment and agriculture, food, and light industry. In 2022, an updated expenditure reviews for these two sectors were initiated and are expected to finish by the end of 2022 or early 2023. The updated reviews aim to improve the methodology and approach of the previous reviews, include new areas and perspectives based on lessons learned, and incorporate international good practices.

Even though two sector expenditure reviews were conducted in 2021¹⁰, there is little room in the current practice of budget formulation to take the findings of these reviews into account when preparing and reviewing the budget proposals. With the improved scope of programs, performance indicators, program classification, and reporting processes, and the introduction of MTBF/MTPF, the value of expenditure reviews is expected to increase.

¹⁰ Road and Transport Sector Expenditure Review was conducted in 2022 under UNDP implemented project on SDG Finance

Employment Promotion Fund (EPF) budget planning, disbursement processes, timelines and gaps were studied through tracking each of the stages and recommendations for strengthening the efficiency of fund resources were developed. The EPF constitutes the main source of funding for carrying out various employment promotion programs and activities. The study assessed the program purpose, content, scope, target groups, financing, M&E, and reporting. A survey was undertaken in Songinokhairkhan district (UlaanbaatarX aimag) and Dornogovi, Uvurkhangai, and Orkhon aimags, to reflect the actual situation on the ground. Four follow-up actions of the study occurred during the reporting period. These are:

- An initial agreement was made between MoF and MLSP on EPF disbursement at the beginning of the year starting from 2023 (not in April and October, as it currently stands), to improve the efficiency and prevent from interruptions in service delivery due to funding unavailability. In this connection, terms and conditions for funds disbursement from the Treasury Department, MoF, are being developed.
- Revised disbursement procedures were drafted to increase flexibility of disbursements between different EPF programs, such as those for women’s employment or employment of people with disabilities. This change will tackle a situation of mismatch where the funding is designated for one specific target group when most clients on the ground in a particular location do not belong to that target group.
- Methodology for developing and reviewing budget proposals from provinces is being reviewed. The previous criteria for allocation of EPF to provinces, including the number of the employed, number of households, number of people living below the poverty lines etc, need to be revised so that budgets are more closely linked to the outcomes and outputs of the actual delivery of employment services.
- Benchmark unit costs for employment promotion services and programs were calculated and submitted for review by MLSP. This proposed change is expected to contribute to transition to RBB and facilitate program efficiency analyses across services and locations.

Improved design of employment promotion services is being piloted in 3 aimags. Following up on the findings of the above study, results-based budget proposals with the KPIs were developed using the actual data of three aimags and submitted to MLSP as a template. The suggested KPIs received positive feedback from the MLSP, however, the actual use of these templates will take place in 2023.

A.3.2. Improved prioritization of sectors programmes. This output aims at improving the cross-sector and intra-sector prioritization and project selection processes. Over the past two years, only intra-sector prioritization has been the focus of the Project as pilot Ministries prepare RBB compliant budget proposals. The Ministry of Economy and Development was established early in 2022, led the preparation of the National Target Programmes (NTPs), as the medium-term, 10-year development policy, and was assigned a coordinating role over the intersectoral coordination. The Project is currently providing technical support to MED on revised Guidelines on Preparing National Annual Development Plan. In 2023, the Project is expected to collaborate with MED on inter-sectoral, results-based coordination.

A.3.3. Improved costing of policies. Improved costing in combination with the improved prioritization process (A.3.2) will supply necessary information for high-level budget decisions. Such costing exercise was conducted in the health sector by the Ministry of Finance and Ministry of Health, with support from ADB and UNDP.

TVET costing methodology was developed, tested out at 37 TVETs and 122 individual programs, and submitted to MOES as the basis for reforming of TVET funding mechanisms. Costing was estimated in two versions – unit cost per student and unit cost per program. As part of the 2023 budget preparation of the

MOES, the results-based budget proposals were prepared for three Polytechnic Colleges, for demonstration purpose. The final decision on actual application of these costing methodologies for TVET funding has not been made, though the Minister of Education and Science made public statements that TVET sector will be transferred to results-based financing¹¹.

Employment related costing exercises are ongoing as mentioned in section A.3.1. above. However, no other costing studies have started yet, especially, within two pilot Ministries. Consultation on scope of costing exercises shall be agreed with MED, MOF, and line ministries, as part of the 2023 Project annual work planning.

The study on agriculture subsidies is ongoing. The scope of the study turned out too broad, and the Project faced some challenges in completing the study. The final draft of the study is expected to be shared with MOFALI by the end of 2022.

Challenges. Since the budget decisions currently are not based on previous year’s performance and efficiency of the public funds provided, there has been little demand for costing of sectoral programmes. There is also a shortage of national consultants who are familiar with commonly used modalities of cost estimation in various sectors. The project will address this through more capacity building in 2023-2024.

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

Progress Towards Project Outputs

Outputs	Indicator	Baseline	Target 2022	Actual 2022
Output A.4.1 Strategic Advisory Services	A.4.1.1. Strategic Advisory Board Meetings and Recommendations	0	Strategic recommendations and Reform plan developed and 1 SAB meeting	On track. Guiding document is being prepared by the RBB expert as part of the step-by-step guidelines for MTEF and RBB processes.
Output 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	Expected to be shifted to 2023.
Output 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	Completed. The nationwide training on RBB was conducted for all 21 provinces and the UB city Governor’s Office.

A.4.3. Training On-the-job Capacity Building. Capacity-building interventions aim at building a shared understanding of the concepts of MTEF/MTBF/MTPF, integrated results-based planning and budgeting, as well as results-based monitoring and reporting among all parties concerned, including government and

¹¹ <www.mnb.mn/i/275191/>.

social partners. Such interventions also aim to enhance the sustainability of the Project initiated activities and results, and strengthen the commitment and participation in the overall PFM reform.

Policy, planning, and finance department officials from pilot ministries and other key ministries consolidated their understanding and application of IRBM and RBB through a series of workshops on 'Results-based development policy planning and budgeting'. Participants include over 293 officials (139 male and 154 female) from the respective ministries attended these workshops (40 from MLSP, 69 from MOFALI, 57 from MOF, 53 from 21 provincial health departments, and 74 participants from the MET). The draft final version of the NTPs, their indicators, and budgets, as well as presentations on the role of civil service human resources management in the results-based integrated management system enabled the participants to stimulate a discussion among stakeholders to gauge the difference between the current system of planning and budgeting and the proposed methodology of IRBM. The consultative workshops were designed not only to enhance knowledge of RBB concepts but also to empower government staff to move towards result-based budget formulation for 2023.

A step towards mutual leadership and coordination on PFM/RBB reforms was made through a multi-stakeholder workshop organized following the above series of ministry specific workshops., to strengthen mutual leadership and coordination on PFM/RBB reforms. The workshop was entitled 'Issues of rolling out results-based planning and budgeting in Mongolia and the way forward' and took place in May 2022, with support from the international IRBM/RBB consultants. The multi-stakeholder workshop was attended by key representatives from MED, MOF, NAO, Cabinet Secretariat, MOFALI, MET, MLSP, and MET as well as the national consultants' team. General consensus was reached at the workshop on the need to shift to RBB system and its linkages with the NTP results, and more importantly, on the need for a whole-of-government approach for the implementation of the Vision 2050 and NTPs. Participants expressed their support for a phased, step-by-step approach based on other countries' experiences and appropriate policy and technical support and highlighted the importance of capacity building at all levels.

The two pilot ministries' - MLSP and MoFALI – respective officials have built capacity on applying the SDG-aligned RBB methodology on preparing the 2023 budget proposal through the two-day workshops in July-August 2022 on MDRF and PDRF frameworks, using IRBM methodology.

Local government planning, policymaking and finance officials from 21 aimags and 330 soums obtained conceptual understanding about RBM, and contributed to interlinkages of central and sub-national key results through the nationwide training workshops on "Introducing results-based planning and budgeting". The workshops were conducted for 21 aimags and the capital city districts, involving over 1,500 officials in charge of aimag and soum policy planning (employment and agriculture, good, light industry sectors), budgeting, treasury, reporting, and monitoring. The workshops were co-organized with MoF, MED, and the National Academy of Governance, and focused on a set of topics discussed at the national and sectoral levels, but also group works on translating and cascading sectoral results to sub-national and local levels. Results-based planning and budgeting templates were tested out at these workshops for feasibility from the sub-national governments' perspective.

Challenges. Pilot ministry representatives could not take part in local government trainings, due to budget submission work, change in ministry leadership, and other competing priorities. Local government leadership supported the trainings and made opening remarks, but could not attend them fully. This will be addressed in 2023 through capacity building targeting senior leadership of local governments which suits their busy schedule and at a time when other priorities would not be conflicting.

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 Objective 2-4

Project objectives	Indicator	Baseline	Target (2022)	Actual 2022
Project objective 2: Parliament oversights on RBB scrutiny and Policy & Budget linking	Number of Budget Hearings on RBB and expenditure effectiveness, based on budget proposals or sector/programme expenditure reviews (by sector/ministry)	0	2	Expected to be shifted to 2023. It was agreed with the Budgetary Standing Committee to carry out preparatory work for Budget Hearing in 2023.
Project objective 3: Budget Monitoring by CSOs	Number (and %) of sectors/ministries monitored by CSOs on their budget implementation, using RBB and LNOB principles, and communicated to public	0	2	On track. 10 CSOs are conducting budget monitoring using RBB and initial findings will be presented by the end of December 2022
Project objective 4: Performance Audit of SDG priority programs	Number of performance audits of SDG priority sectors and programs	0	1	Completed. Performance audit on employment sector was completed and presented to the respective partners and the Parliament

B.1. ENHANCED PARLIAMENTARY ROLE IN BUDGET OVERSIGHT

The planned activities under this outcome did not take place as scheduled, due to delays in obtaining endorsement from the national counterparts. Nevertheless, policy advocacy actions accelerated since August 2022. The Project took part in the Budgetary Standing Committee conference held in September 2022, where key directions of budgetary reforms were discussed. The Project presented its key findings and recommendations at the conference “From Welfare to Employment”, organized by the Social Policy Standing Committee of the Parliament in September 2022.

Progress Towards Project Outputs

Outputs	Indicator	Baseline	Target 2022	Actual 2022
Output B.1.1 Policy analysis and oversight	B.1.1.1. Policy implementation analysis	0	2 sectors	Expected to be shifted to 2023.
Output B.1.2 Results-based budget scrutiny and monitoring	B.1.2.1. Consultative meeting on implementation status, monitoring and further improvement of the budget spending for increasing employment and promotion of the labour sector.	0	n/a	Expected to be shifted to 2023. The evaluation on Employment promotion policy, measures and analysis of the current state of financing has been conducted in 2022. The consultative meetings with Parliament respective functions will be held in 2023.
	B.1.2.2. Evaluation of the cost effectiveness of the spending (Annex 2 of the national annual budget)	0	1	Expected to be shifted to 2023. Once the reporting practice is enhanced with the results, indicators and respective information on costing, the evaluation will be conducted in 2023.
	B.1.2.3. Sector and program expenditure reviews by committees	0	2	On track. In September 2022, the project has presented the study result on employment sector PER to the SPSC.
	B.1.2.4. Budget Hearings on Expenditure Effectiveness	0	2 policy areas	Expected to be shifted to 2023.
	B.1.2.5. Regular briefs/notes to MPs on findings of expenditure trend analyses	0	1	On track. (Notes on education sector expenditure were submitted)
Output B.1.3 Enhanced capacity of the Parliament in budget oversight	B.1.3.1 Study on ensuring the coherence of the medium-term budget planning with long-term development program approved by parliament and GoM	0	1 study	Completed. The Concept Paper on Linking results based planning and RBB has conducted. The capacity building activities for Parliament standing committees will be held in 2023.
	B.1.3.2. Manual on Ensuring the coherence of the medium-term budget planning with long-term development program documents approved by the Parliament and the GoM	0	1	On track. The manual 'Result based planning and budgeting' is under development and expected to be drafted by early 2023.
	B.1.3.3. Review of budget execution variance using financial and programme performance information	0	1 report	The review will be conducted in 2023.

