



MINISTRY OF ENVIRONMENT  
AND TOURISM



# Institutional Capacity and Arrangement Assessment for REDD+: UN-REDD Mongolia

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## Executive Summary:

Mongolia submitted their REDD+ Readiness Roadmap in June 2014 outlining the country’s commitment to engage in an international mechanism on REDD+.

Since this time international negotiations on REDD+ under the UNFCCC have also progressed. The international agreements now provide a clear framework of what is needed for REDD+ at the country level and what information should be made available by countries for them to be eligible for results based payments (Figure 1 provides an overview of the four core pillars of REDD+ as well as the entities needed to link with the UNFCCC Secretariat and financing bodies).

The current assessment builds on the work of the REDD+ Roadmap to review the country’s institutional arrangements and capacity against these core elements. As the specifics of national level REDD+ implementation are yet to be agreed the assessment focuses on the central leadership and coordination of REDD+ development and therefore the government bodies with the mandate to fulfil these roles. In particular the assessment has focused on key bodies within the Ministry of Environment Green Development and Tourism (MEGDT), and the Ministry of Finance (MoF) with consideration also given to the Ministry of Industry (MoI) and key civil society bodies including NGO networks and Universities. A full list of agencies is shown in Annex 1, with key target agencies also summarised in Figure 1 along with the functional and technical capacities against which they were assessed).

The assessment was undertaken through a combination of semi-structured interviews (over 40 completed), capacity self-assessments (conducted for eight central government agencies and departments within the MEGDT, the MoF and the Mongolian Academy of Science), and a review of existing literature related to both, natural resource management in Mongolia and REDD+ development globally.

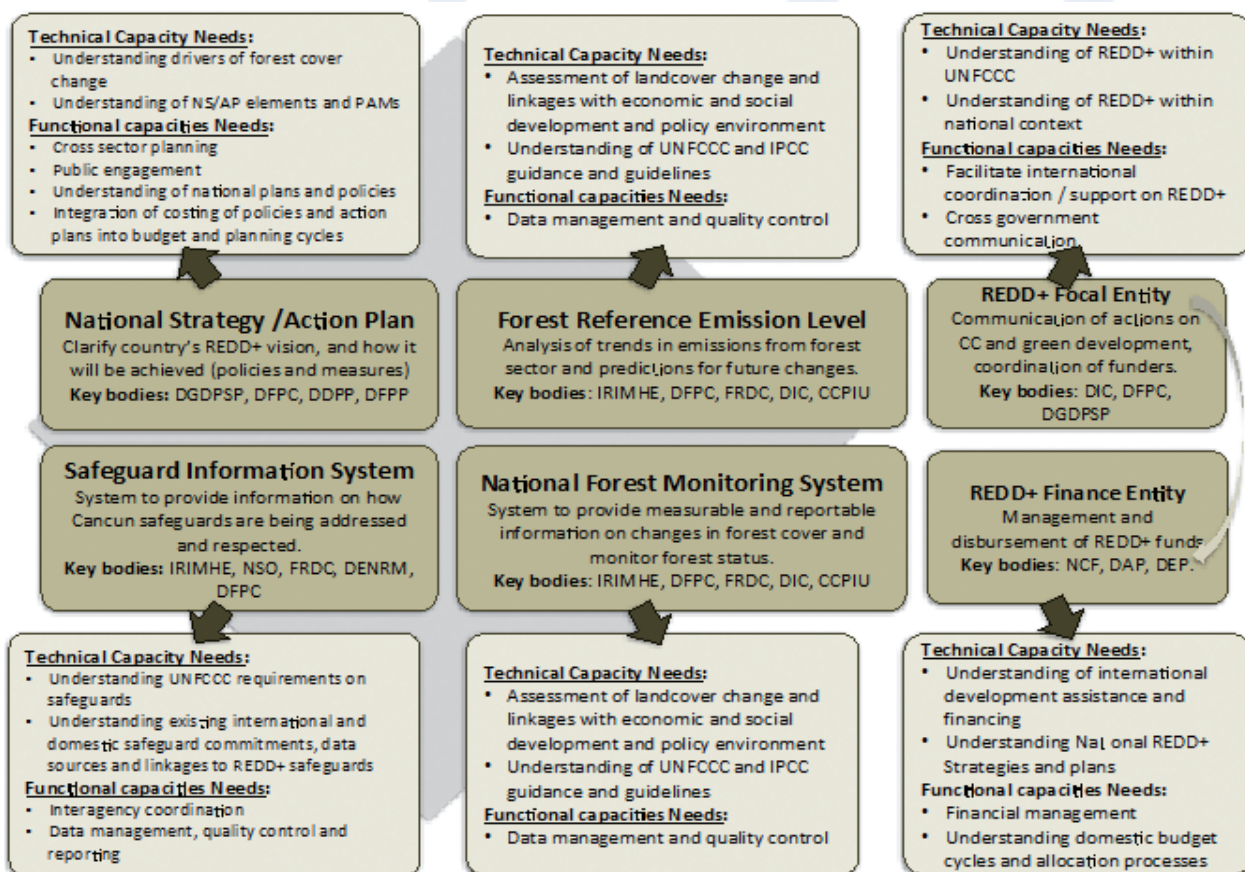


Figure 1: Core Elements of REDD+ ( UNFCCC CoP decision 1/CP.16, paragraph 71)

## Summary of Overall Findings:

Mongolia is well placed to engage with and develop an approach to REDD+ due to its high levels of human capacity, strong institutions and existing commitments to environmental management and conservation. The country's Green Development Policy (GrDP), Climate Change Action Plan (CCAP) and stated Intended Nationally Determined Contributions (INDC) all provide ambitious targets for addressing climate change and managing the environment with specific targets for increases in forest cover, forest protection and investment in nature conservation and management<sup>1</sup>.

Institutionally the elevation of the MEGDT to a general orientation ministry and strong environmental legislation provide a central position for MEGDT within policy development and oversight of implementation across sectors.

There are, however, a number of significant challenges to capitalising on these positive elements, including:

- Central environmental policies and strategies are not well understood outside of the environment sector with MoF and other bodies seeing them as only 'sector' strategies as opposed to cross cutting objectives.
- Development of environmental policy has targeted ambitious goals, which, have not been well integrated into the budgetary limits or fiscal outlooks of the country drawing questions about how implementable they will be.
- MEGDT is under resourced in many areas with regard to number of staff and technical skills, to fully deliver its mandate (for example review of all sector policies and regional programmes and plans through a Strategic Environmental Impact Assessment (SEIA)) and does not have sufficient political or technical capacity to drive forward the green development agenda.
- Weak linkages between policy direction and institution arrangements with key bodies such as the Climate Change Coordination Office (CCCO) being disbanded at the same time as the country proposes significant CC related actions. These challenges have been exacerbated by recent budget tightening which has significantly reduced staff numbers across government and has led to significant institutional instability making long-term planning and strategic development difficult.

Successful development of an approach to REDD+ will need to form part of a solution to addressing a number of these challenges while also contributing to the delivery of key development objectives set out within the GrDP.

To achieve this it will require a broad inter-sectoral approach, linking key departments within the MEGDT, MoF, MoI, Ministry of Food and Agriculture (MFA), and Mineral Resource Authority (MRA), as well as within the ministries themselves.

Based on this assessment it will be important to develop a central core of technical capacity for REDD+ that:

- is partially insulated from potential budget cuts,
- is able to develop a clear vision of REDD+ that is integrated with other development priorities
- is able to integrate that vision into the work of other sectors, and
- can guide technical development of key systems such as the NFMS or SIS without significant in-house staffing.

This capacity should be based between the Department of Green Development Policy and Strategic Planning (DGDSP) and the Department of Forest Policy and Coordination (DFPC) and should have strong linkages with planning and budgeting bodies within MoF. Key steps to achieve this will be linked to the establishment of cross sector working groups, undertaking of focused awareness raising to key departments and agencies and further capacity building both with regard to specific technical capacities and broader functional capacities such as financial management. The following sections provide a more detailed assessment linked to each element of the national structures for REDD+.

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<sup>1</sup> The Green Development Policy sets targets for an increase in forest cover to 9% of the country's area, an expansion of the protected areas network to 30% of the area and a 20% increase in resources for nature conservation and natural resource rehabilitation.

## Overview of Current Context:

Assessments undertaken as part of the REDD+ Roadmap development process and Targeted Support linked to the UN-REDD Programme identified a number of key characteristics of the forest sector as well as considerations for REDD+ including<sup>2</sup>:

- Government funding of the forest sector, at 15 billion MNT per annum, is almost three times higher than current public revenues earned from timber, fuel-wood and non-timber forest product harvesting.
- Government funding to the forest sector is significantly lower than the economic value of boreal forest environmental goods and services, which is estimated at 431.5 billion MNT.
- Government financing to the sector is focused within a number of 'traditional' areas of forest management (pest control, fire management, forest cleaning, thinning and enforcement, reforestation and rehabilitation) and is channelled through core forest sector bodies within the MEGDT.
- While there is progress in developing more holistic environmental and forest policy, the awareness of forest, climate change (CC) and environmental issues outside of the MEGDT remains limited.
- Deforestation and forest degradation result from both direct and indirect drivers that originate within and outside of the forest sector with the recent drivers of deforestation and forest degradation study identifying forest fires, logging & clear felling, and pests as key drivers.
- Potential priority activities for REDD+ identified within the REDD+ Roadmap relate to strengthening sustainable forest management, strengthening forest sector governance, strengthening forest sector research, reducing external pressures (fuel wood collection and grazing) on forests that cause forest degradation, increasing awareness of the forest sector and supporting forest rehabilitation and reforestation.
- The recent assessment of drivers of forest cover change specifies the need for further strengthening of the forestry sector to increase private sector and community level investment, state budget income, and enhance the sustainable utilisation and management of forest areas. The report also notes the need to increase the technical skill sets of forest operating agencies as well as increasing public awareness of the impacts of fire on the forest resource.
- There is currently limited engagement in the forest sector, and REDD+ development processes of key agencies involved in cross government planning and budget management (such as departments of Fiscal Policy and Planning or Economic Policy within the MoF).

