ASSESSMENT OF INSTITUTIONAL MECHANISMS AND GOVERNANCE STRUCTURE FOR COORDINATING, MONITORING AND EVALUATING IMPLEMENTATION OF THE SUSTAINABLE DEVELOPMENT VISION OF MONGOLIA AND 2030 AGENDA

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List of abbreviations

BRICS - Brazil, Russia, India, China, South Africa
EPU - Economic Planning Unit
GDP - Gross Domestic Product
GNP - Gross National Product
ICU - Implementation Coordination Unit
MAMPU - Malaysian Administrative and Modernization Planning Unit
MAP21 - Mongolian Action Program 2001
MDG - Millennium Development Goals
M&E - Monitoring and Evaluation
MECS - Ministry of Education, Culture, and Education
MFALI - Ministry of Food, Agriculture, and Light Industry
MMHI - Ministry of Mining, and Heavy Industry
NDC - National Development Council
NGO - Non-Governmental Organizations
NPC - National Planning Council
NSC - National Security Council
NSSD - National Strategy for Sustainable Development
PCSD - Presidential Commission on Sustainable Development
PRC - People’s Republic of China
PRM - People’s Republic of Mongolia
RF - Russian Federation
RK - Republic of Korea
SD - Sustainable Development
SDP - Sustainable Development Policies
SRC - Statistics and Registration Committee
UN - United Nations
Foreword

The “2030 Agenda for Sustainable Development” was approved at the 70th Session of the United Nations’ General Assembly. The Agenda outlines 17 goals to eradicate poverty, combat climate change, protect environment, promote economic growth, create jobs, fulfill the right of all humans to live peacefully, and other goals. Countries will endeavor to successfully achieve these goals and the institutional structure to ensure sustainable development has become vital for developing countries to implement successfully SDV goals.

The State Great Khural of Mongolia approved the “Sustainable Development Vision 2030” in February of 2016. The vision includes concrete economic, social, environmental and governance policy steps to ensure that the nation reaches SDV and Agenda 2030 goals by 2030.

It is necessary for Mongolia to strengthen the links between policy planning, budgeting, and implementation of national development plans, as well as to enforce and improve the monitoring and assessment systems on national, sectoral and local levels to implement successfully the national sustainable development policies in line with the Sustainable Development Vision and Agenda 2030 for the next 15 years.

The National Development Policy Planning Law passed in 2015 regulates national, sectoral, and regional policy planning, budgeting, monitoring and evaluating, and assessment processes. However, there is a need to develop the relevant institutional infrastructure to successfully implement the law to ensure the sustainable development.

The goal of this policy paper is to assess the current institutional infrastructure for implementation of sustainable development policies and propose an optimal governance structure or a roadmap that could be suitable for Mongolia in order to achieve SDV; thus, the report covers previous experience of development planning in the country for years after the Rio Declaration, current institutional structure and its benefits and shortcomings, compares similar institutional structure and mechanisms in other countries and tries to find an optimal structure for Mongolia and the roadmap to build that governance structure.

The research evaluates the experience of Mongolia in implementing the Millennium Development Goals and includes the analysis of the current policymaking, monitoring and evaluation and assessment policy infrastructure, along with comparison with other countries. The report is intended for presenting the best suitable roadmap to strengthened policymaking, monitoring, and assessment process in the country.

This paper consists of five chapters. In the first chapter covers methodology issues and explains the study’s approach, the second chapter is devoted to the analysis of the current implementation of Mongolia’s Sustainable Development Goals; the third chapter covers the experiences of other countries regarding the sustainable development planning. The fourth chapter is devoted to analysis of Mongolia’s own relevant experience, and, lastly, the final part of the report presents a roadmap proposal for strengthening the mechanisms and infrastructure for national and regional policy planning, monitoring and evaluating.
One. Background of the study

1.1. History of sustainable development agenda in Mongolia

Mongolia supported global sustainable development agenda ever since the Rio De Janeiro high summit in 1992; in 1998 Mongolia adopted officially the sustainable development agenda of 21st century (MAP21 or Mongolia Action Program) and starting from 2000 the country has adopted a number of development strategies and economic policy documents. Mongolia made a substantial progress in developing its priority sectors, implementing relevant human development, regional development and economic development policies, considerably strengthening national capacity for economic planning and reaching national-wide consensus regarding methodologies and content of economic policies.

Mongolia’s first Sustainable Development Agenda of 21st century was developed in the 1994 - 1998 period, and it was subsequently approved by the Mongolia’s government in May 1998. However, at that time, limited legal environment and financial possibilities, as well as the government’s institutional structure and differing policy priorities made it very difficult to implement the sustainable development agenda in full; in addition, the first 10 years of transition period were accompanied by a transition crisis, while in 1998 the country also had to face the Asian economic crisis, during which its main exports earning from copper were deeply hurt by fall of copper price on world markets; so during those years Mongolia was predominantly preoccupied with balancing the macro economy and implementing the IMF-led structural adjustment policies. In 1997 Mongolia became a member of the World trade organization, so the focus of the government policy at that time shifted to further introduction of market principles, economic liberation, stabilization of fiscal balances; on the other hand, implementation of the development strategies and industrial policy was not a priority, and the progress in fields of human development and sustainable development agenda was insufficient.

Millennium Development goals and Millennium Declaration, which were ratified by United Nations General Assembly in 2000, had significant influence on the process of designing and implementing Mongolian long term development policies. Mongolia first introduced the Millennium Development goals in Mongolian economic growth support and poverty reduction strategy in 2003, published the first National report of Millennium development goals in 2004 and ratified Millennium development goals by the Mongolian Parliament in 2005, and, like other UN member countries, started to actively formulate its own national long term development vision, linked with the MDGs.

1.2. Millennium development goals and comprehensive national development strategy (CNDS), 2008

The “Mongolia Comprehensive National Development Strategy” adopted by the State Great Khural’s decree No. 12 in 2008 was a long-term national development policy document outlining main directions of development until 2021.

Differing from the previous attempt of implementing the Sustainable development agenda, this time during implementation of the MDGs and MDG-based Mongolian Comprehensive National Development Strategy, a greater importance was placed on actual planning and monitoring the outcome of government development strategy, and in the period from 2005 to 2015, a significant progress was made towards creating a more pro-active national development structure, in the course changing drastically the nation's financial structure development policy and aligning it with the development policy, diversifying financial funding with new sources of financing, including international commercial borrowing, utilizing the rapidly increasing private sector and foreign private investment sources through the private public partnership, widening the
partnership for development framework and developing monitoring and assessment systems at all levels.

A culmination of this work has been approval by the Parliament of Mongolia of the Law on Development Policy Planning, which subsequently laid legal foundation for adoption of SDV 2016, with significant implications for further policy making process’ adjustment.

Along with implementation of the CNDS and the MDGs, Mongolia’s economy grew rapidly in the period between 2000-2014, when GDP increased almost 12-fold. At the beginning, in the aftermath of the catastrophic “dzud” winters and Asian crisis of 1998, the average annual growth of the GDP was 5.6% from 2000-2005, then it accelerated to 6.4% in the period of 2005-2012, and reached astonishing annual 12.2% in the 2010-2014 period. As a result, according to the World Bank, the nominal GDP per capita of Mongolia has grown from one of the lowest in the world in 2000 to 4,056USD per capita in 2013.

Mongolia made considerable efforts to implement the 9th MDG or the national goal of “Developing democratic governance” and has progressed in terms of better government transparency, civic involvement, combatting corruption. Mongolia once ranked 120th from 174 countries in 2011, according to the Corruption Perception Index, to ranking 80th in 2014. Poverty levels have also fell from 36.3% in 1995 to 21.6% in 2014.

Mongolia reached a relatively high Human Development Index rating of 0.727 in 2014, ranking 90th out of a 188 countries, which indicated that the human development of Mongolia has been relatively higher than of developing countries with similar levels of GDP per capita.

1.3. Current challenges to development

Globally, Millennium Development Goals1 remained the global development framework for the world until 2015; when they are superseded by the new global Sustainable Development Agenda, set for 2030.

Mongolia’s Parliament approved the national Sustainable Development Vision 2016-2030 in February 2016, after passing the Development Policy Planning law in 2015. After the 2016 parliamentary elections, when the new governments’ Action Plan was submitted to the Parliament, the Speaker of Parliament M. Enkhbold said that “The Parliament has discussed and approved the Action Plan of the Government for 2016-2020.. Mongolia’s Sustainable Development Goals 2030 and other medium and long-term development policies have been taken into consideration for the policy goals set for the next 4 years”, underlining the fact the the new government's medium-term policy now is aligned with the long-term development policies, approved by the Parliament.

Mongolia has made significant progress in developing its economy and society in recent years, however to achieve long term national development goals, outlined in its SDV 2030, it is necessary to further advance Mongolia’s development policies and plans based not upon the election cycle, but utilizing modern planning and coordination methodology and approaches. In order to achieve this, the relevant legal environment must be improved, the number of qualified staff in strategic planning, monitoring, and evaluating increased, and institutions’ capacities and

1 “The MDGs helped to lift more than one billion people out of extreme poverty, to make inroads against hunger, to enable more girls to attend school than ever before and to protect our planet. They generated new and innovative partnerships, galvanized public opinion and showed the immense value of setting ambitious goals. By putting people and their immediate needs at the forefront, the MDGs reshaped decision-making in developed and developing countries alike”, Foreword by Ban Ki-moon, Secretary-General, United Nations The Millennium Development Goals Report, 2015.
structures must be further strengthened and created; the new rules, handbooks and standards for planning must be developed and used, long, medium and short-term policies at a national, sectoral and local level must be coordinated; political forces should also comply with national development guidelines when devising their election platforms.

In addition, Mongolia faces significant social, economic and environmental challenges, which may seriously endanger its path to sustainable development. These challenges are:

**Firstly, social and human development challenges.** Although poverty fell drastically following years of rapid economic growth since 2000, the Gini coefficient that indicates income distribution has stuck at an average of 0.3 for the past 5 years. Large strata, 21.6% of the total population, is living under the poverty line with an income of below 114 thousand tugriks per month per member of household.

A largest group of population, or 42.04% of total households earn relatively low income and live heavily relying on borrowed money, literally surviving between monthly salaries. Yet, households with income more than 2 million MNT of income account for 6.97%, households with more than 5 million MNT of income account for only 0.28% of all households. Thus, the main challenge of social development is the growing inequality of income, and the most important goal will be increasing the proportion of middle income households by creating equal opportunities for lower-middle income to close the gap.

In addition, the economic growth of Mongolia has drastically slowed in recent years; the 17.5% growth reached in 2011 has fallen to 2.3% in 2015. The economic slowdown in turn has already caused a rising number of problems in social and human development, unemployment reached 10.4% in the first half of 2016; the economic slowdown is increasing poverty levels, thus sharply worsening the socio-economic situation in the country.

