



Project Document

Country: Mongolia

COMPONENT 1

- UNDAF Outcome 3: A holistic approach to environmentally sustainable development is promoted and practiced for improving the wellbeing of the rural and urban poor;
- Expected CP Outcome 4: Environmental governance improved for effective management of natural resources, and better access to priority environmental services
- Expected Output 5.1 National capacity to coordinate, implement and monitor policies and legislation towards achieving the country's commitment to United Nations Conventions such as CBD, FCCC, and CCD strengthened
- Executing Entity: Ministry of Nature and Environment Mongolia
 Implementing partner: The State Specialized Inspection Agency and a professional NGO

The proposed project is aimed to strengthen the environmental governance in Mongolia by (i) harmonizing and addressing key environmental and fiscal legislations and policies to facilitate sound environmental governance at all level (ii) strengthening Institutional mechanism to implement and monitor environmental policy at local and central level and (iii) by increasing CSO involvement in environmental decision-making and monitoring through public participation and information disclosure at all level.

Programme Period: 2007- 2011
 Programme Component: Energy and environmental Sustainability
 Project Title: **Strengthening Environmental Governance in Mongolia**
 Project ID:
 Project Duration: 30 months
 Management Arrangement: National Execution

Budget	US\$	954,648
GMS Fee	US\$	57,643
Total budget:	US\$	1,012,291
Allocated resources:		
Government	US\$	56,220
Regular	US\$	99,983
▪ Other:		
○ Donor	US\$	856,087
▪ In kind contributions	US\$	

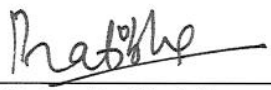


Agreed by MNE:


 I. Erdenebaatar
 Minister for Nature and Environment

Date: 15.08.2007.

Agreed by UNDP:


 Pratibha Mehta, Resident Representative

Date: 15/08/07

Acronyms

ADB	Asian Development Bank
CCA	Common Country assessment
CEA	Country Environmental Analysis
CP	Country Programme
CPAP	Country Programme Action Plan
CSO	Civil Society Organization
DI	Designated Institution
EA	Environmental Auditing
GTZ	Deutsche Gesellschaft für Technische Zusammenarbeit (German Technical Cooperation)
ICT	Information Communication Technology
ICTA	Information Communication Technology Agency
IDA	International Development Association
IISD	International Institute for Sustainable Development
MCUD	Ministry of Construction and Urban Development
MDGs	Millennium Development Goals
MFA	Ministry of Foreign Affairs
MIT	Ministry of Industry and Trade
MJHA	Ministry of Justice and Home Affairs
MNE	Ministry of Nature and Environment
NEMO	Netherlands-Mongolia Trust Fund for Environmental Reform
NEX	National Execution
NGOs	Non-Governmental Organizations
NPD	National Project Director
PA	Public Awareness
PAC	Project Appraisal Committee
PIU	Project Implementation Unit
PR	Public relations
PB	Project Board
SBAA	Standard Basic Assistance Agreement
SC on EAF	Standing Committee on Environment, Agriculture and Food
SEA	Strategic Environmental Assessment
SSIA	State Specialized Inspection Agency
UNCBD	United Nations Convention on Biological Diversity
UNCCD	United Nations Convention on Combating Desertification
UNDAF	United Nations Development Framework
UNDP	United Nations Development Programme
UNDP CO	United Nations Development Programme Country Office
UNEP	United Nations Environmental Programme
UNFCCC	United Nations Framework Convention on Climate Change
WB	World Bank

COMPONENT 2: Situation Analysis

According to the ecological vulnerability study in Mongolia¹, the country is considered as very vulnerable to climate change impacts due to extensive degradation of natural resources such as land, forest and water caused by a combination of anthropogenic and natural erosion process.

The study revealed that the negative impacts of human activities on environment have worsened since 1990's and the insufficient actions to implement environmentally sound policies have played a pestilent role. Especially, the absence of transparency in decision making relating to natural resource management, and public monitoring over the decision-making process are leading to denial of the rights of women, men, boys and girls among vulnerable social groups to environmental services, and thus, hindering the achievement of the MDGs.