Within this context and the four REDD+ elements and two entities of the Cancun Agreements (Figure 1), the current assessment considers potential institutional arrangements for REDD+, the key strengths and challenges with regard to the existing institutional arrangements within relevant sectors in Mongolian and what capacity building requirements exist for relevant stakeholder groups. In doing this it focuses on the central government bodies with a mandate for leading REDD+ development as opposed to all bodies that may be engaged in development and implementation.

## Summary of Findings and Recommendations by Element

### ***REDD+ National Strategy / Action Plan:***

Country Parties who are aiming to carry out REDD+ activities are requested to develop and implement a REDD+ National Strategy or Action Plan (NS/AP)<sup>3</sup> which should address: drivers of forest cover change, land tenure issues, forest governance issues, gender considerations, safeguards and the full and effective participation of relevant stakeholders, inter alia, indigenous peoples and local communities<sup>4</sup>. REDD+ NS/AP's should be based around a central vision of what a country wants to achieve through REDD+ and how this links to the broader development objectives, for example Mongolia's Green Development Policy (GrDP).

<sup>2</sup> Information adapted from UN-REDD (2013) Forest Sector Financing Flows and Economic Values in Mongolia. UN-REDD (2013) Entry points and strategic options for mainstreaming financing for sustainable forest management into sectoral budgets

<sup>3</sup> Decision 1/CP.16, para 71(a)

<sup>4</sup> D1/CP.16, para 72

NS/APs should be made available through a web-link and bring together the different elements of a country’s approach to REDD+ providing information on the vision for REDD+, what policies and measures (PAMs) will be implemented across sectors and how the process will be managed. Development of NS/APs requires strong inter-sectoral coordination and leadership to ensure the effective integration of REDD+ across sectors, national development priorities and budget cycles so that plans are realistic and implementable.

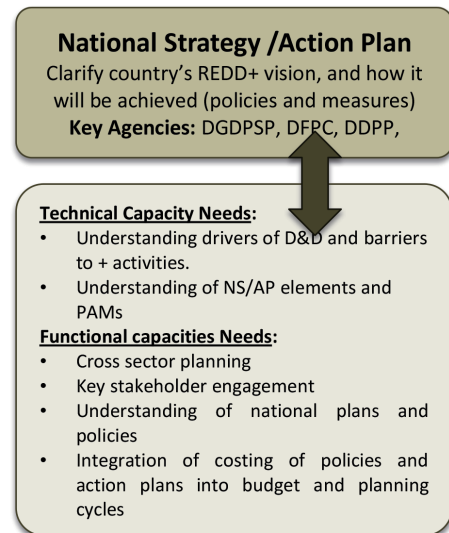
*Existing Institutional Context:*

The current institutional arrangements within Mongolia provide a positive environment for the development of a REDD+ NS/AP including:

- *A positive political, and organisational setting for environmental commitments:* The country has made ambitious environmental commitments through the GrDP and has placed the MEGDT at the centre of policy making. This provides a strong institutional basis, and indication of political ambition to implement environmental policies. These policies, and their lead institution (MEGDT), however, will need to take further steps to ensure that policy ambition is firmly grounded within economic development plans and that political desire to obtain these goals is linked to an understanding of the potential costs and benefits of different green development approaches and the capacities they require.
- *Coherent natural resource related legislation and regulations and capable institutions:* The country has a strong framework of environmental legislation, which, is implemented by capable institutions. There are a number of safeguards and environmental regulations that can provide a basis for effective forest management and broader policy coherence around environmental issues. The Strategic Environmental Impact Assessment (SEIA) is one key example, but requires further capacity building, resources, and political support to be fully implemented.
- *Increasing civil society engagement and oversight:* Mongolian civil society, through NGO and INGO action, is becoming increasingly active and vocal within the environment sector, raising awareness of environmental challenges within the country. These developments are, however, from a low base and the organisation and influence of NGO’s and community groups at national level remains limited. Research organisations such as Universities are also increasing their role in policy related research and have a good level of capacity to provide important support to government bodies with regard to conducting research and informing policy.

Significant challenges, however, do exist to the full development and implementation of a REDD+ NS / AP including:

- *An under resourced MEGDT:* MEGDT has a central mandate, as a general orientation ministry, for policy development and review. This includes responsibilities for the Strategic Environmental Impact Assessment (SEIA) of all national and sector policies and programmes (required under the Environmental Protection Act), and responsibilities for coordinating and leading cross sector and national policy discussion. The ministry is, however, under resourced with regard to economic planning and strategic assessment of different sector policies and has not established strong linkages with MoF within these areas. This combined with the limited role the ministry has in budget allocation processes means that it has insufficient technical or political capital to push forward specific development agendas.
- *Limited linkages between environmental policies and programmes and the broader development agenda:* Landmark environmental policies, such as the GrDP, have been developed but are not integrated with or understood by other ministries. This combined with no clear assessments of budget requirements or linkages with economic development plans has limited their impact and acceptance within key ministries including the MoF.
- *Limited understanding or capacity with relation to REDD+ across government and civil society.* Civil society groups and key government agencies related to policy and economic development have



yet to be fully engaged in the development of REDD+ and lack understanding of key elements of the mechanism, its opportunities and challenges. Existing levels of networking across NGOs, is also limited reducing their potential to contribute effectively to future REDD+ developments.

Key Decision Areas and Recommendations:

REDD+ will require a multi-sectoral approach that includes action from key bodies in government including the MoF, MFA and the MoI. The DGDPS has a mandate for this but is under resourced, while the DFPC has limited convening power to drive forward more challenging and cross cutting policy agendas. It will thus be important to bring together key stakeholders within these different bodies to drive forward REDD+ NS/ AP development and to create a strong vision of REDD+ and a cross sector understanding of what it could mean in Mongolia and how it can be integrated into existing national priorities, such as the GrDP.

*Recommendation:*

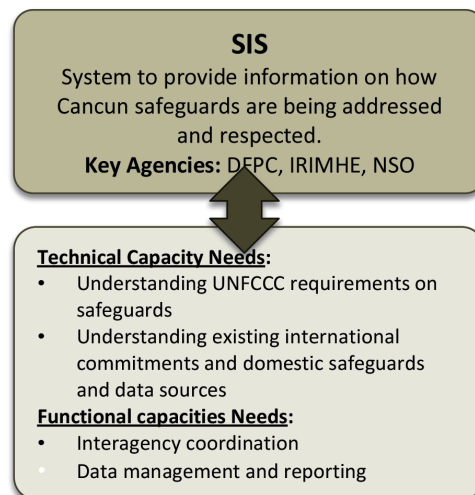
- Establishment of the REDD+ Taskforce headed by the Minister of Environment Green Development and Tourism (as per REDD+ Roadmap).
- Establishment of a Technical Working Group on REDD+ NS / AP chaired by DGDPS in close collaboration with the DFPC and MoF.
- In the longer term consideration should be given to establishing a Forest and Environment Committee chaired by the State Secretary for Environment Green Development and Tourism to work under the Parliamentary Standing Committee on Environment, Food and Agriculture to strengthen cross sector coordination.
- A broad inter-sectoral dialogue on potential policies and measures (PAMs) is required to increase understanding of options to address drivers of forest cover change and to gain cross sectoral support for proposed PAMs.

Specific capacity building needs have also been identified and covered as part of an overall capacity building framework at the end of the Executive summary.

**Safeguard Information System**

Seven safeguards to mitigate potential damage from REDD+ activities and support positive benefits from mechanisms on REDD+ were agreed under the Cancun agreement<sup>1</sup>. Countries are requested to provide information on how these safeguards are being addressed and respected through both their National Communications (NC) and the UNFCCC REDD+ Web Platform<sup>2</sup>. This information should be collected and managed at the national level through a Safeguard Information System (SIS).

SISs are required to bring together information on the application of safeguards and can be both complex, integrated data management systems or more simple approaches based on identifying where data relevant to REDD+ safeguard application is collected and available and how this can be made available at both national and international levels. As such leadership of the establishment of the REDD+ SIS will require understanding of REDD+ and the ability to coordinate the identification and collection of information on the application of safeguards.



Existing institutional context:

Mongolia has strong mechanisms for data collection and management with regard to both environmental and socio economic information. It is thus well placed to develop a REDD+ SIS that utilises these systems to provide periodic reports on REDD+ implementation and how safeguards are being addressed and respected.

