



**SUSTAINABLE DEVELOPMENT
GOALS:
POLICY AND FINANCING
FRAMEWORK
MONGOLIA
BATKHUU Idesh**

STATE SECRETARY
Ministry of Economy and Development



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SDGS IN MONGOLIA

02

SUSTAINABLE FINANCING
FRAMEWORK



MONGOLIA IS IMPLEMENTING SDGS THROUGH NATIONAL DEVELOPMENT POLICY AND PLANNING PROCESS

2050

(30 year)

VISION-2050
long-term
development
policy



2030

(10 year)

Targeted
Development
Programs (draft)
(New recovery
policy)

2021-2025

5 year
Development
Guidelines
(Public
Investment
Program)

2020-2024

4 year
Government
Action
Program

1 year
Annual plan



83 PERCENT OF THE "VISION-2050"
LONG-TERM DEVELOPMENT POLICY IS
ALIGNED.

FULLY ALIGNED WITH THE TDPs.

**NATIONALLY DETERMINED
CONTRIBUTION**

Under the Paris Agreement
GHG emission reduction

22.7%

by 2030



THE IMPLEMENTATION OF MONGOLIA'S SDGS NEEDS TO BE ACCELERATED AND ADDITIONAL FINANCING REQUIRED

TRENDS OF SDG IMPLEMENTATION IN MONGOLIA

Insufficient data



FAIR PROGRESS, BUT ACCELERATION NEEDED



STAGNATION OR REGRESSION

ON TRACK OR TARGET MET

Source: VNR Mongolia, 2023

INVESTMENT REQUIRED TO IMPLEMENT SDGs



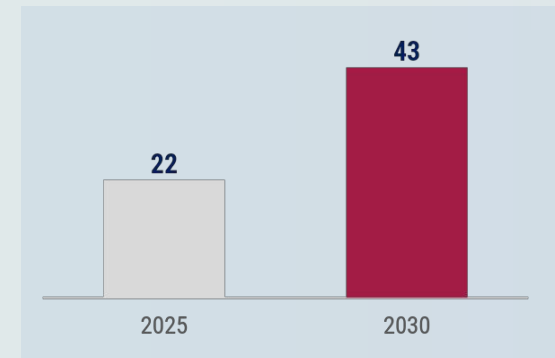
ADDITIONAL FINANCING NEEDS



SDG 2030

USD 43 billion
~18% of GDP
(17 goals)

