UNDP/UNEP JOINT PROJECT DOCUMENT

STRENGTHENING ENVIRONMENTAL GOVERNANCE IN MONGOLIA

PHASE II

United Nations Development Programme
Country: Mongolia

Project Title	Strengthening Environmental Governance in Mongolia Phase II
UNDAF Outcome(s):	Systematic capacity for sustainable management of resources enhanced at the central and local levels, while facilitating a stronger enforcement of legislation and a wider participation of primary resource users.
Expected CP Outcome(s):	Systematic capacity for sustainable management of resources enhanced at the central and local levels, while facilitating a stronger enforcement of legislation and a wider participation of primary resource users.
Expected Output(s):	**Output 1: Road map developed to harmonise Mongolia's environmental legislative framework.**
	Output 2 Environmental Mainstreaming Mechanisms developed for adoption by government
	Output 3: Resource Mobilisation strategy for Environmental NGOs/CSOs is developed.
Executing Entity:	Ministry of Nature, Environment and Tourism
Implementing Agencies:	Ministry of Nature, Environment and Tourism

Brief Description

Mongolia has made impressive steps forward in developing its economy since the transition period of the early 1990s. In its traditional culture it also exhibits a reverence for the land, and an understanding of the need to conserve its precious resources. However, as is the case in many transition countries, the desire to develop quickly and raise living standards is having an observable effect on environmental quality. Numerous studies have shown that air pollution is out of control in urban areas. Land degradation is being caused by overgrazing and other development pressures. Biodiversity is declining.

Within the context of the UN Development Assistance Framework 2012-2016, UNDP and UNEP have prepared a joint project to support strengthening environmental governance in Mongolia that aims to more effectively coordinate the provision of UN support to the environment and strengthen Delivering as One UN. Between 2007 and 2010, UNDP supported MNET to review the institutional framework of Mongolia's environment in the 'Strengthening Environmental Governance in Mongolia' Phase I project. . The second phase of the project will build on the results and recommendations of the first phase and include UNEP: The main focus of the project will be on: (1) Streamlining and strengthening of Mongolia's environmental legislative framework; (2) Strengthening environmental mainstreaming mechanisms and (3) Strengthening capacity of NGOs/CSOs to engage in environmental governance processes

Programme Period:	2010-15	**Total resources required:**	US$ 1,972,920.43
Key Result Area (Strategic Plan): Environment and sustainable development		**Total allocated resources:** Regular: Other:	US$ 400,000 US$ 400,000
Atlas Award ID: 61190		AusAID: GoM: UNEP: Unfunded budget: In-kind Contributions :	US$ 380,000 US$ 12920.43 US$ 460,000 US$ 720,000
Start date: **End Date:**	16 February 2011 31 December 2013	AYAD: MNET:	US$ 48,000 US$ 50,000
PAC Meeting Date:	24 January 2011		
Management Arrangements: National Execution Modality (NEX)			

Agreed by Minister, Ministry of Nature, Environment and Tourism:

Young - Woo Park

Agreed by UNEP Regional Director for Asia and Pacific:

Agreed by UNDP Resident Representative:

I.   SITUATION ANALYSIS

Mongolia's environment is under considerable pressure from various threats, in particular livestock land use practices, mining development, hunting, rapid urban expansion and climate change. An ecological vulnerability study undertaken by UNDP in 2005[1] revealed that the negative impacts of human activities on Mongolia's environment have worsened since the 1990's and that insufficient actions to implement environmentally sound policies have played a persistent role. In particular, the absence of transparency in decision-making relating to natural resource management is leading to a denial of the rights of vulnerable social groups to environmental services, and thus hindering the achievement of the MDGs.

Approximately 20 years of environmental policy reform since the early 1990s has resulted in important progress in developing a large number of environmental laws, ratifying most international environmental conventions, conserving a substantial area of the country in the protected area system and an increased presence of Non-Governmental Organisations (NGOs). The myriad environmental problems the country is facing shows the need to review the institutional framework, and make strategic revisions to address all environmental problems and risks that have emerged in the past 20 years.

