

## MONGOLIA

(Responses to the Co-Chairs' questionnaire)

**1. What are the strengths and weaknesses of international actors in the area of environment (UNEP, UNDP, other UN entities, the World Bank, the MEAs) in supporting environmental objectives in your country/your area of activity in terms of scientific knowledge, normative/policy advice and operational support?**

An important counterpart for the donor community of the Mongolian government is the Ministry of Finance (MFA). This is the ministry coordinating donor contacts and financial aid. (Bi-) Annual donor meetings are organized under auspices of the MFA. Donors are moving toward aligning their support for capacity building, private sector development and governance, in line with EGSPRS objectives. The EU has been working on a donor activity matrix to improve the awareness of ongoing activities.

Cooperation within the donor community is well established, in particular between multilateral agencies (ADB, UN) and international NGOs. However, there is little or no involvement of local NGOs.

Mongolia is very dependent on Official Development Assistance (ODA), with up to 14 percent of GDP consisting of official aid, grants and concessional loans.

The five major development partners of Mongolia are the Asian Development Bank (ADB), World Bank, the United States, Japan and Germany accounting for approximately 87 percent of gross ODA. Other (multilateral) donors include the International Finance Corporation, European Union, and various UN agencies.

The *Asian Development Bank* (ADB) is the single largest multilateral donor. The strategy supports the implementation of the two major pillars of the Government's strategy: (i) stable broad-based growth and (ii) inclusive social development. The pillar of broad-based growth aims to contribute to agricultural and associated growth, increase productivity in key industries, open economic opportunities in rural areas, and widen the export base. The pillar of inclusive social development aims to contribute to increasing economic opportunities and raising and stabilizing incomes, reducing unemployment, and improving education, health, and living conditions among the poor. Governance and gender concerns are woven into operations.

The *World Bank's* recent loans with environmental content include projects on energy efficiency, rural vulnerability, pastureland management and support to technical assistance for the Ministry of Nature and Environment. The Bank has negotiated new IDA grant commitments of \$26 million for fiscal year 2006, which represents an IDA front-loading of 30% given the high likelihood that Mongolia will be an IDA loan country by the end of the IDA period, and an IDA loans-grants blend country for 2007.

*UNDP* has had the longest association with Mongolia and its broad policy focuses on Democratic Governance, Human development and Poverty Reduction and Sustainable Natural Resource Management. The environmental programme aims to achieve a balance between environment protection and development in the context of the fragility of Mongolia's environment and the high dependence of people's livelihood on natural resources.

*USAID* plays a catalytic role in addressing some of the major issues in the country, including privatization, rural finance and democracy. USAID's Gobi Initiative represented the first significant donor program outside the capital city, providing a model for other donors to follow. An extensive program of German bilateral assistance is in place in Mongolia containing several projects that target private sector development, environmental management, and the Government's regional development strategy.

*Japan* is Mongolia's major bilateral source of loan as well as grant assistance. Japan intends to support institutional and human resource development, rural development, environmental protection, and infrastructure development. Both the United States and Germany provide substantial grant assistance to the country. A number of other donors provide modest amounts of additional support. These other donors include Sweden (governance); Canada (rural and urban development); *Korea* (energy and health); the *Czech Republic* (health); *Russia* (humanitarian aid); *China* (housing); and *India* (information technology). Another possible and relatively unusual donor nation is the United Arab Emirates (UAE), which recently offered to help finance a hydroelectric plant in the countryside.

The European Commission adopted the current Country Strategy Paper (CSP) 2002-2006 and National Indicative Programme (NIP) 2002-2003 for Mongolia in November 2001 and cooperation activities have focused since then on rural development. Within the current CSP framework the current NIP focuses on two priorities: (1) Enhance the export potential for agricultural products; (2) Support the Mongolian reform agenda through contributing to the Poverty Reduction Support Credit (PRSC) – focus on services for rural populations. The first priority action is planned to be carried out in the 'classical' project approach pursued so far in EC cooperation with Mongolia. The second priority action (PRSC) consists of co-financing a World Bank budget support scheme. Rural development aspects will be particularly emphasised through the EC contribution. The indicative budget allocation for assistance to Mongolia is approx. 9 million EUR in total for the period 2004-2006. In addition, humanitarian aid could be provided in the case of need (as in the recent past). At the same time, a switching of assistance towards disaster-preparedness actions is being prepared. Finally, a number of supplementary small-scale actions could be financed under the Asia-wide ALA programmes or other 'horizontal' budget lines. Any concrete action will depend on the submission of high-quality proposals and their eligibility under the various schemes. The Commission intends to provide guidance in order to facilitate access to these programmes. Possible fields of action include the environment, higher education and business cooperation.

*Non governmental organizations* (NGOs) such as the Soros Foundation and World Vision make important contributions to Mongolia, each managing annual development programs valued at around \$3 million. Numerous other NGOs from the United States, Japan, Europe, and elsewhere also provide important support, especially in the social sectors.

Main focus of the programme	Actors active the Environment sector								
	EU	UNDP	GTZ	WB	USAID	ADB	JAPAN	SWEDEN	KOREA
Sustainable Resource Management		X	X	X		X	X		
Energy/Energy efficiency		X	X	X		X			X
Pollution control		X							
Disaster mitigation	X	X							
Private sector development			X						
Rural Finance/development	X						X		
Urban development								X	
Good governance/democracy		X			X			X	
Regional sector development			X						
Human resource development						X	X		
Infrastructure development				X		X	X		

The European Bank for Reconstruction and Development (EBRD) will soon begin providing advisory services and would like to start a loan assistance program once its board approves.

