FAO/GOVERNMENT CO-OPERATIVE PROGRAMME

Project of the Government of Mongolia

PROJECT DOCUMENT

“Capacity Building and Institutional Development for Participatory Natural Resources Management and Conservation in Forest Areas of Mongolia”

GCP/MON/002/NET

Donor: The Government of the Netherlands
Government Implementing Agencies: Ministry of Nature and Environment, Aimag Local Governments

Duration: 5 years

October 2006 – September 2011
ABBREVIATIONS AND GLOSSARY

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tbody>
<tr>
<td>CAS</td>
<td>Country Assistance Strategy (World Bank)</td>
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<tr>
<td>CSD</td>
<td>Commission for Sustainable Development (established as follow-up to UNCED)</td>
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<tr>
<td>CTA</td>
<td>Chief Technical Adviser</td>
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<tr>
<td>DSA</td>
<td>Daily Subsistence Allowance</td>
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<td>FAO</td>
<td>Food and Agriculture Organization of the United Nations</td>
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<td>FPCD</td>
<td>Forest Policy and Coordination Division (within MNE)</td>
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<td>FWRC</td>
<td>Forest and Water Research Center (within MNE)</td>
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<td>GoM</td>
<td>Government of Mongolia</td>
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<td>GTZ</td>
<td>German Agency for International Technical Co-operation</td>
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<td>IDRC</td>
<td>International Development Research Center</td>
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<td>IFC</td>
<td>International Finance Corporation (subsidiary of the World Bank)</td>
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<td>IPCON</td>
<td>Initiative for People Center for Conservation</td>
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<td>IPF</td>
<td>Intergovernmental Forum on Forest (part of CSD)</td>
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<td>JICA</td>
<td>Japan International Co-operation Agency</td>
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<td>MACNE</td>
<td>Mongolian Association for Nature and Environment</td>
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<td>MA&amp;D</td>
<td>Marketing Analysis and Development</td>
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<td>MAP-21</td>
<td>Mongolian Action Programme for the 21st Century</td>
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<td>MIC</td>
<td>Ministry of Industry and Commerce</td>
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<td>MNE</td>
<td>Ministry of Nature and Environment</td>
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<td>MNT</td>
<td>Mongolian currency: Tughrik</td>
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<td>NFP</td>
<td>National Forest Programme</td>
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<td>NGO</td>
<td>Non-Governmental Organisation</td>
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<td>NPC</td>
<td>National Project Co-ordinator</td>
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<td>NTFP</td>
<td>Non-Timber Forest Product</td>
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<td>NZNI</td>
<td>New Zealand Nature Institute, Initiative for People Center for Conservation</td>
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<td>PFC</td>
<td>Participatory Forestry Concept</td>
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<td>PLA/RA</td>
<td>Participatory Learning and Action / Rapid Appraisal</td>
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<td>PRSP</td>
<td>Poverty Reduction Strategy Paper</td>
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<td>PRA</td>
<td>Participatory Rural Appraisal</td>
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<td>RECOFTC</td>
<td>Regional Community Forestry Training Center for Asia and the Pacific, Bangkok, Thailand</td>
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<td>SME</td>
<td>Small- and Medium Scale Enterprise</td>
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<td>Taiga</td>
<td>Synonym of boreal forest</td>
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<td>TCP</td>
<td>Technical Cooperation Project (FAO)</td>
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<td>UNCED</td>
<td>United Nations Conference on Environment and Development</td>
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<td>UNDP</td>
<td>United Nations Development Programme</td>
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<td>US$</td>
<td>United States Dollar</td>
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<td>WWF</td>
<td>World Wide Fund for Nature</td>
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Aimag: Administrative unit in Mongolia, comparable to a province.
Soum: Administrative unit in Mongolia, equivalent of a rural district.
Bagh: Smallest part in the administrative unit for rural areas in Mongolia, part of a soum.
Hural: Mongolian parliament. There are hurals at national, aimag and soum level. The Citizen Representatives Hural is the parliament at the soum level.
Nukhurlul: Mongolian name for Forest User Group.
<table>
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<tr>
<th>Project Code</th>
<th>Project Description</th>
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<tr>
<td>TCP/MON/0068:</td>
<td>Strengthening Capacity for Disaster Response and Forest Fire</td>
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<td></td>
<td>Prevention</td>
</tr>
<tr>
<td>TCP/MON/2903:</td>
<td>Support to the Development of Participatory Forest Management</td>
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“Capacity Building and Institutional Development for Participatory Natural Resources Management and Conservation in Forest Areas of Mongolia”

**Donor:** The Government of the Netherlands

**Government Implementing Agencies:** Ministry of Nature and Environment and concerned Aimag Local Governments

**Duration:** 5 years
October 2006 – September 2011

**Donor Government Contribution**
**Counterpart Contribution (in kind)**

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<td><strong>US$</strong> 4,686,686</td>
<td><strong>MNT 197,192,000</strong></td>
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**Brief description:**

All Mongolia’s forests are State-owned and cover approximately 175,200 km² or 11.2% of the total land area. Natural disasters combined with unsustainable harvesting practices have resulted in the loss of approximately four million ha of forests during the last century, averaging 40,000 ha annually. Since the beginning of the economic transition in the mid-1990s, the forestry sector has been beset by many problems such as lack of investment in the forest industry, inadequately trained workforce, obsolete machinery and unclear institutional responsibilities.

Over the last few years, participatory forestry has been identified as one of the main strategies towards bringing as much forest as possible, under effective and sustainable management.

The project responds to a direct request from the Ministry of Nature and Environment of Mongolia to support the Government’s effort to involve the local population in the sustainable management of Mongolian’s forests.

The problem to be addressed is to stop and reverse the ongoing degradation of the forests of Mongolia and to contribute to poverty alleviation through the development of a model for local level forest ecosystem management at soum level which can be replicated to other sites in the forested aimags of Mongolia. To that effect the project will deal with institutional, social, economic, financial, scientific and technical aspects of this complex endeavour.

The focus of the project will be both at the local and national levels. The local level is fundamental for the development of participatory forestry and the national level is essential for the improvement of the institutional and legislative framework and the creation of an enabling context for participatory forestry in the country. The project will build upon the experience acquired by FAO and other partners in Mongolia.
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PART I – PROJECT AGREEMENT

1. Within the framework of its agreement with the Government of the Netherlands and upon request from the Government of Mongolia, the Food and Agriculture organization of the United Nations (FAO) will supply assistance for the execution of the following project once it is accepted by the Donor Government.

Project Title: “Capacity Building and Institutional Development for Participatory Natural Resources Management and Conservation in Forest Areas of Mongolia”

Estimated Costs (Plan of Expenditure in Part II, I): US$ 4,852,327
Donor Government Contribution: US$ 4,686,686
Counterpart Contribution (in kind): MNT 197,192,000

A detailed description of project design, including background, purpose and workplan, is provided in Part II of the present document (attached).

FAO OBLIGATIONS:

2. FAO shall be responsible for the recruitment, international travel, salaries and emoluments of the international staff (except volunteers) shown in Part II (I.1). Appointments of international staff shall be submitted to the Government for clearance. All staff will work under the direction of the Project manager who, on behalf of FAO, is responsible for the technical execution of the project.

3. FAO will provide the equipment and supplies shown in Part II (I.4). The equipment will remain the property of FAO for the duration of the project. Its ultimate destination shall be decided by FAO in consultation with the Government.

4. FAO will arrange for yearly supervisory travel visit to the project, to be financed from project costs as shown in Part II (I.1).

5. All FAO's obligations arising under this Project Agreement shall be subject to (i) the decisions of its governing bodies and to its constitutional, financial and budgetary provisions, and (ii) the receipt of the necessary contribution from the Donor Government. Any obligations assumed by FAO may, at any time, be taken over by the Donor Government.

6. FAO may, in consultation with the Government, execute part or all of the project by sub-contract. The selection of the sub-contractors shall be made, after consultation with the Government, in accordance with FAO's procedures.

GOVERNMENT OBLIGATIONS

7. The Government shall take all necessary measures to facilitate the execution of the project and to assist the FAO staff in obtaining such services and facilities as they may require to fulfil their tasks. The Government shall apply to FAO, its property, funds and assets, its officials and to the persons performing services on its behalf, in connection with the project, the provisions of the Convention on Privileges and
Immunities of the Specialized Agencies; the currency exchange rate established with the United Nations.

8. The Government shall deal with any claims brought by third parties against FAO, its personnel or other persons performing services on its behalf in connection with the project, except when it is agreed by FAO and the Government that such claims arise from gross negligence or willful misconduct of such persons.

9. The Government shall be responsible for the recruitment, salaries and social security measures of the national staff. The Government shall also provide the facilities and supplies shown in Part II (E.1), as and when required for the project.

10. The Government shall grant to the staff of FAO and of the Donor Government and to persons acting on their behalf, access to the Project site and to any material or documentation relating to the Project and shall provide any relevant information to such staff or persons.

11. The Government is responsible for the cost of import and customs clearance of project equipment, its transportation, handling, storage, and related expenses within the country; its safe custody, maintenance, insurance and replacement, if necessary, after delivery to the project site.

REPORTING

12. FAO will report on the project to the Donor and recipient Governments as detailed in Part II (H).

13. The Government shall agree to the dissemination of information like descriptions of the project and of its objectives and results, for the purpose of educating public opinion.

AMENDMENTS AND TERMINATION

14. This Project Agreement may be amended or terminated by mutual consent. Termination shall also take effect sixty days after receipt by either party of written notice from the other party. In the event of termination, the obligations already assumed by the Government shall remain in force to the extent necessary to permit orderly withdrawal of the funds and assets of FAO and of personnel performing services on its behalf.

15. This Project Agreement shall enter into force upon signature by both parties.

For the Government of Mongolia

For the Food and Agriculture Organization of the United Nations

Date: ...............  Date: ...............
PART II – PROJECT SETTING

SUMMARY DESCRIPTION OF THE PROJECT

A. GENERAL BACKGROUND – CONTEXT

The problem to be addressed is to stop and reverse the ongoing degradation of the forests of Mongolia and to contribute to poverty alleviation through the development of a model for local-level forest ecosystem management at soum\(^1\) level which can be replicated to other sites in the forested aimags of Mongolia.

A.1 Pre-Project Situation – Description of the Sector

All Mongolia’s forests are State-owned and cover approximately 175,200 km\(^2\) or 11.2\% of the total land area\(^2\). Two main forest types occur: coniferous forests and Saxaul forests. Saxaul (\textit{Haloxylon ammondendron}) grows in the south and southwest, and is of importance as groundcover protection against erosion and desertification, and as seasonal fodder for cattle. Coniferous forests are dominant in northern-central aimags. The common tree species are larch (\textit{Larix sibirica}), Siberian pine (\textit{Pinus sibirica}) and Scotch pine (\textit{Pinus sylvestris}) associated with birch (predominantly\textit{ Betula platyphylla}).

The northern coniferous forests are part of a transitional zone between the Siberian taiga forest (boreal forest) to the north and the grasslands to the south. They typically grow on mountain slopes between 800 meters and 2,500 meters above sea level. These forests are located in the critical zone for forest growth. Because they belong to the southern edge of Siberia’s vast taiga forest - the largest continuous forest ecosystem on earth - they are extremely precious from a global environmental point of view. Aimags in the northern and central part of the country where these forests\(^3\) mainly occur are Khuvsugul (35,475 km\(^2\) of forest area), Selenge (21,805 km\(^2\)), Tuv (18,574 km\(^2\)), Bulgan (15,519 km\(^2\)), Khentii (14,840 km\(^2\)), Arkhangay (7,892 km\(^2\)) and Zavkhan (9,899 km\(^2\)).