Outputs	Indicator	Baseline	Target 2022	Actual 2022
Output 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. The guidance on annual budget proposal review was developed with support by project audit experts
	B.1.4.2. Peer exchange on improving budget control and increasing expenditure effectiveness	0	1 study tour	Expected to be shifted to 2023. To keep the coherence between Components, the study tour is shifted in regards selecting a country which applies same concept in budgeting.
	B.1.4.4. Capacity building on providing quality analysis and information to MPs	0	1 training	Expected to be shifted to 2023. The study papers and evaluations were conducted in 2022. On the results, trainings will be conducted in 2023.

B.1.1. Results-based policy analysis and oversight. The Project played an indirect role in preparing for the Social Policy Standing Committee of the Parliament held a meeting to deliberate on the National Audit Office (NAO) report on “Implementation and results of State policy on employment support and increasing job”, in line with its mandate on policy oversight for this deliberation was only indirect, (which is to be held in October 2022) by providing technical support to NAO on SDG audit methodology, which will be described further under Output B.3.1.

B.1.2. Results-based budget scrutiny and monitoring. As the RBB of two pilot sectors was improved and updated in 2022 for the year 2023, relevant tools for Parliamentary budget oversight will be developed and applied in 2023. These include briefing notes for MPs on expenditure trend analyses and changes that occurred in the last 3 years of budget reforms.

B.1.3. Parliament oversight on effective Policy-Budget linking. The Concept paper on Linking results based planning with results based budgeting was developed by the project’s international planning and budgeting consultants on March, 2022. The concept will be shared and trained at Parliament standing committees in 2023. The manual on ensuring the coherence between policy and budget is under development and expected to be drafted in early 2023. The Project will support Parliament committees in better analysis of policy-budget linking via two main activities – i) studies on coherence of the MTEF with long-term development programmes approved by the Parliament and the Government, ii) regular reviews of budget execution variance using financial and programme performance information.

B.1.4. Enhanced capacity of the Parliament in budget oversight. The methodological guidance on annual budget proposal review was developed with support from project international and local audit experts for the purpose of NAO. The guidance will be enhanced for the use of newly elected Parliamentarians in 2023. The Project did not have any training or workshop with the Parliament committees since 2021. An initial workshop on RBB and the role of the budget for achieving the country’s medium-long term policies is set for December 2022. Many more capacity building and joint activities are planned for 2023 with the concurrence of the Budgetary Standing Committee.

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

Progress Towards Project Outputs

Outputs	Indicator	Baseline	Target 2022	Actual 2022
Output B.2.1 Sector Policy Analyses Performed	B.2.1.1. Collaborative research on policy effectiveness	0	1 policy paper	On track: 2 CSOs trained by the project are working on policy effectiveness
Output B.2.2 Budget Monitoring by CSOs	B.2.2.1. Approach Paper on MOF-CSO collaboration	0	1 approach paper	On track. A Concept Note was drafted and presented to MOF and an initial discussion was held.
	B.2.2.1. Regular budget monitoring using RBB principles		1 budget monitoring report	On track. 10 CSOs are conducting the budget monitoring and will prepare one consolidated monitoring report by the end of December 2022
	B.2.2.3. Communication and public outreach on budget monitoring findings using RBB principles		1 communication activity	On track. Procurement for 6 videos is being completed
Output 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	Completed. 4 trainings organized to promote the capacity of CSOs in budget monitoring
	B.2.4.2. Trainings and workshops for Parliament journalists on media monitoring and coverage for budget process, RBB and Budgeting for SDGs	0	1	On track. Planned to be conducted in December 2022

B.2.1 Sector Policy Analyses and B.2.2 Budget monitoring by CSOs.

Capacity needs assessment of CSOs was undertaken. The assessment revealed that the majority of selected CSOs have basic knowledge of budget monitoring. The findings were used to formulate the needs-tailored training plan. As part of the training plan, 3 thematic trainings were conducted in 2022 i) the training on how to prepare the results-based monitoring reports and how to do media content was held with 40 participants from 14 CSOs; ii) an experience-sharing trip was organized to introduce real cases in budget monitoring in the environment sector; iii) a workshop on planning and implementation of advocacy campaign for policy change.

Ten CSOs acquired knowledge and skills for budget monitoring. A small grant program was announced in March 2022 to attract interested CSOs to engage in budget monitoring and to enhance the role and capacity of CSOs. A training on 'Budget Monitoring' was held on 15 April 2022 in cooperation with the

Population Teaching and Research center (PTRC), National University of Mongolia (NUM), and over 50 representatives from CSOs learned the basic terms, concepts and how budget works.

Ten CSOs out of 17 applications received small grants, including three CSOs from provinces. More detailed information on CSOs is provided in the table below.

List of CSOs which received budget monitoring grants

#	Names of CSOs	Purpose of proposals
1	Mongolian Economic Analysis and Research Centre (MEARC)	<ul style="list-style-type: none"> Analyze the budget allocated for employment promotion programs, which are supposed to increase the employment rate based on the last three-year budget data. Check the results of employment promotion programs by analyzing the number of registered unemployed persons, skills training attendees, and other relevant indicators last 3 years.
2	Modern science centre (NGO)	<ul style="list-style-type: none"> Analyze the efficiency of the state budget spent on the science sector, conduct policy analysis, develop conclusions and recommendations and present the results to the relevant parties.
3	Steps Without Borders (NGO)	<ul style="list-style-type: none"> To monitor the revenue and expenditure of water usage fees, which make up a significant portion of the state budget and local budget revenues supporting the implementation of SDG 6, 13, 15 goals and the relevant legislation and policies
4	Women for Social Progress movement (Darkhan)	<ul style="list-style-type: none"> Analyze the employment policy programs implemented in Darkhan-Uul province for the last 3-5 years, make an analysis, and develop a recommendation for further improvements. Determine bottlenecks and problems in implementing employment policy programs in the province.
5	Chamber of Commerce and Industry of Zavkhan	<ul style="list-style-type: none"> Conduct a result-based performance assessment of Employment promotion law and other related policies and the Employment Promotion Fund in Zavkhan province.
6	Erin zuunii hutuch	<ul style="list-style-type: none"> Analyze the current situation of the Employment Promotion Fund programs' implementation at the local level. Provide opportunities to develop local and sectoral policies and programs
7	Strategic Research Centre of Public Relations	<ul style="list-style-type: none"> To study the budget process of the unit providing primary health care to the public, the impact of increasing the amount of expenditure per family member, and to evaluate the results and make recommendations to the relevant organizations, officials, and the public.
8	Mongolian Remote Sensing Society	<ul style="list-style-type: none"> The effectiveness and efficiency of the Youth Employment Program spending, determined by the percentage of unemployment. The delivery of the Youth Employment program fund to the target group.
9	Sainkhuu Ivel San (SIS)	<ul style="list-style-type: none"> Monitor the budget implementation of education sector projects and programs using RBB principles and prepare monitoring reports for policy effectiveness at the national level.
10	Unen Hatamj NGO	<ul style="list-style-type: none"> Support access to budget information by cooperating with government agencies, so that budget execution will be transparent and open to public

The findings of budget monitoring are planned to be finalized by the end of December 2022. Based on lessons learned, three video contents are being produced as public advocacy materials on CSO role in budget monitoring.

[A concept note on MOF-CSO collaboration](#) for capacitating the CSO on budget monitoring was developed and presented to MOF for comments and further refinement.

B.3 STRENGTHENED AND TRANSPARENT PERFORMANCE AUDIT

Progress Towards Project Outputs

Outputs	Indicator	Baseline	Target 2022	Actual 2022
Output 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 B.3.1.2. Review of SDG-priority related sections of the NAO annual report within the SDV2030 context	0	1 pilot audit on the employment sector	Completed. A total of 6 technical guidance on performance audits were developed and submitted to NAO. 1 pilot PA in the employment sector was completed 1 audit on budget proposals for 2023 was conducted under the technical support of the Project A case review was conducted in the health sector RBB execution
Output B. 3.2 Civil Hall (Social) Audit	B.3.2.1. RBB-based presentation of budget and audit reports.	0	1 civil hall audit	On track: guidance on the social audit was produced and submitted to NAO. In relation to this guidance, the training was conducted for 95 participants attended from NAO departments and 14 aimags Expected to be shifted to 2023, and to be aligned with NAO annual plan.
Output B. 3.3 Capacity building on Performance Audit	B. 3.3.2 Training on development performance audits	0	1	Completed. 6 training were conducted

B.3.1 Performance Audit of SDG priority programs

Four types of technical guidance notes related to performance auditing were developed for NAO. These include guidelines on performance audit of i) [government policies and budgets](#), ii) [SDG-aligned budgeting](#), iii) [state budget investment plans](#), and iv) [2023 Annual Budget Proposals](#). Each of them plays a critical role for performance audit strengthening, as described below.

i) The technical advisory guidance on piloting performance audits of governmental policies and budgets is the first of its kind in Mongolia. It is aligned with acceptable provisions of the international standards (ISSAIs and INTOSAI-GUIDs) and the practices of advanced supreme audits institutions (SAIs) and provides detailed instructions and practical examples of each stage of the public (governmental) policy evaluations and performance audits of governmental and budget programs. Unlike program evaluations and associated performance audits, the public policy evaluation aims at assessing the utility of policy and, therefore, refers

to broader concepts and implies using a wide spectrum of evaluation criteria and questions. The guidance was used in policy audits conducted by NAO in 2022, including the *Audit on Implementation and Results of State Employment Promotion and Job Creation Policy*¹².

ii) Methodological guidelines on performance audit of the SDG-aligned budgeting were developed and submitted to NAO. The methodology is to be used in NAO's annual audit of the Government's draft budget proposal at different levels of adoption of SDG-aligned budgets (moving from line-item budgeting to program-based budgeting and from program-based budgeting to performance-oriented budgeting within the midterm budget framework) and thematic performance audits. As part of strengthening the PA practices, [a roadmap with an actionable implementation plan](#) was proposed. [Proposed templates for RBB performance audits](#) were developed, and the forms were drafted to promote the practice of performance audits that focus on budget governors' RBB execution reporting. It includes the considerations related to RBB as the focus of NAO's future performance audits, technical instructions on applying the suggested templates, and a list of new templates.

iii) The development of the technical guidance on SDG-related performance audits of the state budget investment plans was completed to facilitate and further promote the NAO's practice of performance auditing of public investments. It provides technical tips on undertaking the performance audits of investment plans as part of the state budget and investment projects. The technical guidance is aligned with the International Standards of Supreme Audit Institutions (ISSAIs), national public audit standards, and guidelines. It consists of new (suggested) approaches and the current practice modernized as per the international benchmarks.

iv) The performance audit on 2023 Budget Proposals was conducted to review the alignment of the 2023 Budget Proposal with the SDGs and provide recommendations to the Government. The audit was based on budget proposals of four ministries - Ministry of Environment and Tourism (MET), MLSP, Ministry of Road and Transport Development (MRTD), and Ministry of Digital Development and Communications (MDDC). The following key recommendations were provided based on the audit findings:

- For NAO to continue to focus on gaps in progress toward SDGs when auditing the budget proposals.
- For the Government to improve the approach to strategic planning and Medium-Term Budget Framework making them vertically and horizontally coherent and assessing the country's SDG-related financial needs for the MTBF.
- For MOF to provide the central and local budget governors with a methodology and associated guidelines on the preparation and presentation of budget proposals that include both unified and specific templates; ensure the linkage between allocated budget funds within budget programs with output and outcome (performance) indicators when consolidating the State Budget.
- For Budget Governors to apply the benchmarks in aligning their budget proposals with SDGs considering the sectoral and regional specifics.