<sup>1</sup> Decision. 10 / CP.16,

<sup>2</sup> Decision 12/CP.17

A number of key agencies can play a central role in both the development and operationalization of the REDD+ SIS with others also required to ensure the actual implementation of specific safeguards once they have been identified. These central agencies include:

- The Information and Research Institute of Meteorology, Hydrology and Environment (IRIMHE) – mandated to manage environmental data-bases and with the capacity to display this informational spatially.
- The National Statistics Office (NSO) – mandated to collect environmental, economic and social information, the office has strong capacity in the design and development of indicators and also collects the broadest range of social and economic information.
- The Forest Research and Development Centre (FRDC) – is engaged in collecting forestry specific information and has already made progress in developing the NFMS that could be linked with the SIS.
- The Department of Environment and Natural Resource Management (DENRM) – mandated to collect information for a biennial state of the environment report and undertake environmental impact assessments the department can provide valuable information on the nature and state of the broader environmental and conservation issues.
- DFPC – mandated to coordinate actions across the forest sector and as such can facilitate the bringing together of different institution to work on REDD+ Safeguards.

**Key Decision Areas and Recommendations:**

Mongolia will need to review its reporting requirements linked to domestic and international law to identify existing gaps within the domestic safeguard framework. As PAMs to address the drivers of forest cover change are prioritised, more specific safeguard requirements can be identified along with indicators and data sources, their availability and where gaps exist before a SIS can be established including data sharing and management agreements.

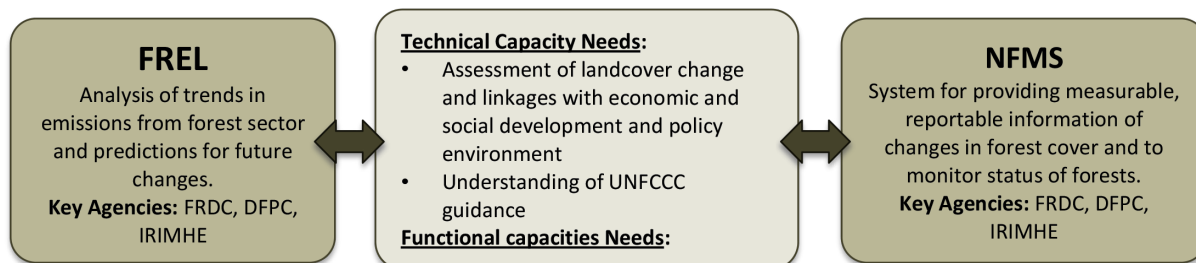
**Recommendations:**

An assessment of Mongolia’s existing framework of safeguards and how these link with the REDD+ safeguards will be required to support development of a national safeguard framework. This work should be done in partnership with national data collection, research and safeguard implementation agencies to increase their understanding of the safeguards with a focus on developing a simple framework that utilises existing data management and collection systems. (This could be managed by same body as NFMS). Specific capacity building needs have also been identified and covered as part of an overall capacity building framework at the end of the Executive summary.

**Forest Reference Emission Level (FREL) and National Forest Monitoring System (NFMS):**

Countries are required to develop a *Forest Reference Emission Level (FREL)*/Forest Reference Level (FRL) to provide a baseline against which future reductions and/or removals in emissions can be assessed. These should be at the national or sub-national level, with a number of technical decisions required related to the definition of forests, scope, scale, data methodologies and time frame required as well as technical assessment of existing, past and future changes in forest cover and related emissions.

Countries are also required to maintain a *National Forest Monitoring System (NFMS)*, this should include three core pillars; a Satellite landuse Monitoring System (SMLS), a National Forest Inventory (NFI) and a Green House Gas (GHG) inventory with additional monitoring capacities also possible to provide more detailed information on the nature and causes of forest cover change.





### Existing institutional context:

Progress has already been made in the development of a NFMS and there is a need to continue to build capacity and strengthen coordination between key agencies on its development and the sustainability of the institutional arrangements for its operation. As part of this process there is also a need to increase understanding of the value of the institutional capacities built in developing the FREL and NFMS to Mongolia and its forest management, to ensure that budget allocation processes protect core technical capacity within these areas. At the same time consideration should be given to how to structure the system to allow for fluctuations in government funding with consideration given to what elements can be outsourced to the private sector and research institutions. The below points provide a summary of some of the key findings from the assessment.

- The DFPC provides central oversight of forest sector activities and has capacity to make key decisions with regard to the definition of forests and the scope and scale of REDD+ and as such are well placed to guide overall development of the NFMS and FREL. Their capacity for developing models of emissions projection is, however, limited.
- FRDC has initiated work on a NFI and their capacity has increased with regard to data management and analysis. Changes in budget, however, have drastically reduced core staff numbers, decreasing the physical and technical capacity. Consideration as to how to link the technical capacity within the centre with the broader policy and coordination role of the DFPC to provide a technical hub that can guide further work by other bodies (such as IRIMHE, Universities and the private sector) will be important for the future sustainability of an NFMS.
- IRIMHE has no mandate for data generation at the field level but has worked on development of web-based user interfaces for remote sensing data and other environmental data that can provide valuable input into the NFMS.
- Universities have conducted some work on emissions factors that can inform increased accuracy of reporting and transition to Tier 2 reporting, as well as providing a hub for work outsourced from government departments including work on the NFI.
- Limited coordination across agencies has occurred to date in developing a strategic plan of work for the establishment of a NFMS or FREL with further coordination required to help pool limited resources.

### Key Decision Areas and Recommendations:

#### *Leadership of FREL and oversight of NFMS:*

Work towards establishing an FREL should be led by an institution able to link policy and technical elements of forest sector management. The NFMS should also be developed to support policy development and ongoing reporting.

#### *Recommendations:*

The DFPC is well placed to lead work on FREL development and provide oversight to the NFMS but must work with other agencies and sectors to gain information on forest cover change (FRDC) and predicted economic and social development trends to develop an accurate FREL.

#### *Housing of NFMS:*

Work towards the NFMS is currently being led by the FRDC but this body is severely under resourced. Consideration should be given to how to structure inputs to the NFMS to utilise a combination of core government capacity and other institutions to help address central budget fluctuations.

#### *Recommendations:*

Coordination between IRIMHE and the FRDC is strengthened to ensure skills are developed across agencies and there is increased sharing of data and resources.

Value of the NFMS is communicated to MoF and other bodies to ensure that baseline levels of resources are maintained within the unit responsible for the NFMS.

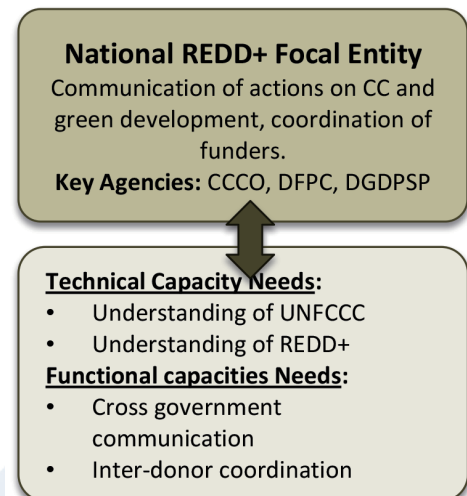
### ***National REDD+ Focal Entity***

Countries are invited to appoint a national REDD+ entity or focal point to serve as a liaison with the UNFCCC secretariat and the relevant bodies under the convention<sup>1</sup>. The national focal point / national entity, will share information on financing and REDD+ implementation domestically and with other international partners to help facilitate coordination of support to REDD+ activities.

#### *Existing institutional context:*

A focal entity for REDD+ under the UNFCCC will provide a central point for coordinating international support with domestic action while also helping to ensure that national agencies are informed of international decisions and can see synergies between different international and domestic mechanisms. At present the central structure for coordination on CC has been dissolved and forest specific agencies have not fully engaged other sectors or bodies within the REDD+ development process. A number of key findings from the assessment are summarised below:

- The Division of International Cooperation's (DIC), Climate Change Coordination Office (CCCO) has acted as the focal entity on CC but has repeatedly had its capacity reduced and is now disbanded with only one staff member remaining to work on CC issues and the CDM. The majority of staff from the unit have moved to the CC PIU under the Nature Conservation Fund (NCF)
- The DFPC and the State Secretary for the MEGDT have acted as the operational and political focal points for activities under the UN-REDD Programme but have not expanded discussion on REDD+ extensively beyond forest agencies.
- The DGDPSP has a strong mandate for policy coordination and leadership but has is only starting to engage more actively with CC and has limited linkages across government with regard to CC actions and has a limited awareness of REDD+ related issues.



#### *Key Decision Areas and Recommendations:*

There is a need to clarify and strengthen the institutional arrangements with relation to engagement with REDD+ under the UNFCCC. Should these remain within the DFPC there is a need for more active engagement across government and through linkages with the UNFCCC focal point, DIC of MEGDT, and the Division of Aid Policy (DAP) of MoF. It is also important to consider the potential future of REDD+ in Mongolia and where links with the broader GrDP are necessary and how these can best be presented at the international level to ensure there is clear understanding of the steps that Mongolia are taking. The CCCO provided a valuable resource within MEGDT and its reestablishment should be considered. Should the CCCO not be re-established consideration should be given to the DFPC or DGDPSP undertaking the role of focal entity, with a focus on strengthening linkages between different CC and green development related approaches.