Due to the harsh climatic conditions, Mongolia is prone to various natural disasters, including droughts, heavy snowfall, blizzards, powerful dust storms, floods, pests and devastating wild fires. These disasters cause extensive damage to the economy and the natural environment of Mongolia.

Natural disasters combined with unsustainable harvesting practices have resulted in the loss of approximately four million ha of forests during the last

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\(^1\) Aimag is the administrative unit in Mongolia comparable to a province; soum is the equivalent to a district.

\(^2\) Total land area of Mongolia is 1,564,100 km\(^2\). State forestlands include closed forest areas as well as open lands. Information on forested areas is not updated and there are different definitions of what is a forested area. According to MNE, closed boreal forests cover 104,026 km\(^2\), or 6.65\% of the land area (source: MNE, “Biological Diversity in Mongolia: First National Report: Global Environmental Facility” (2000)).

\(^3\) The area indicated in each aimag is the total forest land, including closed as well as open forests.
century, averaging 40 000 ha annually. However, between 1990 and 2000, the rate of deforestation increased to 60 000 ha per year. Activities within the forest industry sector are characterized by illegal felling, poor harvesting and logging operations. They all significantly contribute to increased fire hazard.

Since the beginning of the economic transition in the mid-1990s, the forestry sector has been beset by many problems such as lack of investment in the forest industry, inadequately trained workforce, obsolete machinery and unclear institutional responsibilities.

Before the transition approximately 2.2 million cubic meters of timber were produced annually, and forest products contributed to six percent of country’s GDP. The current volume of annual timber production is 0.5 million cubic meters and the contribution of the industry to GDP is less than one percent.

Employment in the forest industry fell from a high of 12,000 to less than 6,000. The population, previously employed in the state enterprises, has either migrated, resorted to other forms of (seasonal) employment or to (informal and primitive) logging and small-scale sawmilling operations. The lifestyle and economy of communities located in the forested areas of Mongolia are severely affected by poverty and the on-going forest degradation as they rely heavily on the availability of fuelwood, lumber for domestic use and for sale as well income derived from job opportunities provided by the forest industry.

The Forest Administration has been heavily decimated and forest management in Mongolia, under current conditions, remains ineffective due to insufficient funds, shortage of professionals, lack of reliable and up-to-date forest maps, lack of monitoring of forestry activities and lack of clear institutional responsibilities. Under the present system, the Forest Administration is partly decentralised and the soum governor is empowered to grant licenses to individuals or concessions to economic entities according for quotas given by the Ministry of Nature and Environment (MNE). The soum Governor also collects user and license fees. There exists, however a vacuum in controlling the location of logging and the amount of wood extracted from licenses or concessions. Illegal logging is rampant leading to strong negative impacts for the livelihoods of people and the economy as a whole.

Where forests are accessible - along the main access roads and railways - they are disappearing at an alarming rate as a result of illegal logging for timber, and to a lesser extent, from the collection of fuel wood and non-timber forest products (NTFPs). Forest fires and subsequent insect infestations add to the loss of forest resources.

The economic benefit which forests could generate is wasted; only a small portion of logs felled and those which can be easily processed are brought to rudimentary sawmills. A large amount of dead wood (tops/branches) left in the forests increases the risks of fires and insect pests. By selectively removing logs of medium diameter, a much greater long-term profit is foregone. The lack of access to most of the forests is, at present, the best protection against illicit logging and archaic conversion and exploitation. However, the need for
cash in Mongolia and the presence of a large, hungry market nearby (China) will sooner or later mean that these forests will be opened up, logged over and destroyed if the present context (especially the institutional) does not change.

The forest resources administration at the local level is an important partner and beneficiary of this project. The project will take great care to work with the lowest administrative level of government which is the soum, and it will also address capacity building at this level.

A.2 Participatory Forestry in Mongolia

Over the last few years, participatory forestry has been identified as one of the main strategies towards bringing as much forest as possible under effective, adapted and sustainable management. In 1998, the Government Resolution No. 122 on “National Forest Programme” has encouraged the implementation of a policy of participatory forest management in Mongolia. Under this framework about 25 “community forestry” pilot initiatives have been established in the Aimags of: Selenge (16), Arkhangai (2), Bulgan (2), Khentii (1),Uvs (3) and Tuv (1). However due to the lack of knowledge and an appropriate institutional framework, these Forest Management Units have been rapidly confronted with several problems such as:

- No legal status was provided for these units.
- Ownership rights and responsibilities were not clearly defined.
- The local administration was not granting permission to log dead trees (killed by insects or fire).
- The unit members have no right to harvest timber.
- Under such circumstances, the units were not profitable enough and members’ livelihoods were not improved.
- The unit members had no power to control access to forest resources making it difficult to stop illegal activities within these areas.
- Concessions were often given to non-residents, thus generating conflicts.

These problems are the result of a strategy which doesn’t address some key issues necessary to ensure the true participation of stakeholders in forestry and natural resources management. This can be explained by the lack of in-country capacity in this field and the limited support provided by development organizations. In Mongolia, the experience with participatory forestry is still very much a ‘top-down’ process and closer to social forestry, i.e. providing employment to people through paid labour for forestry activities such as afforestation. Similarly, the recently developed community forestry agreements are not very different from simple yearly concession agreements because the “community” is often a group of individuals, not even residing in the area, who are sharing the same short-term interest in utilizing forest resources.

In other areas where no community forestry has been introduced, it appeared very clearly during meetings conducted recently during the implementation of the projects, TCP/MON/0068 and TCP/MON/2903 between 2001 and 2005,
that the rural population has very few, if any, contacts with government officials. This is not surprising considering that the area managed by one forest ranger can cover over 100,000 ha. On the other hand, any use of forest resources is subjected to the prior approval by the forest ranger. Consequently and due to the unavailability of the ranger, most activities carried out are illegal.

Unlike other countries, where community forestry has shown its potential for democratic, local level, productive and sustainable forestry, Mongolia does not know the concept of ‘community’ – until very recently there was\(^4\) no special word in the Mongolian language that would rightly grasp its meaning. Most villages have been created under a socialist system of state-organised collective agriculture, forestry and industry. Social cohesion is hardly found nowadays in these settlements. Outside the villages and towns, the rural population consists mainly of nomadic herders. Kinship or common interest groups, whom the population might have known before the 1920s, are nowadays hard to find or absent, because during the socialist period, those traditional types of relationships were not encouraged\(^5\).

Under these conditions the local population is obviously not motivated to participate in forest management. Despite the recognition of the potential of participatory forestry to alleviate the current trend of forest degradation in Mongolia, the enabling institutional mechanisms are still largely missing. In 2003 the Government requested the assistance of FAO to elaborate a concept (see Annex J.4) for the implementation of participatory forestry in the country. This project proposal is based on the outcome of the support provided by the project TCP/MON/2903.

### A.3 Legal Basis for Establishment of Participatory Forest Management

Until 1990, all land and resources were owned by the state. The new Constitution of 1992 declared that citizens of Mongolia could own private land. A new law on land was enacted in July 2002. Under the land law, state land can be leased under certain conditions.

Article 3 of the Forest Law, enacted in 1995, clearly offers the possibility of transferring user rights to persons or groups of persons. In 1998, the Government passed a resolution which grants leases for periods of 20, 40 and up to 60 years. This gives the possibility to explore different types of transfer of management responsibilities of the forest resources. These leases can be awarded to industries as well as to communities. It is within this framework that “community forestry” agreements have been developed. Leases are accompanied by a set of rules. Their non-observance leads to the cancellation of the agreement.

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\(^4\) During the implementation of TCP/MON/2003 the word “Nukhurlul” has been chosen to designate forest user groups.

\(^5\) Among the few examples of traditional common interest groups in Mongolia is the Khot Ail, which could be considered as family group of herders who utilize a water well or winter camp.
However in reality, the forest law and the land law are conflicting on the issue of land lease. There is some confusion about the authority that is entitled to grant licences on forest land. Unless resolved, this contradiction will continue to be a major obstacle for any further involvement of stakeholders in forest management.

To address this issue FAO, through project, TCP/MON/2903, has provided support to the Government of Mongolia in the development of participatory forest management. As part of this support, an analysis of the existing legal framework (see Annex J.5) has been undertaken and proposals for improving that framework have been put forward. These proposals were among the subjects discussed at a workshop held in the Parliament Building in Ulaanbaatar, during 20-21 April 2005 and co-sponsored by MNE, FAO, GTZ, IDRC and WWF.

Since 2004 there have been several parallel, ongoing discussions about revising the Forest Law and related laws (Environment, Land, Nukhurlul, etc.) in support of participatory forestry. Important proposals are near finalisation within MNE and the Parliamentary Standing Committee on the Environment and Rural Development. FAO and GTZ technical assistance has been instrumental in this regard.

As a result of these efforts, the Amendment to the Law on Environmental Protection has been passed by Parliament on November 2005. The amendment creates a legal framework for the establishment of Nukhurlul. Paragraphs 8 of Article 3 stipulates that the term, “user group” /nukhurlul/ shall mean a voluntary group of community users established in compliance with Article 481.1 of the Civil Code of Mongolia and which operates on contractual basis as specified in the Civil Code and with the mission to conserve specific natural resources within their community boundaries, and to contractually own and use those natural resources in a sustainable manner.” Also, one important amendment was made with regards to ownership in Paragraph 3 of Article 6: “Citizens may own the plants and/or forest, that they have cultivated, or the animals they have bred, the water pools, ponds, or lakes made from accumulated precipitation water, on the land they, or their business entity, or their organization owns or possesses in compliance with the existing legislation”.

### A.4 Prior or On-going Assistance in the Forestry Sector

There are not many donor-supported projects in Mongolia directly oriented to the forest ecosystem, even though there are forestry components in several non-forestry projects - i.e. such as those related to environmental and

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6 See Community-based Forestry and Livelihoods in Mongolia: Initial Review of the Policy and Legal Framework (FAO 2004); Improving the Legal Framework for Participatory Forestry: Issues and Options for Mongolia and; Proposal for revising the Mongolian Law on Forests in support of participatory forestry (FAO 2005). See Annex XII.
biodiversity conservation, parks management and disaster prevention. All donor/assistance agencies stress the importance of forestry in Mongolia.

**Multilateral Cooperation**

**Food and Agriculture Organization of the United Nations (FAO)**

FAO completed in 1999 a regional project entitled: ‘Support to the Reorientation of Forestry Policies and Institutions of Countries of Asia in Transition to a Market Economy’ (GCP/RAS/158/JPN – funded by Japan). This project organised several seminars and research on issues related to public sector capacity building, private sector development and information sharing in the forestry sector.

In the context of preparations for a National Forest Programme (NFP) in 2001, FAO has supported the Government through consultancies and made available draft proposals. In addition to the NFP project, FAO prepared a proposal for a national level forest fire management project: “Strengthening Capacity for Disaster Response and Forest Fire Prevention”, TCP/MON/0066, (2001 – 2002).

The objective of the assistance was to reduce the number of human-caused fires in high-risk areas, to improve skills in organising disaster management, to improve planning and coordination for disaster response, to increase public involvement and interest in fire prevention, and to increase fire suppression effectiveness and safety. The main outputs of this project were:

- Public awareness educational programmes developed;
- Recommendations to improve public participation through an enabling institutional framework;
- 20 senior persons (policy makers, decision makers and foresters) trained on disaster management, facilitated by the study tour candidates;
- 20 technicians trained on installation, use of and maintenance of communication equipment to be provided through the TCP;
- 20 forestry personnel trained on basic skills in fire suppression and fire prevention in training of trainers course (TOT), run by national and international consultants;
- 160 local persons from the local community trained on wildfire prevention and efficient fire-fighting using resource persons trained in the above exercises;
- Strategy outline for fire prevention.