[Recommendations on quality control of performance audits](#) were provided to NAO, based on the technical review of four performance audits that were conducted in 2021, namely, i) the implementation of the development policy planning document, ii) the food security monitoring framework and budget spending efficiency, iii) the state policy on medicine, implementation, and outcome, and iv) Energy transmission, distribution, tariff regulation, and efficiency. The recommendations are being considered in strengthening

¹² <https://audit.mn/?p=18232>

the audit processes that are ongoing at the NAO. To support the NAO's internal organizational alignment towards effective performance audit services, [a technical paper "SAIs approaches to strategic planning and organizational structures"](#) was developed based on the review of eight countries' experiences. This paper assists the NAO in the upgrading of its strategic planning approaches, identification of the strategic goals and objectives by type of audits, linking of the organizational structure with an organization's strategy, and response to parliamentarians' requests.

Hands-on, case-based technical support was provided to performance audits in two sectors, employment and health. [The employment sector pilot audit](#) was conducted in line with the requirements of the International Standards of Supreme Audit Institutions (ISSAIs), the IDI's SDGs Audit Model, national standards and guidelines, and the good practices of advanced SAIs. The Project provided timely technical support to NAO on planning, conducting, and reporting stages of the performance audit in accordance with international and national standards and requirements. The objectives of the audit were to assess the effectiveness and efficiency of government policies regarding employment promotion and job creation, as well as to make recommendations for improving operations. The key findings were presented to the Social Policy Standing Committee of the Parliament in October 2022. Main audit findings involve 5 recommendations to the National Employment Council, 5 recommendations to the MLSP, 1 to the MOES, and 6 recommendations to the General Department of Labor and Welfare Services (GDLWS), Departments of Labor, Welfare and Services of Provinces, Capitals and Districts, relevant government organizations.

A review paper on auditing the [result-based budget execution in the pilot \(health\) sector](#) was also undertaken as a case study. The paper provides briefs on actualized provisions of international standards, adoption of the result-based budgeting within the public sector, using the result-based financing by the health sector organizations. This review paper includes recommendations on further strengthening the audits of budget execution.

B.3.2 Civil Hall/Social audit

[Draft Civil Hall \(social\) Audit Guide](#) was produced and submitted to the NAO for review and adoption. The draft guide enabled the NAO to share it as a good practice with concerned parties, such as parliamentary committees and CSOs. The Social Audit Guide includes conceptual descriptions and explanations of the main terms, principles, objectives, and benefits of social audits and concerned parties (stakeholders) associated with social auditing. To facilitate the practical application, step-by-step instructions on designing, undertaking, and disseminating the findings and suggestions of social audits, templates, and cases of successful experience from the international practice were included in the Guide. The draft Guide is expected to contribute to transparency of the public budget, especially at the local level, and inform the strategic budgetary allocation decisions.

B.3.3 Capacity Building on Performance Audit

All technical papers/guidance were followed by a series of training/consultative workshops with comprehensive explanations of key concepts and steps on how to adopt them. Below is a list of training workshops:

A workshop on "SDG-related performance audits and recent trends and ways on localization of the best practices", and "SDG-aligned budgets: focus areas and practical implications for performance auditors" was held in December 2021. A total of 31 officials (21 female, 10 male) attended. The participants gained new

knowledge and information on SDG-related performance audits, including the steps/approaches to initiate, plan, conduct, and report on future performance audits.

A training on 'Public policy evaluation and performance auditing of governmental and budget programs' held in February 2022 was attended by 165 officials (74 female and 91 male) from the NAO Head Office, the Audit Office of Ulaanbaatar, the capital city, and the Audit Office of 21 aimags (provinces). The seminar mainly focused on providing new knowledge about the recent (advanced) practice of initiation, planning, conducting, and reporting on the public policy evaluations (PPEs) and well-tested approaches to plan, conduct, and report on performance audits (PAs) of governmental and budget programs.

A workshop on "Strengthening audit practices on SDG - aligned policy and result-based budgeting" held in March 2022 was attended by Over 280 auditors from the NAO Head Office, the Capital City Audit Office, and 21 aimag Audit Offices. The workshop highlighted the significance of linking development policy planning with SDGs and the main principles for strengthening SDG-related performance auditing practices. The participating auditors were provided an update on the 2021 results of the Project as well as areas of cooperation between the NAO and the Project.

Two online trainings were held in May 2022, the first being on "Results-based Financing: Conceptual aspects for auditing the budget execution" to share knowledge on applying results-based financing (RBF) within the public sector and the international benchmarks on audits of the result-based budget execution. Over 55 audit officials from NAO departments (1-4) as well as their Development Policy and Planning Department and the Quality Assurance Department attended the trainings. The workshop on Social Audits shared new knowledge about using social audits to ensure social accountability and discuss NAO's role in promoting social audits in Mongolia. 95 participants attended from NAO Head Office and Audit Offices of 14 aimags.

An online workshop "Quality Assurance and Control" was organized in June 2022, with 40 (21 male and 19 female) senior-level managers and other staff of the NAO and aimag offices. The workshop facilitated discussions related to challenges in ensuring high-quality audit engagements and improving the approaches to quality assurance and control.

Challenges. The approval on medium term development policy by Parliament was delayed which causes the delay in analysis and study on respective areas. However, to tackle the challenges within the control of the project, approaches and methodologies were developed which will support the analysis and review in 2023.

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 2022	Actual 2022
Output C.1.1 Existing national programs mapped, and bottlenecks identified	C.1.1.4 National programs revision and update	n/a	Updated programs	On track. The revised law was completed & submitted to the MLSP; Employment Promotion Programs (EPP) 2023 were updated, awaiting endorsement from the National Council for Employment Promotion (NCEP)
Output 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	1 project implementation	On track. 4 measures piloted at 2 sites to identify better employment and plans to incorporate them as modalities into the EPP.
	C.1.2.3 Linkage of advisory support with local cooperatives, businesses with markets	n/a	1 linkage service provided	On track. Linkage with cooperatives started as a pilot in collaboration with the government and other businesses at Bayanchandmani soum.
Output 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	On track. The linkage of profiling service as one of the main functions of the E-Job system was agreed.

To achieve the outcome, three outputs were formulated with a focus on strengthening the national programs on employment promotion:

- C.1.1 Existing national programs mapped and bottlenecks identified.
- C.1.2 Support services for coherent program implementation designed as per labor markets.
- C.1.3 Support services incorporated in national programs and reflected in the Ministry budget.

C.1.1 Existing national programs mapped and bottlenecks identified. Since mapping national programs and identifying bottlenecks are the first step for redesigning the employment support services, most of the tasks under this Output were completed in 2021. As mentioned in earlier sections, the NAO conducted an audit of implementation and results of employment and job creation policies and the key findings of the audit report confirmed the findings of earlier studies conducted by this Project, and other organizations, some dating back to 2015. The audit found, among others, that

- Indicators and targets of Government long-medium term and short-term employment policy documents are not coherent.
- Stakeholders representing different groups were not sufficiently engaged in developing policy documents.
- Funding of employment support activities are estimated or not backed up with analysis of last years' performance, economic and sectoral baseline studies, and calculations.
- Employment sector vertical and horizontal institutional structures are not well coordinated.
- Employment support programs are not well contextualized to the actual situation of local governments.
- Monitoring, evaluation, and reporting of employment support programs is not satisfactory.
- The impact of TVET financing is low.

The audit recommendations included a wide range of measures for strengthening employment promotion policy, programs, funding, institutional structure, and management of services. The lack of progress in response to earlier recommendations and the consistent decrease of labour participation rate since 2011 may indeed be indicating that the employment promotion system needs to be analyzed and transformed from systems thinking perspective.

Revised draft of the Employment Promotion Law was developed and submitted to the MLSP, given many of the current employment promotion activities are regulated by the Employment Promotion Law (EPL), and the ecosystem of employment services, including the design, management arrangements, and funding, cannot be reformed without first revising the EPL. Supporting documents for the revised EPL, including *rationale, implications for funding*, and *impact assessment*, were prepared with the Project support, and the Concept Note of the draft revised EPL is currently under the review at the Ministry of Justice and Home Affairs (MOJHA). The key changes proposed with the EPL revision include:

- Introducing macro-economic policy roles for employment promotion
- Expansion of revenue sources of Employment Promotion Fund
- Introducing a client-based service delivery through profiling methodology, making a shift from institution-based or service provider-based system
- Introducing unit costs or norms of employment services
- Delegation of employment promotion service delivery to local authorities with the National Council on Employment Promotion playing more strategic role.

Revised design of Employment Promotion Programs for 2022-2023 was drafted, taking into account the proposed changes in the EPL. The key changes proposed for the EPP include:

EPP 2022	EPP proposed for 2023
7 designated programs, the funding of which cannot be mixed (by target groups): <ul style="list-style-type: none"> - Program for preparation to employment - Program for self-employment, businesses - Program for employment of PwD - Program for green employment - Program for employment of young people - Program for employment of the elderly 	5 broad measures, under which target group specific programs can fit (by type of measures): <ul style="list-style-type: none"> - Training for employment preparation - Funding support - Measure for employment of PwD - Measure for temporary employment

EPP 2022	EPP proposed for 2023
- Program for employment of women	- Program or projects identified by the Government and National Employment Promotion Council
Disbursement timelines – usually in April and September, not aligned with the actual need of jobseekers	Disbursement to continue throughout the year
KPIs are based on number of people who received the services	KPIs are based on actual baselines, e.g. number of people who got employed and paid social insurance
KPIs are not at the right level of results-planning	KPIs at primary units correspond to programme level results, and aggregated to sectoral, national targets (at least pilot locations)
Profiling services and personal plans not required	Profiling and personal plans are required (at least in pilot locations)
Unit costs are not used	Unit costs of services are used (at least in pilot locations)

Implementation guidelines together with the monitoring and evaluation guidelines for Employment Promotion services and measures (Employment promotion programs) are under development. Proposed changes in division of labour and job description of employment officers in relation to the revised design of EPF activities were submitted to the General Office for Labour and Social welfare service for review and approval.

Challenges. Given the high number of people to be affected and the current design of employment services continuing for several years, policy makers’ preference was more of a gradual approach which led to less progress than was planned for during 2022. The project will address this in 2023 by implementing more advocacy and awareness raising activities targeting social partners and other key stakeholders in the labour market.

C.1.2 Support services for coherent program implementation design.

Two main intermediate results were achieved under this output; rolling out of profiling services and pilot employment promotion measures.

a) Rollout of the profiling services

Capacity to conduct profiling was enhanced nationwide for all Employment offices in the capital city and 21 provinces. The methodology on profiling developed earlier with support of SDC and EU-funded employment projects was piloted and updated under the current Project and was approved by the General Office of Labor and Social Welfare (GOLSW).

In 2022, the training on profiling methodology was rolled out to all employment offices and staff across the country. Around 242 employment officers (male 59 and female 183) heads of departments and divisions) from 21 aimags and 9 districts were trained in April 2022 on profiling assessment and facilitation of personal development plan with job seekers. Over 360 soum specialists who work on the frontline of the employment service delivery were trained online, as they are the ones who are working to address rural unemployment. In addition, 502 staff received individual coaching on how to use the profiling method,

following their attendance of classroom and online trainings. Staff of over 30 private labor exchange centers also received the same training, as they are also engaged in delivery of employment services under contractual arrangements.

Around 13,600 profiles of job seekers were created by the end of September 2022, as reported by the GOLSW. This was for the first time in Mongolia that the profiles of job seekers were created nationwide, paving the foundation for more client-oriented services and a database which is being developed which will allow for continued support across all administrative units until the target clients become employed. This tremendous work was facilitated with the support of the Mentoring Team (composed of 20 trainers representing career counselling NGOs, private Labour exchange offices and consultants specialized in profiling service) who provided ongoing technical support and mentoring to employment specialists at the local level (soum, khoroo) since February 2022.

Quality assurance and monitoring of profiling services were undertaken in all districts and 12 aimags by MLSP. The key findings of the monitoring trips were:

- The current structure of delivering employment services (which is based on quota per employment office) does not support the rollout of the profiling method, because of the mismatch between the quota and the type of services sought after by clients
- Job descriptions of employment specialists are not designed for client-based service (or case-management)
- Some of the employment promotion measures are not relevant or not in demand in some aimags or districts.