**Secondly, economic challenges.** In order to fulfill SDV and Agenda 2030 goals, there is a necessity to achieve annual average economic growth of no less than 6% for the next few years, as well as to promote economic diversification of the economy with growth of new export industries.

Mongolia’s industrial sector is based upon mining and raw agricultural materials, and minerals accounted for 83% of total exports in 2014. In recent years, the price of our main export products; copper, coal, and crude wool has fallen drastically, adversely affecting the economy, budget revenue, the financial sector activities, along with the livelihood of our citizens. In addition, economic policy was also a culprit for the recent financial difficulties with excessive foreign borrowing.

Prime Minister J. Erdenebat reported to the Parliament that the Mongolia’s state budget revenue is only 82.2% of planned; 91% of planned budget expenditure in the first 7 months of 2016 was financed, while the overall fiscal balance deficit is 1,974.1 billion MNT, equal to 8.1% of the total GDP. In overall, in 2016 the expected budget revenue is estimated to be 1,669.6 billion MNT.

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2 Statistical Yearbook of Mongolia, 2015. Total monthly average household expenditures were in 2015 1 million 64 thousand MNT, while income was only 1 million 47 thousand MNT.

3 “the main factors of decline in budget revenue in 2016 are the shortfall in non-tax revenue, price decline of main export commodities such as copper, coal, the decline in import and its custom revenue, falling profitability of companies, caused by various domestic and foreign market conditions. For example, decline in exports and export prices led to shortfall of budget revenue by 220.3 billion MNT, decline in imports caused a shortfall of 485.1 billion planned revenue, non-tax revenue shortfall is 641.3 billion MNT, domestic market decline led to shortfall of 323 billion MNT in revenue”. (From speech of Prime Minister J.Erdenebat to the Parliament session).
lower than planned. Therefore, there is an urgent need to focus the falling budget revenue on financing the top priorities for development.

**Figure 1. 1 The price fluctuation of natural resources on the international market**

One significant problem facing the economy is the continuing fluctuation of commodity prices on international markets. The proper usage of the revenue generated by natural resources is one of the fundamental principles of ensuring economic and social stability. There is a need to limit the level of the budget expenditures during the revival of the price of natural resources. Furthermore, there should be a mechanism to compensate the budget financing in a case the fall of natural resource prices. It is important to implement a project to recoup budget deficits. Otherwise, the price fall on international markets leads to collapse in public finances.

**Figure 1. 2 Comparison of Mongolia's budget losses to other countries**
Thirdly, the challenge of global climate change. The global climate change has an enormous negative impact on the nomadic livestock agriculture, and increasingly pressures the herders to acquire new skills.

Climate change has caused permafrost and glaciers to melt, which has changed the ecosystem range and has significantly changed the average annual precipitation. The climate change projections made recently by scientists, show that the climate change leads to growing desertification, which in turn is decreasing the possibilities of pasture grazing.

The uneven distribution of water in Mongolia, along with climate change, is likely to further deteriorate national water security issues as food security is directly dependent on the country’s water supply. Permafrost melting can impact the flow of the Selenge River and this in turn can lead to an impact the grain production. In the last 16 years, as estimates show, area of strongly desertified zones has grown 11-fold, and area of strongly desertified zones has increased 7 times respectively; identified areas of desertification have reached 78.2% of all land. This has led to changes in the traditional nomadic livestock lifestyle and technology.

1.4. The necessity to improve the development policy institutions system

In order to ensure fulfillment of the SDV and Agenda 2030 is necessary to provide the following fundamental conditions regarding the institutional system of the sustainable development:

- Firstly, based upon the Development Policy Planning Law, adopted in 2015, to organize the work to create common standards for the planning, implementation, monitoring and evaluation at all stages and strengthen the capacity of the national economic planning system.

- Secondly, the concept of Sustainable Development objectives, procedures and regulatory measures should be fully reflected in the mid and short-term strategies of the Government.

- Thirdly, the appropriate institutional system for development policy, planning, coordination and monitoring, and assessment should be created as a main condition for successful implementation of the national economic policies. This institutional framework should be independent of the results of government changes caused by the elections and should be functioning as a guardian of the long term development goals.

According to the National Development Policy and Planning Law passed by the State Great Khural in 2015, the long-term sustainable development goals of Mongolia should be set for 15-20 years. Therefore, the Long-Term Sustainable Development Goals were formulated for 2016-2030, and in 2016, these policies became the basis for the political platforms of parties during the elections in accordance with revised Election Law (2016).

The work to create and improve a better legal environment for national development strategy planning based on the law of the Development Policy Planning, provide linkages between industrial and regional/national policies has not started in full, because the Law on the Development Policy Planning itself was ratified only in 2015.

After the 2016 elections, the work on creating necessary parts and elements of legal foundation for the regulation for the coordination of planning, policy implementation, evaluation and assessment is gradually accelerating with the creation of National Development Agency, but still there is a strong necessity to strengthen the existing mechanism and improve the institutional structures in a correct way from the beginning and to gradually develop it to internationally comparable levels.

Therefore, to ensure sustainable development in Mongolia, there must be a strong institutional infrastructure and a system of implementation of development policies in order to overcome the incoming significant social, economic and environmental challenges.
Two. Analysis of the current state of implementation of Mongolia's sustainable development policy

2.1. The current state and evolution of Mongolia's development policy in the market economy and democratic society

The Global Sustainable Development program adopted in 1992 offered 17 social development goals, 13 environment goals, 15 economic goals and 14 implementation goals. In 1998, Mongolia's sustainable development policy and implementation plan MAP21 (Mongolian Action Program 2001) was adopted and became the key document in describing Mongolia's first environmentally friendly sustainable development policy, based on availability of resources.

In 1992-1996, the government focused on its development policy in a market economy, and established the National Development Agency. Prime Minister P. Jasrai said, "Taking into account the need to ensure economic security with short- and long-term development goals, I want to note that formulating an optimal top priority structural plan to administer economic policy is an important matter, the center of attention of any government. Our country's experience clearly shows that it is not possible to develop foreign economic relations without a detailed policy." 4

In 1995 the government developed 3 stages of Mongolia's national development concept. However it was not quite in line with current economic conditions. Mongolia faced a need to finance budget deficits at the time and on top of the transitional economic difficulties, the 1997-98 Asian financial crisis occurred, and the global market price of copper concentrate, Mongolia's main export product, dropped greatly. This created a shortfall of capital necessary to implement the development policy. In addition, the necessity of linking available resources with the development policy so as to move to the next development stage was rejected and the public opinion prevailed that in market-oriented economy only pure market principles should be implemented. The National Development Agency was disbanded in 1996, and development and economic planning functions were transferred to the Ministry of Finance.

In 1997, Mongolia joined the World Trade Organization, and in national policy-making discussions, free trade and liberalization policies became the focus. During the next decade or so, there was no dedicated development policy planning unit in the government structure, leaving only a macroeconomic policy division or department in the MoF (sometimes Ministry of Economy and Finance). The 1998 sustainable development policy therefore had no government agency or unit to implement it, and the development policy was largely forgotten. In the 1996-200 period, macro-economic stabilization and structural adjustment became the main economic policies.

In 2002, President N. Bagabandi issued a decree directing the government to develop and adopt a "National Development Policy" and submit it to Parliament for ratification. When introducing the main concept of the decree to Parliament 5 President N. Bagabandi noted, "The content of the program should be scientifically based, and should include a clear definition of a Mongolian person and his 2021 development status, as well as specifying program implementation stages and methods ... In formulating Mongolia's development model up to 2021 and the program to accomplish it, it is important to that academics, politicians, citizens and the public all agree and constantly keep them in mind. It is necessary for political parties to reach consensus."

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Consequently, in 2003 Mongolian government developed the “Economic Growth and Poverty Reduction Strategy” to reduce poverty by acceleration of economic growth. This declared that “ensuring economic growth will reduce national poverty, and the human development policy in the education, health, and social welfare sectors will in turn ensure economic growth. In line with the MDGs declared by the UN Economic Growth and Poverty Reduction Strategy, this was Mongolia’s first development strategy that explicitly formulated economic goals as outlined in the MDGs.

In 2006, development of "Comprehensive National Development Strategy (CNDS) based on the MDGs" began by decree of the President of Mongolia and the Government of Mongolia. In 2006, assessment of the capital required to ensure the MDGs was made in the "General Macroeconomics Model" which was introduced into Parliament by decision of the Prime Minister. The Second National Report on Mongolia's implementation of the MDGs was discussed and approved by Parliament on August 16, 2007, and the Comprehensive National Development Policy (CNDS) was adopted in 2008 by Parliament Resolution 13.

With completion of the CNDP’s first implementation stage in 2015, development of the next long-term policy began, as mandated by Parliament Speaker Z. Enkhbold. Mongolia's Sustainable Development Concept - 2013 (SDC - 2030) was adopted in February, 2016. This is Mongolia's long-term (15 year) national development policy, and for it to be implemented successfully and effectively, it is important to ensure correlation between mid-term policies and programs and their implementation both nationally and locally. The SDC was developed with 44 objectives in economic, social, environmental, and governance issues, and in 3 implementation stages: 2016-2020, 2021-2025 and 2026-2030. There are 20 indicators to evaluate its implementation. Of the SDC’s 44 objectives, 39 correlate with 169 goals adopted by the UN General Assembly. Eight of those 39 objectives meet 8 of the 169 sustainable development goals. Mongolia needs to effectively and coherently implement the SDC-2030 and SDG’s 17 goals up to 2030. Today, the Sustainable Development Concept - 2030 is Mongolia's official long-term policy.

2.2. Evolution of sustainable development institutions

For effective implementation of both a long-term sustainable development concept, and the medium- and short-term policies based on the long-term concept, it is truly essential to have a stable, competent and professional institutional structure and framework. The institutional environment comprises a legal and regulatory framework, implementing agencies and staff responsible for policy-making, implementation, monitoring and evaluation (M&E) of policies.

Legal environment – importance of the Law on Development Policy Planning

Adopting and enforcing a standalone Law on Development Policy Planning was given top priority in ensuring integration of social and economic development policies, timely response to changes in internal and external economic factors by modifying policies, integration of local and central development policies and sector development planning, and regulating affairs relating to improving economic planning and coordination.

Some policy documents (eg fiscal framework statement and General Guidelines for Economic and Social Development [GGESD]) were approved and enforced in compliance with the Constitution of Mongolia. However, the Budget Law, Law on Government and development policy planning and implementation remained unregulated. This means that issues relating to policy planning, implementation and M&E are still unclear and not all policy documents are integrated and coherent.
According to the Ministry of Finance,\textsuperscript{6} “Mongolia adopted over 470 policy documents in 1991–2014 national, sectoral and inter-sectoral implementation planning for the short-, medium- and long-terms, of which about 290 are still legally binding in terms of timing. These policy documents are identified variously, such as vision, concepts, state policy, program, strategy, guidelines and plan, but many have lack clear implementation timeline, coincidence of policy goals and objectives or strong linkage and coherence, so implementation has not attained desired outcomes.”