This project contributed to improving the understanding of participatory approaches and to highlight the need to involve the rural population in forest management. This prompted the Government to ask for further FAO assistance and the following project was implemented: “Support to the Development of Participatory Forest Management”, TCP/MON/2903, (2003 – 2005).
The objective of the assistance was to develop an enabling framework to encourage the active participation of stakeholders, more specifically the rural population, in forest management and to improve their livelihoods through sustainable forest utilization. The main outputs of this project are:

- an assessment of all past and on-going participatory forestry activities in Mongolia;
- a review of current land, forest and related laws, presenting a detailed description and assessment of the legal framework relevant to participatory forestry and identifying any constraints, gaps and regulatory contradictions that could impede the implementation of participatory activities;
- an adapted concept for participatory forest management elaborated and approved by MNE;
- 5 pilot areas where the newly developed concept of participatory forestry was tested;
- a GIS database containing the various maps and socio-economic data layers mentioned above;
- upgraded capacity to process and analyse remote sensing data (including RADAR) and to produce maps;
- training workshops on participatory forestry and participatory approaches (organizational structures, management planning, etc.);
- a public awareness campaign on stakeholders involvement conducted;
- detailed recommendations formulated for improving the legal framework for participatory forestry, including specific proposals for new or amended laws and regulations, as appropriate;
- a project proposal based on project experience formulated for a countrywide implementation of participatory forestry.

This project was terminated at the end of 2005. Forestry personnel (Government, NGO, projects) have been trained in aspects of participatory approaches and now form a core of trained personnel on which future activities in this field can rely. Institutional capacity at both aimag and soum level has been strengthened to improve forestry administration through training and know-how and technology transfer to policy-makers and forestry administrators on sustainable forest management, and organizational issues concerning protection and regeneration of forest resources.

In addition two forestry staff have been trained in remote sensing and geographical information systems (GIS) for the production of much needed up-dated forest maps. It is expected that this will significantly increase the monitoring capacity of the forest administration and regular feedback mechanism on forest data collection from local to provincial and provincial to national level.

**FAO National Forest Programme Facility:**

The Mongolia Government has expressed interest in receiving support from the NFP-Facility scheme in order to improve the institutional capacity,
including improvement of awareness and participation of partners and stakeholders, to catalyze the NFP preparation and its implementation. In this regard, training was provided during October 2002 on participatory problem and solution identification. Workshops took place involving government officials and various stakeholders. Similar activities were conducted in Tuv and Bulgan Aimag. These activities resulted in the formulation of recommendations for an adapted and enabling institutional framework for the forestry sector.

A recent review of the progress made on the activities supported by the NFP-Facility, pointed out very clearly that the Mongolia forestry sector is in need of a new forestry policy. Recent and rapid changes in the political and socio-economical development of the country have left the sector without a clear vision for the future. To prepare the formulation of a new forest policy the following activities were implemented up to the end of 2005:

- Review of the afforestation and desertification control strategies (rationale: important funds are devoted yearly for afforestation, but the results are poor). A committee was created with various stakeholders will be established to steer the review process;
- Training need assessment (rationale: there is a very important need for forest technicians but there is no longer a training school);
- Review of the institutional set-up (rationale: despite the recent institutional reform, a lot remains unclear, i.e. job descriptions are not available). A steering committee will be established;
- Development of a monitoring and assessment system for forestry activities, such as harvesting, planting, etc., at aimag level (rationale: the current monitoring and evaluation system needs to be improved);
- Study tour implemented for high-level policy makers to the Philippines to review achievements of community forestry in this country;
- Capacity building, training of additional officers on forest governance, participatory forest management planning, conflict management, etc.

Activities supported by the NFP-Facility are carried out in a way to build synergies with other on-going FAO activities and in close cooperation with other partners.

Within the framework of FAO’s “Livelihoods Support Programme”, a DFID-funded project designed to improve the impact of interventions at country level through the application of sustainable livelihood (SL) approaches was implemented, FAO, during the first phase (2004) carried out an initial analysis of the legal constraints and opportunities for enhancing access to land and forest resources in support of rural livelihoods. The second phase (2005) focused on assessing, in five pilot areas, the importance of forests for the livelihoods of people and the need to create access to Mongolian communities. This work was done in collaboration with NZNI.
United Nations Development Programme (UNDP)

The UNDP established its Country Office in Mongolia in 1973. UNDP has been involved in the forestry sector by fostering links for Mongolia with international conventions and through the implementation of various projects. The UNDP/MNE project MON/96/004—‗Support to Community Based Rehabilitation of Forest Areas and Disaster Management‘. This project was formulated after the fire disaster in 1996 and launched in December 1996 covering six aimags with community forestry aspects emphasised in Selenge and Arkhangay aimags. It continued until the end of 1998. The project aimed at strengthening national and local capacities for prevention and mitigation of natural disasters, especially forest fire. A key strategy for the project was the involvement and empowerment of the local community.

UNDP has undertaken several other initiatives with respect to the forestry sector in Mongolia.
- Together with FAO, UNDP prepared in 2000 a proposal for the elaboration of a National Forest Programme (NFP) for Mongolia.
- Together with ILO and FINNIDA, a project proposal on the development of a National Code of Forest Practices for Mongolia has been implemented.

UNDP is implementing larger projects for biodiversity conservation, some of them having a forestry component such as:
- Community-based Conservation of Biological Diversity in the Mountain Landscapes of Mongolia’s Altai Sayan Eco-region, MON/03/G31/A/G1/99.

The five-year project aims to ensure the long-term conservation of the biodiversity of Mongolia’s Altai-Sayan region by mitigating threats and encourage sustainable resource use practices by local communities. The project seeks to do this by: 1) integrating biodiversity conservation objectives into sustainable natural resource use policy, programs, and practice and 2) linking traditional protected area management to the landscape around each area, including cross-border cooperation. By the end of the project, stakeholders will apply community-based management and conservation strategies that empower herder communities to resolve forest and grassland management problems and improve livelihoods through partnerships with Government and NGOs. This project was launched in 2005 and some capacity building activities have already been implemented jointly with the FAO, NFP Facility.

- Sustainable Grassland Management Project MON 02/301/A/01/99

This project, executed by the Ministry of Food and Agriculture, started in December 2002 and will be completed in 2007. The project goal is to increase the welfare of herding families through the sustainable management of Mongolian grasslands. The main mechanism to achieve the project goal is to strengthen and formalize existing customary herder
community institutions, and to strengthen linkages between them and formal governance structures and the private sector.

The Sustainable Grassland Management (SGM) project has been strengthening and formalising herder groups in nine soums of three provinces, working with about five-six herder groups per soum, or a total of 49 herder groups.

One of the key practices which the project wishes herders to pursue is the rotational use, and the resting of pastures. These practices were tested on an initial basis among four herder groups on 15,150 hectares of Javkhlant Soum, Selenge Aimag, with one herder group on 2,600 hectares in Khujirt Soum, Uvurkhangai Aimag, and among two herder groups on 1,800 hectares in Erdenetsogt Soum, Bayankhongor Aimag. The rested pastures of these herder groups were summer pasture, and they were rested in accordance with decrees by the People’s Representative Khurals and Governor of the Soums concerned. As a result of these measures, the group herders, other herders and soum governors were able to observe a substantial recovery of pasture conditions in the rested areas.

- Strengthening the Disaster Mitigation and Management System in Mongolia

This three year project (2005 – 2007) is implemented by the National Emergency Management Agency and covers the whole country.

The overall goal of the project is to support technically and financially through a government-donor-NGO-people oriented Disaster Management and Risk Reduction Partnership (DMRR-Partnership) to promote cooperation; to provide coordination; to rank priority programmes and projects; and to allocate scarce resources to disaster management activities and risk reduction activities in Mongolia. The immediate objectives are: 1) to support the implementation of a new legislation for disaster risk reduction; 2) to support capacity building of the National Emergency Management Agency and its local units, and; 3) to support the further development and expansion of the National Partnership for risk reduction and community based disaster management.

The World Bank

The World Bank conducted a comprehensive Mongolia Forest Sector Review in 2003 and a number of recommendations were formulated to resolve current difficulties in the forestry sector. Community-based management of forest resources has been identified as one of the 6 main areas of needed intervention.

Through IFC, the World Bank has made available credit funds for the wood industry in Mongolia. Credit would be granted to private enterprises provided
they would submit a business plan. It seems that this condition, so far, could not be fulfilled.

A new Country Assistance Strategy (CAS) for Mongolia will guide the Bank’s program of support from 2004 through 2007. The CAS outlines a program of support of about US$88 million over four years—including lending, analytical and sector work, and technical assistance—to support the country’s development agenda. The Bank has not previously been active in the forestry sector. It is now in the process of investigating opportunities to work within the sector in the new CAS, preferably in partnership with existing donors as requested by the Minister of MNE (see Annex J.9), to encourage sustainable forest management (SFM) and improve the livelihoods of poor rural communities.

The proposed project would support the Government’s vision (elaborated in the PRSP) of sustainable management of its important forest landscapes which would allow Mongolia’s timber and non-timber forest products, and the ecosystem services provided by the forest landscapes, to make significant contributions to economic development, and environmental protection. The proposed project is also consistent with the expected outcomes of the current CAS objectives, namely consolidating the economic transition through institutional reforms that improve public sector and market efficiency; and reducing rural and urban vulnerabilities. The CAS lists a forest-related project for 2008. The proposed project would build upon the findings of the Bank’s Mongolia Forest Sector Review, the subsequent public consultation on that document, as well as ongoing studies of forest cover, best practices, timber supply and illegal logging, wildlife trade, IUCN threat analysis for mammals, and assessment of reforestation success financed by the Netherlands Mongolia Trust Fund for the Environment, and related work by the Bank Netherlands Partnership Programme (BNPP). Finally, the project is consistent with concerns regarding the efficient use of timber resources in supplying energy for heating and cooking.

The development objective of the proposed project would be to develop sustainably-managed and productive forests to support viable livelihood alternatives for communities in both the northern and southern forest landscapes in Mongolia, and thereby to conserve significant biodiversity. This would be achieved through institutional and legal reforms, improving the rule of law, capacity building, and encouraging widespread adoption and support of participatory approaches to the management of forests and forest products. The proposed project would enhance livelihood security of households in forest areas, and reduce the vulnerability of both urban and rural households from potential loss of essential resources.

**Bilateral Cooperation**

*Germany, German Technical Cooperation (GTZ)*
GTZ is supporting the Mongolian Government in the sustainable use and protection of natural resources including the forest sector since 1995 through the projects “Nature Conservation and Buffer Zone Development” (03/1995 – 09/2002) and “Integrated Fire Management” (01/1997 – 12/2000). Building upon results and experiences of these preceding co-operations, the project “Conservation and Sustainable Management of Natural Resources” started implementation in 10/2002 in the Khentii Aimag and Gobi Altai Aimag in cooperation with the MNE. The outcome of this project significantly supported the development of the Action Plan of the Mongolian Government (2004 – 2008) as well as an improved coordination of the protection, sustainable utilization and rehabilitation of natural resources.

As a major player in supporting natural resource management in Mongolia, GTZ currently manages the program “Conservation and Sustainable Management of Natural Resources” (07/2005 – 06/2013) with the following components:

- Decentralisation of resource management and cross-sectoral cooperation
- Improvement of environmental control systems
- Protection and sustainable management of the Khangai mountain ranges
- Protection and sustainable management of natural resources of the Khentii forest areas
- Protection and community based sustainable management of pastoral sites in the Gobi

The program currently works nationwide in 8 Regions (Selenge Aimag, Tuv Aimag, Khentii Aimag, Zavkhan Aimag, Arkhangai Aimag, Bayankhongor Aimag, and Gobi Altai Aimag), covering most crucial sites in consideration of population density and its impact to natural resources as well as sensitive environmental-risk areas.