A Working Group (WG) on revision of Employment Promotion Programs was established by the MLSP, following the monitoring trips. The WG also looks at the allocation of the funding, taking into consideration specific circumstances of each aimag and district and the revised organizational chart which would accommodate more client-focused employment services. The Project team provided technical support to the WG focusing on setting indicators for the employment promotion measures aligned with the budget.

Advocacy to raise public awareness about employment services started in late 2022. Studies show both job seekers and employers do not have sufficient information on types of services being provided by the employment offices. Therefore, a media pack was developed to raise public awareness of the importance of profiling services and employment services and measures that are offered by MLSP. Under this advocacy pack, 1 video, 4 infographic videos, 3 posters, and 3 booklets on the theme of employment promotion services and measures were prepared and submitted for MLSP review.

b) Pilot employment promotion measures

Four main employment promotion measures aimed at improving the design of the current and future Employment Promotion Programs (EPP) were piloted in 2022, based on results of the profiling exercises completed in 2021. These include i) Apprenticeship, ii) Vocational training measures for promoting wage employment, iii) Promotion of cooperatives, and 4) SME and enterprising development were focused on self-employment.

Overall, around 91 unemployed jobseekers (40 male and 51 female) took part in the pilot measures and the number of people will increase to 240 as these measures get completed. All participants completed

their employment readiness assessment or profiling, and developed their individual action plan. The project partnered with experienced entities to pilot these initiatives to leverage on their expertise and lessons learned.

An Apprenticeship program was launched with MONEF in 2022. One of the issues which came up during discussions on employment promotion strategies was the role of employers and the private sector, in training jobseekers and new employees. Therefore, a pilot program was launched with MONEF, the umbrella organization of employers, with three main components, including training of mentors, prior soft skills training of apprentice candidates, and the actual apprenticeship or job placement. A total of 60 people is expected to graduate from the apprenticeship program by the end of 2022.

Challenges: The apprenticeship program lacked established mechanisms of jobseeker-friendly and employer-friendly apprenticeship programs. The program involves several parties, such as district employment offices, jobseekers, training institutions, host employers (HR and mentors), and their roles and responsibilities and expectations had to be defined and communicated well. To address this an internal evaluation is being conducted jointly with MONEF. Matching jobseekers' interests with employers' profiles was also an issue, which is a task to be jointly handled. Nonetheless, the apprenticeship program, if well designed and implemented, has the potential to be scaled up to much larger audience, as part of the Government employment promotion measures.

Entrepreneurship program was implemented successfully in 2022, engaging 60 people and 20 small businesses. The program started with 60 people attending 6-module entrepreneurship training and continued with business idea pitch event in May 2022. By the end of the program, the participants are expected to meet requirements for starting their own business and meet the funding requirements. In fact, at least, one participant secured funding from a district start-up fund. The design and implementation modality of the entrepreneurship program proved to be successful and will be considered in re-designing of employment promotion programs (financial support measure) by the MLSP WG established for this purpose.

Several value chain/cooperatives were established in 2022 with the Project technical support, aiming to engage the unemployed people and jobseekers living in soum in value chains/cooperatives, given the role and importance that cooperatives are expected to play in rural employment. The Soum Development Fund which used to provide small loan was re-organized into a Cooperative Promotion Fund that provides loans to cooperatives.

The project partnered with the Governor's Office at Bayanchandmani soum, Tuv aimag, to provide technical and financial support to selected cooperatives through the soum Cooperative Promotion Fund. The groundwork of organizing individuals, training them, and facilitating them to organize themselves into cooperatives took a lot of time and efforts. The technical support is almost complete, with the financial support pending agreement from the Bayanchandmani soum Governor's Office.

Innovative program on behavioral insights for employment offices and khoroo officers was launched. Being frontline service providers communicating with clients on a daily basis, it is important that employment officers are equipped with modern techniques and skills for client-centered services. Leveraging on earlier experience by UNDP working with civil servants on introducing design thinking and behavioral insight methodologies, this activity is expected to pilot a few ideas for further scaling up for improvement of the employment service design and the way the services are delivered.

C.1.3 Support services incorporated into the national programs and reflected in the ministry budget

This Output is key for ensuring sustainability of the Project initiated activities. Each of the pilots described in the above section (C.1.2) is to be integrated in the employment promotion programs and measures. For this to happen in 2023 and 2024 budget cycles, several actions were taken in 2022:

The initial findings of the pilots at two sites were presented to MLSP in technical consultations. Costing of the pilot measures is underway. Unit costs of profiling services were estimated and used in MLSP budget proposal for 2023. It is expected that the National Council for Employment Promotion will convene in December 2022 and approve the budget of the EPF, which incorporates the unit costs of profiling services.

A proposal for aligning [labor market data collection process](#) with the profiling methodology was developed, making the two questionnaires congruent and interlinked. The proposed form was reviewed by MLSP and NSO and expected to be discussed by a technical team before adoption.

Employment sector data system E-Job, being upgraded with WB support, contains a section for entering the profiling data. The Project provided profiling service business process inputs to the WB specialists.

E-learning contents (profiling, enterprising training, career counseling) are expected to be uploaded into the EJOB databases which the MLSP plans to launch in December 2022.

The rollout of the TVET tracking system which had been developed with the Project support was delayed longer than initially expected, due to the TVET portfolio shift from MLSP to MOES. The system's initial scope of graduates' data was expanded to also cover university and college graduates. However, the issue of the maintenance of the database remains unresolved between the two Ministries. The project will approach both ministries with recommendations about the tracking system functions, benefits and roles of stakeholders to ensure its sustainable operation and ownership.

A database of short-term training providers was added in 2022 to the website www.mergejl.mn. The system now generates various data of 1,024 short-term training providers which are relevant to vocational training, including their registration data, training centers, teachers, students, training modules, data on certificate issuance, and incorporates online payment for certificate.

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

Progress Towards Project Outputs

Outputs	Indicator	Baseline	Target 2022	Actual 2022
Output C.2.1 Common platform for innovative and start-up initiatives designed and established	C.2.1.1 Designing and implementation of a common platform.	0	1 platform designed and operationalized	To be shifted to 2023. Need to discuss with EU and the Project Board on the redesign of the format of this activity
	C.2.1.3 Designing and developing the centre.	0	1 feasibility study	
Output C.2.2 Mapping and integrated assessment carried out of donor/partners initiatives towards employment to strengthen a forward-	C.2.2.1. Mapping of the integrated assessment	0	1 update	On track. The system was launched.
	C.2.2.2. Mutual support platform established between gov and donors	n/a	1 consultative meeting	On track. Representatives from the government and donors attended the first joint meeting.

Outputs	Indicator	Baseline	Target 2022	Actual 2022
looking ecosystem for employability.	C.2.2.3. Inclusion of employability strengthened	n/a	Assess inclusion	On track: The system is upgraded with function to show inclusion
Output 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	At least 10 business ideas developed At least 4 start-up businesses supported	On track. The 20 business ideas are incubated, and 3 cooperatives will be supported at Bayanchandmani soum
	C.2.3.2. Assessment and update of the mutual support platform	n/a	20 new wage and self-employment opportunities	To be shifted to 2023

C.2.1. A common platform for innovative and start-up initiatives. In December 2021, a review and an analysis was conducted to identify effective ways of supporting the ecosystem for start-ups, technology, and business incubators. According to the review, there are many sources to be created by different organizations and projects to support the start-ups, and instead of new creation, it needed to collaborate with existing platforms to expand its scope and customize services. Further interventions are still under consultation and will be presented to the Project Board for eventual redesign of the activities.

C.2.2. Mapping and integrated assessment carried out of donor-supported initiatives towards employability. A platform of employment related donor-supported initiatives was launched in April 2022 at <https://projects.mlsp.gov.mn/public>. The system is expected to contribute to information sharing, transparency, inclusion, data accessibility, and synergy among stakeholders working in employment promotion ecosystem. The system currently contains data of 25 projects, of which 15 have been completed. The launch and the first joint meeting was attended by over 40 representatives from the MLSP, the General Agency for Labour Welfare Services, the Social Insurance General Office, the Authority for Family, Child and Youth Development, the General Authority for Development of Persons with Disabilities, the Occupational Safety, and Health Center, the Research Institute of Labor and Social Protection as well as development partner funded project teams. The Project currently monitors data entry completion and regular updates.

C.2.3 Start-up businesses supported with a particular focus on youth, remotely located and PWD. This output is largely supported by employment promotion pilot activity on entrepreneurship (mentioned in C.1.2 section of this report) targeting individual entrepreneurs and small businesses. The entrepreneurship program design and implementation modality demonstrate success and potential for scaling up. Hence the pilot results and lessons learnt will be considered in re-designing of employment promotion programs (financial support measure) by the MLSP Working Group established for this purpose. As for initially planned activity on assessment and update of the mutual support start-up platform, a situational analysis is being conducted by the project to identify needs for project involvement and support in this area. Moreover, a total of 10 podcasts (out of 12) were aired to promote and enhance the youth's soft skills and

entrepreneurship mind, which were aired nationwide-ensuring access to remotely located youth. The podcasts are attached in annex 5.

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

While Component C2 focused on employment support services, the 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 2022	Actual 2022
Output C.3.1 Institutionalized Capacity Development services institutionalized for facilitators in Design Thinking and Behavioural Insights and Education institutes in Enterprise Education Pedagogy	C.3.1.1 Capacity needs assessment implemented	0	1 report	Completed. A desk review on enterprising training content and mode of delivery was completed.
	C.3.1.2 Designing, pilot testing, and revision of counseling services	0	1 design document	On track. One consultation meeting was held to identify the ways for further improvement in counselling services
	C.3.1.3 Training modules on enterprising skills, soft skills, and technology	0	2 training modules	On track. Enterprising training module and guidelines are drafted
	C.3.1.4 Pilot of all specialized and skills test modules	0	10 TVET schools	On track. The pilot TOT is due in December 2022.
	C.3.1.5. Enterprise education training modules for future job seekers	0	10 TVET schools and 1 secondary	On track. Planned for first quarter of 2023.
	C.3.1.6. All relevant training services scaled up	na	-	Expected to be shifted to 2023. Related activities are planned to be conducted in Spring Semester.
	C.3.1.7 Skills training, and counselling established	0	3 training modules certified	Expected to be shifted to 2023.
Output 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	Expected to be shifted to 2023.
	C.3.2.2 Development of on-line distance learning modules	0	1 set of modules	On track. An electronic version of the teachers' and students' manuals due to complete in December 2022
	C.3.2.3 Piloted and revised	0	150 persons covered	Not started yet

Outputs	Indicator	Baseline	Target 2022	Actual 2022
	C.3.2.4 Wider access for job seekers and employers opened up	0	Wider access enabled and monitored	Not started yet
C.3.3 Regular platform established for Implementation of employer-oriented measures and employer-employee interactions	C.3.3.1 A regular platform for employer-oriented measures and employee-employer interactions operationalized	0	1 meeting	On track. Two proposals started to be tested to promote a regular platform
	C3.3.2 Exchange experience, new ideas, techniques, and technologies for employer and employees	0	1 job fair/1 SDG event	Completed. 1 job fair was held (under the communication part)
	C.3.3.3 Designing and organizing job relevant trainings	0	50 seasonal employees trained	Expected to be shifted to 2023.

C.3.1. Capacity Development Services institutionalized for facilitators in design thinking and Behavioral Insights (BI) and Education Institutes in enterprise education pedagogy

A training module and manual on enterprising in vocational education was drafted for improving students' entrepreneurial skills. This is one of the important measures of the employment promotion and generation ecosystem in Mongolia. [A desk review](#) had been conducted to identify the gaps in enterprising training content and delivery methods, and to explore the ways to train trainers in this field. The review findings along with five proposed recommendations were presented to respective partners at MOES and TVETs.

[A TVET Quality Assurance Framework](#) was developed, integrating all stages from planning to evaluation, and aiming to eliminate duplication of roles and responsibilities. Each phase in this framework has a clear purpose, relevant tools, and criteria along with partners and the expected outcomes. The proposed framework was followed by five technical recommendations to take into consideration for further elaboration. TVET sector quality assurance is one indicator of EU Budget Support for the Government. The findings of the review conducted prior to developing the TVET Quality Assurance Framework were delivered to MOES. The quality assurance tools and methods cover i) teachers' work, ii) training programs, and 3) TVET institutional operations.