### ***REDD+ Fund Management Entity***

REDD+ focal points / entities are also invited to nominate entities to obtain and receive results based finance, consistent with any specific operational modalities of the financing entity<sup>2</sup>. The REDD+ Roadmap already notes a number of potential requirements for the fund management entity including that it:

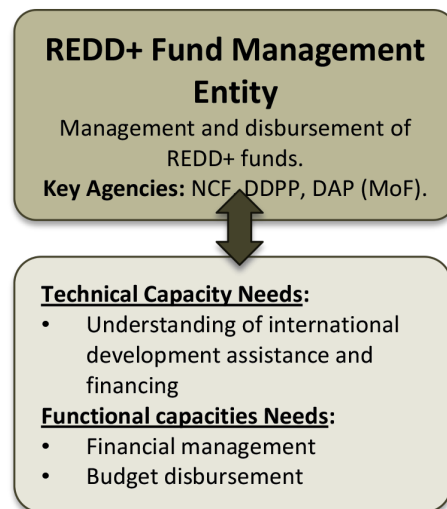
- Is independent of the REDD+ Management Structure

<sup>1</sup> Decision 10 / CP.19 para 1.

<sup>2</sup> Decision 10/CP.19 para 2.

- Has the ability to receive results based payments (for REDD+) as well as investments (ie. grants and/or loans) supporting the implementation of REDD+ policies and measures through international sources, and to create synergies, if necessary between the multiple sources of national and international funding with clear accountability and coordination mechanisms.
- Has the ability to enforce decisions on results-based fund disbursement for REDD+ implementation<sup>3</sup>

In addition to this the fund management entity is likely to need to be able to coordinate and manage funds from a range of entities including the Green Climate Fund (GCF), Global Environment Facility (GEF) and bilateral donors that are related not only to REDD+ but also broader environmental and development objectives.



Existing institutional context:

Mongolia will need to identify how REDD+ related activities will be financed as part of the broader green development process. This will require clear identification of the PAMs that will be undertaken, what benefits these will deliver in terms of emissions reductions, other environmental services and economic revenue (e.g. fuel wood, timber etc).

The existing system of central budget and special funds provides an opportunity for a range of financing approaches to be considered, although further flexibility with regard to development of ‘joint’ cross sector financed projects would provide further options. The development of these approaches and their linkages with international donors will be facilitated by the Department of Aid Policy within the MoF, however further work is needed to ensure that these approaches are linked with domestic financing, and that there is an understanding of linkages between different CC and green development based funding streams something that will require close coordination between the DAP and other technical line agencies. As such prior to the development of a clear fund management strategy, there is a need to;

- Develop a clearer understanding of exactly what REDD+ relevant PAMs could be undertaken, their economic, political and operational viability and
- Identify potential resource streams that could support these actions (i.e. ministerial budgets, domestic funds, different donor and international funds allocated for different objectives e.g. REDD+, CC adaptation, water management etc) and whether this finance would be upfront or only once results had been demonstrated.

To achieve this there will be a need to bring the MoF more actively into the REDD+ planning process to ensure that they are able to provide guidance on what financing may be possible within the domestic environment while also guiding discussion on potential fund design and how international finance can be integrated with this. It will be equally important to link those with a strong understanding of potential development partner support, such as the DAP of MOF and DIC of MEGDT with the development process so potential funding streams and synergies with other development partner activities can be identified.

Recommendations

Representatives of the MoF are fully engaged in the REDD+ NS/AP development process (see Section 3). This will help to ensure that financing of potential PAMs is fully considered from an early stage and further consideration can be given to specific fund management structures and responsibilities.

**Cross Cutting Institutional and Capacity Issues**

As part of the assessment a number of institutional and capacity issues were identified that cut across the different focus areas. These are discussed below but many relate to the need to present a clear vision of REDD+ and ensure that resources and institutional arrangement relevant to achieving that vision are

<sup>3</sup> Adapted from GoM (2014) *Mongolia’s National REDD+ Readiness Roadmap*. P87

protected.

**Budget fluctuations and strategic allocation** – significant shifts in budget allocation have made long term planning and establishment of institutional structures for co working challenging. Due to this it will be important for the MoF, MEGDT and other relevant agencies to identify core capacities that are needed to enable REDD+ to be undertaken and ensure that these capacities are insulated from budget variations. The development of a Results Based Budget Management system will help strengthen this process by allowing for clearer linkages to be made between performance and allocation.

**Capacity to engage with CC mechanisms and direct CC related planning** – Since 2012 the central coordinating capacity for CC in Mongolia has been reduced culminating in the closing of the CCCO in late 2015. In parallel to this process, however, there have been ongoing and increasing commitments made to reducing GHG emissions and to taking steps to adapt to CC. In the absence of a central coordinating body to lead this work or the development of sufficient capacity, or advocacy across government for specific ministries to integrate actions within their annual programmes (and crucially for budget to be allocated for it) it is unclear how such targets will be met. This shift is also indicative of a gap between strategic funding allocation and policy targets.

**Decentralisation** – there have been ongoing changes within Mongolian administrative structures to develop an increased focus on decentralisation with Aimag and Soum governments having increased access to resources and responsibility for budget management. The current study has not focused on linkages between central and subnational government budgets, but did record a consistent reduction in scores for coordination and joint working when respondents (at the national level) were asked about their engagement with sub-national level government bodies. If REDD+ is to be effective it is likely that many of the PAMs will require action and financing at the subnational level as well. Engagement of these groups in discussion of potential PAMs will thus be an important area to strengthen. Indeed it will be critical to present a clear technical and politically viable justification for REDD+ related actions and to develop ownership of these at the subnational level if these governments are to commit their resources to implementing REDD+ related actions.

## Key Capacity Building Needs and Recommended Actions:

Overall the current assessment has identified good levels of core capacity for REDD+ development within Mongolia with the country having strong institutions and a highly capable workforce. These institutions and individuals are, however, currently working in an evolving and challenging environment. Decentralisation will change the roles of central and sub-national government while a combination of budget tightening and periodic changes in government structure are at times reducing available resources in key areas. Within this context REDD+ and broader green development or environmental objectives can be seen to be competing for resources with a range of economic development objectives.

To address these challenges it will be important for a clear vision of REDD+ to be developed that is based not only on reductions in emissions but broader economic and environmental benefits. Key agencies and departments can then work to ensure that this vision is integrated into the workplans of appropriate line agencies and subnational governments and that resources are allocated for implementation. Development of this vision will also help in targeting resources where impact can be most effective and will help ensure that these resources are made available over the longer term. Within this context there are a number of areas to which specific consideration should be given:

**Human / financial capacity** – As noted above a significant decrease in financing for key departments has left many under resourced to deliver on their mandates. It will thus be important for a clear prioritisation of activities with relation to proposed REDD+ PAM's to be developed and that a base level capacity is maintained within government departments to coordinate and work on these activities. This will require identification of which tasks can and should be undertaken by full time government representatives and which ones should be undertaken by subcontracted specialists in universities, the private sector or NGOs. This prioritisation process will also require a subsequent strengthening of understanding within MoF as well as senior levels of MEGDT and other ministries as to the importance of those roles retained within

specific bodies (e.g. FRDC, CCCO) and the potential economic, social and environmental values of the programmes they are working on.

**Coordination** – coordination across, within and between government and non-government stakeholders is limited and more structures should be established to ensure that this is addressed in a structured way.

**Technical / functional capacity** – a number of capacity gaps have been identified within the report that are limiting key bodies in being able to fulfil their potential roles in REDD+ development and implantation (beyond those points noted above). Capacity building through either training or provision of technical support within these areas will help to address these gaps and strengthen REDD+ development.

Table 1 below provides a number of recommended activities to help address limitations regarding coordination and technical / functional capacity gaps. Provision of recommendations on human / financial capacity are seen to go beyond the remit of this report beyond the identification of existing gaps and the need for strategic consideration of how budgets are managed and where resources are allocated to most effectively deliver the combination of environmental and developmental outcomes that the country has targeted.