The program understands sustainable management of natural resources as a key-element of rural development and poverty reduction. In that vein, approaches of participatory forestry and participatory natural resource management as well as the sustainable commercial utilization of natural resources are considered as focal activity areas. Parallel to that, and based on the experiences gained since 1995, the GTZ supports the Mongolian Government in the concept building for natural resource management. The adjustment of essential legal instruments is one of the most current keystones.

GTZ would welcome an extended program approach where all key-players and international support would cooperate to further support the capacity building for sustainable local-level natural resource management in order to generate synergy and foster effective and efficient use of resources.

Close co-ordination with the GTZ forestry sector projects is warranted, in order to generate synergy and foster effective and efficient use of resources.
Canada

International Development Research Center (IDRC). Sustainable management of common natural resources in Mongolia: Phase III

This research project is implemented by the MNE (June 2004 – June 2007) with the following objectives: 1) Scale up co-management; 2) Learn and exchange information and; 3) Capacity building, combining knowledge, and networking by using PRA, SAGA and participatory M&E tools and methods.

The project team includes specialists, scientists, and researchers on natural resources management, pasture management, animal breeding, zoology, forestry, botany, legacy and gender issues, economics, sociology and information systems.

Herders in most regions of Mongolia are facing very serious pasture degradation. The project is addressing this challenge through a combination of participatory, action-oriented field research in three of Mongolia’s major ecosystems, the dry steppe (Lun), forest steppe (Khotont), and Altai mountains steppe (Deluin). It also involves targeted training for herders, government staff and researchers (in particular, rural appraisal, social and gender analysis, participatory monitoring and evaluation), national and international networking, and direct involvement in national policymaking including the drafting of new laws.

The innovative, core action research activities were the formation of herders’ community organizations and the establishment of pasture co-management teams involving herders, local government and civil society members. These diversified, multi-level efforts are resulting in new thinking about natural resource management as well as new ways of doing research and formulating policies. Above all, they are opening up space for active meaningful co-management roles for herders and government officials alike.

Japan

Main areas of emphasis of Japanese assistance are economic infrastructure, agriculture and animal husbandry, prevention of national disasters, early warning system and basic human needs.

In the forestry sector Japan's involvement is still limited. The “Forest Resources Management Study in Selenge Aimag”, completed in 1998 and financed by JICA, aimed directly at forestry development.

International NGOs

New Zealand Nature Institute, Initiative for People Centred Conservation (IPECON)

IPECON (Initiative for People Centered Conservation) of the NZNI (New Zealand Nature Institute) has supported participatory practice in Mongolia in...
developing community based natural resource management, namely in the context of pasture management, biodiversity conservation and protected area management. NZNI is currently conducting participatory research on local livelihoods and access to forest resources with the support of the FAO Livelihood Support Programme (GCP/INT/803/UK).

IPECON is implementing the Gobi component of the GTZ project “Conservation and Sustainable Management of Natural Resources” which has produced important lessons for developing local institutions for participatory management of natural resources in Mongolia.

It has piloted models for community based natural resource management in Mongolia. Its objective is to “Enable local communities, in cooperation with local authorities and the private sector, to use natural resources sustainably”. The project area includes 13 soums in 3 Gobi aimags (Omnogobi, Uvurkhangai and Bayankhongor).

Currently, approximately 80 Community Organisations are active in the area, working on sustainable pasture management, protecting water resources, Saxaul forests and bush vegetation, and wildlife. The community organizations play an important role as partners in the collaborative management of Gobi Gurvan Saikhan National Park. Moreover, they have become important actors in rural development and have contributed to improved local governance. Community organization and collective action have been the main strategies to improve local livelihoods, both in rural areas and in Soum centers.

A participatory monitoring and evaluation system has been established and is used as planning and monitoring tool by community organizations to measure environmental, social and livelihood indicators in their community and their community managed area. A number of community managed areas are formalized by contractual agreement among community organizations and local authorities. The successes of the community organizations in the Gobi have prompted numerous community exchanges with other regions in Mongolia, and project support has build local capacity for training and experience sharing. Community organizations have been able to add value to their products and are beginning to reach international markets (refined camel wool yarn) and to tap into the tourism market with their own, community based “Herder’s Network”.

The project “Conservation and Sustainable Management of Natural Resources” (GTZ) is funded by the German Ministry for Economic Cooperation and Development, and the Gobi regional component is implemented by the New Zealand Nature Institute – Initiative for People Centered Conservation. The planned duration of the Gobi component is 2002-2006. It has built on a previous project “Nature Conservation and Bufferzone Development” (1998-2002).
World Vision

As subcontractor in the UNDP funded project ‘Support to Community Based Rehabilitation of Forest Areas and Disaster Management’, World Vision worked on the implementation of community forestry in Mongolia. Under that project, World Vision carried out subprojects on Participatory Learning and Action/Rapid Appraisal (PLA/RA) in community forestry development in selected communities, conducted baseline surveys and training workshops and organised community groups. More recently, World Vision conducted until 2004 a Community Forestry project in Bulgan aimag. World Vision has been working in Bulgan since 1995 and has developed close relationships with local government and communities. Due to the lack of supportive institutional framework, most forestry activities have ceased after the phasing out of funding.

WWF- World Wide Fund for Nature

The WWF Conservation Programme - Mongolia's Protected Areas is involved in wildlife conservation in forests and steppes and in wetlands, conservation education and capacity building, and public awareness creation. WWF has experiences with buffer zone management type of projects around protected areas in Western Mongolia.

Community-based and co-managed forest protected areas is part of WWF’s “Forests for Life” Protected Areas Initiative. The Protected Areas Initiative is exploring opportunities of promoting improved protected areas management through alternative non-governmental channels, particularly co-managed or community-managed structures. Within the framework of WWF Altai-Sayan Ecoregion project, WWF implemented a model project “Integrated land use management in forested area of Khan Khukhii in response to Climate Change” between 2002-2004. The following major activities were carried out: land use and wildlife habitat inventory; detailed forest inventory; production of GIS maps of management zones, establishment of pasture land regulation mechanisms, implementation of mitigation measures in response to Climate Change in selected areas through a sub-pilot project, establishment of forest communities and tree nurseries in three areas, organization of herders’ groups, demarcation of community forests areas, handing-over ownership rights to the communities, establishment of information centers in each soums, awareness raising among the local people, increased participation of local people in conservation and development activities, implementation of small projects at the Underkhangai’s Buddhist temple with financial support of the Alliance of Religions and Conservation (ARC) to recover traditional way of nature conservation as well as cleaning and ceremonies on sacred places involving local communities.

National NGOs

There are many, mostly small environmental NGOs in Mongolia. Some of these were established after 1990, for example, the Mongolian Forest Forum.
These new NGOs do not yet have a proven track record as they are just in their infancy. However, some have taken the initiative to recommend MNE on environmental matters. Of longer existence is the Mongolian Association for Nature and Environment (MACNE) which has a relatively extensive experience with PRA and buffer zone development around the Hustai National Park and in relation with its project to conserve the snow leopard.

Apart from these environmental NGOs there are also associations of interest groups like the Mongolian Foresters Association, and the Wood-Industry Association.

A.5 Institutional Framework for the Sector

The Mongolian Programme for the 21st Century (MAP-21) was approved and released in 1999. MAP-21 recognises the importance of forests in national development and deals with the legal system (improvement of legal regulations and strengthening of law enforcement), capacity building and public participation. Within the framework of MAP-21, the country also has embarked on various other action programmes in the context of international conventions, such as the Biodiversity Conservation Action Plan, National Environment Action Plan, National Plan of Action to Combat Desertification, and the upcoming National Disaster Preparedness Plan. To implement these plans, they will be incorporated into the Government’s Five Year Development Plan.

In June 1995, the Mongolian Parliament passed a new Forest Law concerning the protection of the Mongolian forests and their proper utilisation and regeneration. According to this law, forests in Mongolia are divided into three ecological and economical zones: special, protected and commercial zone forests with a different management scheme applied to each zone. Due to the mountainous character of Mongolia, their operation is to be performed in accordance with their protection and recreational qualities. According to their basic functions the forests are subdivided into:

1. Special forests - about 2.6 % of the forest land. Related areas are the forest land in the upper forest boundaries which is named “sub-alpine forests” and protected area within the National Conservation Parks;

2. Protection forests - 48.3 % of the forest land. To this category belong forests of the “green zone” (green belt of planted trees around town and villages), prohibited strips, saxaul forests, oases, small forest areas covering up to 100 hectares and forests at slopes greater than 30 degrees;

3. Commercial forests - 49.1 % of the forest land. These are forests that may be used for the production of wood and timber.
The Mongolian Law on Land and Law on Forests clearly specify that forests are strictly the property of the State.

The institutional framework is being revised, in particular, the internal structure of MNE, the decentralised authority to control licences and concessions, and the division of tasks between MNE and MIC. The forestry administration has been affected by various institutional changes these last years. There is now a Forest Policy and Coordination Division within the MNE and a Forest and Water Research Center (FWRC).

Control on the implementation of forest (and, in general, environmental) legislation and regulations rests with the Environmental Agency and the Special Inspection Bureau. Most Environmental Inspectors are nominated at the aimag and soum level, where they work under the direct authority of the respective governor. A transparent system of ‘checks and balances’ in the forestry administration is absent at present, especially at the local level.

The forestry administration system at the aimag level and below is changing with decentralisation and privatisation efforts. Each aimag initially had a forestry organisation, but soon after decentralisation these organisations were transformed into state-owned business entities. The aimag governor is in charge of the system of harvesting licences and exercises legal control through Inspectors. Each aimag has a Special Inspection Bureau with a number of Environment Inspectors supervising environmental laws including the forest law, which covers, for example, tree cutting and reforestation. Soums and some baghs have similar systems (see Figure 2).

The weak institutional framework of the forestry administration prevents the successful implementation of the laws, regulations and policies that do exist. Policy instruments related to forest management and protection should be strengthened and streamlined. The inspectors and rangers in the field, who bear the principal responsibility for implementing environmental laws, policies and regulations have received little training and moreover, have few resources at their disposal. In fact, most inspectors, unless they have their own vehicles, are not able to visit the area that they are supposed to cover. Another obstacle to successful environmental management from the top-decision-making level down is the fact that economic, political, and social incentives not to enforce the law are more often stronger than enforcing the law. There is a pressing need for transparency to clarify and openly distinguish between the interests and roles of private ‘for-profit’ enterprises (forest plantations, timber operations, forest industries, forest based services) and ‘not-for-profit’ authorities (public administration and enforcement of laws) and civil society organisations.