Mongolia's environmental laws have been developed/amended over the last two decades, with over 30 environmental laws passed in 20 years, as well as several hundred environmental regulations and bylaws. Mongolia has also developed a number of key policy documents (e.g. National Biodiversity Action Plan, Climate Change Action Plan) and joined 14 UN environment Conventions and Treaties, including the Convention on Biological Diversity (CBD), the UN Framework Convention on Climate Change (UNFCCC) and the Kyoto Protocol.

Since the 1990s, the area of Mongolia designated as protected area has been expanded significantly, from less than 10 to the current total of 63 protected areas, which now cover a total of almost 22 million hectares, or approximately 14% of the country's surface. As part of its commitment to the Convention on Biodiversity, the Government of Mongolia made a legislative commitment to conserve 30% of the country (46.9 million ha) in protected areas by 2030.

The civil society sector in Mongolia is gaining strength, but is still very much in a transition period from the central planning model in the late 1980s and has not yet achieved the status of a political force that is common in many other countries. A boom in the development of NGOs has occurred since the 1990s, but most NGOs currently operate at a very basic level and their impact remains limited.

From 2007 to 2010, the MNET partnered with the UNDP to implement the first phase of a project called "Strengthening Environmental Governance in Mongolia". The project phase (EG Phase I) included a review of Mongolia's many environmental legislative documents, an assessment of the implementation mechanisms of Mongolia's environmental management system, and an assessment of the institutionalisation of Strategic Environmental Assessment (SEA) and Environmental Auditing (EA).

A UNDP assessment in 2009 determined that the implementation and enforcement of the legislation has been hampered by a lack of a clear structure to the legislation, as well as duplication of efforts, unclear responsibilities and a lack of capacity within government institutions, and inconsistent and often contradicting legislation. The review recommended that various environmental laws be guided by umbrella laws and that the law education system be improved with regard to environmental law.

The UNDP assessment in 2009 also determined that the profile of the environment and of the MNET needs to be raised, the capacity of the MNET needs to be increased, and that local governments and the non-government sector need to have a greater role in environmental management. The capacity of MNET and its partners has significantly improved with support from the project over the course of EG Phase I and, in EG Phase II, the project could have a more focused approach to improving environmental governance at the local level.

As part of the assessment of the institutionalisation of SEA and EA, EG Phase I went some way towards establishing SEA and EA as formal mechanisms of Mongolia's environmental management system;

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[1] UNDP (2005), Economic and Ecological Vulnerabilities and Human Security in Mongolia.

however, the assessment recognised the need for additional awareness raising and capacity building for government officers.

II.   STRATEGY

Until a new CPAP is approved, Phase 2 will operate according to the UNDAF, CPD and CPAP for 2007-2011. The UNEP components are inline with the UNDAF, UNEP Medium Term Development Strategy 2010-2013 and the global Programme of Work 2010-2011. The 2007-11 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 five-year period. 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 combating desertification.

The 2007-2011 CPAP also highlights the fact that UNDP will support capacity strengthening of concerned national institutions to enable them to implement and monitor policies and to enhance coordination amongst themselves. In this regard, an emphasis is given in Phase 2 to human capacity development at national, local and community levels, particularly in strategic planning and management and enhancing national ownership.

This section presents the overall objective for the project, and then presents a detailed justification and elaboration of project outcomes, outputs, and activities. This is summarized at the end of the section in a Results and Resources Framework (Table 2), designed according to directions contained in the UNDP Handbook on Planning, Monitoring and Evaluating for Development Results[2] that, in turn, are based on Results-Based Management approaches to programme design.

The design of this Phase 2 project is based on the review of Phase 1 (as presented in Annex III), consultations undertaken with stakeholders during the period August 18th to September 1st, 2010, and a validation workshop held in Ulaanbaatar with 15 stakeholders on September 8th, 2010.