**Table 1: Summary of Capacity Building Priorities**

Capacity Areas	Details	Key Target Agencies <sup>10</sup>	Time frame
<b>Technical Awareness of REDD+</b>	<p>Provide information on the core elements of REDD+, its history, similarities and differences with other mechanisms, key opportunities and challenges at national level as well as potential areas of synergy with existing policies and programmes.</p> <p>This work can also support the development of a vision for REDD+ at the national level and how this links with existing domestic development objectives e.g. the Green Development Policy.</p>	<p>DGDPSP, DFPC, CCCO, FRDC, DCPISMI (Mol), DSPP, DCLPI (MFA), DFPP, DEP, Division of aid management (MoF), Standing committee On Environment and agriculture under the Parliament, Office of the Prime Minister, relevant University departments.</p>	<p>First 9 months of National programme. Three large small-scale training events with cores staff across ministries.</p> <p>Smaller sessions should also be run with key institutions to start to develop a vision for REDD+.</p>
<b>Understanding of forest sector and potential management models</b>	<p>Awareness raising on drivers of forest cover change and training activities linked to identification of potential PAMs to address these.</p> <p>This should be undertaken linked to follow up work based on recent assessment of drivers of forest cover change and findings of forest sector finance assessment. Assessments should include component of multi-stakeholder engagement and awareness raising targeting core stakeholders across relevant sectors and can link with work on communicating and developing a national vision for REDD+.</p>	<p>DGDPSP, DFPC, CCCO, FRDC (MEGDT), DCPISMI (Mol), DSPP and DCLPI (MFA), DFPP and DEP (MoF), relevant University departments.</p>	<p>Starting Q2 2016 linked with implementation of Output 8 of NPD..</p>
<b>REDD+ Financial Management</b>	<p>Training to strengthen financial management systems in preparation for REDD+ related support.</p> <p>Process will require specific assessment of NCF and bodies within MoF based on potential PAMs and financing institutions prior to development of capacity building plan.</p>	<p>MoF, NCF.</p>	<p>Late 2016 early 2017 linked to activities of Output 9 of NPD on Fund management.</p>
<b>REDD+ Safeguards</b>	<p>Training on development of REDD+ safeguards and establishment of a REDD+ SIS. Focused on developing understanding of legal requirements and potential data sources. This should follow on from and be linked to potential PAMs.</p>	<p>DGDPSP (MEGDT), DFPC, IRIMHE, NSO, FRDC, relevant University departments.</p>	<p>Training developed from late 2016 / early 2017 with support from an international and national safeguards expert and once PAMs have been identified. Four/five small events focused on increasing understanding of key stakeholders as PAMs are identified.</p>
<b>UNFCCC</b>	<p>Training on reporting requirements to increase understanding of</p>	<p>DFPC, CCCO, FRDC, IRIMHE, CCPIU</p>	<p>Training over first year. Four/five small</p>

<sup>10</sup> Target agencies are indicative and represent a core group and should not necessarily be restricted to this. Those in italics are noted as priority bodies.

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<p><b>Reporting Requirements</b></p>	<p>information requirements under the UNFCCC and mechanisms to achieve this.</p>	<p>(MEGDT), and relevant departments.</p>	<p>events focused on increasing understanding of key stakeholders.</p>
<p><b>Strategic Environmental Impact Assessment (SEIA)</b></p>	<p>The SEIA process provides a potentially valuable tool to MEGDT to manage and enhance coordination across different sector / national policies with regard to environment. Strengthening application of this process will help to improve coherence and can also bring MEGDT into a more central policy role.</p>	<p>DGDPSP, DENRM, and relevant University departments.</p>	<p>Mid 2016. A further assessment of existing capacity and institutional arrangements for the implementation of the SEIA will be required to identify exact training requirements as well as how best to strengthen the impact of the mechanism.</p>
<p><b>Linkages between policy and budgetary planning:</b></p>	<p>The capacity of MEGDT and the DGDPSP to link policy objectives to broader economic trajectories is limited and there is a need to strengthen this capacity through stronger collaboration with the MoF and better in house planning and use of research bodies.</p>	<p>DGDPSP (MEGDT), DDPP (MoF)</p>	<p>Mid 2016. Undertake an initial review of existing capacity, specifically for economic modelling and develop a capacity building / coordination plan to strengthen links between MoF and DGDPSP.</p>

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AD	Activity Data
AF	Adaptation Fund
ALAGC	Administration of Land Affairs, Geodesy and Cartography
CAF	Clean Air Fund
CC	Climate Change
CCCO	Climate Change Coordination Office
CCPIU	Climate Change Project Implementation Unit
CCPIU	Climate Change Project Implementation Unit
DCLPI	Department of Coordination of Livestock Policy Implementation
DCPISMI	Division of Coordination of Policy Implementation on Small and Medium Scaled Industry (MoI)
DENRM	Department of Environment and Natural Resource Management
DEP	Department of Economic Policy
DFPC	Department of Forest Policy and Coordination
DFPP	Department of Fiscal Policy and Planning
DGDPS	Department of Green Development Policy and Strategic Planning
DIC	Division of International Cooperation
DSPP	Department of Strategic Policy and Planning
E	Emissions
EF	Emission Factors
EIC	Environmental Information Center
FAO	Food and Agriculture Organisation
FRDC	Forest Research and Development Centre
FREL	Forest Reference Emission Level
FRL	Forest Reference Level
FUGs	Forest User Groups
GASI	General Agency for Specialised Inspection
GCF	Green Climate Fund
GHG	Green House Gas
GIS	Geographical Information System
GrDP	Green Development Policy
INDC	Intended Nationally Determined Contribution
IPCC	Intergovernmental Panel on Climate Change
IRIMHE	Information and Research Institute of Meteorology, Hydrology and Environment
LEIA	Law on Environmental Impact Assessment
LULUCF	Land use, land use change and forestry
MDG	Millennium Development Goals
MEGDT	Ministry of Environment Green Development and Tourism
MFA	Ministry of Food and Agriculture
MNT	Mongolian Tugrik
MoF	Ministry of Finance
MoI	Ministry of Industry
MRA	Mineral Resource Authority
MRV	Measurement, Reporting and Verification
NC	National Communications
NCCC	National Climate Change Committee
NCF	Nature Conservation Fund

NDIC	National Development and Innovation Committee
NDS	National Development Strategy
NEMA	National Emergency Management Agency
NFI	National Forest Inventory
NFMS	National Forest Monitoring System
NGO	Non-government Organisation
NRSC	National Remote Sensing Centre
NSO	National Statistics Office
PAMs	Policies, Actions and Measures
REDD+	Reduced Emissions from Deforestation and Forest Degradation and foster conservation, sustainable management of forests, and enhancement of forest carbon stocks
REDD+ NS/AP	REDD+ National Strategy / Action Plan
SEIA	Strategic Environmental Impact Assessment
SIS	Safeguard Information System
SLMS	Satellite Land Monitoring System
UN-REDD	United Nations REDD Programme
UNFCCC	United Nations Framework Convention on Climate Change

# 1. Overview of REDD+ Requirements Under the UNFCCC and Assessment Approach

The Mongolian REDD+ Roadmap lays out the country’s approach to REDD+ development. It also recognizes that to obtain results based finance the country will need to develop its capacity to not only address drivers of forest cover change but also to provide information on how this is being achieved. The Warsaw Framework, lays out the core pillars for REDD+, these can also be seen as ‘information streams’ through which a county communicates its progress both domestically and internationally. These cores pillars are:

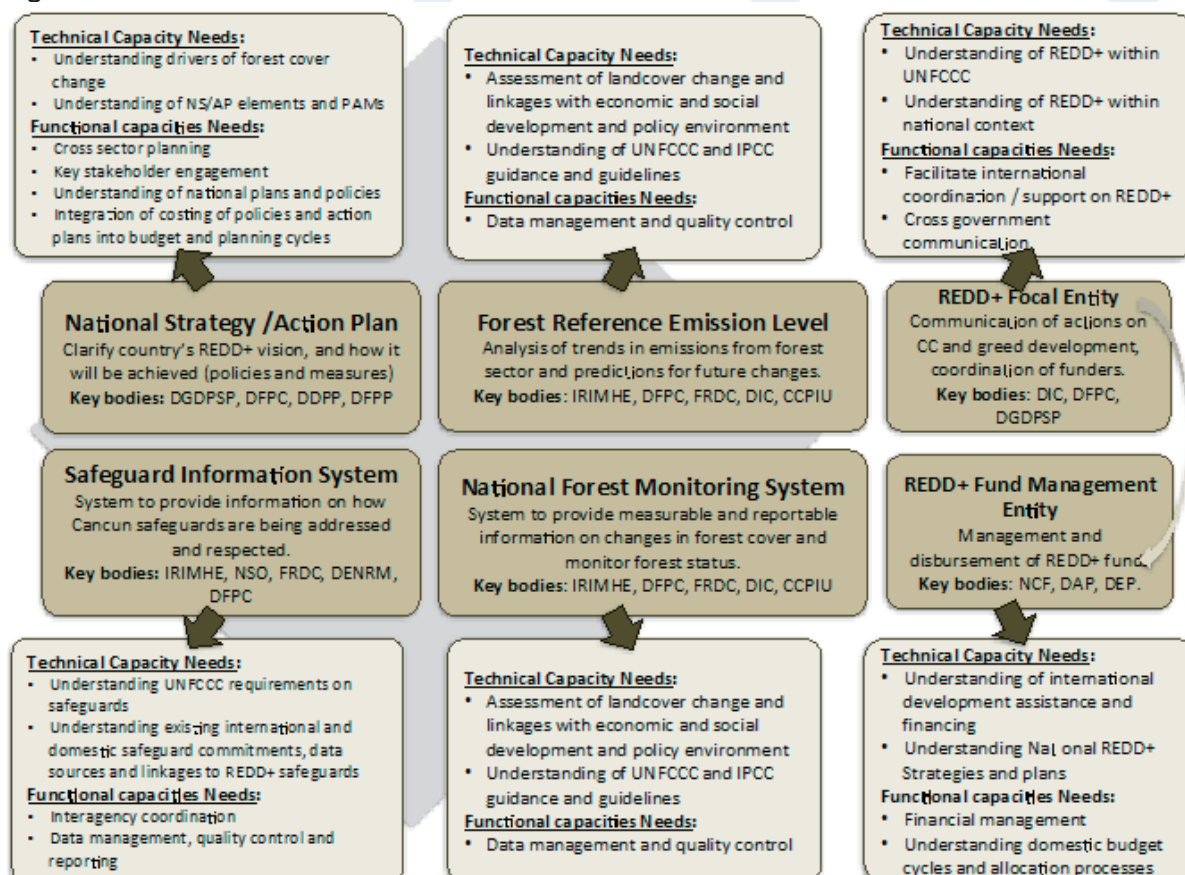
- A National REDD+ Strategy or Action Plan (NS / AP)
- An Assessed Forest Reference Emission Level (FREL) / Forest Reference Level (FRL)
- A national forest monitoring system (NFMS) which provides the capacity to measure, report and verify results
- A system for providing information on the application of safeguards or Safeguard Information System (SIS)<sup>1</sup>

The REDD+ development process should also establish a REDD+ focal point to ensure effective communication with bodies under the convention and designate entities to receive finance (see Figure 2 below).