In billion USD



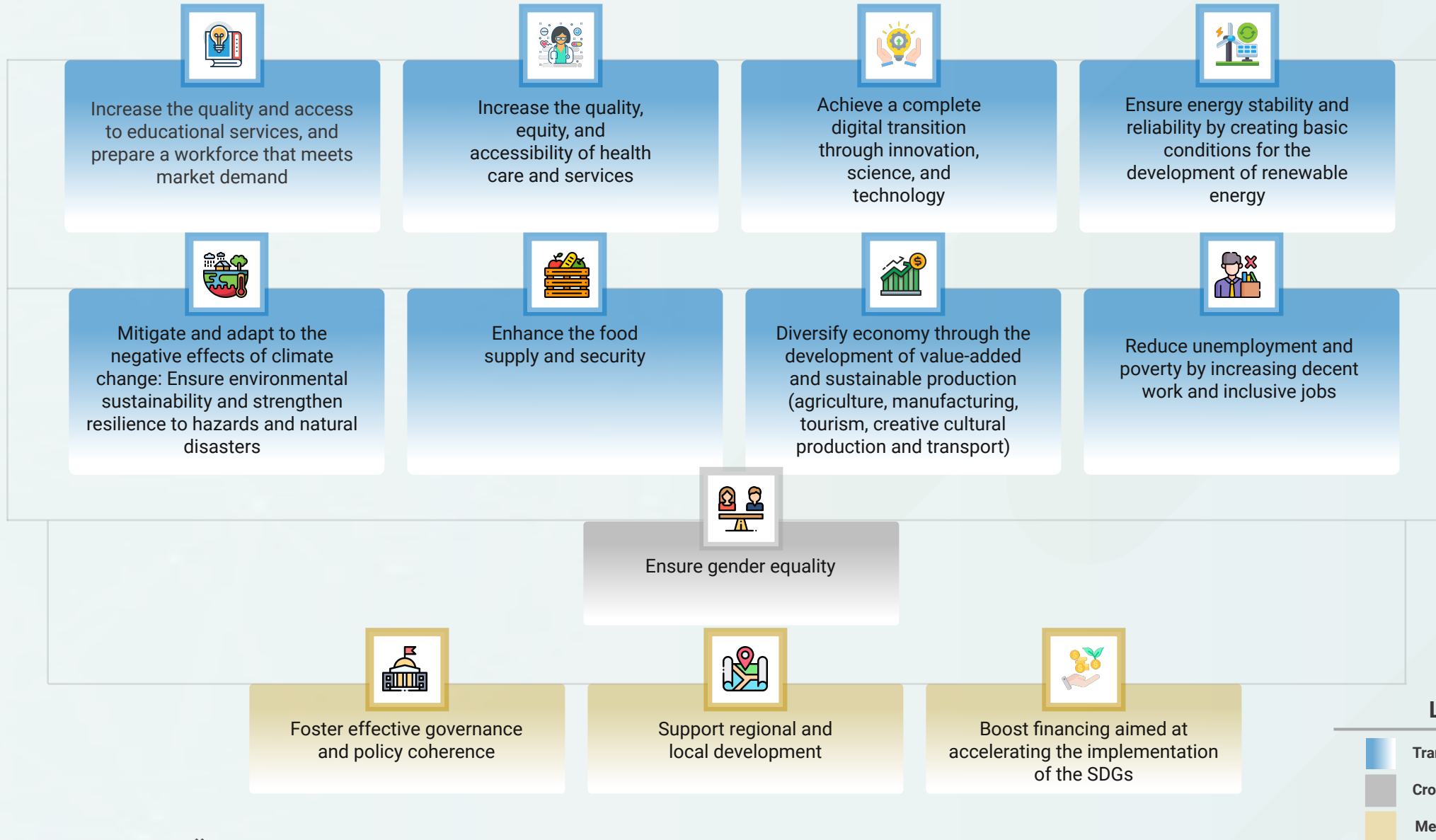
Source: UNDP, 2021

SDG implementation was assessed in the second Voluntary National Review which was presented to the UN High-Level Political Forum in July 2023.

Every year additional **4.3 billion dollar** needed to fully implement SDGs by 2030.



SDG PRIORITIES WERE IDENTIFIED TO ACCELERATE SDG IMPLEMENTATION



Legend

- Transitions
- Cross cutting
- Means of implementation

“ Mongolia submitted and presented its National commitment during the SDG Summit in

September 2023

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SDGS IN MONGOLIA

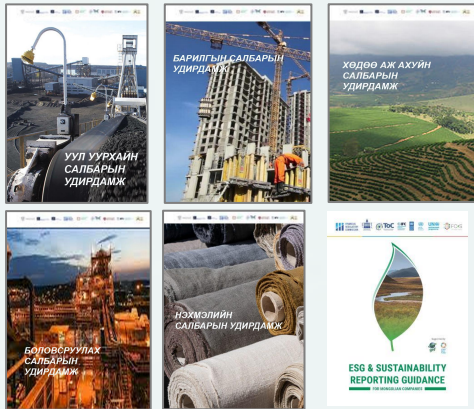
02

SUSTAINABLE FINANCING
FRAMEWORK

SUSTAINABLE FINANCE

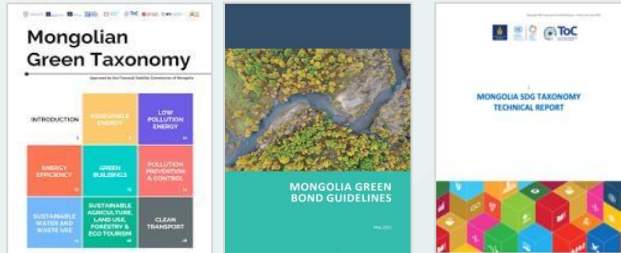
RISK MANAGEMENT (ESG)

- **ESG Risk Guideline**
(2015)
- **ESG Reporting guideline**
(2022)
- **ESG Risk management directive**
(2022-2023)



FINANCE (E&S, Climate)

- **National sustainable finance roadmap**
(2018, 2022)
- **National Green Taxonomy**
(2019)
- **Green bond framework**
(2022-2023)
- **SDG Finance Taxonomy**
(2023)





NATIONAL GREEN TAXONOMY WAS APPROVED IN 2019

“Nationally agreed classification framework of activities that contribute to climate change mitigation, adaptation, pollution prevention, resource conservation, and livelihood improvement in the context of green finance”