Figures 1 and 2, below, present institutional aspects of environmental and forest management in Mongolia.
Figure 1: MINISTRY OF NATURE AND ENVIRONMENT STRUCTURE (May 2006)

Ministerial council

Minister

Vice Minister

State Secretary

Sustainable Development and Strategic Planning Department

Environment & Natural Resources Department

State Administration Management Department

Special Protected Area Administration Department

Forest Policy & Coordination

International Coop. Division

Division of Finance and Budgeting

Division of Information, Monitoring and Evaluation

Meteorological Agency / Government implementing Agency

Institute of Meteorology and Hydrology

Information Monitoring Center

Central Laboratory for Environ. Monitoring

Khuryn Shim center (artificial rain and snow)

Center for Environmental

Water Authority / Government Regulatory Agency

Forest and Water Research Center

Administration and Cooperation Division

Forest Inventory

Water Basin Management, Water Utilization Division

Forest diseases, insect control

Water Resources Assess. and Monitoring Division

Forest Seed Laboratory

Construction Technical & Technological Division

Dendrology

Water Reservoir Division

Timber Monitoring Unit

Water Information and Cadastral Division
Figure 2: GOVERNMENT STRUCTURE REGARDING FOREST ADMINISTRATION AND ENVIRONMENTAL CONTROL (October 2005)
An example of the division between different ministries of tasks in the forestry sector is in wood industry and research. Presently, forest protection and conservation is the priority of MNE, whereas the development of wood industry would belong to the tasks of the Ministry of Industry and Commerce (MIC). As for research, the Forest Wood Research Centre is located under MIC, the Forest and Water Research Centre under MNE, while the Mongolian Academy of Sciences operates a Reforestation and Forest Ecology Research Group in its Geo-ecology Institute and a Research Group on Forest Ecosystems in its Institute of Botany. Another ministry relevant for the forestry sector is the Ministry of Food and Agriculture because of the relation of herders and the use of forestlands for grazing and haymaking.

A relatively important source of funding for the forestry sector is the national Reforestation Fund to support tree planting and forest rehabilitation by local groups. The Ministry of Finance proposes the amount to be included in the Reforestation Fund for each fiscal year and the Mongolian parliament has to approve it.

In principle, the amount of the Reforestation Fund should be equivalent to 70 percent of all the incomes from forest use licences and concessions collected by the soum administrations in the different parts of the country. Before the start of a fiscal year, those entities with plans for reforestation and forest regeneration should have requested funding from the government for this purpose. The requests are collected by the soum and aimag environmental officers and the total amount is tallied by MNE, which also agrees on the contracts with the tree planting entities. Based on the amount approved for the Reforestation Fund, MNE divides the financial resources among the requesting parties. About 30 percent of the total cost for tree planting and rehabilitation will be advanced whereas the remainder will be paid after inspection of the planted and improved forest sites at the end of the planting season. The inspection may show that less area was planted than scheduled and/or that survival rate is too low. In such cases the total remuneration will be adjusted downwards.
B. PROJECT RATIONALE AND JUSTIFICATION

B.1 Problem to be addressed: The Present Situation

The problem to be addressed in the project is the degradation of the forests and other natural resources near villages and settlements and its impact on poverty.

Mongolia is currently witnessing an evident degradation of its forest resources. The main causes for this degradation are human. Uncontrolled economic exploitation of the forests has increased strongly in the last decade. Forest protection is insufficient. Unregulated cutting is rampant, clear-cutting - prohibited by the Forest Law - is still not uncommon, forest management skills are low, and planning capacity is very limited. Reforestation has a low success rate because of the inadequate techniques, harsh climate, slow growth rates (around 1.5 m³/ha year) and pressures from livestock.

The incidence and damages of forest fires have much increased\(^7\). There is ample reason to believe that the increased frequency of fires is due to human negligence or intent (e.g. for poaching or antler collection). The damage from fires is also strongly related with human activities. When much dead wood is left in the forest – such as after logging or earlier fires – a small fire may quickly grow into a raging firestorm over extensive forest areas.

The uncontrolled human activities in the forest, such as poorly managed logging and burning for poaching, contribute to erosion and loss of habitat for wildlife and, left unchecked, will exhaust Mongolia’s limited but extremely valuable forest resources in a short time.

A schematic presentation of the main factors and underlying reasons of forest degradation in Mongolia is depicted in the Problem Tree prepared during the project formulation workshop (see Figure 3). Inadequate institutional framework, lack of clarity of rights, poverty, lack of capacity, illegal exploitation, insufficient forest rehabilitation, forest fires, insect attacks and damages through mining are considered to be the key factors that play a role in forest degradation. Each of these factors can be explained by a number of reasons.

\(^7\) Many years of comprehensive surveys on wildfires indicates that a total of 4,609 forest and steppe fires occurred in Mongolia during the past 35 years, which burned 52.3 million hectares of grassland and 10.2 million hectares of forested land, accounting for 58.3% of the total forested land of the country.
Figure 3: PROBLEM TREE ON FOREST DEGRADATION IN MONGOLIA

- Decreased livelihoods
- Environmental degradation
  - Forest resource scarcity
  - Forest degradation
    - Unsustainable forest management
      - Non adapted management methods
      - Old database of forest resources
      - Maps are not available at soum level
      - Insufficient number of staff
      - Low cooperation and partnership between local govt. and forest user groups
      - Lack of technical knowledge
      - Lack of forestry extension services
      - Lack of funding for nat. man. and conservation
      - Lack of capacity
      - Technical, top-down approach to forest management
      - Low cooperation and partnership between local govt. and forest user groups
      - Lack of knowledge on regeneration and afforestation
      - Lack of new forest technique and technologies, equipments
      - Poor awareness of local people, low policy and legal advocacy works among the public
      - Poor forest access, infrastructure
      - Lack of incentives for forest management
      - Lack of management plans
      - Pressure on forests for income
      - Overgrazing of pasture lands
      - Lack of control over forest resources
      - Capacity for control lacking
      - Different interpretations of law / rules
      - Lack of enabling legislation
      - Lack of enabling policy
      - Employment in forestry decreased
      - Forest law protects rivers but mining is authorized to pollute them
      - Non transparent granting of user rights
      - User rights unclear or unknown
      - No ownership / long term rights for citizens
      - Forest law protects rivers but mining is authorized to pollute them
      - Corruption
      - Corrupt
Forest degradation is a compound problem with several dimensions: institutional, social, economic, financial, scientific and technical.

**Institutional:**
- lack of transparency in allocation of rights/permits for forest use;
- poorly defined decentralised responsibilities at the aimag and soum levels;
- absence of adequate financing mechanisms to support sustainable forest management beyond plantation and forest protection, in particular inadequate subsidy (compensation fund) and/or credit policies affecting forest enterprises’ opportunities and income;
- unregulated wood harvest for domestic purposes (cooking and heating);
- hunting regulations not enforced;
- lack of co-ordination between the two Ministries (MNE and MIC) in charge with forestry development and conservation and forest industry development;
- insufficient and poorly managed and planned reforestation initiatives

**Social: Willingness & Commitment**
- lack of security of tenure, access rights to natural resources;
- poverty;
- lack of involvement of the local population / local stakeholders in planning, decision-making and control of forest resources conservation and utilisation;
- negligence of local people towards forest fires and intentional setting to fire by, for instance, deer antler collectors;
- lack of capacity for natural resources management;
- lack of commitment responsibilities of forest enterprise owners.

**Economic & financial**
- decreasing prices of domestic wood products;
- inadequate tax and tax collection system.

**Scientific & technical**
- insufficient knowledge among Mongolian foresters about forest ecosystem management;
- inadequate forest management standards and destructive logging techniques;
- forest management skills are low, planning capacity is limited.

Although the effects of global warming and increased aridity are likely to put the Mongolian forest ecosystem under stress, it is evident that most threats are of a more local nature and directly or indirectly caused by man.

As the problem to be addressed is the degradation of natural resources as well as poverty in forest areas and near villages and settlements, the project will have to deal with institutional, social, economic, financial, scientific and technical aspects of this compound problem.

The focus of the project will be both the local level and at national levels. The local level is fundamental for the development of participatory forestry and the national level is fundamental for the improvement of the institutional framework.
and creating an enabling context for participatory forestry in the country. The project will build upon the experiences of FAO and other partners in Mongolia.

B.2 Target Beneficiaries/Direct Recipients

Beneficiaries include at the local level:

1. Local users of the forest ecosystem:
   - Local community and forest user groups (Nukhurlul);
   - Herders that traditionally use the pastures bordering the forest lands;
   - Soum center population, specially the poor;
   - Local owners of small scale enterprises that depend directly on the delivery of the raw material from the forest (e.g. owners of circular sawmills);
   - Local hunters and gatherers of non-wood forest products.

2. Local governments:
   - Hural members;
   - Bag and Soum governors and their office staff;
   - Environmental inspectors, forest rangers;
   - Aimag governors, planners at aimag level and aimag environmental inspectors.

3. Other local target groups:
   - Local farmers;
   - Unemployed local people.

At the aimag and national level:

4. Forest users:
   - Concessionaires/ logging enterprises;
   - City dwellers (recreation, hunters, gatherers);
   - Tourists/ foreign hunters.

5. Forest products users:
   - Wood processing industry;
   - Users of NTFPs.

6. Government authorities:
   - MNE, MIC and Ministry of Agriculture: notably those governmental organisations involved with policy making, legislation, policy implementation, co-ordination, monitoring and evaluation.

7. Other organizations
   - Universities
   - Research institutions
   - NGOs
   - Projects with forestry components

In developing the concept of “soum forest” (equivalent to communal forest) the project will prioritize the involvement of the poor of the soum center to carry out forestry activities (see section 4 below).

The project is in its design gender neutral. Active involvement of women in planning, decision-making, implementation and control will be pursued. Where in the course of project implementation women appear as a special interest group, their interests will be given priority attention and gender aspects in local development will be made transparent.
B.3 **Expected End of Project Situation**

At the end of the project, a system of local level forest-based natural resources management and administration will have been tested in four different aimags and in at least one soum in each aimag. Through a High Level Natural Resources Policy Steering Committee, the experiences drawn from this pilot project will have been incorporated in the decision-making on forestry and natural resources policy and regulations. Where needed, national legislation and regulations will be adjusted in order to create an enabling national context for local level forest-based resources management.

With increased and secure access to natural resources the livelihoods of the rural population will be improved through the creation of income generating activities and the sustainable use of forest products for their daily needs. The special emphasis of the project on poverty alleviation will ensure that marginalized and poor citizens, especially in the soum centers will also benefit.

Information on resources will be updated in selected sites of the soum territory and maps and other essential information will be made available locally.

The implementation of field activities in the selected soums will demonstrate:

a) what type of local organisations are best functioning for forest management;

b) the results of sound practices in forest-based natural resources management: e.g. forest management planning, sustainable harvest and marketing of forest products;

c) what local government institutions, laws and regulations are required to create an enabling framework for participatory forestry

d) the management of soum forest resources by soum authorities and its impact on poverty alleviation.

Through awareness campaigns and capacity building the local stakeholders will have become more concerned and actively involved in the wise use of the natural resources in their environment. Aspirations and local initiatives of forest user groups will be supported resulting in more formalised long-term agreements / ownership over forest ecosystems for their sustainable management.

Income generating activities through the development (Market and Analysis Development) of small-scale enterprises using timber and non-timber forest products will have been identified and tested on a pilot basis. They will contribute to poverty alleviation.

Through on-the-job training and in-country meetings and field visits, the technical capacity of national professionals will be upgraded. International study tours and training will have exposed national authorities to best practices in local-level natural resources management and forest conservation and utilisation, with the view of improving the enabling context at the national level for local level resources conservation and utilisation.
Through applied research and partnerships with research and academic institutions knowledge on integrated and sustainable natural resources utilization and conservation will be improved. Cost effective methods of forest regeneration and restoration, improved knowledge on the impact of participatory forestry on rural livelihoods and forest conservation, innovative use of forest products and better understanding of the impact of forest degradation on the ecosystem will be available. This knowledge will be systematically integrated in all relevant project activities to improve efficiency and sustainability and it will be widely disseminated and made available to non-project stakeholders through public awareness campaigns, dissemination of guidelines and workshops at regional and local levels.

B.4 Project Strategy

The project will have a strong focus on both the local and national levels. This is an intentional choice as it provides a follow-up to the initial trials and experiments with participatory forestry in Mongolia. The project will place special emphasis on linking results and feedback from field testing participatory natural resources management to the policy level. The project intends to improve the enabling context for community based natural resources management as developed so far with the assistance of FAO and GTZ and by fostering transparency in the granting of long-term/permanent user rights.