Therefore, it has been essential to establish a legal environment for development policy planning. The adoption of the Law on Development Policy Planning (DPP) was an important step towards resolution of these issues. The DPP Law offers several advantages, viz:

- Creation of opportunities to develop and implement a long-term concept/vision and medium-term policies, based on realistic potential and capacity of Mongolia’s economy and research findings. This opens up the possibility to implement a comprehensive development policy through various mechanisms consistent with the specificity of development stages and changes in internal and external factors.

- Better opportunities to determine priority areas for each development stage and to direct resources (eg finance, loan and aid, workforce and materials) efficiently and effectively to where they are needed. Foreign loans and aid, PPP and private sector investment not included in the overall size of investment in the current legal system will be included in the short-, medium- and long-term development planning to enable management in an integrated policy framework.

- Separation of functions of development policy planning and fiscal/budgetary development and optimizing the government system.

- National and local coherence and linkage (aimag, capital city, soum, district) of development policies and planning documents, ensuring a comprehensive and conglomerated policy and ensuring M&E of implementation, outcomes and reportage.

- More professional annual key directive (General Guidelines), investment and planning.

With these benefits, Mongolia will be able to boost the impact of planning by ensuring continuity, integration and coherence of short-, medium- and long-term policies for social and economic development.

International best practice demonstrates that medium- and long-term policies, programs and proper planning are important in a country’s development and prosperity. Highly-developed countries like Japan, Germany, South Korea, BRICS countries like Russia and China, and developing countries like Singapore, Vietnam and Malaysia are growing because of proper development policy planning and step-by-step approaches. These countries have clearly defined development areas (priority sectors) such as value-added production with better production capacity, ensuring high growth rates, increasing revenues and best use of limited resources (material, human and natural) for development priorities.

Mongolia’s situation is the reverse; in many cases political parties make unlimited and populist promises about limited resources to win elections, promise unlimited and populist small and unimportant short-term projects instead of building industry and infrastructure for the future, establish state-owned enterprises instead of PPPs and private investment, and make political appointments to decision-making positions. Thus:

\textsuperscript{6} Conceptual framework for Bill on Development Policy Planning, 2015
When the State Great Khural discusses the government’s annual budget, MPs pay no attention and give no importance to pressing and long-term development issues; instead they look for more funding for their constituencies and try to fulfil political election promises.

When Cabinet and a sector ministry look at an issue, they tend to be political and disregard global issues and long- and medium-term development trends. In addition, there are no efforts to coordinate national policy implementation and mobilize resources, show no clear understanding of national development and the development goals remain unclear.

In recent years, politicians have spent public funds inefficiently (as above), but the situation has now changed, so they obtain bonds and credits from national and international lenders. This has resulted in uncontrolled spending so the country has a sovereign debt burden. As non-recoverable mineral resources are key for Mongolia’s financial resources, they must be used efficiently and revenues managed correctly.

To overcome these difficulties, there are several important actions, such as creating a legal environment for development policy planning; defining development vision/concepts for 8-10 years or longer; clearly planning objectives for the next 4-5 years to achieve development goals; properly allocating financial resources for the goals; and resisting election cycles and political party platforms; these are optimal solutions and choices for Mongolia’s development.

Mongolia needs to focus on the following for development planning:

- As well as long-term policy and planning, it is vital that development policy implementation is kept separate from election cycles, with stable and firm implementation, and Mongolian State Policy must be implemented firmly with commitment; it is vital this is reflected in the law.

- Mongolia’s priority development areas and medium-term implementation plans must be separate from a Government Action Plan based on a political party’s election platform, and must be implemented regardless of which political party forms government. Large scale and important activities would be best implemented if political parties agreed that they be isolated from political influence, not be part of populist promises in election campaigns, but be undertaken step-by-step with long-term vision and mission compliant with law. The Law on Development Policy Planning should be key in ensuring sustainable development. Based on this law, the following actions are essential for sustainable development:

  - Determine priority areas and sectors at each development stage, based on a long-term development policy and assumptions; incorporate the key policy and investment needs in medium-term policy documents to efficiently use resources such as finance, loans and aid and human resources.

  - It is inappropriate in a national level policy document to include small projects that can be carried out with local investment; a national investment program must include only important investments that are consistent with the overall development policy.

  - Ensure linkage and coherence of policy documents at the national, sectoral, regional, provincial urban and local levels to form a comprehensive policy document; ensure a single system for implementation, reporting and M&E.

  - Implementation of the law will improve implementation, linkage and continuity of development and planning documents; a development policy planning system will lay the foundations for national development at this crucial time of development boom, and Mongolia will have a clear picture of national growth and development in the short-, medium- and long-
term and what policies should apply; the public will have more confidence in the country’s future prosperity.

As such, the Law on Development Policy Planning guarantees such important functions and obligations and gives legal grounds for firm and sustainable national development. Also, developing and approving related regulations and legal documents would boost legal implementation and enforcement at the local level.

**Institutions, government structure, rules and regulations**

It can be said that significant changes have been made at the parliamentary, governmental and presidential level in relation to MDG implementation.

Parliament’s Standing Committee on Social Policy, Education, Culture and Science set up a sub-committee responsible for MDG and poverty eradication; one of the most important factors to ensure that MDGs are incorporated in legislation and implemented, and creating continuity of government policy and institutional memory. After adoption of the Sustainable Development Concept-2030, a sustainable development sub-committee was also established for policy continuity.

As shown in this flowchart (Figure 2.1), significant changes have been made at government level; this shows the slow change of the structure of national policy and planning in 2005-2016.

**Figure 2.1 Shift of institutional functions for development policy and planning**

|---------------------------|-----------------------------|-----------------------------------------------|-----------------------------------------------|-----------------------------------------------|-----------------------------------------------|

From the various institutions responsible for development policy and planning, it can be seen that 2008 was a milestone, when the Ministry of Finance economic policy development function was changed with the establishment of separate agencies (the National Development and Innovation Committee, the Ministry of Economic Development and the National Development Authority). The Ministry of Economic Development was most impactful as the first-of-its kind system since 1990, when the transition to a market economy began, and the institutions had the status of government ministry in 2012-2014.

With the 2008 approval of the Comprehensive National Development Policy based on the MDGs, the government allocated the National Development and Innovation Committee for medium-term policy and planning. The 2012 Budget Law included the importance concept of “public investment” and put the central state administrative agency responsible for development policy and planning in charge of budgeting.7

It is noteworthy that the policy development process is now checked by the National Audit Agency as part of the policy planning process. The National Audit Agency did a 2012 audit review on the development policy planning based on Parliamentary Resolution 34 (2011) and the Schedule for Delivery of Goods and Service to the Auditor-General by the National Audit Agency, under the power given by the Law on State Audits. The audit review aimed to review the GGESD implementation status for 2012 and presenting findings to concerned officers and the public. The report specified the following:

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7 Article 13.1.2 of the Budget Law: “Central state administrative agency responsible for development policy planning shall develop projects of public investment” and Article 10.1.5, “Cabinet shall approve public investment programs.”
“To meet the goal of the audit review, the following were audited:

- Whether the planning for General Guidelines was made properly.
- Whether implementing agencies took effective action to achieve goals.
- Whether implementing agencies reported performance correctly and monitored results.

Such audit reviews are made not solely on short-term policies, but also on implementation of the Sustainable Development Concept, with reporting, which is great progress. This can be said to have properly formalized and structured the institution, identified financing sources, created institutional systems for overseeing the impact and established the legal environment. The Development Bank and concessions were added as new financing sources and opportunities to coordinate action were also created.

The Ministry of Economic Development was established in 2012, with development policy planning as the key function of a government ministry. This then encouraged the mainstreaming and stabilization of the development policy system. This improved many aspects of policy development such as training human resources, building capacity, improving policy development, and enhancing planning and results-based M&E.

However, ministry operational strategy and structure remained unstable due to political conditions and changes. For instance, the operational strategy and structures of ministers have been changed twice in the last 4 years; first with Government Resolution 63 (29 September 2012), which approved the "Ministry operational strategy and structure reform program" with 16 ministries; and second with Government Resolution 63 (30 December 2014), which annulled the previous resolution and approved a Cabinet structure of 15 ministers, giving the development policy functions of the disbanded Ministry of Economic Development to the Ministry of Finance and Ministry of Industry.

The Law on Cabinet Stricture (4 December 2014) established 4 ministries with coordinating functions and 11 line ministries. A revision (21 July 2016) established 6 ministries with coordinating functions and 7 line ministries. Government Resolution 3 (27 July 2016) approved the structure and staffing of cabinet ministries.

So government structure changed twice in 2012-2016; the later modification made drastic changes in Cabinet structure for 2016-2020, showing that Mongolia’s government structure is unstable and mobile. This does not only create institutional instability, but also has a negative impact on the stability of government office work, on policy continuity, on public servant qualification upgrades, so affecting proper and reasonable management of national development.

Formally approved structure and staffing of some line ministries indicates that Policy Planning Departments should have an Investment Division. This enables investment calculations and identification of potential returns. The Finance and Economic Department of the Ministry of Education, Culture and Science was responsible for public investment; the Public Administration

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8 Ministry of Environment, Green Development and Tourism; Ministry of Foreign Affairs; Ministry of Finance; Ministry of Justice.
9 Ministry of Industry; Ministry of Construction and Urban Development; Ministry of Defense; Ministry of Education, Culture and Science; Ministry of Road and Transport; Ministry of Mining; Ministry of Labor; Ministry of Population Development and Social Protection; Ministry of Food and Agriculture; Ministry of Health and Sports; Ministry of Energy.
10 Ministry of Environment and Tourism; Ministry of Defense; Ministry of Foreign Affairs; Ministry of Finance; Ministry of Justice and Home Affairs; Ministry of Labor and Social Protection.
11 Ministry of Construction and Urban Development; Ministry of Education, Culture, Science and Sports; Ministry of Road and Transportation Development; Ministry of Mining and Heavy Industry; Ministry of Food, Agriculture and Light Industry; Ministry of Energy; Ministry of Health.
Department of the Ministry of Mining and Heavy Industry was responsible for public investment. These line ministries need to combine their sector policy planning with budget and finance and improve criteria/indicators, standards and coordination. With the 2015 approval of the Law on Development Policy Planning, a formal economic development policy system, never previously formal in Mongolia, was established legally.

The National Development Authority, re-established in 2016, should be important role in reflecting Mongolia’s long-term Sustainable Development Goals in medium-term policies, undertaking coordination activities, and elaborating inter-sector, regional, settlement and other types of planning. To ensure these functions are adequately performed, staff training and capacity-building are vital. In the current Cabinet, short-term planning and macro-economic policy are a function held by the Ministry of Finance.