3.2   Overall Project Objective

The overarching goal of the 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 environmental governance[3] issues by focusing on three interrelated outputs that will attempt to : (1) Streamlining and strengthening of Mongolia's environmental legislative framework; (2) Strengthening environmental mainstreaming mechanisms, and (3) Strengthening capacity of NGOs/CSOs to engage in environmental governance processes.

Output 1: Road map developed to harmonise and strengthen Mongolia's environmental legislative framework.

The gap analysis undertaken during the first phase of the project delivered an overview of all gaps, overlaps and shortcomings in Mongolia's environmental legal framework, as well as recommendations to review the system of managing environmental laws in the country. The second phase will build on these recommendations and start off with developing a road map to address the gaps, overlaps and shortcomings in Mongolia's environmental laws. This will also include consideration of activities related to reducing corruption and increasing transparency and accountability in environmental governance.

1.1 Development of road map to revise management of environmental laws

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[2] UNDP (2009a), Handbook on Planning, Monitoring and Evaluating for Development Results. In particular, the Results and Resources Framework presented in this section as Table 2 is based on the sample template provided as Table 13, on page 75 of UNDP (2009a).

[3] 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)

While a plan was developed to revise priority laws between 2009-12, no strategy is in place to compressively address the lack of an adequate environmental laws system. Based on MNET's policy the road map will define such a strategy and set out clear actions, targets and responsible partners to revise the environmental law management system. The project will support with technical expertise from national and international experts, as well as organising consultations.

The road map will address:

- legal and policy frameworks for a transition towards resource efficiency and green economy
- environmental law management
- prioritisation of law reforms, i.e. the chronological order in which laws should be amended
- actions required to address recommendations by Hannam (2008), including training and awareness raising.
- development of a GEF project to support transboundary environmental governance focusing on the i**ntegrated management of the Amur/Heilong River Basin with the Peoples Republic of China and the Russian Federation.**

The road map will provide a visualisation of the proposed strategy to fill the gaps, remove the overlaps and address the shortcomings in Mongolia's environmental legislative system. It will include a flow chart and indicative timeline to achieve these outcomes and will describe the required inputs and intended outputs at each stage of the process. The road map will provide a complete overview of the required process of environmental legislation reform and will also identify responsibilities, targets and deliverables at each stage of the process. The road map itself is also intended to be an input into a more detailed Action Plan, which will provide a much more comprehensive description of the actions required at each stage of the law reform process provided in the road map.

1.2 Support the implementation of the road map

Particular attention will be given to support the development of an adequate legal framework for climate change, which was highlighted as one of the major gaps during the first phase, and which is a key goal in the recently approved update of Mongolia's National Action Plan for Climate Change. Further support will be given to amend various laws as planned by MNET, including the environmental impact law and others to be decided based on the prioritisation of the road map and actual needs on annual basis. The type of support given will include organising consultations and support in the drafting of laws by national and international experts.

Output 2 Environmental Mainstreaming Mechanisms developed for adoption by government

Under this output the project will further support institutionalisation of Strategic Environmental Assessment (SEA) and Environmental Auditing (EA). An important element of this process is to continue building a better understanding of the concepts and their importance among key stakeholders.

2.1 Institutionalisation of SEA

Support will be given to organise further consultations, advocacy and writing of legislation and regulations by legal experts where required. Additional training and advocacy to create better understanding of SEA in Mongolia will be carried out.

2.2 Institutionalisation of EA

Support will be given to organise further consultations, advocacy and writing legislation and regulations by legal experts where required. Additional training and advocacy to create better understanding of EA in Mongolia will be carried out.

2.3 Strengthening Environment and Climate Change Coordination Mechanisms

Mainstreaming of environment and climate change, which was the main need as identified in the assessments under Phase I, climate change mainstreaming activities will be organised. In parallel, Aimag governments will increase their access to information on climate change through the establishment of a small climate change library in each aimag center within the government office. In one pilot Aimag, Ovorkhangai, the project will carry out a review of the existing roles and responsibilities of environmental management at the aimag level. Based upon the results a draft agreement will be developed to establish a new mechanism to ensure to fill gaps and resolve conflicts and overlaps. The activity will be carried out in close cooperation with UNDP's Local Governance Project.