With this strategy, the project will contribute to complete and significantly strengthen the work initiated in participatory natural resources management and will durably establish it as one major orientation for the sustainable use of natural resources in forest ecosystems of Mongolia.

The project will follow a ‘people centred approach’, i.e. the project will foster local initiatives by seeking active involvement of the local population, by creating awareness of natural resource management problems and opportunities and by informing the population about their rights and obligations. The application of ‘blue-print solutions’ will be avoided.

Stakeholders will be identified at an early stage of the project and will be included in problem analysis and the identification of solutions. As much as possible, the local people themselves will be part of decision-making. In the process of decision-making the project will act as facilitator and mediator.

The project will focus on its contribution to poverty alleviation. A livelihood analysis carried out recently by FAO and NZNI has revealed that the poorest people reside in the soum centers. So far the Participatory Forestry Concept has been developed to support primary stakeholders. These stakeholders are often living in the countryside, possess livestock and are relatively better off. To strengthen its pro-poor approach, the project will therefore develop a new concept, the “soum forest”. The proposal is to hand over forest resources to soum centers to ensure a sustainable supply of firewood, timber and NTFP. It is expected that the management of soum forests will lead to job creation. Such employment would, as a priority, be given to the poorest of the soum community.
The project is designed as a pilot project. This implies that the project will test the potential and constraints for local level forest-based resource management based on the participatory forestry concept developed with the support of FAO and other partners from 2003 to 2005 (see Annex J.4) and lessons learned will be fed upwards to the policy-making levels in order to adjust rules, regulations and institutional framework where needed. For that purpose the project is put under the supervision and support of a High Level Natural Resources Policy Steering Committee. The Government of Mongolia might decide to let this Committee support other projects in the sector as well. The project office at the central level will ensure co-ordination of activities with ongoing government programmes as well as with other relevant donor-funded projects.

The project will have a strong presence in at least four selected aimags and in at least one soum in each of these aimags. In each of the aimag administration a special project office will be installed. By means of participatory methods a core team of national and international experts will analyse the situation at the start of the project, assist in the planning of natural resource conservation and utilisation, and in the implementation of these plans. Strengthening the community base for resource management and demonstrating sustainable benefits from forest ecosystem use in the short-term is the main purpose. All activities will be co-ordinated carefully with the aimag and soum governments.

At an early stage in each soum a tentative long-term strategic plan for natural resources conservation and utilisation will be drafted in consultation with relevant groups and organisations, taking into account indigenous knowledge on the resource base and potential use. This strategic plan should indicate which areas are considered necessary for protection and which forest areas are apt for utilisation. The tentative plan will be reviewed in a participatory manner at the aimag level. Based on agreement at the soum and aimag levels and endorsement at national level, the strategic plan (or parts of it) should then be further elaborated into agreements between the soum authorities and the local user groups in accordance to the Participatory Forestry Concept. The project will support in particular the initiatives of local user groups and of soum centers for the conservation and utilisation of forest-based resources. To ensure conservation and protection of the resources it is a prerequisite that the user groups and the concerned soum centers consider the forest as their own and are clear about their rights and responsibilities.

Advocacy and public information will be a special area of attention. At the start of the project, in each soum a base line study will assess the existing resource use arrangements and practices, local livelihoods, local and external stakeholders, including their wealth, as well as problems and conflicts in the conservation and use of forest-based natural resources. The methodology of this study will be based on the already developed methodology by NZNI/IPECON with FAO’s support for a study on local livelihoods and access to forest resources in 2005 - 2006 (see p. 16). The results of this study and proposals to alleviate problems and conflicts will be discussed during an open forum at soum level, where all stakeholders may participate. A soum level advisory group composed of
respected representatives of stakeholder groups (men and women) will provide the project with local knowledge and advise the project on strategic and practical questions. This base line study will also serve to assess the impact of the approaches piloted in the framework of the project.

The project will also foster awareness on sustainability issues and disseminate technical information to the local population by means of leaflets, radio messages and other appropriate means of communication.

Information from the local level will be fed upwards to policy and planning entities at aimag and national level. Regional and national seminars on local level forest-based natural resources administration and management will be held at mid-term as well as near the end of the project in order to consolidate valuable pilot experiences and establish (national) priorities for further action.

B.5 Institutional Framework and Implementation Arrangements

In order to facilitate its pilot character and to foster the creation of an enabling context at the national level for local level natural resources management, a High Level National Natural Resources Policy Steering Committee will supervise the project, ensure its integration in national environmental and related policies and the co-ordination and synergy with other forest and biodiversity based projects, and provide support in respect of legislative and political questions. The Minister of MNE will be the Chair of the Committee. Other members are: the Minister of Industry and Commerce (MIC), the Minister of Food and Agriculture, the Chairman of the State Hural Committee on Rural Development and Environment, and the project Director (who will be the Secretary of the Committee). It is recommended that this Committee would serve other international projects in the forest and forest related sectors as well. Representatives of Donors could be observers in the Committee.

A project office in Ulaanbaatar, attached to the Forest Policy and Coordination Division (FPCD) of the MNE, will have the overall responsibility for the planning and implementation of project activities. The Director of FPCD will be the National Project Director. He/she will be responsible for issues that relate to national level policies and regulations that are relevant to the project. Also the care for a close co-operation with the projects at national level will be his/her task. The Project Director is the Secretary of the High Level Natural Resources Policy Steering Committee.

The Government will nominate a National Project Coordinator for full-time leadership of the project. All project field activities will be implemented under the direct supervision of the Project Coordinator and a full time International Chief Technical Advisor (CTA). All activities will be co-ordinated with and by the FPCD of MNE. A Project Assistant will be recruited and paid by the project to assist the Project Coordinator in all administrative aspects of the project.

Under the responsibility of the project office in Ulaanbaatar a local project office will be established and operated in each selected aimag (it is anticipated that the
project will be operating in 4 aimags). The local project offices will be located within the governors offices. For the duration of the project, one full-time national participatory natural resources management Facilitator will be assigned to each of these units. Office cost and salary will be financed from Donor budget. The Facilitator will be responsible for the co-ordination of project activities, and specifically for capacity building, with the soum authorities. He/she supports project implementation at aimag and soum levels. As his/her counterparts, one local staff at aimag level and at least one local staff at soum level under the authority of the respective governors’ offices will be selected locally to act as liaison between local authorities and the project. A requirement for these local staff will be their affinity with the planning of natural resources. The project will support this local staff from the project budget only for capacity building activities, other activities will be covered from aimag or soum budget. It is expected that through on-the-job training this staff will be capable to continue routine activities of natural resources planning after the project ends. The project will systematically assess its activities against their feasibility and their sustainability, in particular financial sustainability.

There will be two advisory bodies to the project: one at national level, and one in each aimag.

A Project Advisory Committee at the national level will provide the project with expert advice. The Committee members will be composed of representatives of civil society, projects, private sector, research, education and government. They should be renowned national specialists in fields as forest ecology, community organisation, rural development and industrial development, and international specialists working in related projects.

In each aimag where the project is active, a local project advisory group will be established with members representing civil society, projects staff and in particular (intended) user groups. This local advisory group will provide the project with requested as well as unsolicited advice in order to implement project activities in a rightful and locally accepted way.

These Committees will meet at least twice a year or whenever required.

See organisation chart (figure 4), below.
Figure 4: ORGANISATION CHART OF THE PILOT PROJECT

High Level Natural Resources Policy Steering Committee
(Supervisory Committee of the Project)

- Minister MNE Chair
- Minister Industry & Commerce MIC
- Minister of Food and Agriculture
- National Project Director (Secretary)
- State Rural Committee on Rural Dev’t & Environment
- Donors (UNDP, GTZ, etc.) as observers

Project Advisory Group
- Mongolian Academy of Science (Forest Ecology)
- UNDP Projects
- GTZ Project
- National Environmental NGO
- Forestry Education Centre
- Other Projects
- Private enterprises

International Technical Advisor
(Full time)

National Project Director
MNE / FPCD
(Ulaanbaatar Office)

- Project Co-ordinator
  (Full time)
- Administrative Assistant
  (Full time)

International Consultants
- Community based enterprise development
- Conflict management
- Participatory management planning
- Legislation
- Others

National Staff: Facilitators
- Forest & Natural Resources Mgmt
- Capacity building
- Others

Aimag Governor Office:
- Governor
- Environmental Agency
- Special Inspection

Aimag Project Advisory Group
- Local user groups
- Economic entities
- Other projects staff

National Consultants:
- Community Organisation
- Participatory forest inventory
- Land Use Planning
- Mapping (GIS)
- Natural Resources Economist
- Others

Soum Governor Office:
- Ranger
- Environmental Inspector

Local user groups
Soum Centers
Other local entities

Soum Governor Office:
- Ranger
- Environmental Inspector

Local user groups
Soum Centers
Other local entities
B.6 Reasons for Assistance from FAO

There are several comparative advantages of requesting the services of FAO for this project.

FAO has an official commitment to participatory development and actively works “to promote participatory approaches that enable local people and other stakeholders (particularly the most vulnerable) to be involved in forest or natural resource use planning and management, and to derive benefits from this involvement”8.

To achieve its mission the Forestry Department promotes an interdisciplinary perspective for the support of locally based sustainable management of forest resources. Supporting sustainable livelihoods is a priority for FAO. The FAO Forestry Department has long been recognised for its activities in participatory approaches and it has been a key actor in promoting a people centred forestry at global level with its multi-donors “Forest Trees and People Programme” (1987 - 2002). FAO remains at the forefront of the most important paradigm shift ever realized in the forestry sector, i.e. the needs and opportunities for stakeholder participation in forest management, with on-going development of a full slate of participatory methodologies and tools. More recently FAO has been focusing on leading the way in the transformation of the relationship between official forestry sector organizations and the communities and in ensuring appropriate enabling policy frameworks as a key to scaling-up pilot activities. A major comparative advantage of FAO’s Forestry Department is respect and trust expressed by officials of governments of its member countries.

FAO has been involved in the Mongolia forestry sector for many years through a number of activities ranging from disaster response, various capacity building programmes, to policy development. This project proposal is the result of FAO project TCP/MON/2903 which contributed to develop a participatory forestry concept and legal framework for the country in close collaboration with other partners as well as raising significantly awareness among the Government and the general public about this approach.

FAO has generated a broad knowledge of Mongolian environmental issues and key organisations and institutions, and has the overall ability to link several organisations and programmes under the umbrella of this effort.

Being part of the United Nations system FAO works through the Mongolia UNDP office which will provide a significant help in implementing the project and in particular will contribute to an effective collaboration with on-going UNDP projects active in the environmental and biodiversity conservation sector.

B.7 Special Considerations

Ecosystem Management

Ecosystem management is integrated management of natural resources that respects the vital functions of ecosystems. The ecosystem approach as adopted by the Conference of Parties of the Convention on Biological Diversity provides an appropriate framework of integration of these aspects.9

**Women in development and equality**

The project design is gender neutral. It can be anticipated, however, that in the area of natural resources conservation and utilisation the roles of men and women will be distinct. The project will identify those areas / activities that demand special attention in order to foster the active participation of women. In all activities, efforts will be directed at strengthening the social fabric of civil society in the soum. Local initiatives for group formation will be supported, in order to establish the basis for real community-based forest and natural resources management.