**Overall picture after the adoption of the Law on Development Policy Planning and institutional relations**

Before the 2016 national general election and before government structure was changed, the national level development policy and planning was a Ministry of Finance function under the Law on Development Policy Planning. This included several sub-functions: developing a national long-term policy, medium-term regional development policy and short-term general guidelines for social and economic development, and ensuring coordination of sector level policy implementation. The Ministry of Finance also became responsible for linking policies and programs with budgeting and developing investment programs. For sector policy, line ministries initiated and developed short-term policies and the Ministry of Finance reviewed the policy papers for consistency with national and other sector policies and whether the policy contained clear and realistic calculations for necessary financing and budgeting.

Legally, the National Long-term Policy, Government Action Plan and General Guidelines for Economic and Social Development must be approved by the State Great Khural; government policy, national programs and regional development policies are approved by Cabinet.

For local development planning, local government is responsible, consistent with sector and national long-term policies and after approval by the Citizens’ Representative Khural.

The law clearly details national, sector and local policy development, M&E and functions of responsible parties, and requires any development policy to be based on research, be in line with financial and other resources, ensure government policy continuity and engage the community in the development process. These principles were important leverage for developing and implementing policy that is realistic and integrated.

**2016 Parliamentary elections and shift in institutional functions on development policy planning**

After the 2016 general election, Cabinet structure was changed and the National Development Authority was established. The Law on Government states, “take action for realizing development concepts, state policies, regional development policies, Government Action Plan, national programs, General Guidelines for Economic and Social Development, public investment program and performance of national budget through central and local administrative agencies.” The same law says, “Identify priority areas of the economy, develop and implement relevant policies to ensure a proper ratio for sector and infrastructure development.” Under the Law, the Prime Minister is responsible for the following:

- Comprehensive national development policy.
- Identifying priority areas of the economy, and the proper ratio for sector and infrastructure.
- Unified investment policy.
- Policy, regulation and registration of foreign investment.
- Concession and PPP related policy.

The Law says that the Prime Minister’s portfolio shall include a unit for economic strategy and planning. Three agencies work directly under the Prime Minister, including the new National Development Authority, responsible for economic strategy and planning; the Authority has divisions responsible for investment and concessions.

Local development policy was made a function of the Chairman of the Cabinet Secretariat, green development was given to the Ministry of Environment and Tourism, macro-economic policy planning, coordination and general guidelines for social and economic development to the Ministry of Finance. Line Ministers are responsible for sector specific policy development, implementation, administration, management and M&E.

General macro-economic planning and coordination remained at the Ministry of Finance, while determining key economic sectors and developing an integrated investment policy was shifted to the National Development Authority. It may be too early to assess the new National Development Authority, but it is still uncertain how optimal it was to separate short-term planning from medium- and long-term planning, investment policy and key sectors/areas. Investment policy should be part of the general guidelines for social and economic development, but these are now separated, so close coordination of two agencies would be the key solution.

Current challenges

As mentioned above, the institutional system for Mongolia’s development policy has just been established. Several issues remain unresolved, including but not limited to the following:

Coherence of policies and policy consistency with legislation. In Quarter 1 of 2016, 35 policy documents (approved by the State Great Khural in 1997-2015) are still in effect as key functions of line ministries; 28 are called “state policy,” 6 are called “national program” and 1 is “Policy ground” (see Annex 1); 16% (46) of these documents have no clear implementation timeline while 54% (19) set 2016-2030 as a timeline for full implementation. Of the latter 19, 5 are expected to finish by 2013, 2 by 2025, 1 by 2024 and 3 by 2021; 12 policy documents are expected to end after 2020. These policy documents need to be re-visited for consistency with goals in the Sustainable Development Concept and ensure linkage and coherence with each other.

State Great Khural Resolution 105 (2015) on action relating to Sustainable Development Goals assigned the Cabinet thus: "Analyze existing policy documents approved by Parliament, and submit findings to Parliament no later than the end of 2016." State Great Khural Resolution 19 (2016) assigned the Cabinet to “Implement the Sustainable Development Concept by including necessary action in medium-term policy documents, Government Action Plan, General Guidelines for Economic and Social Development and the national budget," and “Revisit national level policy documents adopted previously by Parliament and Cabinet, sectoral and inter-sectoral policy documents and programs, to check whether these documents meet the Sustainable Development Concept no later than the end of 2016, and develop new policies or amend existing policies if necessary.”

Ensuring coherence between national, sectoral and local policies. Strengthened vertical and horizontal policy implementation integration is important for enforcement of these resolutions and ensuring national and local level policies are implemented in conjunction. Under the regulatory framework of the Law on Government, Law on Legal Status of Ministries, Law on Legal Status of Government Agencies, Law on Administrative and Territorial Units and their Management and related legislation, vertical and horizontal policy integration can be legally created.
The Law on Development Policy Planning was amended on 21 July 2016 and development planning functions transferred to the National Development Authority. This created a new picture and structure to ensure both horizontal and vertical integration and coherence.

A vertical system of coordination of government policy implementation is created when policies and implementation of all level government agencies are established, while horizontal integration involves coordinating all agencies on the same level and integrating their operations.

For Mongolia, policy integration involves several levels: legislative and executive agencies are responsible for national, sectoral, regional and local policies. Policy planning, budgeting, implementation and M&E are all connected to all levels specified above.

Another key issue is regionalized development. Mongolia first drew up a policy for development of 5 regions in 2005, but after a decade the document is already outdated and doesn’t meet current demands. When regionalization was planned, it was expected that special funds will service regional development; but reality limited financial resources and coordination, so aimags started making their own key development decisions. Local Development Funds were not established at the regional level, only at aimag, district and soum levels. This loosened key incentives for regional development. Evaluation of Regional Development Policy implementation by the National Development and Innovation Committee in 2010 and 2011 showed insufficient implementation of these policies. Policy analysis and evaluation is needed to improve implementation of regional development policies; policy papers must be consistent with the Sustainable Development Concept.

In regionalization development, inter-aimag (belonging to the same region) cooperation and coordination is more important than vertical integration. So horizontal integration must be developed and ensured in development policy planning as well as inter-sectoral, inter-soum and inter-region coordination. Thorough research on further developing such integration is necessary.

For horizontal integration, institutional integration and coherence is often ensured when the implementing agencies implement policies in conformity with other policies. Stakeholder participation is essential for the Sustainable Development Concept, requiring close interrelation (correlation) of economic, social, environmental and governance issues. Such horizontal integration must be coordinated, for example by the National Development Authority.

For Mongolia, weak horizontal integration of policy and institutional actions creates significant challenges to successful implementation of the Sustainable Development Concept and SDG.

**Sector and local capacity**

One pressing current issue is a lack of capacity. In the past, economic policy development was not legally defined, so national, sectoral and local policies did not integrate or cohere in quality and content.

Government of Mongolia Resolution 67 (2008) set the structure and composition of Aimag Governors’ Administrations. The administrations of the governors of 21 aimags include Development Policy Departments and M&E Divisions; these units were changed to Investment, Development Policy and Planning Department and M&E and Internal Audit Department, under Resolution 9 (2016) (Annex 3). In addition, 21 implementing agencies now operate as key functional areas of aimag governors, while agencies under line ministries, Prime Minister and Deputy Prime Minister also have local branch agencies responsible for implementing sector policies.
For instance, the Ministry of Food, Agriculture and Light Industry has a branch agency called the Food and Agriculture Department in all 21 aimags, while the Ministry of Health has Health Departments and the Ministry of Education, Culture and Science has aimag-based education, culture and arts departments.

While operations of these agencies are under the local governor’s administration, they don’t closely integrate operations with other departments such as Investment and Development Policy Planning Departments or Social Policy Departments, so there are only limited possibilities to ensure horizontal integration in policy planning and implementation.

Also, branches of ministries and central government agencies operate in all capital city districts, but the districts have the same status as rural soums under Mongolia’s Law on Administrative and Territorial Units and Their Management. This causes difficulties for Ulaanbaatar districts, where half the population live, in provision of adequate public services, and development and implementation of demand-driven policies, as they lack human resources and linkage of policies with national and sectoral policies.

Therefore, Mongolia faces an immediate need to ensure horizontal integration of national, sectoral, regional and local policy and improve the coordination of operations in institutions. Potential solutions to these issues will be made clear when the 2017 national budget, 2018 general guidelines and fiscal framework statement are prepared. At present, only the Government Action Plan has been approved, while the public investment program has not yet been made, the aimags sustainable development policy has not been developed and the regional development policy has not been updated since 2005. So it is still unclear how coordination will work and how sustainable development policies will be developed.

**Local development systems**

For sustainable development, local initiatives and proactive operation are vital. Currently local governments have Local Development Funds and every opportunity for development planning action. Development of local governance and local financing systems dates back many years. For a country covering 1.5 million square kilometers (603,000 square miles) and a sparse 3 million population, an efficient local governance system for a wide geographical area is needed.

**Figure 2.2 Mongolia’s administrative map**

“Монгол улсын нутаг дэвсгэр Засаг захиргааны хувьд аймаг, нийслэлд аймаг нь сумд, сум нь багт, нийслэл нь дуураат, дуураат нь хорооны хуваагдна” гэжээ.

Current administrative division of Mongolia (Source: Khural.mn)
At present, Mongolia is divided into 21 aimags, 330 soums and 1770 baghs; each bagh has about 250 households, and is the smallest administrative unit; 51% of soums have fewer than 3000 people, 31.1% have 3000-5000, 8.5% have 5001-7000 and 9.7% have over 7001 people.

The new 1992 democratic Constitution strongly supported local governance and decentralization. The current local administrative principles were established by Chapter 4, Article 57-63 of the Constitution. Over 80 articles of law, including the Law on Administrative and Territorial Units and Their Management, the Budget Law and the Law on Local Citizens’ Representatives Election set relevant regulations.

Local development planning system

The 2002 fiscal reform started with a Law on Financing of Budgetary Organizations and adopted the New Zealand public service system as recommended by the ADB. This centralized local financing and limited citizen participation and engagement in local planning and budgeting.

The Mongolian Government, recognizing limitations of the New Zealand model, in 2009 started decentralization of local revenue, previously centralized and re-distributed. Part of local tax revenue was shifted to local government, the Integrated Budget Law (2011) was amended and Local Development Funds established.

For increased citizen participation in local decision making, Citizens’ Halls were established at all levels of local government in 2013, and are key hubs for community debates on local policy development, decision-making and oversight of local executive governance.

One of today’s critical discussions centers on citizen participation in local economic development and planning. Budget Law Article 9 Provision 58 details key functions independently implemented by aimags, capital city, soums and districts with their own fiscal sources.

Budget Law Article 4.1.28 defines Local Development Funds and Article 57 regulates local government budgetary affairs as different issues. The government established the Local Development Funds, financed from the central budget, to finance operations and special funds designated for the promotion of local development.

Establishing the Local Development Funds was truly important, so that local community representatives oversee project implementation under general government regulation. Local Development Funds were established at aimag, capital city, soum and district levels. Budget Law Article 59 defines financing sources for local development funds and means of calculating transfers and allocation of revenue from minerals royalties, while Article 60 defines key directions and functions of Local Development Funds.