It is against these core technical pillars and the functional capacity to operationalize them that the current assessment has been conducted.

As efforts to achieve many of these elements are at a very early stage within Mongolia and decisions on institutional responsibilities and priority policies and measures for REDD+ are yet to be made the assessment has focused on core government agencies that have a potential mandate to lead work under the four core pillars and two focal areas. As such the current assessment is not a comprehensive assessment of all potential bodies that will be engaged in REDD+ but rather those that will play a central role in leading and coordinating its development. Cores areas, capacities and identified institutions are shown in Figure 2 below:.

**Figure 2: National REDD+ Structure and UNFCCC Processes**



<sup>1</sup> Paragraph 71 of decision 1/CP.16

The assessment was carried out over an eight-month period from April to November 2015. Following an initial literature review the consultant team developed a capacity assessment framework, which, identified constituent technical and functional capacities within each of the core components and focal points (see Figure 2 above for summary of this framework). This framework was then used as the basis for the development of three assessment methods:

- *a self assessment questionnaire* – the questionnaire was provided to 13 target institutions (See Annex 3) in Mongolian and was supported by explanatory notes and an initial introductory meeting
- *a series of semi structured key informant interviews* – interviews were held with over 40 representatives from target institutions and other key stakeholder groups (see Annex 1). Interviews were linked to the questionnaire and were intended to assess in more detail specific responses given within the self-assessment as well as providing more information on REDD+ itself.
- *a review of available literature related to natural resource use and REDD+ within Mongolia* – the review was intended to provide an overview of the existing context and experience of natural resource management within the Mongolia.

To transition from the framework to the assessment questionnaire, consideration was given to the key components of each capacity area with questions devised to provide information on levels of technical and functional capacity relevant to REDD+ implementation. A number of core question areas are outline in Annex 2 with the full questionnaire also shown in Annex 3.. Linked to these question areas a basic scoring system of 1-5 was utilized to help communicate capacity levels within the self-assessment, overall assessment and a subsequent stakeholder review process. In the self assessment process participants were asked to score their capacity within specific areas, at the same time the assessment team also provided a score based on key informant interviews, narrative information in the self assessment and the literature review. These scores were then compared to provide an aggregate ‘assessed’ score. At the same time within each area ‘desired scores’ were also proposed. These scores indicated what level of capacity it was anticipated a body would need in which area to support REDD+ development based on their specific institutional mandate. This approach was intended to allow for a clearer assessment of where capacity gaps exist and where support is needed. For example in terms of REDD+ NS/AP forest agencies should have a high level of understanding of drivers of forest cover change but may have lower levels of capacity with regard to cross sector coordination, with other agencies leading in this area to bring together the forest agencies with other technical agencies.

Assessment scores were subsequently presented at a validation workshop (attended by over 40 representatives from government and the donor community) and compared to ‘desired’ capacity level of different institutions. Feedback from participants was then requested and participants provided their own scores for institutions, which are also noted within the report to provided a broader indication of perceived levels of capacity target institutions.

Again it should be noted that the assessment has focused on those institutions with a mandate to lead and coordinate REDD+ actions. As such the assessment coverage is small and it is anticipated that a broader range of institutions are likely to be engaged within specific elements of REDD+ both in-terms of the core areas identified within this report and the implementation of specific policies and measures during REDD+ implementation. It should also be noted that within the target institutions, the assessment has also focused on the capacities needed for coordination and leadership as opposed to full operational implementation. As such detailed assessments of technical capacity and availability of software or hardware have not been included within the assessment.

## **1.1 Limitations:**

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While the methodology sought to gain a comprehensive assessment of the capacity of key target agencies there were limitations in the level of detail gained through the assessment as well as the quality of information provided through the self-assessment processes. Key challenges included:

**Scoring** – while explanations of the scoring system was provided within self-assessment questionnaires with specific explanations by question, and these questionnaires were supported by initial meetings to explain their nature, some of the scores provided seemed to focus on one or two cross cutting capacity issues and / or relate to an institutional perspective as opposed to actual capacity levels. This was exemplified by some agencies scoring themselves highly across all areas while other scored themselves very low due to recent staff cuts. Limited supporting information and justification was also provided to many scores making their interpretation difficult.

The review of scoring during the validation meeting can also be seen to have been influenced by the assessment team as scores identified by the assessment were presented along with a justification prior to the participant scoring exercise. Thus while scores were done individually and not influenced by a wider group they may well have been influenced by the earlier presentation and thus not represent a true view from the stakeholder but a view on the presentation of information given. This may be particularly true in areas where respondents were not specialists.

**Existing understanding of REDD+** - the assessment has been undertaken at an early stage in REDD+ development and while the assessment sought to both inform participants of REDD+ and focus capacity questions on areas of existing technical and functional capacity several of the responses indicated that respondents had misinterpreted key elements of REDD+, and were using this as a basis for scoring. This low level of understanding was also evident in key informant interviews with many interviews being focused on explaining the concepts of REDD+ and thus an organisations' potential role as opposed to being able to dig more deeply into their capacity constraints.

## 2. Existing Context:

A number of assessments of the forest sector and the potential for REDD+ development within Mongolia were undertaken as part of the REDD+ Roadmap development process. These assessments identified a number of key characteristics of the Mongolian forest sector that have been taken into account during the development of the current assessment. These findings include:

- Government funding of the forest sector, at 15 billion MNT per annum, which is almost three times higher than the public revenues earned from timber, fuel-wood and non-timber forest product harvesting.
- Government funding is, also, significantly lower than the economic value of boreal forest goods and services, which is estimated at 431.5 billion MNT.
- Government financing to the sector is focused within a number of 'traditional' areas of forest management (pest control, fire management, forest cleaning, thinning and enforcement, reforestation and rehabilitation) and is channelled through core forest sector bodies within the MEGDT.
- While there is progress in developing more holistic environmental and forest policy, the awareness of forest, climate change (CC) and environmental issues outside of the MEGDT remains limited, with several key bodies responsible for budget allocation decisions and national strategy development having limited understanding of the forest sector, its potential commercial and ecological value and different strategies to optimise its use.
- Deforestation and forest degradation result from both direct and indirect drivers that originate within and outside of the forest sector with the recent drivers of deforestation and forest degradation study identifying forest fires, logging & clear felling, and pests as key drivers.
- Potential priority activities for REDD+ identified within the REDD+ Roadmap relate to strengthening sustainable forest management, strengthening forest sector governance, strengthening forest sector research, reducing external pressures (fuel wood collection and grazing) on forests that cause forest degradation, increasing awareness of the forest sector and supporting forest rehabilitation and reforestation.
- The recent drivers of deforestation and forest degradation study specifying the need for further strengthening of the forestry sector to increase private sector and community level investment, government income, and enhance forest management. The report also notes the need to increase the technical skill sets of forest operating agencies as well as increasing public awareness of the impacts of fire on the forest resource.

These findings indicate the need for efforts to address REDD+ to move beyond the forest sector to be integrated into a more inter-sectoral approach to forest management. The recent approval of the Green Development Policy (GrDP) and the elevation of MEGDT to a general orientation ministry provide a positive indication that this will be possible. These opportunities will, however, require further support and follow up from both within and outside government to ensure that there is the capacity and political will to both link REDD+ and the Green Development approach and to ensure that this approach is fully budgeted and operationalized within an environment of highly variable natural resource, and consequently government, revenues. The current assessment provides an initial step within this direction by starting to identify the key agencies within which capacity will be needed and where linkages between agencies needs to be strengthened.

### 3. National Strategies and Action Plans

#### 3.1 What Are National Strategies and Action Plans

Under the text of the Cancun agreement developing country Parties who are aiming to carry out REDD+ activities are requested to develop and implement a national strategy or action plan (NS/AP) that ensures the full and effective participation of relevant stakeholders, including indigenous peoples and local communities<sup>1</sup>. The NS/AP should be formed by, and lay out a country's vision and objectives for REDD+ and how this links with national development objectives and policies, and how it will be achieved.

There is no specific guidance on the nature or content of a country's NS/AP but when developing and implementing their NS/AP developing countries are requested to address core drivers of forest cover change as well as key governance considerations while ensuring that there is full and effective participation (see Box 1 for elements<sup>2</sup>).