**Creation of employment opportunities**

The creation of productive employment opportunities is also an area of special concern. In most of the settlements close to forest areas, people seek income from those resources, be it in a formal, informal or illegal manner. The selection of activities for implementation will take into account the need for income generation. Income generation is crucial for sustainability of participatory natural resources management and the project will focus on this aspect through capacity building and the creation of small-scale enterprises. The Marketing Analysis and Development (MA&D) approach which has been very successfully used in other countries by FAO and other partners, will be applied at the early stage of the project.

The MA&D approach has been developed specifically to assist people in improving their livelihoods through sustainable natural resources management. The main strength of the MA&D process is the high degree of community involvement, either in groups or individually, in the planning and design of the enterprise and finally the business plan. Its focus is on building the capacity of local people to become entrepreneurs. By taking into consideration the environmental, social, technological and commercial aspects, MA&D assists communities in directly linking natural resources management and conservation activities to income generating opportunities. Because of its focus on ecological sustainability, it is especially applicable to enterprises based on resources that need to be protected or conserved as well as providing a wide scope for investigating the market environment and avoiding failure. With its emphasis on institutional development, it ensures that user groups or community-based enterprises will be independent and sustainable.

The MA&D approach ensures four important aspects of sustainability:

- **Resource sustainability:** The process provides safeguards for developing markets and products that do not lead to resource overexploitation. An integral part of the process in identifying and planning potential

9 See also the so-called 12 Malawi-principles in which this approach has been further refined.
enterprises is the assessment of the sustainability of local environments. The process strengthens the potential for sustainable natural resources management.

- **Market sustainability:** Changes in the market environment will be assessed and products adapted in order to remain competitive and attractive to targeted customers.

- **Social / institutional sustainability:** The focus on capacity building and strengthening institutions at the local level supports the development and success of small enterprises. One of the long-term goals of the project is for community members to develop and operate their enterprises independently. It will also assist in identifying potential areas of conflict and will promote equitable distribution of benefits.

- **Technical sustainability:** Community members will be trained to utilise, maintain equipment and gain understanding of production, manufacturing and marketing processes.

### B.8 Co-ordination Arrangements and Programme Linkages

Co-ordination arrangements will be arranged through internal MNE mechanisms as well as through the High Level Natural Resources Policy Steering Committee, and the National Project Advisory Group. These arrangements include frequent contacts with relevant Ministries and with ongoing government and donor supported projects, in particular those of UNDP, GTZ, and the other natural resources related projects. During the project, co-ordination is important in order to facilitate application of ‘best practices’ in the project, dissemination of pilot results to other areas, and – most important – to be able to overcome constraints in policy and regulations that would hamper local level forest management. Through previous activities which took place while developing the Participatory Forestry Concept a high and transparent level of collaboration has been already achieved and on which the project will continue to build on.

There is a strong consensus among the MNE and the donor community to support the local management of natural resources in Mongolia. The MNE sent official request to FAO and the World Bank (see Annex J.9) to prepare project proposals to that effect. FAO and the World Bank have further agreed to collaborate very closely in the formulation and implementation of these projects.

Within MNE, the Forest Policy and Coordination Division (FPCD) will be the focal point of the project and co-ordinate activities with other entities within MNE, such as with the FWRC. The co-ordination in matters of policy and regulations will be achieved through the High Level Natural Resources Policy Steering Committee.

The staff supported by the project at the aimag and soum level will act as liaison between the project and the local authorities. The soum-level project advisory group will provide local knowledge and advice.
For the management of small loans, the project will preferably seek assistance of formal credit organisations and will not embark on direct administration of credit.

**B.9 Counterpart Support Capacity**

In general terms, there is a lack of sufficient numbers of qualified and available Mongolian personnel within government services. Some of the services that Government could provide still warrant financial support to compensate the use of additional materials or extra manpower. Therefore the project has incorporated some contractual arrangements with several government services, such as the Forest and Water Research Centre. However the project will support in priority activities which will contribute to sustainability and strengthen the capacity of government services.
C. DEVELOPMENT OBJECTIVE

The development objective of the project is the maintenance and improvement of the existing forest cover of Mongolia in order to ensure the sustainable livelihoods of the rural population.

D. IMMEDIATE OBJECTIVE, OUTPUTS AND ACTIVITIES

The immediate objective of the project and corresponding outputs are the following:

D.1 Immediate objective

The implementation and integration of participatory forestry in rural development in pilot areas through capacity building of the main stakeholders and through the development of enabling institutional frameworks at local, regional and national levels

D.2 Outputs

Output 1: Functional local organizations/entities (Nukhurlul) for forest management established in pilot sites.

Output 2: Adapted management planning for local sustainable forest use, reforestation and conservation.

Output 3: Adequate legislation and regulations for local level forest resources use, reforestation and conservation.

Output 4: Adequate institutional framework at national level for local forest resources use and conservation.

Output 5: Improved knowledge on integrated and sustainable natural resources utilization and conservation.

D.3 Activities

<table>
<thead>
<tr>
<th>ACTIVITIES FOR THE ACHIEVEMENTS OF OUTPUTS</th>
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<tr>
<td>Output 1: Functional local organisations (Nukhurlul) / entities for forest management established in pilot sites</td>
</tr>
<tr>
<td>1.1. Assessment of existing Forest User Groups</td>
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<tr>
<td>1.2. Define criteria for selection of Nukhurluls</td>
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<tr>
<td>1.3. Establish 2 to 3 model Nukhurluls in selected soums according to the Mongolia Participatory Forestry Concept</td>
</tr>
<tr>
<td>1.4. Support Nukhurluls / entities to obtain a legal status</td>
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<tr>
<td>1.5. Improve technical and managerial skills of the Nukhurluls/entities members through capacity building</td>
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<tr>
<td>1.6. Discuss and develop a concept for Soum forest with a focus on poverty alleviation</td>
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<td>1.7. Define and test other forms of local forest management</td>
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<tr>
<td>1.8. Ensure and improve coordination between Soums and Nukhurluls</td>
</tr>
<tr>
<td>1.9. Set a revolving credit system to support Nukhurluls / entities</td>
</tr>
<tr>
<td>1.10. Support Nukhurluls / entities in the implementation of their management plans</td>
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</table>
## Output 2: Adaptive management planning for local sustainable forest use, reforestation and conservation

1. Assess current management planning system
2. Develop simple management plans
3. Develop suitable multipurpose and qualitative forest assessment methodology
4. Ensure integration of forest management within management of other renewable natural resources, especially livestock
5. Develop adapted mapping and demarcation methodologies
6. Assess products and markets for management planning purposes
7. Training of staff on simple management planning
8. Prepare guidelines on simple management planning

## Output 3: Adequate legislation and regulations for local level forest resources use, reforestation and conservation

1. Review and finalize the participatory forestry concept
2. Ensure approval of the participatory forestry concept, including the PF Agreements by Government
3. Contribute to the amendments / revision of the forest law to create a legal framework for participatory forestry
4. Set-up a national working group on legislation / regulations
5. Rank priority issues for the working group
6. Raise stakeholders awareness on the legal framework
7. Organize yearly regional and national meetings to discuss and prepare recommendations for submission to the Government to improve the legal framework for participatory forestry
8. Submit recommendations for approval to MNE, Aimag and Soum levels
9. Contribute to the development of a specific national law to create a legal status for local groups / entities managing renewable natural resources
10. Harmonize national and local management systems
11. Review the forest taxation system for Nukhurluls / entities and make recommendations
12. Organize yearly regional and national meetings to discuss and prepare recommendations for submission to the Government to improve the legal framework for participatory forestry
13. Submit recommendations based on feedback from pilot activities
14. Submit recommendations for approval to MNE, Aimag and Soum levels
15. Contribute to the development of a specific national law to create a legal status for local groups / entities managing renewable natural resources

## Output 4: Adequate institutional framework at national level for local forest resources use and conservation

1. Establish a regulatory body (Division, Service) at national level for local forest use and conservation
2. Establish a service unit at Soum level (funded by Aimag)
3. Establish an information center at Aimag level
4. Support an institutional review and make recommendations
5. Conduct discussions, seminars at national level to improve the institutional framework
6. Support the development of a monitoring system for participatory forestry at national level and local level
7. Make proposals to increase government funding to the forestry sector (channelling back forest revenues to the sector)
8. Assist in establishing umbrella organizations for Nukhurluls
9. Review university forestry curricula to include participatory forestry
10. Train facilitators and foresters on participatory forestry
11. Train Aimag and Soum authorities on participatory forestry
12. Organize study tours for MPs, governors, etc
13. Organize study tours and exchange visits for staff and Nukhurlul members
14. Conduct regular public awareness campaigns on participatory forestry

## Output 5: Improved knowledge on integrated and sustainable natural resources utilization and conservation

1. Yearly review of project research needs and assign priorities
2. Involve universities, research institutions to support knowledge transfer
3. Conduct a biodiversity assessment in selected pilot areas and identify potential sustainable uses
4. Establish permanent sampling plots to study the effect of participatory forestry
5. Identify new markets for natural resources products
6. Study the impact of grazing and fire on natural regeneration
7. Research on adapted reforestation techniques
8. Carry out / support studies on wildlife management
9. Study on appropriate harvesting techniques
10. Study the impact of illegal logging activities on natural resources
11. Study the impact of deforestation on watershed management
E. INPUTS

E.1 Inputs by the Government of Mongolia

The Mongolian Government will assign from its own budget to the project:
- 1 National Project Director, an experienced officer with the Ministry Nature and Environment will be assigned to work with the team and oversee project development and implementation,
- 3 Forest Specialists from MNE,
- 4 Environmental Officers,
- 16 Rangers,
- 4 Aimag Environmental Inspectors,
- sufficient space for a project office within the MNE in Ulaanbaatar, and
- free access to the existing facilities within the Forest and Water Research Center (remote sensing equipment, forest inventory and management data, etc.).

The aimag and soum governors will assign their environmental and inspection officers to work closely with the project and will allocate office space.

E.2 Donor Inputs through FAO

FAO inputs will be primarily utilised for project management, technical support services, training and skill development activities. FAO will cover:

Project Personnel Component:

International Staff
Full time:
Chief Technical Advisor (Natural Resources Manager), (60 months)

International Consultants:
Participatory forest management consultant (6 months)
Community-based enterprise development consultant (3 months)
Conflict management consultant (2 months)
Legal consultant (3 months)
Unspecified consultant(s) as may be required (5 months)

National Consultants
Community Organiser/trainer (16 months)
Participatory Forest Inventory / Ecosystem Specialist (12 months)
Land Use Planner (6 months)
Mapping/GIS specialist (8 months)
Natural Resources Economist (6 months)
Other short term consultants as identified during the course of the project (10 months)

National Project Staff
Full time:
National Project Co-ordinator
Project Technical Assistant
Administrative Assistant
Interpreter/Translator (when needed)
Drivers (8)
Natural Resource Management Facilitators (4)

Subcontracts
FAO inputs under this component will be utilised for actual project implementation, e.g. social studies, extension, awareness campaigns monitoring of results, training and skills development. They may include subcontracts with the following organisations:

- Forest and Water Research Center (FWRC) / MNE
- Universities or other research institutions
- Environmental NGOs (e.g. for training of user groups)
- Unspecified organizations as may be required

All subcontracts will be subject to management and performance monitoring by FAO.

Administrative support
An Administrative Assistant to provide logistical support to the whole operation of the project. General operation costs and miscellaneous costs (of Ulaanbaatar main office as well as the aimag offices).

Technical Support Services
Technical Support Services include backstopping missions from FAO Headquarters and Regional Office and the cost of a mid-term and a terminal evaluation as well as the terminal report.

Duty Travel
FAO will provide funds to cover the in-country travel expenses of project staff outside their duty station.

Training
FAO will cover daily subsistence and travel costs for trainees and study tour participants as well as fees required by institutions for study tours and in-service training.