Local Development Funds are financed from local government revenue and are an important source of local investment. Article 63 requires that local community willingness and interest must be reflected and incorporated in decision-making on spending of local budgets.

Current situation of Local Development Funds

From the 2013 fiscal year, the newly-established Local Development Funds started receiving financing to implement Local Development projects. The Minister of Finance issued a 2014 decree regulating planning, implementation and monitoring of local development fund activities and introduced a one-type-input program. In 2013, MNT 209 billion (US$150 million) was planned for Local Development Funds.
Local Development Funds are designed to promote new local construction and development, but local administrations and citizens’ representatives were inadequately prepared effectively to implement the funds and projects.

In this new system, local governments were challenged, for example, in how to plan, finance, implement and monitor local development policies. The system is important for implementation of the Sustainable Development Concept, but requires building local capacity, viz:

- Regulations requiring inclusion of community concerns and comments in Local Development Fund plans must be improved and formalized.
- Dissemination of information about Local Development Funds must be clear and understandable.
- Planning must be based on priorities, with proper selection of top priorities.
- Plans must include thorough processing of documents and projects to be properly approved by the community.
- Community engagement in implementation and monitoring must be increased.
- Local governance capacity must be built (buyer of the projects).
- Regulations for community monitoring groups must be approved and complied with.

The 2013 Budget Law added powers to local governments and clarified spending allocation. The Law also increased local community engagement and government authorities; these changes will have a positive impact after some time is taken to overcome the aforementioned challenges.

**Changes in development policy planning system, strengths and weaknesses**

Analysis of the current situation of development policy planning gives the following picture in establishing a comprehensive development policy planning system, improving coherence of short-, medium- and long-term policies and successfully accomplishing goals/objectives of the Sustainable Development Vision:

**Table 2.1 SWOT analysis on development policy planning system**

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
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<tbody>
<tr>
<td>- Improved policy development and legal environment resulting from endorsement of the Law on Development Policy Planning</td>
<td>- Unstable institution and weak capacity for effective enforcement of the law nationwide</td>
</tr>
<tr>
<td>- Policy planning structure set up at sector and local levels</td>
<td>- Inadequate tools and methodologies for policy planning and weak capacity for research-based policy planning</td>
</tr>
<tr>
<td>- Monitoring and evaluation structure established at national, local and sector levels</td>
<td>- Weak capacity for results-based monitoring and evaluation, and dominance of administrative monitoring and evaluation rather than monitoring and evaluation of policy implementation</td>
</tr>
<tr>
<td>- Sustainable Development Concept-2030, a long term national policy, was approved</td>
<td>- Weak linkage between planning and budgeting</td>
</tr>
<tr>
<td>- UN Sustainable Development Goals-2030 was adopted</td>
<td>- Weak connection between M&amp;E and planning</td>
</tr>
<tr>
<td>Opportunities</td>
<td>Threats</td>
</tr>
<tr>
<td>---------------</td>
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</tr>
<tr>
<td>- Establish a permanent, high level and national structure responsible for development policy planning</td>
<td>- Weak linkage of policy coherence between sectors</td>
</tr>
<tr>
<td>- Build capacity of personnel and provide training</td>
<td>- Political instability</td>
</tr>
<tr>
<td>- Develop policies based on scientific research and evidence</td>
<td>- Unfavorable situation of international economy and business environment</td>
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<tr>
<td>- Use international development financial sources</td>
<td>- No improvement in governance capacity</td>
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<tr>
<td>- Improve policy coherence</td>
<td>- Decision-makers don’t understand the importance of development policy planning</td>
</tr>
<tr>
<td>- Improve horizontal integration of institutions responsible for policy development and implementation</td>
<td>- Not ensuring inter-sectoral policy and institutions integration and coherence for implementation of Sustainable Development Concept and Sustainable Development Goals</td>
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<tr>
<td>- No integration of planning, budgeting and M&amp;E with the feedback system</td>
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</table>

As a result, new local development planning principles were put in place by the modifications in the 2011 Budget Law, and a new national system for development policy planning (2015) was created, followed by formalization of the long-term policy “Sustainable Development Concept-2030. The country now needs to implement the policies, make implementation effective, determine the future status of institutional development, make institutions optimal, modify the sector-specific, regional and local development policies to conform to the law and develop new policies. UNDP’s continued support for this agenda would be truly important for the country.

**Current system for development policy, monitoring and evaluation**

The most common policy implemented and monitored in Mongolia is the General Guidelines for Economic and Social Development (GGESD). Since 1992, GGESD has been formulated on an annual basis followed by monitoring of implementation.

GGESD implementation was first monitored in 1999 (July and October). In 2001 the government was tasked with submitting monitoring reports to the State Great Khural every six months. From 2007 the government presented an implementation status report to the State Great Khural every October and the final annual report in first quarter of the following year. The schedule was changed so that State Great Khural discussed the implementation report only once, at the end of each year.

In 2003 the State Great Khural endorsed the GGESD and asked the Government to propose ways to improve GGESD development, endorsement and monitoring, approved the regulation on monitoring and evaluating the operations of Government, ministries and governors of aimags.
and capital city. This laid the foundations for a legal framework for government-level monitoring and evaluation.

The Sustainable Development Concept (1998) had no significant impact on implementation, monitoring and evaluation of long-term visions, programs and strategies. Some large scale, long-term development documents were drawn up: Mongolia’s Development Concept (1996); the Mongolian Sustainable Development program for the 21st Century (1998); the Regional Development Concept (2001); and the Strategy Document for Promoting Economic Growth and Reducing Poverty (2003). These were implemented through the GGESD, but implementation was not properly monitored and evaluated.

The Millennium Development Goals (MDG) was the critical document that changed this situation; a government MDG monitoring and evaluation system was set in 2005 and 2006. The State Great Khural passed Resolution 25 (2005) setting oversight obligations, while the government issued Resolutions 53 (2006) and 113 (2009) setting monitoring and evaluation obligations. Resolution 25 (21 April 2005) approved Mongolia’s Millennium Development Goals for 2015, endorsed the long-term goals, and clearly specified obligations for implementation, monitoring, evaluation and attracting domestic and international financing.

The State Great Khural established a MDG Steering Committee in 2005, responsible for coordinating activities of ministries and agencies, providing support for implementation, oversight and revision of tools/methodologies for collecting statistics and improving the indicators and criteria, and approved the relevant government agencies responsible for implementation of actions for MDGs. Ministries started to report the MDG implementation status every 2 years, with annual GGESD reporting, and submitted the report to the State Great Khural, which was important in monitoring and evaluating key policy objectives.

The State Great Khural approved the “MDG-based Comprehensive National Development Policy” in 2008 and updated the MDG indicators, making a great push towards implementation of a long-term development policy, and shifting government monitoring and evaluation to a result-based system.

Activities of aimag and capital city governors were monitored and evaluated by regulation, approved by Government Resolution 51 (2006), later amended by Government Resolution 285 (2009), which added provisions on monitoring and evaluation to long-term policy implementation. The new regulations significantly changed regulation of oversight and monitoring of the administration, management and implementation of national programs and projects and was endorsed by the State Great Khural and Government.

For Mongolia, conforming to the MDGs was not easy, requiring firm commitment, adequate time, sufficient resources and leadership. The leadership role of the Cabinet Secretariat was more effective from 2010. The Cabinet Secretariat coordinates M&E activities of line ministries, makes annual results agreements with aimag and capital city governors, conducts M&E and evaluates outcomes of the agreements.

Government Resolution 322 (2013) approved “Regulation of M&E for administrative organizations” and ensured M&E methodologies are consistent with the context and are applied at ministries, agencies, aimags and capital city governments. The regulation specifies that

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implementation of social and economic indicators at aimags and capital city shall be evaluated separately. As a result, the government started setting different target indicators and criteria consistent with the local context so as to make results-based agreements with governors.

The Center for Economic Policy and Competitiveness Research produced Aimag Competitiveness Report-2013, its second, comparing competitive advantages of 21 aimags. This is the largest assessment made by NGOs other than the government’s M&E systems.

A methodology for calculating a Human Development Index, designed for M&E of the Sustainable Development Concept-2030, was formally approved. This unified human development and related indicators so that Sustainable Development Concept indicators are monitored and evaluated with a uniform methodology.

Regulations say that the government must produce implementation reports for long-term policies every two years, submitted to the State Great Khural. This has had an important impact on the M&E of larger development policy implementation. This requirement was also formalized by resolution and documents produced during the approval of the Sustainable Development Concept as the first step in systematizing and optimizing M&E.

In building capacity and increasing staff skills, step-by-step training sessions called “Results-based M&E System” and “Results-based M&E and Internal Audit” were run in 2010-2012, for government agencies, ministries, parliamentary administration, IAAC and NGOs.

Without mainstreaming the results-based M&E system at the national and ministerial levels, current M&E capacity is weak. Developing public participation and ensuring independent efforts for M&E is constrained by lack of finance, particularly for NGOs who have a great interest in being heard by decision-makers to influence policy. So it is important to identify independent financial resources. To do so, key Sustainable Development Concept indicators must be included in the sector specific policy and implementation supported, while it is vital to ensure transparency of reporting.

**Local development policy planning, monitoring and evaluation**

Nowadays, it is essential to ensure horizontal integration and coherence of policies at the local level. Currently, central and local government agencies play a major role in development policy planning, implementation and M&E, but NGOs and the private sector have limited involvement and are overshadowed by government. There is a strong need to ensure more engagement of research institutions, NGOs, cooperatives, professional associations and private sector representatives in the policy-making process.

Coherence between M&E and reporting must also be improved; it is often found difficult to assess progress of policy and program implementation from semi-annual and annual reports, reporting formats and findings often differ and are contradictory, causing delays and challenges in monitoring and evaluating national policy implementation. Needs include reform of the structure and composition of committees and working groups, which are important for ensuring linkage; the scope of participants and stakeholders must be wider and participants need to learn innovative and advanced skills for transparent and effective planning, budgeting and M&E. Staff responsible for local government and internal audit department M&E must be enabled active participation and higher capacity.

Local policy planning must be based on research, study and findings of M&E, international best practice and stakeholder engagement, with up-to-date planning tools and methodologies, so that well-reasoned, realistic, effective and achievable policies are developed. Introduction of local results-based M&E would be important in optimizing and improving future policy planning.
Three. International Experience

The Sustainable Development Goals have been adopted not only by Mongolia but by all countries around the world, so it is essential to learn from the experience of other countries to find the most desirable and optimal structure to suit the Mongolian context.

3.1. Development policy planning institutions in other countries

For this study we examined the institutional structures and strategic policies of five countries: The Republic of Korea, the Republic of Turkey, the Federation of Malaysia, the Republic of Latvia, and the Republic of Kazakhstan.

These countries are representative of those that have adopted their own long-term development policies to be implemented in certain phases.