[Vocational education and training indices](#) are being revised in compliance with the standard Occupational Classification Framework.

C.3.2. Distance/online platforms expanded for career advisory training to deliver employment services

Inclusive TVET curricula for three occupations for people with disability (PWD) were rolled out. These include i) Archivists and Office Assistants; ii) E-service Staff; and iii) Support Service Workers. [The teacher's handbooks](#) for three occupations were released to provide detailed instructions on how to deliver the content. The [student handbooks](#) containing a total of 22 competencies were developed with visual demonstration of sign language. During the handbook preparation, new 300 signs were developed to

communicate technical words such as risk, prohibition etc. All handbooks are due to be disseminated in December 2022. The course materials are also being uploaded electronically.

A total of 28 students were trained as E-service workers (16) and Archive and Office Assistants (12), during the pilot which took place at the Rehabilitation Center in Ulaanbaatar over the last two years.

Refurbishment support is being provided to the Polytechnic College, Bayanchandmani soum for creating a PWD-friendly learning environment, based on the prior relevant assessments. The Polytechnic College is expected to offer the above courses on a pilot basis starting from September 2023.

C.3.3. Regular platform established for the implementation of employer-oriented measures

A grant program was launched among the professional associations to explore the best ideas and support innovations that enable better interactions between employers and employees. Based on their value-added and innovative projects, two professional associations were selected (International Women's Federation of Commerce and Industry in Mongolia and Women Associations of Mining Sector).

The International Women's Federation of Commerce and Industry (NGO) aims to prepare 'Mission Ambassadors' who are expected to implement SDGs, ILS, and business, environment, and Human Rights by building an inclusive behavior change platform for employee and employer mutual understanding. The second NGO, Women Associations of Mining Sector, aims to establish a regular knowledge-sharing platform through the promotion of behavioral change in leadership development of the 20 companies in food and agriculture sector, including food processing, vegetable farming, light industry, and services ensuring sustainable businesses that create social value.

The two grants above are expected to contribute significantly towards effective platform, promoting mutually supportive interactions between employers and employees. The grant projects are to be implemented until September 2023.

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	Targets (2022)	Actual 2022
C.4.1 Effective public-private partnership models with large scale youth employment potential in agriculture value chains identified, designed and piloted	C.4.1.1 Number of successful PPPs (increased number of end customers)	0	2 PPPs piloted	On track: 1 PPP was piloted (camel milk)
	C.4.1.2 Designing skill needs and training	0	50 people were trained and required technologies transferred	On track. (2 short-term curricula were developed and approved. Training will be provided in 2023.
	C.4.1.3 Promotion of network platform	0	4 meetings	On track. 4 meeting conducted.

Outputs	Indicator	Baseline	Targets (2022)	Actual 2022
	C.4.1.4 Support to selected agriculture value chains	0	Required technology transfer	On track. Procurement of required technology completed.

Output C.4.1 Effective public-private partnership models with large-scale youth employment potential in agriculture value chains identified, designed, and piloted to strengthen coherent on-ground implementation of the National programs.

A situational analysis for potential export-oriented national brands was conducted in 2022 by the Project, on a dozen of local products, such as artisan cheese, protein-based whey drink, engaging with around 20 national processing companies, and taking advantage of existing research and studies done in the food and agriculture sector.

Overall, following a range of successive interventions by the Project, **two main intermediate outcome level results** were achieved in 2022 in building PPP in agriculture value chains, namely, in strengthening the camel milk value chain:

- **A cooperative of camel milk producers with 20 members was established** in September 2022, to support the proposed PPP model, for increased supply at the collection level, greater production efficiency, and improved quality of milk.
- **Camel milk supply**, identified as the weakest link in the value chain, was **increased** after the Project interventions and the establishment of the cooperative, from 225 liters per day in February to 700-800 liters per day in September 2022. Number of people engaged was also increased more than two-fold; from 18 people from 9 households to 40 herders (including family members).

The following five key Project initiated activities have led to the above outcomes.

Camel milk value chain PPP was mapped, and areas where the Project can add most value were identified. The mapping drew on the pre-feasibility study on the camel milk value chain,¹³ which showed that camel milk product could be commercialized and be competitive in the international market, given its high demand in global market.

Workshop on “Beneficiaries of Camel Milk Value Chain” was organized in February 2022 in Khanbodg soum of Umnugovi aimag. The value chain challenges identified at the multi-stakeholder workshop included shortage of camel milk supply due to long-distance from the marketplace and the high cost to deliver the products to the market, and the lack of milking workers.

Following the mapping, the Project concluded that it would be more optimal to continue working with the private sector players who have already established themselves in the market, and to increase the amount of milk supply by increasing the number of milking households through supporting the establishment of a cooperative, with the processor (TESO LLC) deciding the most optimal transportation routes which are financially efficient and logistically convenient. The establishment of a cooperative aligns well with the policy incentive provided by the “National Program for Cooperative Development-III” initiated and implemented by MoFALI.

¹³ The study was conducted by the EU funded project “Trade Assistance to Mongolia” (TRAM)

Equipment support was provided to a semi-intensive eco-camel farming and the pilot cooperative, including solar powered cold chain system (Malchin LLC), camel milk quality tracking sensor equipment, and a blockchain real-time smart technology (Tech Partners LLC). The system will monitor and record the temperature of camel milk kept in 50-liter cooling vat and freezer with sensors. This value chain will enable the processor to trace with a blockchain tracking system to examine the origin of raw milk to ensure its quality and sanitation of the camel milk supplied by the members of the cooperative, ensuring food security.

Knowledge exchange with the international networks on camel milk production was enhanced. The Project took part in “Camel milk production and consumption” virtual workshop, organized in May 2022 by Dairy Asia, a multi-stakeholder partnership on sustainable dairy in the Asia Pacific region. The workshop enabled the participants to learn the best international experiences of camel milk development and establish a close network and synergy. The Project also took part in the EU funded TRAM project workshop on “Enhancement of Export Performance of Mongolian Food Products to the EU”, organized in June 2022. Discussions were held during the workshop on the EU's Generalised Scheme of Preferences (GSP) and GSP+ assessment schemes. GSP+ scheme helps developing countries to export duty-free products to the EU. The Project presented its work on camel milk value chain along with TESO representatives.

A meeting with MECN NGO team was held on exchange of lessons learned on the cooperative establishment, based on their experience of INARU camel herder cooperative in Dornogovi aimag. Close coordination is also maintained with the Trade Department of the Ministry of Foreign Affairs (MFA) to look for opportunities on inclusion of camel milk-based products into the EU import commodity list.

Capacity building for the value chain stakeholders. ‘Food Safety Management’ training was conducted in June 2022 for the inspectors of GASI, GASI of the Capital City, and relevant agencies in the Food Safety from 21 provinces. The requirements of the International Organization for Standardization (ISO) 22000:2018 standard and hazard analysis development, validation and monitoring techniques were presented during the training and a site visit was organized to “VitaFit Milk” LLC, which has introduced the ISO 22000:2018 standard in their dairy production operations.

Necessary equipment was procured and handed over to the Agriculture Unit of Khanbogd soum and Umnugovi aimag’s GASI department, including digital Ph-Meter, Heat sensor DUO incubator, milk analyser Lactoscan and Melamine Elisa test kit to support camel milk product development. Two identical sets will be handed over to the respective government sides. This set of equipment help to self-assess and assure the quality of milk on a timely basis since the very first stage of the value chain at the production level.

A contract was signed with CHN-KAZ Camel Research Institute of Inner Mongolia (formerly known as [Inner Mongolia Institute of Camel Research](#)) to conduct market research on **camel milk-based products in China**. The research will analyse the Chinese market of camel milk demand and supply and its potential for Mongolian camel milk-based products. The research study will help shape the business strategy of these products by TESO for export purposes based on the findings of the current analysis.

Areas for future interventions for camel milk value chain were identified in September 2022, with support from the international camel milk expert. Inputs were provided on product quality improvement along with action plan for improvement/improvisation for each stage of the value chain with the quality tracking system to ensure the origin of the product, and recommendations were given for formation and management of milk producers’ cooperative based on international best practices. Specific areas for improvement include:

- Establishment of a semi-intensive eco farm with the relevant technology under the umbrella of cooperatives, where only the milking camels and their offspring are placed to produce sustainable,

healthy and safe milk on regular basis

- It is recommended to have a set of training modules training the cooperatives/herders for the semi-intensive camel farming. As semi-intensive farming will be a new experience for the camel nomads, the training might be mandatory. The training will include the welfare of camels in farm conditions, feeding, milking and milk handling. The main objective will be harvesting healthy milk from a healthy and happy herd of camels.
- Marketing and promoting camel milk as a niche product in the international market
- TESO Group can take part in different food and cultural festivals in the ME and other parts of the world, King Abdul Aziz camel festival in Riyadh can be the best choice to attend at the end of this year.
- Income diversification will be a great help to the camel herders as; baby camel wool, tourism with camel riding, traditional camel products development, and baby camel wool can be the best choice for this purpose
- The government support as subsidized feed in challenging weathering conditions, subsidy on per liter milk production, and support in revitalization of the pastures can be a great help to sustain the camel husbandry in the desert. The camels are not only the animals of the people but they play important ecological role and protecting the Gobi Desert from a complete fragility.
- A ToT training to a team of at least 5 people for hygienic and safe milking, storage, and transportation of camel milk. A short training to the herder milkers for sanitation, hygiene and food safety. It will be an asset for the camel profession of the country.

The PPP model for the camel milk product development was commended by the MoFALI and the international camel milk expert and provides the method to be applied for the second agricultural product. A market study was completed on several other potential products, including Zavkhan red skinned garlic, bone broth, horse meat, carrot juice, lamb meat, canned mutton, dried blood and offal. The study led to a conclusion that the export of agricultural products within the project duration is not feasible, especially for meat and meat products due to outbreak of animal diseases, sanitary and phytosanitary standards, which fall short of international standards. Since many varieties of vegetables are imported from China and other countries, the Project focused on supply of quality and eco-friendly products for the domestic market.

Dried blood as protein premix is being explored for poultry feed with Tsaluut LLC. This eco-friendly, no-waste product aligns well with the President initiative on “Food Supply and Food Security”, which aims to secure the domestic production and supply to substitute imported food products.

‘Dairy Processors Training for Trainers’ was organized in collaboration with the Institute of Technology in December 2021 for a total of 20 participants (13 female and 7 male) representing dairy processors, technological workers, and dairy collective members from Tuv, Zavkhan, Uvurkhangai and Khovd aimags. The training’s goal was to build the capacity of dairy small processors in rural areas where the breach of norms and standards of supply of raw materials and food in a production and processing level of the dairy value chain is high. Specifically, it enabled the participants to produce dairy products in line with food safety and standards by introducing Good Agricultural Practices (GAP), Good Hygiene Practices (GHP), Good Manufacturing Practices (GMP) in dairy processing, to gain practical experience of utilizing dairy processing equipment to produce curds, butter, sour cream, to acquire business and financial model development practices.

C.4.1.2 Identify corresponding skill needs, design and deliver medium to long term skill training programs for youth

Based on training needs assessment, two occupations were identified as jobs on market demand. In response to that needs, two short-term curricula “Slaughterer” at Erdene TVET and “Operators and repairpersons of agricultural machines and machinery” at Bayanchandmani PC were successfully developed and approved by TVETAIMS, using Developing a Curriculum (DACUM) methodology.

“Slaughterer” competency-based training (CBT) program is the first of its kind in Mongolia, bringing opportunities to capitalize on meat products, which meet food safety standards. It will bring competitive advantages for skin and hide products in foreign markets, supporting the value chain.

The competency units of the two target professional programs (Slaughterer and Operators and repairpersons of agricultural machines and machinery) identified at the workshop are as follows: “Slaughterer” training program: Grooming, Slaughter of livestock animals, Cooling meat, Meat preparation, Intestinal cleansing, and Basic skills in a workplace.