Approaches to successful prevention and mitigation of the ecological vulnerabilities in Mongolia will, therefore, require legal, institutional and financial frameworks to guarantee sustainable management of water, land, forests and other natural resources, and to reduce wastage and promote the efficient utilization of land, water, forests and energy. In this connection, vulnerability reduction would be achieved by taking a very broad approach to improving decision-making and decision-implementation, including increased legal, administrative and financial transparency, enhanced public awareness and public participation in environmental governance processes.

The Government's Action Programme for 2004-2008 emphasized that environmental goals should address the strengthening of environment policy by providing the public with an open access to natural resource related information, promoting public participation, and monitoring natural resource management and their conservation.

Several important steps towards addressing issues related to environmental governance were taken, including the amendment of Environmental Protection Law of Mongolia to incorporate community empowerment and its enhanced role in natural resource management. This amendment has created a legal environment for the herding rural communities to start community-based management of natural resources (forest, wildlife, pasture etc.), and has provided local people in all their diversity with an incentive to manage local natural resources in a sustainable manner.

While the Government has started its efforts to improve environmental governance, several legal, institutional and human capacity related challenges still remain. Findings of the UN Common Country Assessment (CCA) of 2005 specified the needs to:

- enhance capacity and performance of the central government organizations responsible for natural resource management;
- develop efficient institutional structures and mechanisms in the environment sector;
- improve coordination of the central government organizations as well as local governments on natural resources;
- create enabling conditions for civil society participation in environmental governance, and;
- strengthen partnership with NGOs and private sector to promote environmental awareness, ecological education of the public and enforcing environment standards.

¹ Economic and Ecological Vulnerabilities and Human Security in Mongolia, UNDP, 2005

COMPONENT 3: Strategy

In close consultation with the Government of Mongolia, the new UNDP Country Programme Action Plan (CPAP) for 2007-2011 has been prepared. The CPAP considers promotion of energy and environment sustainability and enhancing capacity for environmental governance at all levels as one of the key outcomes for the coming years. This intervention is expected to be closely linked to poverty reduction, governance and crisis prevention and strategically supports key stakeholders in managing natural resources optimally, through sustainable management of grasslands, and watersheds for combat of desertification.

The CPAP also highlighted that UNDP will support capacity strengthening of concerned national institutions to implement and monitor related policies and to enhance coordination among themselves. In this regard, a special emphasis will be given to human capacity development at national, local and community levels, particularly in strategic planning and management; enhancing national ownership, and; establishing upstream-downstream linkages where practice on the ground informs policy, and policy translates into practice.

The proposed project has aimed to enhance government capacity for environmental governance is considered as an intervention that reflects priorities of the Netherlands Government, UNDP and host country that has already initiated a number of steps toward improving environmental governance in the country as a part of efforts to implement Government action programme. Moreover the government has recently started formulation of "The Millennium Development Goals Based Comprehensive National Development Strategy of Mongolia" that considers environmental sustainability as a basis for sustained development and specifically focuses on integrity in environmental protection and resources management among others.

Project Objective:

The overarching goal of the proposed project is to assist the Government of Mongolia to achieve its objective to **"Improve consistency of policies for protection, proper use and rehabilitation of natural wealth; make transparent and accessible information related to nature and the environment, and; increase public participation and monitoring in the protection of nature"**.

The proposed project will address environment governance² issues by achieving three interrelated outputs that will (i) harmonize sound legal framework for the sound environmental governance, ii) develop efficient institutional mechanisms for the implementation of harmonized environmental policies at all levels and iii) Increase CSO involvement in environmental decision-making and monitoring

Output 1: Key environmental and fiscal legislations and policies are harmonized and policy gaps are addressed to facilitate sound environmental governance.

Key partners: UNEP, Parliament, MNE, MIT, MJHA, MF, CSO

To date Mongolia had passed over 30 environmental laws to regulate safe and healthy human living conditions, ecologically balanced socio-economic development, and conservation,

² Environmental governance is described as the sum of organizations, policy instruments, financing mechanisms, rules, procedures and norms that regulate the processes of environmental protection. (Adapted from Global Environmental Governance: Reform Agenda, IISD 2006)

sustainable use and restoration of natural resources in the country. A number of action plans such as Land Reform (2003), Water Reform-XXI (2004), and "Green Wall" national program (for 30 years) within Forest Reform (2005) were also approved to implement Government action plans to conserve and manage the country's fragile environment in sustainable manner. In addition, Mongolia has joined 14 environment UN Conventions and Treaties. However, implementation and enforcement of these laws and strategies are hampered by the lack of capacities, duplication and unclear responsibilities within the government institutions both at local and central governments. This problem is further exacerbated by inconsistent and often contradicting laws and regulations. In light of these concerns the project will review existing laws and policies and will provide the decision makers with recommendations to harmonize these laws and policies. Strategic environmental assessment, environmental auditing and participation of key stakeholders, notably CSOs and women NGOs, will be promoted in the due process.