The Republic of Latvia and the Republic of Kazakhstan, like our country, transitioned from a centrally planned system to a market economy in the 1990s, and are the fastest developing of all transitional economies. The Republic of Kazakhstan is the world’s largest landlocked country; their main economic partners are the Russian Federation and the People’s Republic of China. Kazakhstan’s economic base mainly comprises extractive natural resources, which is similar to the Mongolian economy. Kazakhstan has deserts and steppes with a dry climate and has a half-nomadic livestock industry, all of which make it possible for us to compare development strategies based on ecological and environmental sustainability policies.

The Republic of Latvia and the Republic of Turkey are closest to our country in political system, as they each have an elected parliament. Turkey resembles Mongolia in its political institutions: the head of the ruling party is responsible for executive governance.

The Republic of Korea and the Federation of Malaysia are developing economies that have joined the Asia-Pacific Regional Convention, as has Mongolia.

The common grounds for all these countries is that they have all put regional and infrastructure development at the center of their policies, consistent with Mongolia’s Sustainable Development Vision.

3.2. The Federation of Malaysia

Malaysia began formulating and planning its development policies in the 1950s and now implements ten-year strategic plans, five-year development plans and one year plans. The Malaysian long-term policy is “Malaysia’s Sustainable Development Goals 2020” and the national goal is to become industrialized and developed in all spheres by 2020, by restructuring the economy, especially the industrial sector, and ensuring sustainable economic development with an annual economic growth of 7 percent.

Malaysia’s highest decision-making body for social and economic issues is the National Planning Council (NPC). The Council comprises the Ministers of Finance, International Trade and Industry, Internal Trade, Business Development, and Agriculture, all managing key sectors of the economy. There is also the National Development Council (NDC) and the National Security Council (NSC), which monitor implementation of development policies and projects. These councils comprise other ministers, and all 3 councils are headed by the Prime Minister.
The highest authority for formulating a detailed development policy is the National Development Planning Committee (NDPC). The committee comprises senior government officials and is chaired by the Head of Cabinet. All economic ministers and Central Bank president are also on the NDPC, which is responsible for all national development plans, plan revisions, identifying and recommending the allocation of resources. The Committee also monitors implementation of national development plans.

Since the first 5-year government development plan (First Malaya Plan 1956-1960), the Economic Planning Unit (EPU) has been responsible for planning, inter-sectoral planning and establishing monitoring mechanisms under the Prime Minister. The EPU, the Ministry of Finance and the Central Bank formulate development policies with other ministries and agencies at a federal level. The EPU is supported by centralized agencies: the Implementation and Coordination Unit (ICU) under the Prime Minister and the government’s Malaysian Administrative and Modernization Planning Unit (MAMPU). Being headed by the Prime Minister gives these 3 agencies a high reputation and trust, which in turn has positive effects on their effectiveness.

The planning process has active private sector and civil society participation and engagement through regular consultation.

EPU functions and structures are based on the Five Thrusts in the National Mission. This allows the EPU to plan more broadly with a focus on the National Mission.
The EPU is directly accountable to the Prime Minister and is led by the Bureau Director-General with 3 Deputy Directors-General and the Malaysian Development Institute president. The basic EPU functions are:

1) Planning
   a) Socio-economic research and analysis.
   b) Development policy.
   c) Macro-economic modeling, system.
   d) Development Plans.
2) Resource allocation
   a) Budget management, project evaluation.
3) Monitoring
   a) Monitoring of national programs.
   b) Monitoring and evaluation of program initiatives.
   c) Project monitoring and evaluation.
4) Operations Support
   a) Secretariat:
      - Economic Council (EC).
      - National Development Planning Commission.
      - Analysis of project implementation and its inclusion in subsequent policies.
      - The main functions within the EPU framework are:
         - Formulating socio-economic development policies and strategies.
         - Preparation of medium and long-term plans.
         - Preparation of development programs and budget projections.
         - Monitoring and evaluation of implementation of development programs and projects.
         - Advise the government on economic issues.
         - Propose and execute necessary economic research.
         - Plan, coordinate, and evaluate implementation of privatization programs.
         - Coordinating Malaysia's participation in the Growth Triangle sub-regional program.
   • Initiate and coordinate bilateral and multilateral cooperation.
   • Manage the Malaysian Technical Cooperation program.
   • Monitor and assess the performance of investment activities.
Figure 3.2 The Structure of the Economic Planning Unit
3.3. The Republic of Korea

The Republic of Korea established its Economic Planning Commission in 1961 and formulated its first five-year plan: to develop the country by five-year plans. This plan was improved and in 2000 the 15th president, President Kim Dae-Jung, declared the Millennium Environmental Goal on “World Environment Day” with the establishment of the Presidential Commission on Sustainable Development (PCSD). In September 2000, the PCSD announced its main mission as establishing a Korean National Strategy for Sustainable Development (NSSD).

The PCSD started to formulate a multi-sectoral sustainable development policy (incorporating energy, water, coastal waters, land, climate change, transport, conflict management), monitored and evaluated policy implementation and coordinated and integrated the activities of various sectors and agencies.

**Sustainable development policy planning, implementation and organization:** The Government of Korea’s ministries and agencies plan and implement sustainable development policies in their respective fields. However, the PCSD is in charge of planning, implementation, management and monitoring of the National Strategy for Sustainable Development.

**Figure 3.3 Presidential Committee of Sustainable Development (PCSD)**

Committee Board: 35 members; it reviews policy proposals from Expert Committees or research teams and advises the President.
- Special Committee for Conflict Coordination: 50 members, including appointed members of the Head Committee and others recommended by provinces or NGOs. It develops a conflict management and prevention system, and advises the President, as commissioned by the Head Committee, concerning on-going public conflict.
- Experts Committee: comprises some members of the Head Committee and related experts; it runs several research teams of related experts, and prepares and reviews policy proposals in each subject area.
- Planning Management Authority – consists of board members.

**Functions and activities of the PCSD**

PCSD is a Presidential Advisory Committee on policies relating to sustainable and environmentally sound national development. Based on Article 2 of the PCSD decree (revised April 21, 2006), its functions are:
• Establish a vision and strategies to secure sustainable development at the ministerial level to balance economic growth with social development and conservation of natural resources and the environment.
• Provide policy consultation to the President to facilitate sustainable development in various sectors, including water and energy.
• Establish management systems to resolve social conflicts and disputes relating to sustainable development.
• Formulate implementation strategies for sustainable development for Agenda 21 and other agreements regarding the UNCED, UNFCCC, and WSSD.
• Execute Presidential Notes concerning sustainable development at the PCSD level and development of a management system for conflict resolution relating to sustainable development.

Primary activities to fulfill these functions are as follows:
• Formulate policies concerning sectoral issues such as energy, water, land use, transport etc and submit those policies to the President.
• Preliminary review of important National Medium and Long-term Plans for ensuring the sustainability of national policies, such as the Comprehensive Plan for National Land, the Comprehensive Plan for the Nation's Environment, and so on;
• Develop a conflict management and prevention system, and providing advice to the President concerning ongoing public conflicts on bringing consensus.

Monitoring and evaluation: The National Sustainable Development Policy is monitored and evaluated through three schemes.

1. Voluntary monitoring is first done at the government level on implementation of an action plan and operations program. Every department and agency regularly does voluntary monitoring and evaluation of the action plan or program using performance indicators. NSSD monitoring and evaluation is part of the evaluation of main duties and responsibilities, which promotes government participation and accountability of government in the sustainable development strategy.
2. The government prepares plans and evaluation schemes in cooperation with the Government Policy Coordination Department under the Prime Minister; this is the secondary level NSSD monitoring at the government level.
3. NSSD monitoring and evaluation is done using indicators. It is fundamental to systematic and consistent improvement of the development policy. The World Sustainable Development Summit 2000 encouraged the development of action plans and operational programs for implementation and the use of indicators to assess the implementation. Korea chose 77 indicators that best characterize its sustainable development path when designing an action plan to implement the NSSD. This has become an important tool to assess domestic sustainable development. These indicators as administrative requirements were developed from local research, international comparison and open consultation between governments.

Korea implements Vision 2025 in the long-term, with five-year plans in the medium-term and annual budgets in the short-term.

The National Strategy for Sustainable Development has five main themes, 48 goals and 224 targets; 22 ministries and government departments took part in strategic formulation. Formulation of the sustainable development strategy has two steps: first, goals and targets were chosen from the 2002 World Sustainable Development Summit to be included in the country’s sustainable development strategy. Second, the goals were formulated considering Korea’s own characteristics. Korea has presidential governance and the policy is implemented under the president’s authority.
3.4. The Republic of Turkey

Turkey formulated its development policy in 1960 and amended the Constitution to establish a permanent structure for development policy planning, the State Planning Organization, that in 2011 became the Ministry of Development. The main ministry functions are to formulate and implement a national socio-economic development policy, monitor and evaluate policy implementation, define public investment programs, advise the government and plan private sector investment.

Figure 3.4 The structure of the Ministry of Development

Under the Constitution and other laws, the Ministry of Development is tasked with the following functions and duties:

- Provide expertise and advise the government on determining Turkey’s economic, social and cultural development policies and goals.
- Coordinate policies, operations and partnerships of other ministries.
- Formulate development plans, medium-term programs, annual action plans and investment programs.
- Formulate and plan macro-level sectoral and regional strategies and action programs.
- Determine priority sectors based on the public investment program.
- Monitor and evaluate policy implementation.
- Monitor the performance of the strategic operations of public organizations.
- Implement multilateral and bilateral programs and projects.
- Implement action to direct the country’s development trends and transitions.
- Ensure cooperation and partnership of organizations and agencies in charge of regional development issues.
- Research, analyze and organize events on development issues.

The Ministry of Development has departments and divisions in charge of nine main issues, formulates national long-, medium- and short-term development policies at the macro level, and coordinates and integrates regional and sectoral policies through coordinated and coherent operations of the ministry departments and divisions.

The main departments have the following functions:
- *Macroeconomic Directorate* – has a priority role in developing, extending and estimating macroeconomic models.
- *Local Development Policy Regulation and Coordination Directorate* – formulates regional and local development policies at the national level, ensuring coordination and cohesion of such policies.
• **Regional Development Directorate** – the directorate was established under the Ministry of Development to formulate and coordinate regional and local development policies under national policies, implement sectoral policies at the local level, plan local development policies, conduct research and prepare relevant information and policy proposals from the local level to be incorporated into national and sectoral policies.

• **Central Anatolia Development Directorate** – this directorate was established in 2013 under the Ministry of Development and is in charge of development of three regions of central Anatolia, preparing relevant information and policy proposals for local development policy planning.

• **Sectoral Planning Directorate** – the ministry has two departments in charge of sectoral planning: 1) Social Sectors and Coordination General Directorate, and 2) Economic Sectors and Coordination General Directorate. These departments plan policies for their respective sectors. Their main responsibility is to bring educational and health services of underdeveloped regions to same level as well-developed regions and reduce regional development disparities.