“Operators and repairpersons of agricultural machines and machinery” training program: Preparation of agricultural machinery for work, Driving machines and machinery, Maintenance of machinery, Basic skills in a workplace.

The vocational training index of the short-term vocational and occupational training was defined through a workshop organized in June 2022. The training was attended by 30 participants from 13 sector organizations, including the MOFALI, MLSP, Capital City Department of Food and Agriculture, TVETAIMC and the Mongolian University of Life Science. An updated occupational index in line with the international standards in the food and agriculture and cooling sectors will have a significant impact in the development of skills of workers in the sector value chain and increase of the number of students enrolled in the short-term training programs.

Hardware and equipment support are being provided to two TVETs in relation to the two new programs, including drilling of a well, installation of a freezing and cooling room, and a set of training simulations equipment.

A total of 27 students are being trained in Erdene TVET in 2022, as part of the MoU between Erdene TVET and the local meat cooperative group soum, signed in August 2022 on upskilling and use of the training center for livestock slaughtering and supply of fresh meat to market. PPP at Erdene TVET has been highly appraised by the Local Government at Erdene soum, where the initiative is well aligned with the Tuv aimag Food and Agriculture Strategic Planning. As a result of this PPP, Erdene TVET received MNT80 million from local government towards its partnership with local meat factories and improvement of the training environment.

The meat value chain analysis makes feasible to align dried blood product development with the short-term training curriculum “Slaughter worker”. A slaughterhouse at Erdene TVET is to cooperate with herder cooperatives to supply non-traditional slaughtered quality meat to processing meat companies.

C.4.1.3. Promote a network/platform to support innovation-driven entrepreneurship in agribusinesses in Mongolia

Innovation is seen as a process to bringing new techniques or establishing successful ideas to create new value. It is taken forward in the project implementation as two ways (technical and technological) to enhance the capacity of the value chain stakeholders.

Regarding the technical innovation, the project is improving camel milk supply chain networks by establishing a cooperative on camel milk producers' and ensuring stability of the production and sustainable business for suppliers. In this respect, the Project contributed to the following results:

- Increased the knowledge of members of cooperatives and interested herders on business development opportunities for camel milk production and milk supply cooperative.
- Improved decision-making process, management, governance and business processes in the cooperative, and
- Implementation of the accelerator plan for ensuring sustainable business within the framework of business strategy, financial management, business activity processes and benefits for members.

As for the technological innovation, the blockchain smart technology introduced the private sector partner and supported by the Project enables the traceability of information in the camel milk supply chain to improve food safety.

“Agripreneurship” (Entrepreneurship in agriculture) competition is currently being planned with the objective to identify the current agripreneurs and attract public, especially, youth and vulnerable groups to pursue agripreneurship as potential employment and economic opportunity.

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

Progress Towards Project Outputs

Outputs	Indicator	Baseline	Targets (2022)	Actual 2022
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	Organizational model	On track: One model tested
	C.4.2.2 Scaled up under ministry regular budget	0	At least 1 product included in the MoFALI work plan	Expected to be shifted to 2023

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

Progress Towards Project Outputs

Outputs	Indicator	Baseline	Targets (2022)	Actual 2022
C.4.3 Building of competitive national Mongolian food brands supported in national and international markets	C.4.3.1 Potential products identified	0		On track: The initial identified product is camel milk and powder products. Pre-feasibility baseline study on camel milk value chain has been

meeting national and international quality/safety standards			2 new products	developed by National Camel Milk Consultant. A Service Contract was signed with CHN-KAZ Camel Research Institute of Inner Mongolia to conduct market research on camel milk-based products in China.
---	--	--	----------------	---

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

Progress Towards Project Outputs

Outputs	Indicator	Baseline	Targets 2022	Actual 2022
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 C.4.4.2 National-level workshop C.4.4.3 High-level workshop	0	Analytical review	Expected to be shifted in 2023

The project mainly focused to implement outputs 4.1-4.3 in current years and development of youth employment policy need to be based on experiences and lessons learnt of those interventions. Due to some delays in implementations, this output will be shifted to 2023.

C.4.5 A model training hub for non-food sector (leather and fiber) production set-up and piloted

Outputs	Indicator	Baseline	Targets 2022	Actual 2022
C.4.5 A model training hub for non-food sector (leather and fibre) production setup and piloted	C.4.5.1 At least one pilot training with corresponding curriculum established with participation of Associations and industry	0	Design of model hub	On track. Survey is well underway, and design of model hub will be proposed due December 2022

A survey on skills needs and workforce demand of the leather and fiber industry is underway.

Challenges. Changes in ministry mandates, leadership among direct counterparts in partner Ministries. The vocational education sector was transferred from MLSP to MoES in January 2022, and the Director for the Department of Vocational Education was appointed with some delay.

Reaching out to potential clients and inviting them to undergo job readiness assessment and obtaining their consent to develop a personal development plan was challenging. Many people who are recorded as unemployed are actually working in the informal sector. Therefore, understanding well the types of clients

and their actual situation was critical. In addition, some people used the profiling service as a superficial exercise for ticking the box before they can access the funds from EPF. More advocacy and tailored communications are expected to help in overcoming these challenges.

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, and

D.2 Compliance boosted through the strengthened capacity of labor inspection system.

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.

Progress Towards Project Outputs

Outputs	Indicator	Baseline	Targets 2022	Actual 2022
Output 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.	D.1.1.1 Number of policy or technical briefs produced	0	1 assessment	On track. Translation of the Guidelines on General Principles of Labour Inspection

Preparation for ratification of two conventions is underway, with a package of documents for ratification being prepared by the MLSP. Following the Project engagement, the MLSP has started to prepare the ratification package of documents including a new concept note, an overview of the compatibility of the national legislation with the two conventions, and the legal amendments required for compliance with the conventions.

The new ILO “Guidelines on General Principles of Labour Inspection” (ILO, 2022) were translated for broader dissemination. These Guidelines are expected to improve the understanding of Mongolian constituents on ILO principles related to labour inspection and to assist in the ratification process of C.81 and C.129.

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 2022	Actual 2022
Output 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	On-track. ILO technical comments on revised Law on State Inspection

The revised Law on State Inspection and other related documents were drafted, with the Project support, and the technical comments from ILS perspective were provided by ILO. The comments were: (i) inspection visits without prior notice, (ii) officials authorized to conduct inspection activities, and (iii) duration and number of inspection visits.

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 2022	Actual 2022
Output 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. Sub-committee is due to be re-established
	D 1.3.2 Number of recommendations by the sub-committee on Application of International Labour Standards	0	1	Expected to be shifted to 2023

The “Safety and Health in Construction Convention, 1988 (No. 167)” application report was prepared in 2022 with MLSP and the Tripartite Sub-Committee on Application of International Labour Standards. A training workshop on reporting of C167 led by the ILO specialists was organized with 24 participants (13 women, 11 men) in May 2022. The workshop assisted the MLSP and the Sub-Committee to understand the newly ratified technical standards and contributed to preparation for the first detailed report due this year.

The Sub-Committee on the Application of International Labour standards was established several times due to changes in the Government. It is expected to be re-established in 2022. Once it is established, the Project will provide support to the Sub-Committee to develop guidelines to improve working conditions.

Outputs	Indicator	Baseline	Target 2022	Actual 2022
Output 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	D.1.4.1 Number of knowledge products on SDG trends and fundamental labour rights and labour law	0	-	On track. A study planned for 2023.

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.

A self-assessment monitoring tool for enterprises on labour law compliance is being developed by MONEF. The ILO’s manual for employers on “Labour inspection: What it is and What it does” was translated by MONEF to improve employers’ understanding about the labour inspection with the aim to reduce the number of occupational incidents. The OSH and Labour Law trainings for around 300 employers and professional associations will be organized by MONEF in the remaining period of 2022.

Monitoring of the implementation of the Law on OSH and newly revised Labour Law in the construction, mining, textile, and energy sectors is being conducted by CMTU. The findings will be delivered to the GASI and MLSP for informed decision-making. Capacity development training for construction, mining, textile

and energy sectors, linking with output D 2.1.1 with the GASI, will be carried out for employees and sectoral trade union OSH representatives in the remaining period of the 2022.

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.

In 2021, the DW4YN awareness-raising campaign on labour rights and the revised Labour Law reached 419,000 persons through social media, in collaboration with the member organisations of the Network, Agency for Family, Children and Youth Development, Mongolian Bar Association and UN Youth Advisory Panel. Trained facilitators to promote decent work and labour rights reached out over one thousand young workers in the formal and informal sectors.

In 2022, DW4Y network focused on the promotion of Labour Law and fundamental principles and rights at work among the youth in construction and service sectors. Under the new implementation agreement, the DWYN achieved the following:

- Online and in-person surveys were conducted in construction, textile, and service sectors to identify issues related to youth labour rights in the context of the newly adopted Labour Law;
- 15 posters were developed for the youth (15-34 years old) in general as well as youth in selected 3 sectors – textile, construction, and service sectors;
- An online campaign was organized on youth labour rights from 1 Sep to 15 October 2022;
- In-person labour rights training were organized for 100 youth from the selected 3 sectors;
- A strategic workshop was organized among DWYN member organizations to re-define their missions, visions, and strategic objectives to better meet their members’ needs, especially in the context of raising labour rights among youth and resolving youth employment issues;

Progress Towards Project Outputs

Output	Indicator	Baseline	Target 2022	Actual 2022
Output 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	On track. 1 campaign on youth labour rights was organized

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

Strategic compliance planning is the term used by the ILO to refer to operational strategies by labour inspectorates 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.

Strategic Compliance Planning (SCP) methodology is being introduced at the GASI to strengthen its labour inspection targeting and impact. The four priority sectors (mining, construction, textiles and small-scale energy production) were identified by GASI through a workshop in November 2021, and relevant

interventions were included in its 2022 labour inspection plan. Social partners, CMTU and MONEF also took actions for improvement of working conditions in the SCP sectors, following a tripartite consultation workshop held in May 2022 with the Project support and in collaboration with GASI and sectoral trade unions. Around 400 employers and employees of 4 SCP sectors in 3 provinces (Dornod, Bayankhongor and Umnugovi) and UB city were trained in labour law compliance. The SCP Portal was translated into Mongolian and will be used to monitor SCP work and outcomes over the course of the Project.

Progress Towards Project Outputs

Output	Indicator	Baseline	Target 2022	Actual 2022
Output 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. 4 sectors are included in SCP 2022.

D.2.3 Recommendations on improving and upgrading inspection data system provided to GASI and improvements of the existing data collection of occupational accidents and acute poisoning.

These outputs were achieved in 2021. The shortcomings of the existing electronic registration and information system of occupational accidents and acute poisoning were identified by GASI based on data collection studies and webinars on international good practices, which had been facilitated by the Project. The electronic registration and information system for industrial accidents and acute poisoning was upgraded <http://om.inspection.gov.mn/> as part of the ongoing Digital Transition Programme of the Government. The new system connects with other government systems (e.g, e-hyanalt.mn etc.) and it allows the GASI to register and report occupational incidents effectively.

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).

Competency development plan is being designed for labour inspectors, based on the training needs assessment, national policy goals of the labour inspection system, and priority areas of knowledge and skills critical for labour inspectors to effectively carry out their functions. Around 80 labour inspectors (54 female and 26 male) were trained in December 2021 and 25 members of DW4YN including staff of selected Youth Employment Service Desks were trained as facilitators for promotion of labour rights among youth.

Progress Towards Project Outputs

Output	Indicator	Baseline	Target 2022	Actual 2022
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)	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	1	On track. 1 training will be organized within 2022

4. PARTNERSHIPS

The project has built a strong partnership with stakeholders of budgetary and employment reforms. Numerous meetings and consultations were organized in 2022 to create and maintain a shared understanding among partners. Below is a list of key partners with whom the Project collaborated in 2022 as detailed in the sections above.