Annex 1 of decision 1/CP.16 also sets out 11 points that REDD+ activities should do and it can be assumed that NS/APs should also incorporate these:

- Contribute to the achievement of the objective set out in Article 2 of the Convention<sup>3</sup>;
- Contribute to the fulfilment of the commitments set out in Article 4, paragraph 3, of the Convention<sup>4</sup>;
- Be country-driven and be considered options available to Parties;
- Be consistent with the objective of environmental integrity and take into account the multiple functions of forests and other ecosystems;
- Be undertaken in accordance with national development priorities, objectives and circumstances and capabilities and should respect sovereignty;
- Be consistent with Parties' national sustainable development needs and goals;
- Be implemented in the context of sustainable development and reducing poverty, while responding to climate change;
- Be consistent with the adaptation needs of the country;
- Be supported by adequate and predictable financial and technology support, including for capacity-building;
- Be results-based;
- Promote sustainable management of forests.

The level of depth with which existing strategies address each of these elements and their structure varies but key elements that cut across many different strategies include:

- statements about the vision, mission, goals and objectives of the strategy or action plan;
- the guiding principles of the strategy or action plan (such as an emphasis on protecting indigenous rights);
- the ways which REDD+ will be managed institutionally;
- policies and measures (PAMs) for implementation and time lines and budgets for their implementation
- how REDD+ will be funded;
- the approach to Measurement Reporting and Verification (MRV);
- the structure for inventories and registry platforms;

**Box 1: Key elements to be addressed within a REDD+ NS/ AP**

- Drivers of deforestation and forest degradation (forest cover change)
- Land tenure issues
- Forest governance issues
- Gender considerations
- Safeguards
- Full and effective participation of relevant stakeholders, inter alia, indigenous peoples and local communities

<sup>1</sup> Decision 1/CP16, para 71(a)

<sup>2</sup> D1/CP.16, para 72

<sup>3</sup> Article 2: '*stabilization of greenhouse gas concentrations in the atmosphere [while] achieved within a time frame sufficient to allow ecosystems to adapt naturally to climate change, to ensure that food production is not threatened and to enable economic development to proceed in a sustainable manner.*'

<sup>4</sup> Article 4: para 3: '*the need for adequacy and predictability in the flow of funds and the importance of appropriate burden sharing among the developed country Parties*'

- the ways in which REDD+ will interact with existing forestry programs;
- the ways in which safeguards will be addressed and respected and,
- legal, regulatory, institutional and capacity gap.

Developing approaches to these different elements requires countries to bring together a broad range of issues, skills and stakeholder groups. In particular the development of Policies and Measures (PAMs) represents a critical process that will start in the identification of drivers of forest cover change and the assessment of what can be done to address key drivers. Potential PAMs arising from this will then need to be reviewed and assessed for their feasibility before being tested and then fully implemented. This process requires both strong technical understanding of drivers and how to address them and the technical and political leadership to be able to undertake policy changes, or strengthen the implementation of key actions on the ground and to ensure that budgets are appropriately assigned to target areas.

Once developed NS/APs must be made available for countries to receive results based payments. REDD+ NS/APs are not formally assessed and do not require approval. Rather they are an opportunity for countries to clearly articulate how and why they will/are achieving reductions in emissions. Development, through a participatory process, of clear and realistic plans thus represents more of an opportunity to increase both domestic and international understanding of a country’s approach to REDD+, than a strict detailed requirement and when done effectively can help to attract international support for the implementation of a REDD+ NS/AP.

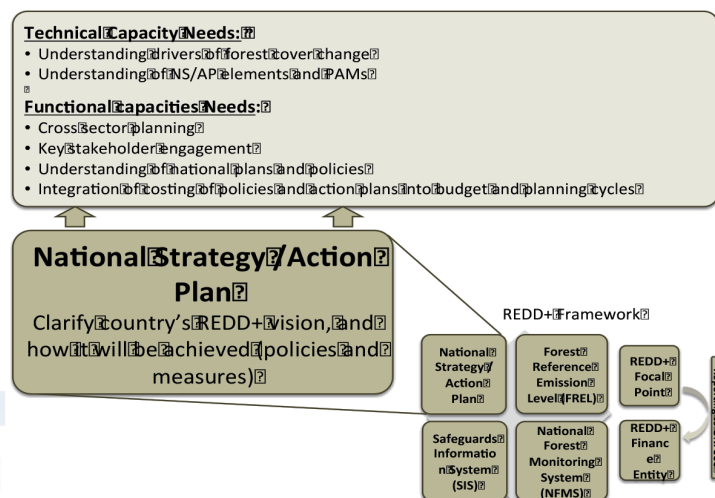
### 3.2 Key capacity requirements for Development of National Strategies and Action Plans

As noted above there are a number of key capacity areas that are important to the development of a NS/APs linked to both a technical understanding of forests and REDD+ and the functional capacities related to policy and planning processes (see Figure 3)<sup>5</sup>.

With regard to technical capacities there is a need for the lead agencies working on the REDD+ NS/AP to understand key technical areas including the drivers of forest change, potential PAMs and their integration into NS/APs, and the main components of NS/APs. To successfully build on these technical areas a number of core functional capacities will also be needed during NS/AP development which include:

- *Inter-sectoral planning* – to ensure that planning processes and PAM development addresses drivers of forest cover change from sectors outside the forest sector and are aligned with the national development policy and SDGs.
- *Key stakeholder engagement* – to increase both awareness of the NS/AP and support for the PAMs and approaches it presents. This will be both key for implementation of the NS/AP and to increasing the legitimacy of the NS/AP and its potential to attract international support and will include both key decisions makers within government and key constituencies involved in or affected by the implementation of PAMs.
- *Understanding of existing and new national plans and strategies* – to ensure that the REDD+ NS/AP is appropriately linked to these and effective synergies are found where possible.
- *Integration of costed policies and action plans into budget planning and cycles* – to ensure that the REDD+ NS/AP is not just developed as a strategy document but that it is effectively integrated into budgeting cycles and that budgets are made available.

Figure 3: Capacity Areas for REDD+ NS/APs



The below section provides an initial assessment of the current institutional arrangements with relation to the development of a REDD+ NS/AP.

<sup>5</sup> Note that as potential PAMs are yet to be identified the current assessment looks at institutions relevant to the development of a REDD+ NS/AP and a framework of PAMs as opposed to those that will be responsible for implementing the REDD+ NS/AP.

### 3.3 Current mechanisms for development of National Strategies or Action Plans

Mongolia's planning mechanisms have undergone significant evolution since the shift from a central planning format in the early 1990s. National planning occurs on a tiered basis with the Millennium Development Goals (MDG) based Comprehensive National Development Strategy (NDS) 2008<sup>1</sup> (also referred to as the Integrated National Development Policy) forming the central guiding document<sup>2</sup>, along with the National Security Concept of Mongolia (2010). Both documents contain objectives related to forest management and protection (see Box 1).

Policy development is also guided by Government Action Plans, which, are developed for the four-year term of the elected government and updated on an annual basis. The more direct political support that these plans have means that they often have a more significant influence on policy and planning than the longer term strategies.

#### Box 2: The National Development Strategy and the Strategic Objective on Forest

Strategic Objective 4 on forests provides for:

"Conditions for sustainable use and protection of forest reserves, reforestation and maintaining ecological balance shall be created [by]:

- Explor[ing] forest reserves by using satellite data and remote sensing, determine the sprawl, structure and composition of forests, develop forest mapping and sustainable forest management programmes, and create a forest database based on geographical information systems
- Within the framework of a medium-term strategic objective, undertak[ing] measures to make climate milder, restock woodlands and create green zones in Gobi and steppe regions to facilitate the fight against desertification, soil erosion, and sand movement
- Strengthen[ing] forest protection through the introduction of modern management methods;
- creat[ing] a liability system to ensure proper use and protection of forests by allowing local residents and communities to own up to 20% of forests on a contractual basis."

Source: Millennium Development Goals (MDGs)-based Comprehensive National Development Strategy, Chapter 6 on Environmental Policy, Strategic Objective 4.

#### "Article 3.5.3 Conserve biodiversity and prevent from insufficient resource

Article 3.5.3.3 Forest fund resource shall be increased by 2 percent as a result of prohibiting harvest cutting (final cutting) and export of Non-timber forest products and natural plants.

Article 3.5.3.4. Policy on increasing import volume of wood and wooden products, resolving issues of fuel wood in a complex way as a result of stepping up production of this type of product, and supporting the introduction of advanced technology in order to provide substitutes for fuel wood, shall be implemented respectively."

The development of national strategies and action plans is currently led by the Department of Economic Policy (DEP) within the MoF<sup>3</sup>. This department worked with the National Development and Innovation Committee (NDIC) in the development of new strategies linked to economic development goals, until the disbanding of the NDIC's in late 2014. The functions of the NDIC have now been absorbed into the MoF with other duties being assigned to the MEGDT as a part of its elevation to a general ministry<sup>4</sup>.

Despite the existence of these guiding frameworks for policy development the rapid evolution of the policy environment and changes in government action plans has resulted in development of a wide range of policies and programmes that are not fully coherent with the long term central strategies. Indeed as different sectors have sought to expand with the previously rapid economic a number of contradictory policy areas have emerged particularly between those targeting environmental conservation and those targeting further economic expansion.

In an effort to address these challenges a number of steps have been taken or are under development to

<sup>1</sup> Forests also are included as the fourth strategic objective of the Comprehensive National Development Strategy of Mongolia from 2008. Conditions for sustainable use and protection of forest reserves, reforestation and maintaining ecological balance shall be created: through developing forest mapping and sustainable forest management programmes, through woodlands and creating green zones in Gobi and steppe regions, and through introducing modern management methods for forest protection

<sup>2</sup> This is currently under review with a programme to develop a new strategy linked to the Sustainable Development Goals.