- **In-country study tours** will be organised to expose central, aimag and soum level government officials to the achievements of the project.
- **Various local-level group-training workshops** on participatory forest management, silvicultural best practices, forest legislation and regulations, etc., of community members, local businessmen, foresters from private companies, government officials, rangers, inspectors and university students are included.
• **On-the-job training** in all participatory forestry aspects through direct work of project staff with government officials at national, aimag and soum-level, as well as with user groups and entrepreneurs is also included in the project.

• **Foreign in-service training** is included for government officials by means of the following fellowships and study tours:
  - *Fellowships (10)* for short international courses (two weeks) (participatory forest management, conflict management, community-based enterprise development, or any other relevant topic) of project staff and relevant MNE officers on Participatory Management of Natural Resources at RECOFTC (Bangkok, Thailand) or elsewhere;
  - *International Study Tours (2)* on Participatory Forestry in Nepal or Philippines or elsewhere to exchange views with experienced implementers for two groups of eight national professionals, policy makers, Governors, Members of Parliament.

**Equipment**

In total eight vehicles and eight motorbikes will be provided by the project. This includes two vehicles for the project office in Ulaanbaatar and two mini buses/vans to facilitate project activities, including exchange visits, training and monitoring and inspection visits to the field. In each of the four aimag offices, the project will provide one jeep, as well as one to two motorbikes for rangers and various types of technical forestry equipment for forest demarcation, forest management planning and materials for awareness and for the project office operation and administration.

**General Operating Expense**

FAO will cover reasonable costs within budget limits for general and miscellaneous operating expenses. The project will cover costs of insuring vehicles, maintenance of vehicles, fuel, communication costs, reporting cost and other costs as needed to ensure smooth implementation.

**F. RISKS AND ASSUMPTIONS**

**F.1 Risk**

The risk that could hamper project implementation would be the lack of supporting institutional framework and in particular the lack of environmental and forest legislation to support the devolution of rights to local user groups and/or to soum centers. Very recent evidence such as the recent enactment of the amendment to the Law on Environmental Protection legalizing the formation of natural resources user groups or “nukhurlul” in October 2005 and the on-going preparation of a new forest law indicate that this is unlikely to happen.

**F.2 Assumptions**

The project is based on the following assumptions:
- Despite the current forestry crisis, Mongolia has kept alive a tradition and history of forest management;
- There is a growing and significant awareness among the Government and politicians on the necessity to introduce community-based natural resources management;
- There is political commitment and capacity to adjust, when needed, forest policies and regulations in order to enable community participation in forestry activities;
- There is political willingness to decentralize the management of natural resources at aimag and soum levels;
- The local population is clearly interested and is eager to take part a significant role in natural resources management and conservation;
- There is local knowledge on the use of non-timber forest products, which only need appropriate incentives to flourish;
- Useful information on land-use and vegetation is readily available and mapping capacity is available within the MNE;
- A strong inter-project co-ordination is already in place and will be strengthened through the High Level Natural Resources Policy Steering Committee.

The Government of Mongolia through the MNE Minister has confirmed its willingness to have the project implemented and creates the necessary conditions for project activities (see Annex J.9). In particular the pilot nature of the project has been agreed upon, i.e. the project will have room for experimenting new approaches.

G. PRIOR OBLIGATIONS AND PRE-REQUISITES

G.1 FAO obligations

1. FAO shall be responsible for the identification, recruitment and backstopping of all project staff, international travel, payment of salaries and emoluments of the international staff scheduled in the project document, Section C “Donor inputs through FAO”. The candidatures of these international staff shall be submitted to the Government for clearance following FAO’s procedures. FAO shall also be responsible for the recruitment, salaries and emoluments of the national experts, national consultants, and national General Service staff also scheduled in Section C, but who are not counterpart personnel assigned by the Government. All project staff will work under the direction of a Project Leader who, on behalf of FAO, has immediate technical responsibility for the execution of the project.

2. FAO will procure, in accordance with its rules and regulations, the equipment and supplies described in Section C of the project document. The equipment will remain the property of FAO for the duration of the project. Its ultimate destination shall be decided by FAO in consultation with the Government and with the Donor Government.
3. FAO will arrange for periodic technical supervisory, support or review missions to the project with the full costs to be financed from the project’s budget.

4. All FAO's obligations arising under this Project Agreement shall be subject to: (i) the decisions of its governing bodies and to its constitutional, financial and budgetary provisions; and (ii) the receipt of the necessary contributions from the Donor Government. All financial accounts and statements shall be expressed in United States Dollars and shall be subject exclusively to the internal and external auditing procedures laid down in the Financial Regulations, Rules and Directives of FAO. Any obligations assumed by FAO may, at any time, be taken over by the Donor Government.

5. FAO may, in consultation with the Government, execute part or the entire project by sub-contract. The selection of the sub-contractors shall be made, after consultation with the Government, in accordance with FAO's procedures.

**G.2 Government obligations**

1. The Government will ensure the timely recruitment of staff and timely clearance of international personnel.

2. The Government will agree to the turn over of appropriate forested lands to local user groups for local management and utilization under the conditions set in the Participatory Forest Management Concept for Mongolia (Annex J.4).

3. The Government shall take all necessary measures to facilitate the execution of the project and to assist the FAO staff in obtaining such services and facilities as they may require fulfilling their tasks. The Government shall apply to FAO, its property, funds and assets, its officials and to the persons performing services on its behalf in connection with the project: (i) the provisions of the Convention on Privileges and Immunities of the Specialized Agencies; (ii) the United Nations currency exchange rate.

4. The Government shall deal with any claims brought by third parties against FAO, its personnel or other persons performing services on its behalf in connection with the project, except when it is agreed by FAO and the Government that such claims arise from gross negligence or wilful misconduct of such persons. The present agreement shall be governed by general principles of law, to the exclusion of any single national system of law.

5. The Government shall be responsible for the recruitment, salaries and social security measures of its own national staff assigned to the project. The Government shall also provide as and when required for the project, the facilities and supplies indicated in the project Document Section C “Inputs by the Recipient Government”.

6. The Government shall grant to the staff of FAO and of the Donor Government and to persons acting on their behalf, access to the project site and to any
material or documentation relating to the project, and shall provide any relevant information to such staff or persons.

The Government shall be responsible for the cost of import and customs clearance of the project’s equipment, its transportation, handling, storage, and related expenses within the country; its insurance, safe custody, and maintenance, after delivery to the project site, as well as replacement if necessary.

G.3 Pre-requisites

It is of utmost importance that a project like the present one is executed in close collaboration with the Ministry of Nature and Environment and with Government’s decentralized offices at aimag and soum levels, and not as a parallel structure, so that the MNE, aimag and soum experts and staff gain insight in this importance instrument for sustainable management and conservation and that these staff and experts will continue to maintain and scale-up project’s activities after the phasing out of international assistance.

Sites for the implementation of project activities will need to be agreed upon with national, soum and aimag authorities and the local population.

It will be necessary to maintain and strengthen the already existing political willingness to empower local groups through the granting of exclusive access and user rights of forest resources, based on an accepted management plan made in a participatory way.

The national Reforestation Fund should make the necessary provisions for payment of the yearly scheduled tree planting and forest regeneration activities wherever needed.

The Land Agency and the Remote Sensing Centre agree upon making timely available topographical maps, land use zoning maps and other cartographic material as well as aerial photographs for use by the project and for distribution to the selected soum administrations.

Changes in national policy and decision-making on the conservation and utilisation of forest-based resources will be consulted with the project through the High Level Natural Resources Policy Steering Committee.

No decision will be taken at the central level to declare as protected areas those areas that have been targeted in the project for use by local stakeholders.

Concessions and quota for utilisation of forest-based resources will be granted in close collaboration with the project. Concessions of gold mining or other mineral exploitation, which might overrule agreements for forest-based resources management by local groups, will involve comprehensive consultation with the concerned groups and adequate compensation measures will be awarded.
H. PROJECT REPORTING, REVIEW AND EVALUATION

H.1 Project Reporting

1. FAO will report to the Government (and to the Donor Government) according to Article VII (Progress and Reporting) of the FAO/Netherlands General Agreement, January 26th, 1998.

2. The project’s Chief Technical Adviser will be responsible for drafting an inception report two months after his arrival at the duty station, periodic progress reports, reports required by tripartite review missions or evaluation missions, reports of a technical nature and the project’s terminal report.

3. Each staff member on the project shall prepare for the Chief Technical Adviser an Inception Report including an individual work-plan for the first year, and then a series of technical progress reports. The Chief Technical Adviser will consult with counterpart staff and FAO technical officers as appropriate when giving his/her comments/agreement.

The Chief Technical Adviser will prepare every six months a Project Progress Report in English, using the standard FAO format and which shall contain:

- an account of actual implementation of the activities compared to that scheduled in the Work-plan, and the achievement of outputs based on the objectively verifiable indicators;
- an identification of any problems and constraints (technical, human, financial, etc.) encountered during implementation;
- recommendations for corrective measures;
- a detailed Work-plan for the following reporting period.

As a basis for project monitoring, each of these Project Progress Reports is to be submitted to the budget holder for information and comment, before onward through the funding liaison unit to the Donor Government, and through the FAO Representative, to the Recipient Government.

4. The National Project Co-ordinator (NPC) will report quarterly to the MNE, aimag and soum authorities where the project is being implemented about project achievement and planned activities in the next stage.

5. Field Documents on various technical matters may be prepared and issued in any appropriate language, under the authority of the Chief Technical Adviser, with copies provided directly to the budget holder, to the officers concerned in the Recipient Government, to the FAOR and to the FAO Technical Officers and Librarians concerned in the FAO Regional/Sub-regional office, or in FAO HQ. Copies of all such documents shall also be provided to TCOM for on-forwarding to the Donor Government.
6. Major documents on substantive technical matters (normally specified amongst the Outputs) will be issued as Technical Reports under the authority of FAO Headquarters.

7. In the concluding months of the project, a draft Terminal Report will be made available by FAO for consideration at the terminal Tripartite Meeting. It will assess in a concise manner, the extent to which the project’s scheduled activities have been carried out, its outputs produced, the progress towards achievement of the Immediate Objective and related Development Objective, and will also present recommendations for any future follow-up action arising out of the project. Upon conclusion of the project, it will be finalised and submitted to the Recipient and Donor Governments.

8. The Recipient Government shall agree to the dissemination of information, like descriptions of the project and of its objectives and results.

**H.2 Project Review**

1. The progress of the project will be jointly reviewed by the representatives of FAO, the Donor and Recipient Government, normally once a year, but at least once through a Mid-term Review. Annual technical reviews may be undertaken if deemed necessary. A terminal Tripartite Review meeting is also scheduled six months prior to the end of the project’s termination in order to examine project achievements and decide on eventual follow-up. The organisation, terms of reference and exact timing and place of these Reviews will be decided in consultation between FAO and the Governments/Agencies of the Recipient and the Donor.

**H.3 Project Evaluation**

1. The project will normally be jointly evaluated, prior to its completion, by representatives nominated by the Recipient and Donor(s) Government/agencies, and by FAO. The terms of reference, exact timing and place will be decided in consultation among the three concerned parties. Any party may call for evaluation at any stage of the project if deemed necessary.
I. ANNEXES

Annex J.1: Expanded Logframe
Annex J.2: Preliminary Workplan
Annex J.3: Job descriptions
Annex J.4: Participatory Forestry Concept for Mongolia
Annex J.6: Detailed Elements of the Project Strategy
Annex J.7: Proposed Aimags and Soums for Project Implementation
Annex J.8: Areas of Forest Lands in Mongolia
Annex J.9: MNE letters of request and commitment (Letters to FAO and the World Bank)