- **Government partners:** Government organizations the Project has collaborated with on budgetary reform include MoF, MED, MLSP, MOFALI, MOES, NAO, Parliament Budgetary Standing Committee of Mongolia, and TVETs, as well as Finance and Investment Departments of local governments. On employment and labor, agricultural value chains and export products, the Project worked with MLSP, GASI, MOFALI, and RILSP, as well as Governor's offices, and aimag Labour and Agriculture Departments.
- **Local government and cooperatives:** The local government training for 21 aimags and municipal on Results-based planning and budgeting methodology was conducted. Support for cooperatives at Bayanchandmani soum is in process.
- **Private sector and industry associations:** The Project collaborated with MONEF, National Chamber of Commerce and Industry, Confederation of Mongolian Trade Unions (CMTU), Decent Work for Youth Network (DW4YN), as well as private companies such as Mongol Camel LLC, TESO LLC, Makh Market LLC, and Suu, and KITE Mongolia.
- **Civil Society Organizations:** The main CSO partners for 2022 were the CSOs engaged in budget oversight grant programme, youth associations, and CSOs working at the grassroots level with vulnerable people, Start-Up Mongolia, Development Solutions NGOs.
- **Other projects:** A number of projects related to employment, budgetary reform, labour rights and agricultural development being implemented in Mongolia, including those funded by World Bank, ADB, JICA, EU, and GIZ. Regular information sharing meetings were the main mechanism of collaboration.
- **EU Delegation:** The project also closely works with EU Delegation in Ulaanbaatar by providing regular updates and exchanging information. The projects financed by the EU Delegation have built close cooperation in the areas of PFM and employment. The EU funded WB implementing SFFS project and the project shares the approaches and maintain active dialogue on progress towards program based budgeting and reporting. The project shares the concepts and defined the collaborative areas in October with UNDP, FAO and ILO. The EU strongly promotes the ratification and application of ILO fundamental and governance conventions. Mongolia is a beneficiary of EU GSP+. The EU strongly supports the ILO and Mongolia tripartite constituents to ratify ILO conventions 81 and 129 to ensure announced labor inspections.

5. COMMUNICATION & VISIBILITY

The Project complied with its Communication and Visibility Strategy included in the Project Document, by implementing a mix of communication activities to raise awareness about the Project outcomes among stakeholders and the public. The full list of communication and visibility products along with dissemination details and links to videos is included in **Annex 5. Communications Monitoring Table**.

The main objective of the Communication and Visibility Strategy of the Project is to communicate key achievements and best practices to targeted beneficiaries and the public at the national and local levels. and to raise awareness of the European Union's vital support in improving employment in Mongolia. The project communicates with multiple audiences. The broad categories of audiences include:

- Government agencies
- Development partners
- Private sectors including local and international companies
- Civil society organizations
- Media
- General public.

Major public engagement events

Annual EU Day was held on 28 May 2022 at Sukhbaatar Square. The Project booth had approximately 300 visitors and over 100 #SDGBE #EuropeDay hashtagged active participants in social media. This event brought a great opportunity to raise awareness about the Project activities.



Pic. SDG project booth, a project team with EU Ambassador to Mongolia Ms. Axelle Nicaise



Pic. SDG project booth

The Job Fair was successfully organized at Sukhbaatar Square on 10 September 2022, as part of “SDG Open Day”, a wider campaign hosted by the UN Mongolia intended to specifically promote SDG8 on Decent work and economic growth. The Job Fair consisted of five main stations:

- *Job Application Simulation Station:* job seekers first were able to have their employability skills assessed with the internationally accepted Profiling tool; then based on the results of the Profiling, receive career counseling service and finally get assistance on improving their practical skills on how to write/improve their CV and how to successfully participate in a job interview. Moreover, attendees had opportunity to try a mock interview to increase their employment chances.
- *The Recruitment Agency Station:* job seekers received up to date information about open vacancies and skills most in demand in today’s labour market from number of national recruitment and human

resources agencies. Practical advices were provided on how to navigate through web-based job search sites most effectively.

- *The Employer Station:* job seekers had access to open vacancy information provided by large and medium sized companies offering full time, part time, volunteer jobs and internship opportunities in agricultural, communications and service sectors. Companies also collected job applications and conducted initial screening of potential candidates.
- *The TVET Booth:* representatives of technical and vocational education and training institutions offering in-demand and newly developed curriculum (such as agricultural machinery operator and repairman) provided information about their current training.
- *The Project Briefing Cozy Corner:* the visitors were given briefing on the overall objective of the project and its activities.

The Job Fair booth was visited by more than 800 people and was acknowledged as one of the highlight events of SDG Open Day. According to the basic questionnaire, more than 50% of the participants were currently seeking employment, 33.7% had full time work and the remaining were currently on short-term/part-time contracts.



Pic. Job Fair simulation station entrance



Pic. Job Fair visitors MFA, EU, UNDP, UNFPA, UNICEF, UN Mongolia, MLSP, FAO, EU and other Ambassadors



Pic. Job Fair feedback questionnaire filling by the visitors and participants



Pic. SDG project UNDP and FAO team UN Youth Advisory Panel in Mongolia, interns and volunteers

Public outreach

A total of six episodes were released involving guests from private sector, government institutions and NGOs, in the video podcast series “I have a question”, aiming to promote employment opportunities especially among young job seekers. Four episodes of radio podcasts were produced promoting decent works.

An impact story was written about Ms.B.Khoroltsetseg, to highlight the concrete impact on one beneficiary of the “Profiling” service offered at Employment offices.

The Project overview and key facts in video and print formats were shared on regular basis via social media, different events and training activities organized by the Project. A set of promotional items (branded pen, hat, T-shirt, sweater; tote bag; chocolate bar; gift package for government officials, and 2 different types of notebooks) were used throughout the year for raising the awareness and visibility of the EU support to Mongolia and the Project activities.

All Project activities including training, workshops, and launch events were promoted on regular basis via social media and other relevant channels (the full list is provided in Annex 5).

A short promotional film was produced about employment and promotion of decent work in the agriculture sector in Mongolia for youth and the general public and aired during during the EU Day on 28 May 2022.

Public employment service promotion package, including 1 video, 4 infographic videos (*with sign language interpretation*), 3 posters, and 3 booklets, is produced and currently under final review. The package will be mainly distributed via MLSP and affiliated agency websites, social media, events and training events (*more details in section C.1.2 of this report*).

Print and electronic publications in the reporting period include the Project updated brochure, Handbook for CSO and trainers on “Budget monitoring and analysis”; “Local budget review of Zavkhan province” (*in English and Mongolian*); “Employment promotion policy, Measures, and analysis of the current state of financing” (*in English and Mongolian*); and TVET Students and Teachers’ handbooks on “Digital Service Staff” (*e-books for each Competency Units*).

The full list of publications, technical papers and reports is provided in Annex 2. List of Publications/Technical Papers.

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 8 staff (4 from UNDP, 3 from FAO, and 1 from ILO).

Project Board/Steering Committee meetings and Annual workplan. The Project’s annual work plan for 2022 was approved on December 28, 2021, by the Project’s second Board meeting. The annual budget approved (Jan-Dec 2022) was \$2,969,863, the highest of the 3.5 years of the Project duration. The third Board meeting was organized on 20 June 2022 and discussed the semi-annual progress report. The meeting minutes are attached in annex 6.

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 April 2022 at EU Delegation Office, to share information on the Project progress.

Results Oriented Monitoring (ROM) mission took place in May 2022. Overall, the mission reviewed the relevance; coordination, complementarity and EU added value; intervention logic, monitoring & learning efficiency; effectiveness; sustainability; and cross-cutting issues, communications & visibility, and recommended the following:

- “Accelerate implementation to the extent possible so as to overcome the noted underspending during Y2 with the implementation of delayed and planned activities.
- Proceed with a revision of the logframe including a clearer intervention logic and a more compact and streamlined set of Outputs and indicators as per the current PCM/LFA methodology. This will facilitate further the monitoring of the implementation and progress reporting.
- Apply mitigation measures for overcoming the delays in the achievement of Outputs while also focusing on any unintended effects that may jeopardize the outreach of the Intervention to the target groups and in particular to the final beneficiaries.
- Examine possible scenarios for ensuring the continuation of benefits to the target groups through them to the beneficiaries beyond the end of the intervention, possibly through partnerships with and further mobilization of the private sector”.

ROM follow-up actions are being taken by the PIU; Covid-19 related underspending is being addressed. Ensuring the continuation of benefits to the target groups needs to be reflected in 2023 annual workplan and targets. The follow up actions will also be discussed at the Strategic, results-based planning exercise scheduled with the PIU for December 2022.

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.

A spot check at MOF is scheduled in November 2022, 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

Changes in ministry mandates, leadership among direct counterparts in partner Ministries. The vocational education sector was transferred from MLSP to MoES in January 2022, and the Director for the Department of Vocational Education was appointed with some delay.

The Ministry of Economy and Development was established in January 2022, with a total of 7 departments and 8 divisions, including a Department of Development Policy and Planning (DDPP). A close collaboration was forged with the DDPP, on results-based annual planning.

The Project maintains regular communication with the MLSP on matters of labour inspections. The decision on temporary suspension of state inspection also affected the Project’s initial plan. However, the Project continued to take measures towards the ratification of ILO Conventions C81 and C129 leveraging on different occasions, and informing the MLSP on the potential structure and design of its new labour inspection department. The re-establishment of the tripartite sub-committee on the application of the ILS is taking longer than initially planned due to the staff changes at the MLSP.

Establishment of cooperatives. Establishing cooperatives, both in Bayanchandmani soum by UNDP and in Umnugobi aimag by FAO, was challenged due to new culture of cooperation since 1990.. Despite the challenges, in consideration of expected significance of the cooperatives, both teams hired a local consultant to work with the communities. UNDP has held consultative meeting with Bayanchandmani governor in October on accelarting the cooperation. And the agreement has made in November and activity is expected to be commenced in December. In FAO's case, the task was delegated to a more experienced entity.

8. LESSONS LEARNED

Coordination among the Project components, outputs, and other UNDP/FAO/ILO projects and other agency projects. Each component of the Project has specific outputs and activities which take place concurrently. Therefore, the Project took explicit efforts in 2022 to coordinate activities so that they complement each other across outputs and components. Grants on employer-employee interactions under C.3.3 were coordinated with the EU funded Business and Human Rights project implemented by UNDP where labour rights are one of the prominent aspects..

Knowledge management. With the intensification of the Project activities in 2022 and the increased number of contractors and partner organizations, information exchange started taking more time and it has become challenging for the PIU to manage them in centralized manner. More technology-oriented solutions, similar to the Knowledge Centre of UNDP, and organizing intensive on-boarding and coaching sessions for national consultants on learning, co-creation, facilitation, and application of knowledge are planned in 2023 to address this.

Managing towards outcomes. As the Project goes into its third year in 2023, more progress towards the outcomes are expected to be materialized. Therefore, a strategic, results-oriented planning exercise will be conducted by the end of 2022, to fine-tune and gear the Project activities towards tangible outcomes. This exercise will also devise actions to further follow on the recommendations of the EU ROM mission that was undertaken in May 2022.

Support to fulfillment of EU Budget Support targets. Mongolia could not meet two targets (#1 and #5) for the disbursement of the conditional tranche of the Direct Budget Support of the European Union. The Project as it is a technical assistance under this EU Direct Budget Support provided logistical and technical support to MLSP and MOES, in identification of reasons for the indicators which lagged behind, and in reaching agreement with the EU Delegation on proposed timelines and revised sets of targets. The working Group on fulfilling the requirements of the Budget Support was re-organized due to the shift of the vocational education mandate to MOES from MLSP. In 2023, the Project will continue supporting the MLSP, MOES, and MoF on **sensitization** about indicators and targets to be met, and preparedness for reporting.

9. WAY FORWARD

More technical support will be provided to all sectors on results-based planning and identification of performance indicators, going beyond the pilot sectors and drawing on the methodology tested in 2022. Results-based budgeting will continue in four sectors, in environment and education, in addition to employment and agriculture. RBB Policy Guidance will be developed in cooperation with MOF, for use by line ministries and local governments. More efforts will be taken on synchronization of planning, budgeting, monitoring and evaluation, and reporting mechanisms, with consolidation and streamlining of associated business processes and templates, with leadership from Budgetary Standing Committee of the Parliament, MED, MOF, Cabinet Secretariat, NAO, and line ministries, and local governments.