2.4 Developing a methodology to carry out cost benefit analysis for Mining in Mongolia

Objectives of the Study: Inform policy makers and civil society about the welfare issues and true economic costs of degrading ecosystem services from mining development in Mongolia and demonstrate the value of maintaining ecosystem services and including their consideration in mining development. The study will estimate the economic costs of mining through research, modelling and monetizing impacts of mining on ecosystem services and their subsequent socio-economic on local communities, agriculture and tourism. This research grant is intended to help develop a rigorous and innovative methodology to guide the study to be able to model and value the change to ecosystem services from mining development. This will be done in conjunction with the government of Mongolia and its leading research institutes to build national capacity for dealing with these issues which are critical to the people of Mongolia.

Approach for the Study:
1. Map out potential mining concessions (location and size) and assess potential impacts on the environment and society (using 2 target sites)
2. Develop economic valuation methodology for modeling for the costs and benefits of ecosystem degradation from different mining scenarios
3. Develop a manual to carry out the methodology
4. Quantify the impacts in economic terms.
5. Identify cost effective key remedial actions at policy, planning at site level to enhance ecosystem functioning within mining developments.
6. Policy workshops to promote uptake of results to be incorporated into sustainable mining development plans

A pilot cost-benefit analysis will be carried out for 2 mining sites in Mongolia. The study will be used to develop a specific methodology for Mongolia to measure economic, social and environmental impacts in monetary terms. Based on the work, a manual will de developed to enable replication. The manual will help to quantify the environmental and social costs of mining activities in Mongolia by involving an international environmental economist.

Output 3: Resource Mobilisation strategy for Environmental NGOs/CSOs is developed

The project will assist Environmental NGOs/CSOs to define new strategies to mobilise financial resources, to become less dependent on financial sources from government and development organisations. NCOs/CSOs are also involved in activities to mobilise human resources. In cooperation with AYAD and UNV a guideline will be developed to promote volunteerism in the work of NGOs/CSOs.

3.1 Resource Mobilisation plan for Environmental NGOs/CSOs developed

Through the development of a national strategy, revenue generation opportunities will be identified for Mongolia's environmental NGOs/CSOs, who will also be trained on resource mobilisation as well as organisational management, through the support of an international expert. NGOs/CSOs will identify new ways of partnering with private sector actors. Through a competition, one NGO will be provided with a grant for the best resource mobilisation initiative. With involvement of UNV and AYAD, a manual will be developed to promote volunteerism among Environmental NGOs/CSOs.

3.2 Educational capacity of the press institute on environmental issues is strengthened

Journalists will be enabled to improve their capacity to develop environmental media products. The project will support the Press Institute to revise their curriculum to include environmental subjects, as

well as skills training. Rural Journalists will strengthen their capacity to work on environmental topics. Trainings organised for journalist on environmental subjects as organised under the Phase I will be organised for journalists in rural areas. The Press Institute is also developing an online database, to which the project will contribute to developing the environmental database section.

3.3   Collaboration with other projects

The project will closely collaborate with other ongoing donor and government programmes related to natural resource management, environmental capacity building, decentralization and governance. Findings and lessons from these bilateral and multilateral programmes will be assessed and will result in refinements to project activities where relevant.

As was the case for EG Phase I, EG Phase II will closely collaborate with the Netherlands-Mongolia Trust Fund for Environmental Reform (NEMO) project, which is now in its second phase. The NEMO project includes an environmental governance component that has assisted in the revision of national environmental laws, supported the Environmental Civil Council, and assisted with the development of the MNET Master Plan.

Another important project with which EG Phase II will work together is the GTZ-funded "Biodiversity and Climate Change" programme, which began in 2007 and will run to 2014. The programme focuses on providing advice on climate change, decentralization of natural resources management and provision of environmental information, advocacy and education. The programme has a specific focus on training of environmental inspectors and aims to assist with the construction of a dedicated training centre.