The concrete activities to produce Output 1 are as follows:

Activities for Output 1:

- In close collaboration with the other bi- and multilaterals assistance programme carry out an assessment of key environmental legislations, multilateral agreements and its financing mechanisms for implementation as well as sectoral policies and legislations that deals with natural resources utilization.
- Organize multi-stakeholder dialogue to discuss the findings of the results and provide recommendations on harmonizing Environmental and cross sectoral policies and relevant legislations and financing mechanisms necessary for sound implementation of environmental conservation and sustainable use of resources.
- In close collaboration with the other donor programmes in the area, facilitate drafting necessary amendments and laws and by-laws using round tables and public hearing via media (radio, newspaper, and internet etc.) to ensure public participation involving both women and men.
- Facilitate initial lay-out of the regular mechanisms/tools for consultation and exchange of information between the related ministries as well as the Government and the respective Convention Committees in obtaining necessary technical guidance from them.
- Advocate for the UN Conventions by translating them, publishing, distributing and publicizing their implementation status, and assisting in developing the annual report on State of Environment in Mongolia with more emphasis on identifying what are the most important drivers of the environmental change in the country and how is the country performing with regard to its international commitments for nature conservation and to achieving the Millennium Development Goals.

Output 2: Institutional mechanism to implement and monitor environmental policy at local and central level is strengthened

Key partners: Parliament, MNE, SSIA, Local Government, CSO

Mongolia's institutional framework for managing natural resources continue to be weak in the enforcement of regulations relating to the procedures for local governments due to inefficient and unclear responsibility between central and local government and a lack of appropriate level of public participation particularly at the local level.

Within the current setting the local government and citizens' *khural* are delegated to ensure the implementation of laws and policies over natural resources in their area³. The recently formed State specialized Inspection Agency is responsible for monitoring of environmental policy implementation. At the same time, environmental impact assessment documentation and other related responsibilities remain within the MNE mandate. An assessment will be carried out investigate whether administrative and methodological capacities of current setting are appropriate for sound environmental monitoring and will carry out capacity building measures to assist the key stakeholders both central and local level to fulfill their functions.

The concrete activities to produce Output 2 are as follows:

Activities for Output 2:

- Conduct a comprehensive assessment on effectiveness and efficiency of the institutional structures for implementation and monitoring of environmental and control over status of natural resource utilization at Central and local levels (key geo-ecological zones); the study will cover national institutions, and their functions at the aimag and soum level involved in the environment monitoring and policy implementation for the purpose of identifying gaps and/or overlapping in their functions, possible conflicts with the existing laws, and adequacy of current financing mechanisms for their operations
- Present the findings to the related parties and government agencies and aimag representatives, and make recommendations to the Government for improvement of efficiency in the environment monitoring both at central and local level.
- Assist the central government and pilot aimag produce outlines of follow-up actions by involved ministries and specialized agencies to enhance the institutional mechanism to monitor environmental policy implementation and assist in implementing the critical priority actions.
- Develop a legislative regulatory basis for an environmental management system that would include Strategic Environmental Assessment (SEA)⁴, Environmental Auditing (EA)⁵ and Environmental Impact Assessment. To ensure sound environmental management, the project will also further define and incorporate the environmental indicators developed under RNE assistance into the EA and EIA as appropriate.
-
- Improve national capacity to conduct and use SEA and EA through training for specialized government agencies, national experts and CSO/NGOs. Separate guideline/handbook for SEA and EA will be developed and made available to broad public (via website printed material).
- Carry out learning-by-doing on SEA and EA by conducting SEA on the draft sectoral policy document and EA in one of the pilot Aimag.

Output 3. Environmental decision-making and monitoring improved through increased CSO involvement, public participation, public education, and information disclosure at all level.