Employment promotion support will continue with the support to further revised and re-designed EPP, with unit cost estimations and better tracking of service recipients of different population groups, at different locations. In addition, employment generation policy incentives will be piloted from cross-sectoral perspective, including social welfare and social insurance.

PPP modality initiated for camel milk products will be further strengthened, and the model will be proposed for other products both under the Project and beyond by MOFALI.

Labour inspection remains a challenge with the restructuring of the GASI, however, the Project will continue to work to turn this challenge into opportunity for greater impact on labour conditions.

Overall, the Project will pay more attention to monitoring and evaluation, as 2023 is the penultimate year for the Project. Relevant stakeholders will be engaged in joint and participatory monitoring.

10. FINANCIAL REPORT

Financial update as of 30 September 2022 is described in below. Detailed information is provided in Annex 1 'Project Financial Report'.

Description	Expense (2020.10.1- 2021.9.30)	Expense (2021.10.1- 2022.9.30)	Commitment as of 2022.9.30	Total expense as of 2022.9.30
Component A	73,107	597,049	162,977	833,134
Component B	24,670	196,445	96,733	317,847
Component C	93,101	786,277	151,242	1,030,620
Component D	10,733	69,661	-	80,393
Project implementing unit	98,622	195,407	-	294,028
Total remuneration (7%)	21,016	129,139	-	150,155
Total amount	321,248	1,973,977	410,952	2,706,177

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

Work plans with preliminary budgets (UNDP, FAO, ILO) are attached in Annex.

12. ANNEXES

ANNEX 1

PROJECT FINANCIAL REPORT (including COMPONENT A, B, C AND D)

Financial report Sep 30 2022

ANNEX 2

PROJECT PUBLICATIONS/TECHNICAL PAPERS

Component Outputs	N	Title of publication/papers	Available language Links
Output A.1	1	Concept paper on Linking Results-based Planning with Results-based Budgeting	English Mongolian
	2	Concept note on Adoption and Implementation of Results-based Budgeting System in Mongolia	English
	3	Assessment of the current MTEF process in Mongolia	English
	4	Roadmap on how to adopt and implement the RBB system: Government of Mongolia RBB Pilot Initiative: Stages, Actions & Timelines	English
	5	The concept in the strategic move towards MTEF and RBB into PFM reform for 2022-2025	Mongolian
	6	Concept paper on Transitioning to MTBF MTPF from MTEF	English
Output A.2	7	Instructions for using SDG aligned result-based budgeting proposal templates	Mongolian
	8	Budget review checklist	English Mongolian
	9	Recommendations on Results based budgeting: Khuvsgul province budget 2022 case study	Mongolian
	10	Current situation of budget classification: Khuvsgul province case study	Mongolian
	11	Local budget review of Zavkhan province	English Mongolian
	12	Situational analysis of performance reporting	Mongolian
	13	Guideline for performance reporting	Mongolian
Output A.3	14	Report on Employment promotion policy, measures, and analysis of the current state of financing	English Mongolian
	15	A review study on 'Employment Promotion Programs, 2012-2021'	Mongolian
	16	The current implementation of EPPs in the Songinokhairkhan district	Mongolian
	17	Employment promotion measures in Uvurkhangai, Orkhon, Dornogovi provinces	Mongolian
	18	TVET costing report	Mongolian
Component B			
Output	19	Draft approach paper on collaboration of MOF and CSOs	Mongolian

B.2	20	Brief needs assessment on current CSOs	Mongolian
	21	Budget monitoring-handbook for trainers	Mongolian
	22	Budget monitoring-handbook for CSOs	Mongolian
Output B.3	23	The Draft Methodology: Recommended methodological guidelines on audits of the SDG-aligned budgeting	English Mongolian
	24	Technical guidance on piloting performance audits of governmental policies and budget programs	English Mongolian
	25	A roadmap with an actionable implementation plan for strengthening performance audits	Mongolian
	26	The suggested templates to be used in performance auditing of results-based budgets	English Mongolian
	27	Reports on pilot audits conducted to strengthen the NAO's performance audit practice.	English
	28	Recommendations for strengthening the Quality Control of Performance Audits conducted by NAO	English Mongolian
	29	Paper on SAIs approaches to strategies and organizational structures	English
	30	Technical guidance on SDG-related performance audits of the state budget investment plans	English Mongolian
	31	Technical assistance report on the pilot performance audit in employment sector	English
	32	Auditing Result-based budget execution in the pilot health sector	English Mongolian
	33	Draft civil hall (social) audit guide	English Mongolian
34	Performance audit on the 2023 Budget Proposals (Project recommendations)	English Mongolian	
Component C			
Output C.1	35	Draft of the Employment Promotion Law with draft amendments to related legislations and concept note	Mongolian
	36	Impact assessment report on revised draft of Employment Promotion Law	Mongolian
	37	Cost analysis report on revised draft of Employment Promotion Law	Mongolian
	38	Preliminary needs assessment on revision of Employment Promotion Law	Mongolian
	39	Comparative assessment report on LMS concept, data collection, challenges	Mongolian
Output C.3	40	Recommendations on LMIS data collection framework	Mongolian
	41	International good practices on employment promotion	Mongolian
	42	Desk review on TVET entrepreneurship training curriculum	Mongolian
	43	Report 1_Short term technical and vocational training index, prior studies	Mongolian
	44	Report 2_Short term technical and vocational training index revision	Mongolian
	45	TVET sector quality assurance	Mongolian
	46	TVET Student handbook_Digital service staff_CU1	Mongolian
	47	TVET Student handbook_Digital service staff_CU2	Mongolian
48	Teachers' handbook - working document	Mongolian	

ANNEX 3

TRAINING LIST AND PARTICIPANTS

#	Date	Topic	Participants		
			Total	Male	Female
COMPONENT A					
1	2022 March 02	OPPORTUNITIES TO IMPROVE BUDGETING AND FINANCIAL STRATEGIES AND HUMAN RESOURCE MANAGEMENT (online and in-person) (MOF)	57	23	34
2	2022 March 10-11	RESULT-BASED DEVELOPMENT ON LOCAL POLICY PLANNING AND BUDGET METHODOLOGY TRAINING (MOFALI)	172	102	70
3	2022 March 16	"RESULTS-BASED DEVELOPMENT POLICY PLANNING AND BUDGETING" (MLSP)	35	19	16
4	2022 March 17-18	FINANCING THE HEALTH SECTOR WITH RESULT-BASED POLICY AND PLANNING, FUNDING OF PROFESSIONALS IN LOCAL SECTORS" (MOH)	114	32	82
5	2022 April 14-15	NATIONAL DISCUSSION FOR ENVIRONMENTAL TARGET PROGRAM (MET)	74	37	37
6	2022 April 30	RESULTS-BASED BUDGETING WORKSHOP	32	13	19
7	2022 May 05	CONSULTATION ON IMPLEMENTATION ISSUES OF RESULT-BASED PLANNING AND BUDGETING IN MONGOLIA, AND WAY FORWARD (Multi-stakeholders)	46	28	18
8	2022 July 7-8	"RESULTS-BASED PLANNING AND BUDGETING METHODOLOGY" TRAINING (MOFALI and MLSP)	106	46	60
9	2022 July 28-29	"RESULTS-BASED PLANNING AND BUDGETING METHODOLOGY" TRAINING (MOES)	23	6	17
10	2022 August 2-4	WORKSHOP ON DEVELOPING THE PILOT MINISTRIES STRATEGIC PLANS AND RESULTS BASED BUDGET UNDER IRBM (Budget proposals for MLSP and MOFAL)	59	23	26
11	2022 August 17	IRBM: COMMON PROBLEMS OF EXECUTIVE MANAGEMENT	35	11	24
12	2022 August 19	RESULTS-BASED BUDGETING (MED)	17	7	10
13	2022 Sep-Oct	RESULTS-BASED PLANNING AND BUDGETING (Local Training)	1593	567	1026
TOTAL			2353	914	1439
COMPONENT B					
14	2022 February 07	"PUBLIC POLICY EVALUATION, PERFORMANCE OF AUDITS IN GOVERNMENT AND BUDGET PROGRAMS" ONLINE SEMINAR (MNAO)	165	91	74
15	2022 March 30	DISCUSSIONS ON "STRENGTHENING SDG-RELATED POLICY IMPLEMENTATION AND RESULT-BASED BUDGET AUDIT PRACTICES" (MNAO)	100	49	51
16	2022 May 05	RESULTS-BASED FINANCING: CONCEPTUAL ASPECTS FOR AUDITING AND THE BUDGETING EXECUTION (MNAO)	55	29	26
17	2022 May 06	SOCIAL AUDITS (MNAO)	95	46	49
18	2022 June 29	QUALITY ASSURANCE AND CONTROL ONLINE TRAINING (MNAO)	77	40	37

19	2022 April 15	BUDGET MONITORING: TRAINING FOR (CSOs)	47	8	39
20	2022.June 13	2022 CIVIL SOCIETY ORGANIZATION OPENING SEMINAR (CSOs)	43	8	35
21	2022 Aug 31-Sep 03	EMPOWERMENT OF CIVIL SOCIETY ORGANIZATIONS IMPLEMENTING GRANT PROJECTS – RESULTS-BASED REPORTING (CSOs)	37	7	30
22	2022 Sep 27	PLANNING AND IMPLEMENTING ADVOCACY WORK TO PROMOTE POLICY CHANGE (CSOs)	37	10	27
TOTAL			656	288	368
COMPONENT C					
23	2022 March 25	PRESENTATION OF EVALUATION STUDY OF EXERCISED EMPLOYMENT POLICIES, CURRENT, AND FUTURE EMPLOYMENT MARKET PROSPECTS	52	25	27
24	2022 April 18	NATIONAL TRAINING ON PROFILING APPROACH AND TOOLS	242	59	183
25	2022 May 11	"CURRENT SITUATION, FUTURE DEVELOPMENT, AND SOLUTIONS OF CAREER CONSULTATION" DISCUSSION	40	16	24
26	2022 June 03	ANALYSIS OF LABOUR MARKET STATISTICAL FORM AND ITS USE" (INCORPORATING WITH PROFILING METHODOLOGY)	38	17	21
27	2022 June 23-24	ASSESSING EMPLOYMENT SKILLS OF JOB SEEKERS AND DEVELOPING EMPLOYMENT PLAN METHODS FOR TRAINING	49	11	38
28	2022 Sep 15	VARIABLE APPROACHES TO PRESENT CONSOLIDATED PROPOSED LM STATISTICAL FORM	10	3	7
29	2022 June 07	VOCATIONAL STANDARDS, CURRICULUM, AND COMPETENCIES-BASED COURSES FOR CITIZENS WITH DEVELOPMENTAL DISABILITIES	37	12	25
30	2022 June 23	TVET INDEX DISCUSSION TRAINING	35	7	28
31	2022 June 27	OPENING OF THE GRADUATES EMPLOYMENT SURVEY WWW.EDU-TRACK.GOV.MN SYSTEM	40	21	19
32	2022 August 26	CONSULTATION ON TVET TEACHERS AND SENIOUR EMPLOYEES (MOES)	784	263	521
33	2022 Mar 29	INNOVATIVE STRATEGIES FOR CONSCIENCE REFORM TRAINING	34	9	25
34	2022.04.14	DEVELOPMENT PARTNER-FUNDED PROJECTS: INTEGRATED DATABASE AND INFORMATION SHARING AMONG THE PROJECTS	44	20	24
TOTAL			1405	463	942
Overall			4414	1665	2749

ANNEX 4

WORK PLAN AND BUDGET FORECAST FOR NEXT REPORTING PERIOD (including COMPONENT A, B, C AND D)

Indicative AWP_2023 draft pending steering committee approval

ANNEX 5

List of the communications activities implemented in 2022

[Media Monitoring Links](#)

ANNEX 6

Steering committee meeting minutes June 20, 2022

[Meeting minutes](#)

ⁱ Disaggregated data being processed and not available at time of report writing.