Collaboration and close contact will also be required with other donor-funded programmes, including Swiss-funded programmes addressing sustainable land management to combat desertification and the ADB-funded "Poverty Reduction through Community-based Natural Resource Management" project, and a proposed project on. "Improving Legal and Regulatory Framework and Enforcement for Environmental Impact Assessment".

Finally, EG Phase II will work closely with other UNDP projects, including the "Local Governance Support" programme, the newly approved "Strengthening of the Protected Area Network in Mongolia" (SPAN) programme, and the climate change adaptation project that is currently in a development stage.

III. RESULTS AND RESOURCES FRAMEWORK

Intended Outcome as stated in the Country Programme Results and Resource Framework:
Outcome 3: A holistic approach to environmentally sustainable development is promoted and practiced for improving the well-being of rural and urban poor

Outcome indicators as stated in the Country Programme Results and Resources Framework, including baseline and targets:

5.1.1 Indicator: number of domestic laws, regulations adopted or revised, to support United Nations conventions, e.g., Kyoto protocol

5.1.2 Indicator/target: implementation of MOUs/agreements between authorities on their responsibilities over natural resource management

5.2.1 Indicator: number of CBOs contributing to effective resource management; pastoral area under rotational grazing scheme, area of community reserved pastures, and irrigated pastures

Applicable Key Result Area (from 2008-11 Strategic Plan): Environment and sustainable development

Partnership Strategy: The project will strongly rely on the involvement of partners MNET, Local Government, NGOs and the Press Institute to implement activities

Project title and ID (61190): Strengthening Environmental Governance in Mongolia – Phase II

INTENDED OUTPUTS	OUTPUT TARGETS FOR (YEARS)	INDICATIVE ACTIVITIES	RESPONSIBLE PARTIES	INPUTS
Output 1: Road map developed to harmonise and strengthen Mongolia's environmental legislative framework **Baseline:** Gap analysis carried out on Mongolia's environmental laws, without formal strategy in place to revise environmental law management system. **Indicators:** Completion of Road Map to harmonise Mongolia's environmental legislative framework.	Development of the Road Map **Targets (year 1)** - Develop roadmap to revise environmental law management system through consultative process **Targets (year 2)** - At least 2 laws amended/initiated in line with road map **Targets (year 3)** - Monitoring system of the roadmap in place - At least 2 laws amended/initiated in line with road map	**1.1 Development of road map to revise management of environmental laws** ▪ Organise consultative meetings ▪ Drafting of Road Map ▪ Establish monitoring systems **1.2 Support the implementation of the road map** ▪ Support to drafting of new environmental laws and amendments including the law on environmental impact assessment ▪ Support to drafting a national road map on transition towards resource efficiency and green economy ▪ Support the strengthening of a legislative framework for climate change	▪ Ministry of Nature, Environment and Tourism ▪ Ministry of Justice ▪ Line Ministries ▪ Parliament Standing Committee on Environment and Agriculture ▪ Environmental Civil Council of Mongolia ▪ UNDP ▪ UNEP	