• **Economic Sectors and Coordination General Directorate** – this directorate has four divisions: Agriculture; Manufacturing; Services; and Transport, Energy and Logistics.

• **Social Sectors and Coordination General Directorate** – this directorate has four divisions: Health and Social Protection; Resource Allocation and Social Engagement; Culture, Education, Research and Development and Engagement; and Employment and Labor.

The Ministry of Development implements development policy and planning through four Local Development Authorities, with 26 Regional Development Agencies covering 81 regions. Sectoral ministries formulate and implement integrated policies for the respective sectors, and the Ministry of Development is in charge of coordinating and integrating sectoral policies. Local development policies are implemented through local authorities in charge of policy planning.

**Development policy implementation structure, the structure and function of the government:**

The Government of Turkey formulates and plans long-, medium- and short-term development policies to be ratified by the Grand National Assembly; and develops and implements investment plans based on those development policies.

The highest order decision-making structure at the government level for coordinating development policy planning involves the Higher Planning Council; the Money-Credit Coordination Council; the Economic and Social Council; the Regional Development Higher Council; and the Regional Development Committee, led by the Prime Minister and the Vice Minister. The Ministry of Development oversees and coordinates the functions of these organizations for development planning.

Turkey began to formulate development policies in 1960, and long-term planning was in three stages: 1963-1977, 1977-1995 and 2001-2023. The major long-term strategic goals are to become one of the world’s top 10 economies; to raise GNO to two trillion dollars; to keep the maximum unemployment rate at 5 percent; and to keep inflation under one digit.
Development policies and planning: development policies are planned in the long-, medium- and short-terms; budgetary policies are planned in the medium- and short-term, based on medium- and short-term policies. The Ministry of Development ensures coordination and cohesion of sectoral and local development policies and planning to implement policy at all levels.

- **Long-term planning**: a long-term strategy has been planned since 1963; the Ministry of Development long-term strategy implementation for 5-7 years is ratified by the Grand National Assembly.
- **Medium-term planning**: the Medium Term Program is formulated by the Ministry of Development, the Ministry of Finance, the Treasury and the Central Bank under the Law on Public Financial Management and Monitoring. The 3-year Medium Term Fiscal Plan is amended annually. These programs and plans include comments and feedback from non-governmental organizations, and are discussed by the Ministerial Committee and ratified by the Higher Planning Council.
- **Short-term planning**: the Higher Planning Council determines Macroeconomic and Fiscal Targets: the next year’s macroeconomic targets, financial and fiscal targets, and sectoral and capital investment. The policy paper is part of the Annual Program and the Law on Budget Proposals. The Ministry of Development formulates the Budget Law and Budget Execution Policies for submission to the Grand National Assembly.

Monitoring and evaluation of policy implementation: Turkey has mechanisms to include the results of monitoring and evaluation in policies to be newly formulated. Monitoring and evaluation results are made public.

Monitoring and evaluation of medium-term policies (three-year and one-year) take place every three months. A special commission at each ministry providing conclusions and recommendations discusses the results and what actions should be taken to implement policies.

Monitoring and evaluation is done not only of policy implementation but also of the policy formulation process. The Ministry of Development is in charge of organizing monitoring and evaluation of policy implementation. The Economic Committee in the Grand National Assembly and the Budget Monitoring Council monitor budget expenditures.
inal decisions on development policy planning are made by the Higher Council at the Prime Minister and Vice Minister level, and policy formulation is at the ministry level. This is an example of very strong regulation of development policy and planning.

3.5. The Republic of Latvia


The “Latvia 2030” sustainable development strategy is implemented and monitored by the Ministerial Cabinet, state administrative organizations, and local governing bodies with public engagement. Figure 3.5 on the next page displays the “Latvia 2030” sustainable development strategy implementation and monitoring scheme.

The government is responsible for development policy, planning, implementation and monitoring; the Ministry responsible for national planning is directly in charge of implementation and monitoring of sustainable development programs in the long- and medium-term.

The report on implementation of the "Latvia-2030" sustainable development strategy is submitted to the Saeima for debate every two years, one year and three years after each general election. Based on the implementation results, Saeima may make decisions on or modification to strategic targets.

Saeima established the Sustainable Development Standing Committee; committee members are regularly informed of pressing issues relating to national development planning, implementation of the “Latvia 2030” strategy and the National Development Program.

The Sustainable Development Institute “Latvia 2030” was also established; its main goal is to prepare implementation reports on the “Latvia 2030” strategy and the National Development Program. The institute also researches important public strategy issues required for reaching political decisions, runs a reliable research database to provide sound recommendations, assesses whether a ratified monetary policy complies with programs, plans and principles of sustainable development, and provides support for partnership and scientific dialogues between public administration organizations, civil society and researchers.

The National Development Council is under the Cabinet of Ministers and is led by the Minister for National Planning. The council comprises the Saeima, the Cabinet of Ministers, the self-governing body for regional and local planning, the “Latvia 2030” Sustainable Development Institute and NGO representatives. Latvia puts local participation at the center of development planning, as is commonly the practice in Europe.
3.6. The Republic of Kazakhstan

The President of Kazakhstan ratified a national planning system with the "Order for a National Planning System of the Republic of Kazakhstan" on June 18, 2009.

Kazakhstan’s planning system is an interrelated one composed of development planning principles for long-term (over 5 years), medium-term (1-5 years) and short-term (up to one year) national development planning, process, policies and stakeholders. The national planning system has the following policies:

1. Kazakhstan 2050 strategy.
2. 10-year Strategic Development Plan of the Republic of Kazakhstan, Development Projection Scheme for National Land and Space.
4. Social-economic 5-year projection.
5. National programs (up to 5 years).
6. Government program (up to 5 years).
7. Five-year development strategy of government organizations.
8. Five-year regional development program.
9. Ten-year development strategy for national companies etc.

The Action Plan for the “Kazakhstan-2050 Strategy: New Political Direction of the Nation” was ratified in 2012. The government presents a semi-annual and annual implementation report on the action plan to the President’s Secretariat every two years. The President’s Secretariat monitors implementation of the “Kazakhstan 2050” strategy.

Procedures for formulation, implementation, monitoring and evaluation of the Strategic Development Plan of Kazakhstan, of national and government programs, of strategic plans of public organizations, of regional development programs, and of the development projection scheme for national land and space were ratified in 2010. The procedure defines the authorities and personnel in charge of implementation and results of development plans and programs as follows:

1. The government, governmental organizations that formulated the plans and programs, and co-implementing government organizations, are responsible for implementation of the National Development Plan of Kazakhstan and Development Projection Scheme for National Land and Space.
2. The government, the government organizations that formulated the plans and programs, and co-implementing government organizations and other implementing organizations (state organizations, state and private joint owned entities), are responsible for implementation of national programs.
3. The government, the government organizations that formulated the plans and programs, and the heads of co-implementing government organizations, are responsible for implementation of the government program.
4. The head of each respective government organization is responsible for implementation of the strategic plan of that organization.
5. Regional Achims are responsible for implementation of regional development programs.

**Monitoring and evaluation**

The authority in charge of national planning monitors and evaluates the Strategic Development Plan of Kazakhstan for five years after the plan is implemented; an evaluation draft report is prepared by compiling all progress reports of the reporting period, with statistical data, monitoring and evaluation materials, analysis and conclusion of the state audit, internal and external expertise, and assessments of NGOs and science and research institutes.

Monitoring and evaluation of the Strategic Development Plan should be coordinated with the evaluations of government programs, strategic plans of government organizations, regional development program, and development strategies of national companies.

The authority in charge of national planning submits an evaluation and summary report with the progress reports of the reporting period to the government by July 1st of each year.

The government discusses the evaluation and summary report with reporting period progress reports, amends the evaluation and summary if required, and submits the report with the progress reports to the Presidential Secretariat by July 15th of each year.
The authority in charge of national planning prepares a monitoring report for the Strategic Development Plan based on information provided by other government organizations. This monitoring is done once a year.

Monitoring of the Strategic Development Plan is based on implementation reports on national and government programs, strategic plans of government organizations, regional development programs and development strategies of national companies. The Presidential Secretariat is responsible for monitoring of the Strategic Development Plan.

**Figure 3. 6 Monitoring system of “Kazakhstan-2050”**

Kazakhstan has a centralized system in which the Presidential Secretariat is responsible for the Strategic Development Plan and the government is responsible for implementation. This is presidential governance; mining sector revenue is collected and allocated mainly by presidential policy.
3.6. Summary of international experience

International experience implies that horizontal coordination and bottom-up planning is most common in Europe; resource-rich countries like Turkey and Kazakhstan, where decreasing of regional inequality is underway, and newly industrialized countries like South Korea, allocate development policy planning, implementation and monitoring and evaluation to their most powerful authorities.

For fast developing countries with vertical policy integration, the highest level structures for development policy planning and coordination and ensuring sectoral and regional involvement in policy planning are the National Development Planning Commission, Presidential Commission for Sustainable Development, Higher Planning Council and the National Planning Committee. Such structures are usually led by the heads of executive governance (ie president, prime minister and ministers). In structure, countries like Malaysia have a few high level officials (ministers, state secretaries, and president of the central bank) as heads of the planning organization. Other countries involve stakeholders like politicians, scientists, experts, the private sector and civil society.

These countries have a high-level structure for implementation of programs and projects, like the National Development Council in Malaysia. These policy planning institutes all have working apparatus and teams, and ministries and agencies provide direct support to the operations of such councils. There are also research institutes providing direct support to councils and ministries for planning, monitoring and evaluation of policies: for example, Malaysia has the Development Institute.

These countries have various government organizations for policy planning, implementation, monitoring and evaluation. The main functions of Turkey's Ministry of Development are to formulate, implement, monitor and evaluate national socio-economic development policies, develop public investment programs, advise the government and manage private sector investment; Malaysia’s Economic Planning Unit does development planning and ensures coordination of cross-sectoral planning and monitoring mechanisms.

Monitoring and evaluation of policy implementation mechanisms vary. Turkey’s Ministry of Development monitors and evaluates policies and the Economic Committee and Budget Monitoring Council under the Grand National Assembly monitor budget expenditures. Implementation of Korea’s National Strategy for Sustainable Development is monitored at ministry, agency and government levels and by sustainable development indicators. Implementation reports for the "Latvia-2030" sustainable development strategy are submitted to the Saeima every two years – one and three years after each parliamentary election. In Kazakhstan, monitoring and evaluation of development policy implementation has multiple steps for all sectors and localities; final evaluation is at presidential level, and the Presidential Secretariat’s research institute manages the whole monitoring and evaluation process.