³ 2001 GTZ commissioned study concluded that no less than 271 duties that environmental legislation places on local governments. CEA-Mongolia, ADB.2004

⁴ SEA refers to a range of "analytical and participatory approaches that aim to integrate environmental considerations into policies, plans and programmes and evaluate the inter-linkages with economic and social considerations". The [OECD Development Assistance Committee \(DAC\) Task Team on SEA](#) has developed [guidance](#) on how to apply SEA to development co-operation.

⁵ Environmental Auditing is a management tool comprising a systematic, documented, periodic and objective evaluation of how well a project, organization or equipment is performing with the aim of helping to safeguard the environment. The audit should facilitate management control of environmental practices and assess compliance with policy objectives and regulatory requirements. Definition source: European Commission. 1999.

Key partners: Parliament, MNE, ICTA, Local Government, CSO, Media

The project will conduct broad public campaign to advocate the right of everyone to receive environmental information that is held by government authorities. Access to environmental information can include information on the state of the environment, process of licensing of the resource management, certifications for conducting environmental impact assessments of the industrial uses of natural resources such as mining activities but also on policies or measures taken, or on the state of human health and safety where this can be affected by the state of the environment.

The right to participate in environmental decision-making will be also promoted by encouraging authorities to make necessary arrangements to enable the population affected and environmental and women NGOs to comment on, for example, proposals for projects affecting the environment, or plans and programmes relating to the environment, these comments to be taken into due account in decision-making, and information to be provided on the final decisions and the reasons for it.

Public campaign on environmental awareness requires partnership between government, civil society and private sector. Public awareness programs will be directed to promote active and informed citizens' participation that will bring new strength to protection activities and give environmental administrations the backing they need to fulfill their mandates. One of the main messages for the broad public campaign is to advocate mutual dependence between the environment and the economy: contributions of economic development to environmental degradation (or improvement), and environment as an important factor of economic development.

The project will mobilize efforts of the private sector in ensuring environmental sustainability and a well informed and motivated private sector can significantly contribute in reducing Mongolia's ecological vulnerabilities and balancing economic and environmental development.

In addition to activities described under outputs 1 & 2 related to public participation in drafting legislation and participation and utilization of SEA and EA, the following concrete activities will be carried out under Output 3:

Activities for Output 3:

- Provide assistance to set regular mechanisms to display information related to environmental conservation, status and natural resources utilization by concerned ministries by appropriate ways such as through their websites, scheduled press conferences, and publishing in the daily newspapers etc.
- Assist the agencies to strengthen their own public information/media relation focal points for timely delivery of information, adequate manners to deal with media and public.
- Strengthen expertise and methodological capacity of the non-state actors such as private sector, NGOs and research organizations to monitor government decision making process over the resource utilization and licensing through various training and environmental awareness activities and facilitate their cooperation, as appropriate, with other international organizations in developing educational and public awareness programmes with respect to conservation and sustainable use of natural resources. Based on the lessons from the activity a handbook for participatory environmental monitoring and decision making will be produced and disseminated throughout the country.

- Conduct series of TV and radio programs and open discussion on emerging environmental issues to create an access to environmental information and decision making.

Targeted beneficiaries:

The main beneficiaries of the proposed project at the central level will be the Government of Mongolia, specially those government agencies and Ministries responsible for conservation and utilization of country's natural resources. The Parliament Standing Committee on environment, food and agriculture will also directly benefit from the project interventions that would deal harmonization of legal environment for sound environmental governance.

At local level the selected aimag governor's office will benefit from a pilot demonstration and targeted capacity building for sound environmental management system.

Another very important group of beneficiaries of the project will be the grassroots community who will have an access to information regarding the environmental conservation and exploration of natural resources in their areas. Open access to information topped with targeted capacity building activities will also enhance grassroots community, CSO/NGOs and academia's capacity to participate in the decision making process itself.

Sustainability of the interventions:

The sustainability of the proposed project interventions will be ensured thanks to the proposed legal and institutional changes that enable and integrate the proposed interventions in their functional tasks. The project will help Mongolia to draft and adopt the legal framework for an integrated SEA, EA and EIA. In parallel the project will focus on capacity building for the key government and CSO representatives in SEA. Once approved by parliament, these exercises will be mandatory. As such the project intervention will pave the road for more integrated Environmental Monitoring System in Mongolia.