Output	Targets	Activities	Responsible Parties
		- GEF project document on the Integrated Management of the Amur/Heilong River Basin prepared - Support to the implementation of the Montreal Protocol including the HCFC phase-out plan	• Ministry of Nature, Environment and Tourism • Line Ministries • Parliament Standing Committee on Environment and Agriculture • Environmental Civil Council of Mongolia • EIA/SEA/EA Companies • National Audit Board • Mining companies • UNDP • AYAD • UNEP
Output 2 Environmental Mainstreaming Mechanisms developed for adoption by government **Baseline:** Draft concepts for Institutional framework for SEA and EA developed **Indicators:** Complete documents for institutional framework for SEA and EA	**Targets (year 1)** - Advocacy and training on revised SEA and EA policies - Development of SEA and EA legislation - Development of methodology to carry out cost-benefit analysis for mining sites in Mongolia - Development of manual to carry out cost-benefit analysis for mining sites in Mongolia - Carry out gap analysis for roles and responsibilities for environmental management in one pilot aimag. **Targets (year 2)** - Carry out Pilot Cost-Benefit Analysis of 2 Mining sites - Implement Pilot SEA in Gobi Region **Targets (year 3)** - Development of detailed SEA and EA regulations - Develop model agreement on revised roles and responsibilities of environmental management in one pilot aimag	**2.1 Institutionalisation of SEA** • Support to the SEA working group to draft SEA legislation • Support to the SEA working group to draft SEA regulations • Carry out pilot SEA in Gobi site • Advocacy/Training **2.2 Institutionalisation of EA** • Support to the EA working group to drafting EA legislation • Support to the EA working group to drafting EA regulations • Advocacy/Training **2.3 Strengthening Environment and Climate Change Coordination Mechanisms** • Support CC office to carry out CC mainstreaming activities • Establish an agreement on the roles and responsibilities for environmental management in 1 pilot aimag • Establish CC library in all 21 Aimag Government offices **2.4 Developing a methodology to carry out cost benefit analysis for Mining in Mongolia** • Develop methodology for conducting cost-benefit analysis for mining in	

Output / Baseline / Indicators	Targets	Activities	Responsible parties
		Mongolia ▪ Develop handbook on methodology to carry out cost-benefit analysis of mining sites in Mongolia and advocacy ▪ Carry out pilot Cost benefit analysis for 1 mining site. ▪ Advocacy and trainings	
Output 3: Resource Mobilisation strategy for Environmental NGOs/CSOs is developed **Baseline:** Environmental NGOs/CSOs lack strategy to generate sufficient resources to carry out their planned activities. **Indicators:** # of environmental NGOs with Resource Mobilisation plan in place	Resource Mobilisation **Targets (year 1)** - Resource Mobilisation Strategy for Mongolia's Environmental NGOs developed - Environmental Educational System for journalists developed **Targets (year 2)** - At least 20 Environmental NGOs have resource mobilisation plan in place **Targets (year 3)** - National Fund raising campaign for environmental NGOs Organised -Resource Mobilisation Plan for Environmental NGOs is developed	**3.1 Resource Mobilisation plan for Environmental NGOs/CSOs developed** 3.1.1 Organise national consultation on resource mobilisation opportunities for Mongolia's environmental NGOS. 3.1.2 Organise training on resource mobilisation and management for Environmental NGOs 3.1.3 Develop manual and online training course on resource mobilisation for environmental NGOs. 3.1.4 Develop guidebook for NGOs/CSOs on the promotion of volunteerism in environmental protection. **3.2 Educational capacity of the press institute on environmental issues is strengthened** ▪ Development of an Environmental Component for the BSc Curriculum of the Press Institute ▪ Development of online database for environmental information for the journalist environment club. ▪ Organise trainings on environmental issues for rural journalists.	▪ Environmental Civil Council of Mongolia ▪ Ministry of Nature, Environment and Tourism ▪ Press Institute ▪ UNDP ▪ AYAD ▪ UNV ▪ UNEP

List of deliverables that will be achieved with the UNDP funds already committed:

- Road map
- Action plan
- Amendment of two laws in line with action plan
- Advocacy and training on revised SEA and EA policies
- SEA and EA legislation
- EIA environmental law
- Roads map towards a green economy
- GEF full sized project document
- Gap analysis for roles and responsibilities for environmental management in one pilot aimag
- Manual for mining cost-benefit analysis
- Resource Mobilisation Strategy for Mongolia's Environmental NGOs
- Environmental Educational System for journalists
- Resource mobilisation plans in place for 10 environmental NGOs.

List of deliverables for AusAID funding

- Methodology for mining cost-benefit analysis
- Handbook for mining cost-benefit analysis
- Cost Benefit Analysis Study for 1 pilot site