Mongolia could face tremendous challenges in implementing Sustainable Development Vision 2030 but with wise use of natural resources, we can accumulate resources for development. Mongolia needs to reduce regional development inequalities, overcome natural challenges and consistently diversify the economy. We can learn from the experiences of Turkey, the Republic of Korea and Kazakhstan, establish a strong development policy planning system with high authority, and set up a Planning Council led by the Prime Minister. The best structure would be to reorganize the current National Development Authority into a ministry and change the status of the National Development Institute to make it more involved in policy planning, research and planning analysis.
Four. Mongolia’s experience and considerations

Mongolia has experienced several types of policy planning systems, but the planning process was unclear, not sequential and unaccountable until 2015, when the Law on Development Policy Planning was adopted. These unclear processes were obstacles to firm commitment to implementing long-term policies and step-by-step creation of optimal economic structure.

There have been several important policy actions on policy planning since 1990, finally endorsed in the Law on Development Policy Planning, the first-of-its-kind legal grounds for development policy planning. Previous action included setting up the National Development Authority (1992), the National Development and Innovation Committee (2008), the Ministry of Economic Development (2012) and the National Development Authority (2016), the latter resulting in change of government structure and establishment of a state agency responsible for economic policy and planning. Mongolia committed to developing a Comprehensive National Development Policy (2006), a Medium-Term Plan and National Investment Program (2010), and the Sustainable Development Concept (2016). The Law on Development Policy (2015) made significant progress; based on this new law, the Election Law was re-visited, and now requires political party election platforms to be audited/assessed for consistency with the national long-term policy; this has been considered a great success.

Policies proposed by major political parties and the Government Action Plan for 2016-2020 are properly grounded on long-term policy compliant with the Law on Development Policy Planning: Mongolia’s development policy has been upgraded to a new stage.

Current dynamics and progress must remain as-is and a batch of action is awaiting, including strengthening the new system, improving existing capacities, optimizing inter-connection, ensuring unified coordination in policy implementation and conducting M&E on implementation. These actions can be classified as follows:

1. Provide regular training for staff of ministries, agencies and local government to improve qualifications; provide bachelor degree courses.
2. Determine the best structure and organization of institutions responsible for national development policy planning and make political decisions to ensure stable and effective operations.
3. Formulate policies and planning from scientific findings, use modern tools, methodologies and up-to-date information; make the planning process publicly transparent.
4. Develop and ensure compliance with rules and regulations for development policy planning, essential for policy continuity and institutional memory.
5. Enhance coherence and feedback for planning, budgeting, implementation and M&E; update implementation information regularly; disclose in the public domain for decision makers and the general public.
6. Closely integrate and link annual action plans with policy goals, objectives and indicators/criteria.
7. Combine policy implementation with performance management and ensure responsibility are imposed if implementation is insufficient;

For the batch of actions (above), an enabling system must be established and policy content must be improved and clarified. These actions are still in the pipeline:

1. At the central government level (Ministry of Finance, National Development Authority, Cabinet Secretariat): develop medium-term policies and a public investment program; make existing national policies legally consistent; improve the national M&E system.
2. At the ministry level (all line ministries and agencies): put all sector-specific short-, medium- and long-term policies in order with standard format and improve respective M&E systems.

3. At regional and local levels (aimag and soums): renew development policies and consistency with the law; improve local level planning.

As such action would take a long time, and the government should be responsible for coordinating all actions.

The study team interviewed senior government officers with experience in government policy development, as well as mid-level staff, asking for evaluation of the current system of long-term development policy planning, current advantages and weaknesses, potential improvements and what would be the ideal system for development policy planning, implementation and M&E. The interview findings are summarized below:

1. Institutional stability is truly essential for successful implementation of long term development policy. Mongolia once had unstable structure and functions for institutions responsible for development policy planning. It is necessary to establish a Ministry with the same status as general implementing line ministries under the Deputy Prime Minister, training public officers to a high professional level in policy planning, research and analysis and guaranteeing long-term stability. Mongolia should have an agency responsible for policy planning, under direct supervision and functional jurisdiction of the Prime Minister.

2. Although the Law on Development Policy Planning was significant in improving the legal environment for development policy planning, political decisions and will are necessary for long-term and firm implementation of long-term development policy and the law. Planning is part of different ministries’ obligations in financing and budgeting; there should be a system that closely links planning and budgeting. M&E activities of parliament and government must be improved and a unit in the parliamentary administration responsible for M&E must clearly and transparently monitor and evaluate Cabinet action. This can be fully resolved within the existing legal framework.

3. First, all extant policy documents must be re-arranged and new policy documents developed. At the same time, there must be a legal environment for attracting investment and finance for implementation and some short-term action take immediately to develop leadership of public administration and human resource management.

The interviewees indicated that the scope, functions and powers of government agencies responsible for development policy planning must be expanded; the head of the executive branch must be directly responsible for development policy planning. Such findings match findings in a study on international best practice.

**Five. Recommendations: Institutional reform roadmap**

In the next 15 years, Mongolia will need to undertake a series of important actions in a step-by-step approach and with thorough planning; these include establishing optimal and stable institutional structures for achieving the sustainable development vision and global SDG; efficiently allocating resources; settling a global agenda; training human resources; and improving the accountability system. This study offers the following recommendations:

1. **Recommendations on improving the criteria**

Prime Ministerial Resolution 344 (22 March 2016) approved the structure and composition of a Working Group to develop national indicators and criteria for 17 goals and 169 objectives in the UN GE Sustainable Development Goals-2030, and a Working group to develop tools and
methodologies for the indicators/criteria. These Working Groups assessed the 241 indicators proposed by a UN Statistics Commission High Level Working Group, and developed national draft indicators (subject to change) after revising the proposed indicators.

- Establish a dedicated Working Group to develop missing target indicators in the Sustainable Development Concept and other sector policy documents.
- Defer determining indicator targets, as there are changes in methodologies; quantitative data will be collected for 2015. For instance, baseline indicator 8.8.1 of the Sustainable Development Concept was developed with the old methodology, and the baseline was set using the year that data was collected.
- Clarify key ministries and agencies responsible for reporting on the criteria/indicators.
- For some inter-sectoral criteria/indicators with no clear data and that Mongolia never uses, it is important to clarify which agency will be responsible, as the indicator could fall between the agencies due to lack of ownership, as the outcomes of the Working Group demonstrate.

2. **Recommendations on legal framework**

For successful achievement of the Sustainable Development Concept and sustainable development goals, and to integrate the government and parliament activities with implementation, amendments to the following legislation are necessary:

**Mongolian Law on Government:**
Add “7. ... Government shall have a National Council for Sustainable Development” in Article 17. Add “Development policy planning” to Chapter 4, Article 20, and add “4. Prime Minister shall chair the National Council for Sustainable Development. The National Development Authority and National Development Institution shall serve as Secretariat of the Council.”

**Mongolian Law on State Great Khural**
Add “20.5.16. Oversee implementation of Mongolia’s Development Concept” in Article 20.5. Add “33.7 Discuss the implementation status of Mongolia’s Development Concept every two years” in Article 33. Add “Oversee implementation of the Mongolia development vision” after Provision 39.1.4.

3. **Recommendations on improving institutions**

As well as institutional structure and composition/arrangement, it is vital to build capacity to ensure linkage and coherence of policy planning efforts. This includes the capacity to link sector and regional policy with national long-term development policy and to make accurate calculations and assumptions for investment required to implement goals in policy documents.

For effective policy planning at national, sectoral and local levels, management leadership and knowledge of policy planning and sustainable development must be developed, with immediate provision of information, enabling the decision-making process to be grounded on research, data and study. This would be one of the important factors to drive Mongolian development along the right path.

Successful implementation of a long-term development policy required integration of policy planning, budgeting, implementation and M&E with all spheres of results-based management and administration. To ensure such management and administration, it is prerequisite to improve capacities and skills of cabinet, ministries and local government personnel and facilitate conditions that they work effectively for long time.

There is a strong need to improve knowledge and skills of personnel responsible for investment and policy planning on wide variety of areas including developing terms of references for developing policy documents; conduct research and analyses; use social and environmental
impact assessment effectively; train on public administration, law, budgeting, reporting and accountability; developing quantitative and qualitative indicators and criteria for evaluating the implementation of policy documents on human resources on M&E; determine the targets for these policies; data collection; reporting on the implementation; and take part in developing policy documents.

In addition, all level officers must also be provided with opportunities for obtaining skills and practice, make their responsibility and accountability stringent, take measures to promote their leadership and initiatives; these are the most pressing issues.

4. Mongolia’s upcoming optimal structure

For Mongolia, the highest level structure for sustainable development policy planning could be the National Council for Sustainable Development, chaired by the Prime Minister. The Council must include representatives of all ministries and have a Secretariat and clear regulations/timelines for activities; in this case the Council would oversee implementation of the Sustainable Development Concept. The rationale for Council operations must be formalized by law or regulation. As well as some relevant provisions in the legally defined key functions of the Ministry of Finance, the National Development Authority, the National Development Institute and government agencies would create stable conditions for effective operation of the Council.

Currently, government policy development functions are divided between the Ministry of Finance and the National Development Authority, with neither having ownership. So integration and linkage between the two agencies regarding development policy planning must be clarified in detail. It is also necessary to consider the feasibility of establishing a National Development Ministry, responsible for development policy planning, implementation and M&E. However, the National Council for Sustainable Development must remain the supreme structure for development policy planning even if a National Development Ministry is established.

While there is an integrated system for M&E in policy implementation at government, ministry and agency levels, the current situation and functioning of the system have no positive impact or result, and often fail to work independently. So M&E in policy implementation must ensure engagement with citizens, NGOs and research agencies, and maximize the involvement of local Citizens’ Representative institutions.

To ensure oversight functions of the State Great Khural, the highest authority for formulating development policy and overseeing implementation, are performed effectively and independently from the government, changes are needed in key designated functions of the National Audit Office and Compliance Monitoring, Research and Fiscal Analysis units of the parliamentary administration.

By making these changes and reforms, Mongolia’s Sustainable Development Concept can be successfully implemented and Mongolia will be able to overcome the long-term challenges.
## APPENDIX

### Appendix 1. Table 1. Policy Documents

<table>
<thead>
<tr>
<th>№</th>
<th>Document name</th>
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<td>State Policy on Ecology /Parliament Decree-106/</td>
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<td>Parliament of Mongolia</td>
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Appendix 1. Table 2. Classification of documents, by year ratified

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Appendix 1. Table 3. Classification of documents, by end year

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Appendix 2. General structure and organization of Ministries

[Diagram showing the structure of Ministries]

- Minister's Office
- VICE-MINISTER
- GENERAL SECRETARY
- Minister Counselor's
- Public Administration and Management Department
- Policy Making and Planning Division
- Policy Implementation and Regulation Authority
- Internal Auditing and Monitoring Division
Appendix 3. Structure of Regional Governor’s Secretariat

Municipal Governor

Municipal Deputy Governor

Head of the Provincial Governor’s Secretariat

Public Administration & Management Division
Committee for Social Development
Committee for Law
Archive

Development policy and Investment Division
Finance and Treasury Division
Monitoring and Audition Division
Military corps
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