The leading donors in the field of environment are GEF, World Bank, UNDP, GTZ and the Netherlands. Especially UNDP and GTZ have a policy focus that is very much compatible with the Dutch priorities of ODA and therefore qualify as strategic partners. The Dutch activities in partnership with GTZ are embedded in a Silent Partnership Agreement (signed between GTZ and the Embassy). With UNDP cooperation is under the General Framework Agreement (UN and Minister for DC). At this moment about 35% of the environmental programme is implemented in partnership with UNDP and GTZ.

The World Bank has growing interest in sustainable Resource Management and more specific in sustainable forest management. In 2004 the Netherlands Mongolian trust fund (NEMO-1) started under supervision of the World Bank. This ongoing programme is mainly focused on a diversity of environmental issues. A second phase of the Dutch trust fund is under preparation (WB/FAO) starting in 2007, especially focusing on (community) forestry issues.

Implementation of the Paris Declaration on achievement of optimal alignment and harmonization will be of continued priority to the embassy.

**2. *According to your national priorities, what activities should be developed in your country regarding scientific knowledge, normative/policy advice and operational support?***

1. Policy and legal framework for environmentally sustainable development
2. Institutional mechanism for sustainable development
3. Information and monitoring systems
4. Environmental governance

**3. *How can interaction between your country and the different entities as well as among these entities be improved at country level?***

Responsibilities for policy formulation and implementation are usually dispersed among several ministries and agencies such as agriculture, energy, local and provincial authorities in Mongolia. Effective management of natural resources and environmental issues requires wide coordination among a number of ministries, agencies, provinces and local authorities, researchers, NGOs and the public, but coordination and even dialogue is very limited. Other government institutions, NGOs, the private sector, academic and education institutions should be involved in planning as well as in implementation activities. Capacity strengthening is required in all ministries and agencies involved in environmental matters administration and the aimags and soums responsible for implementing natural resources and environmental regulations and standards. Much attention should be given to fully aware the staff of Ministry of Finance about the environmental concerns, so the priority for state funding can be given to environmental issues.

**4. *What is your assessment of the advancement of the implementation of the Bali Strategic Plan and other elements of the Cartagena outcome and how can implementation be improved?***

The following is an indicative list of cross-cutting issues and thematic areas that the plan should address:

- (i) Strengthening of national and regional environmental or environment-related institutions (government institutions, judiciary, enforcement);

- (ii) Development of national environmental law;
- (iii) Strengthening of cooperation with civil society and the private sector;
- (iv) Assistance for facilitating compliance with and enforcement of obligations under multilateral environmental agreements and implementation of environmental commitments;
- (v) Preparation, integration and implementation of environmental aspects of national sustainable development plans;
- (vi) Poverty and environment, including the implementation of poverty reduction strategy programmes;
- (vii) Development of national research, monitoring and assessment capacity, including training in assessment and early warning;
- (viii) Support to national and regional institutions in data collection, analysis and monitoring of environmental trends;
- (ix) Access to scientific and technological information, including information on state-of-the-art technologies;
- (x) Facilitating access to and support for environmentally sound technologies and corresponding know-how;
- (xi) Education and awareness raising, including networking among universities with programmes of excellence in the field of the environment;
- (xii) Promotion of sustainable consumption and production patterns, including support for cleaner production centres;
- (xiii) Development of gender mainstreaming strategies in environmental policies;

The implementation of Bali strategic Plan in Mongolia is more focusing on environmental education, development of national environmental laws and sustainable development. It all reflected in "Framework Agreement for 2006" between MNE and UNEP. For better implementation of Bali Strategic Plan it is need to be strengthened financial capacity. Urgent decision need to be produced in involving public support or contribution for financial capacity.

***5. How can countries be better supported in their effort to integrate environmental objectives into developmental objectives into development planning and operations as well as in economic policies? How can environmental objectives be better addressed in situations of natural disasters and complex emergencies?***

Establishment of full-fledged Environmental Units in Ministries of Agriculture, Fuel and Energy, and Health and training staff of this Unit in the aforesaid ministries and in environmental assessment, clearance and monitoring are more useful. Therefore the supports need to be focused on capacity building of this Unit.

***6. What are your conclusions, in the light of experiences at country level, with regard to the cooperation of UNEP and UNDP, UNEP and MEAs, MEAs among themselves, UNEP and other UN entities, UNEP and the WB?***

Harmonization among UN entities is more challenging issue. For example: UNEP and UNDP, MEAs among themselves.

**7. How can cooperation and coordination mechanisms be improved within the UN system and globally?**

- Improvement of leadership
- Independence of financial resources

**8. Can a strengthened UNEP effectively and fully fulfill its mandate as the environmental pillar of the UN system?**

- No

**9. What practical measures within existing mandates could be implemented in order to enhance the effectiveness of the UN activities on environment? Are changes in mandate for the different entities necessary?**

- Necessary

**10. What are the strengths and weaknesses of present funding schemes in terms of the timely availability of sufficient funds? How can improvements be achieved?**

Funding should be focus on cross-cutting capacity issues. For example; increased income generation and improved livelihoods are direct related to adequate environmental management and broadening the scope of rural activities. More strategic and longer term solutions are at the level of institutional building and capacity building at central and local government.

**11. How can partnerships of the global environmental governance system with civil society, business and science communities be strengthened?**

*Increase their involvement at any level.*