➤ Main categories

1. Clean energy

Solar, wind, geothermal, hydro, transmission distribution

2. Low pollution energy

Bio-energy, coal alternatives, waste to energy, fuel switch

3. Energy efficiency

Industrial, utility, public services, buildings

4. Green building

Buildings, building products and materials, infrastructure

5. Pollution prevention & control

Air and soil

6. Sustainable water and waste use

Water efficiency, treatment & recycling, resource recovery

7. Sustainable agriculture, land use, forestry, and eco-tourism

8. Clean transport

Public transportation, freight, private vehicles, infrastructure, supply chain

➤ Main findings

Registration and reporting

- ◆ Green loan reports by all commercial banks and MFIs
- ◆ Green loan statistics on quarterly basis
- ◆ Measurement of the flow of green loans from the private sector

Regulation

- ◆ Green bond issuance reconciled
- ◆ Regulation on long-term swap agreement:
“Foreign currency-denominated funding sources with a purpose to finance activities listed in Green taxonomy can be deducted at the rate of 0.5%”

Green products

- ◆ Green financial products
- ◆ Green insurance products



SDG FINANCE TAXONOMY WAS DEVELOPED AND APPROVED BASED ON THE NATIONAL GREEN TAXONOMY

SDG Finance Taxonomy



Importance of the adoption

- Common standard for the development of credit products in social sectors
- Attracting large investments and various bond financing in accordance with the SDGs
- Registering and reporting the any SDG-oriented investment and financing flows
- Improving transparency and reducing the risk of greenwashing



INFF WAS DEVELOPED TO STRENGTHEN FINANCING OF NATIONAL SUSTAINABLE DEVELOPMENT PRIORITIES

INTEGRATING PLAN AND FINANCING POLICIES

INTEGRATING PUBLIC AND PRIVATE FINANCING POLICIES

INTEGRATION AND COLLABORATION ACROSS PARTNERS



SUSTAINABLE DEVELOPMENT STRATEGY



FINANCING STRATEGY



Public and private finance actors



INTEGRATED NATIONAL FINANCING STRATEGY IS IN ADOPTION PROCESS



PUBLIC FINANCING

- ◆ Medium-term budgetary framework
- ◆ Result-based budgetary
- ◆ Gender-responsive budgetary
- ◆ SDG budget tagging
- ◆ Strategies to increase revenue
- ◆ Environmental tax reform
- ◆ Wealth fund
- ◆ SDG bond
- ◆ Debt-for-climate swap
- ◆ Operation of Development bank of Mongolia (align with SDGs)
- ◆ Reform of state-owned and state-owned legal entities
- ◆ Sustainable public procurement principles
- ◆ Fight against money laundering and terrorism financing
- ◆ International partnership and cooperation



PRIVATE FINANCING

- ◆ Financial sector (align with SDGs)
- ◆ SDG Finance Taxonomy
- ◆ Sustainable investment fund
- ◆ Stock market (align with SDGs)
- ◆ Domestic Institutional Investors
- ◆ Foreign investment for SDGs
- ◆ Gender responsive financing
- ◆ Public-private partnership
- ◆ Private financing (align with SDGs)
- ◆ Direct remittances, investments and savings from citizens living abroad to support the SDGs
- ◆ Private donations (align with SDGs)



MACROECONOMIC ENVIRONMENT FOR SUSTAINABILITY

- ◆ Debt sustainability
- ◆ Macroeconomic and financial sector stability
- ◆ Infrastructure and sustainable environment for business growth and economic diversification
- ◆ Sustainable supply chain of the economic priority sectors
- ◆ Financing for export
- ◆ SMEs



INFF

Integrated National
Financing Frameworks



HOWEVER INFF IS IN ADOPTION PROCESS, SOME ACTIVITIES **ALREADY IMPLEMENTING**



PUBLIC FINANCING

- ◆ **Tax policy** to increase fiscal space for sustainable development
 - Progressive tax on personal income (2023)*
 - Tax for livestock head (2021)*
- ◆ **Result-based planning** (since 2022)
- ◆ **Results-based budgeting** (since 2020)
- ◆ Shift to **Medium Term Budgetary Framework** is in process
- ◆ **SDG Audit** (2021-2023)

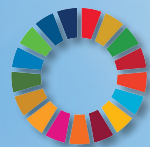


PRIVATE FINANCE

- ◆ **National Sustainable finance roadmap (2022)**
- ◆ **Sustainability reporting guidance** for listed companies (2022)
- ◆ Approval of the **SDG Finance Taxonomy** (2023)
- ◆ Approval of the **Law on PPP** (2023)
- ◆ The **Law on Investment** is in adoption process
- ◆ The first private **green bond** issued by a



SUSTAINABLE
DEVELOPMENT
GOALS



**TOGETHER, WE CAN BUILD A
SUSTAINABLE AND PROSPEROUS
FUTURE FOR ALL**



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