In order to ensure the sustained information disclosure by the various government institutions involved in natural resources management the project will identify and introduce a government internalized mechanism for information disclosure for the broad public. Such intervention will enable the CSO continuously review government actions on environmental conservation and natural resources, including minerals, utilization. In parallel the project will help the CSO build its capacity to receive and analyze the information that government institutions provide and also demand, legally, for information that are not disclosed.

COMPONENT 4: Results and Resources Framework

Intended Outcome as stated in the Country Programme Results and Resource Framework: CP Outcome 4: Environmental governance improved for effective management of natural resources, and better access to priority environmental services				
Expected Output 5.1: National capacity to coordinate, implement and monitor policies and legislation towards achieving the country's commitment to United Nations Conventions such as CBD, FCCC, and CCD strengthened				
Partnerships: Key Ministries, Parliament standing committee on environment, agriculture and food, Local government, CSOs				
Intended Outcomes	Output Targets for (years)	Indicative Activities	Responsible parties	Inputs
<p>Output 1: Key environmental and fiscal legislations and policies are harmonized and policy gaps are addressed to facilitate sound environmental governance.</p> <p>Indicator: Parliament degree on new and/or amendments of laws and by-laws related to environment and natural resources utilization</p> <p>Government/Ministry degree on establishing network for Global environmental conventions</p> <p>Baseline: Mongolia had passed over 30 environmental laws and has joined 14 environment UN Conventions and Treaties.</p>	<p>Target for 2007: Analytical report on key environmental legislation and multilateral agreements</p> <p>Functional network for consultation and information exchange between the ministries and UN Convention Committees in place</p> <p>Target for 2008: At least # proposals for amendments⁶ to laws and by-laws are submitted to the Parliament.</p>	<ul style="list-style-type: none"> ▪ Assessment of key environmental legislations, multilateral agreements and sectoral policies and legislations that deals with natural resources utilization. ▪ Stakeholder dialogue to provide recommendations on harmonizing Environmental and cross sectoral policies and relevant legislations. ▪ Drafting amendments and laws and by-laws through public participation. 	<p>Parliament, MNE, MJHA,</p>	<p>International consultant US\$ 11,025</p> <p>Local Consultants US\$ 46,463</p> <p>Workshops training US\$ 60,690</p> <p>Travel US\$ 14,259</p> <p>Contractual Services US\$ 94,974</p> <p>Procurement US\$ 10,395</p> <p>Miscellaneous US\$ 7,966</p>

⁶ Target will be defined based on analytical report conducted in year One.

⁷ Target will be defined based on analytical report conducted in year One.

<p>Output target:</p> <p>Main environmental and natural resources utilization laws and by-laws are amended and new laws and by-laws are entered into force to ensure sound environmental governance at <i>aimag/municipality and soum/district</i> level.</p>	<p>3 high profile PA materials on Global Environmental Conventions</p> <p>Target for 2009;</p> <p>At least # proposals for amendments⁷ to laws and by-laws are submitted to the Parliament.</p> <p>3 high profile PA materials on Global Environmental Conventions</p>	<ul style="list-style-type: none"> ▪ Set up a mechanism for consultation and exchange of information on Global Environmental Convention Committees. ▪ Advocacy for the Global environmental Conventions and MDGs. 		<p>Project management</p> <p>US\$ 43,092</p>
<p>Output 2: Institutional mechanism to implement and monitor environmental policy at local and central level is strengthened</p> <p>Indicator: Parliament approval of legal framework for SEA and EA.</p> <p>Baseline: State Specialized Inspection Agency is established to carry out Government policy implementation including those</p>	<p>Target for 2007</p> <p>Functional analysis of existing environmental monitoring system is carried out at national and local (aimag & soum) level and follow-up recommendations are presented to Government</p> <p>Target for 2008</p>	<ul style="list-style-type: none"> ▪ Assessment on effectiveness and efficiency of the institutional structures for implementation and monitoring of environment and natural resource exploration ▪ Prepare a participatory follow-up action plan. ▪ Implement key priority actions 	<p>MNE, SSIA, Local Government</p>	<p>International consultant</p> <p>US\$ 16,758</p> <p>Local Consultants</p> <p>US\$ 28,350</p> <p>Workshops training</p> <p>US\$ 134,400</p> <p>Travel</p> <p>US\$ 25,200</p> <p>Contractual Services</p>

⁸Pilot SEA could consider analyzing the proposed “The Millennium Development Goals Based Comprehensive National Development Strategy of Mongolia”