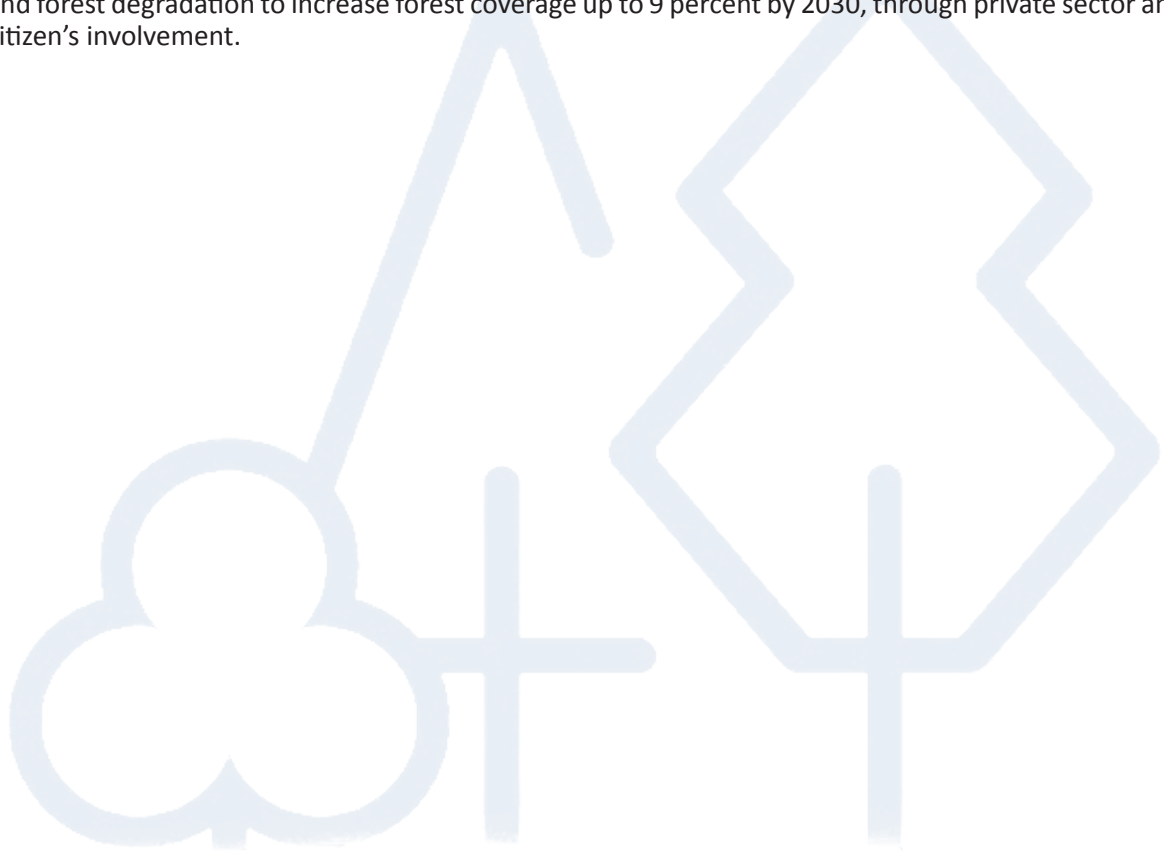
<sup>3</sup> The DEP is a new structure within the MoF following the disbanding of the Ministry of Economic Development in 2014 (although it should be noted that the establishment of this ministry only occurred in 2012 prior to which the mandate had been held by MoF).

<sup>4</sup> In 2012 under the Law on Government Structure the MEGD (tourism was added later) was elevated from a line ministry to a general orientation ministry, together with the Ministries of Finance, Foreign Affairs and Justice.



help strengthen coherence, which will also be relevant for REDD+ development:

- *Requirements for strategic environmental assessments of new policies, programmes laws and measures* - the Law on Environmental Impact Assessment requires all new policies and programmes to undergo a Strategic Environmental Assessment process led by the Department of Environment and Natural Resource Management (DENRM) within MEGDT to ensure that they are in line with the government's environmental objectives. This process is linked to the elevation of the MEGDT to a general ministry but has yet to be fully implemented due to the limited capacity of the staff within the DENRM and the recent elevation of the ministry to this status.
- *Development Policy and Planning Law* – developed by the MoF's Economic Policy Department, the law, approved by the parliament, provides more direct guidance on the process for policy and programme development within government and will be supported by detailed guidelines. This process is also linked to the MoF's efforts to introduce Results Based Budget Management to increase accountability of government spending.
- *Green Development Policy* – The GrDP was approved in 2014 and provides a central framework for 'green growth' within Mongolia. A Green Development Action Plan has also been approved by the Government and will provide a further framework to guide sector specific planning. Under the strategic objective 2, 2.7 actions were planned to support REDD+, which focused on drivers of deforestation and forest degradation to increase forest coverage up to 9 percent by 2030, through private sector and citizen's involvement.



**Box 3: Overview of Key Environmental Policy, Legislation and Programmes****Green Development Policy:**

The GrDP sets out an ambitious view of environmentally sensitive development within Mongolia. The document contains direct targets on forests as well as broader commitments to environmental management and sustainable use of natural resources (example targets include an expansion of the protected areas network to 30% of the country by 2030, and an increase in forest cover to 9% of the country's area). It also identifies the need to:

- create sustainable financing systems through the introduction of community-based natural resource management in the protection and sustainable use of forests, non-timber resources, flora and fauna (under Strategic objective 2) and to
- increase investments for nature conservation and natural resource rehabilitation by 20 percent by disseminating the benefits of and valuing and supporting ecosystem services such as capacity of forest water containment, carbon absorption, floodplain water collection and treatment, and environmental protection and restoration (under Strategic Objective 3).

**Environmental Protection Law:**

The EPL revised in 2012 requires the MEGDT to conduct a Strategic Environmental Impact Assessment (SEIA) on all new policy developed by any ministry. This assessment should identify any potential future environmental impacts and can require policy to be revised. As yet this process is not fully operational due to limited capacity within the DNREP in the MEGDT to conduct the necessary assessment.

**Law on Government Structure: Elevation of MEGDT to General Ministry:**

The ministry now has the mandate to centrally coordinate policy development and review, revise policy from all sectors to ensure it is in line with environmental targets/ green development action plan. As yet this process has been reactive based on new policy development processes but there is the potential for the MEGDT to review existing policy and provide recommendations for revisions.

**National Action Programme on Climate Change:**

The NAPCC was approved in 2012 and sets out a vision for CC action in Mongolia over two phases (2011-16 and 2017-21). The action plan includes strategic objectives to set the legal environment, structure, institutional and management frameworks for addressing CC, to ensure environmental sustainability and to mitigate GHG emissions.

**1.1.1 Current Mechanisms for development of sector policies and strategies**

Sector policies and strategies are most commonly developed through working groups of representatives identified as relevant to the policy area being developed. The recent Forest Policy Working group consisted of representatives of three main ministries as well as representatives from the private sector, NGOs and universities with meetings being held on a monthly basis over an initial three month period.

**Box 4: Forest Policy Development Process**

The development of the policy was initiated by the Department of Forest Policy and Coordination in November of 2013 with the establishment of a Working Group for Forest Policy under Ministerial declaration in July of 2013. The working group, chaired by the State Secretary of MEGDT, consisted of 18 people with representatives from the Department of Forest Policy and Coordination, DGDPS, DENR, EDASPA, FRDC and the Government Coordinating Agency of State Professional Inspection, all of MEGDT, as well as representatives from the Department of Light Industry, of the Ministry of Industry and Agriculture, the Mongolian National University, the University of Science and Technology and the Research Institutes of Mongolian Academy of Sciences and representatives of NGOs and the private sector. This committee met five times over a three month period to discuss drafts of the policy and including twice within sittings of the Parliamentary Standing Committee on Environment, Food and Agriculture.

The new Forest Policy was approved in May 2015 following a change in minister at the end of 2014. An action plan for the implementation of the policy is currently under development.

Policies are then circulated for comment to both civil society and other government bodies, and are required to be posted online in an 'easily understandable manner' for at least 30 days, for comment and review<sup>1</sup>. At this stage, the MEGDT's DGDPS, and the MoF's, Division of Development Policy and Planning (DDPP), and the Ministry of Justice (MoJ) should review the proposed policy to ensure that it is in line

<sup>1</sup> GoM (2011) Law on the Information Transparency and Right to Information. Article 7.1.5.

with existing national policy objectives and is legal (MEGDT should assess the Strategic Environmental Assessment (by the DENRM), and its coherence with key environmental objectives (by DGDPSP), the MoF should assess the linkages of policy objectives with those of national development policy (by the DDPP), and the MoJ should review the legality of the policy within Mongolian law). Following this process policies are submitted to cabinet and subsequently to the relevant standing committee of parliament prior to submission for full parliamentary approval.

**1.1.2 Linking National Strategies into Annual Workplans and Budgets**

Annual workplans and budgets for line ministries and provincial and local government are developed through a top down and bottom up process:

At the central level the MoF through the Department of Fiscal Policy and Planning set budget ceilings by sector based on previous year’s expenditures and any anticipated changes in budget revenue / sector development needs.

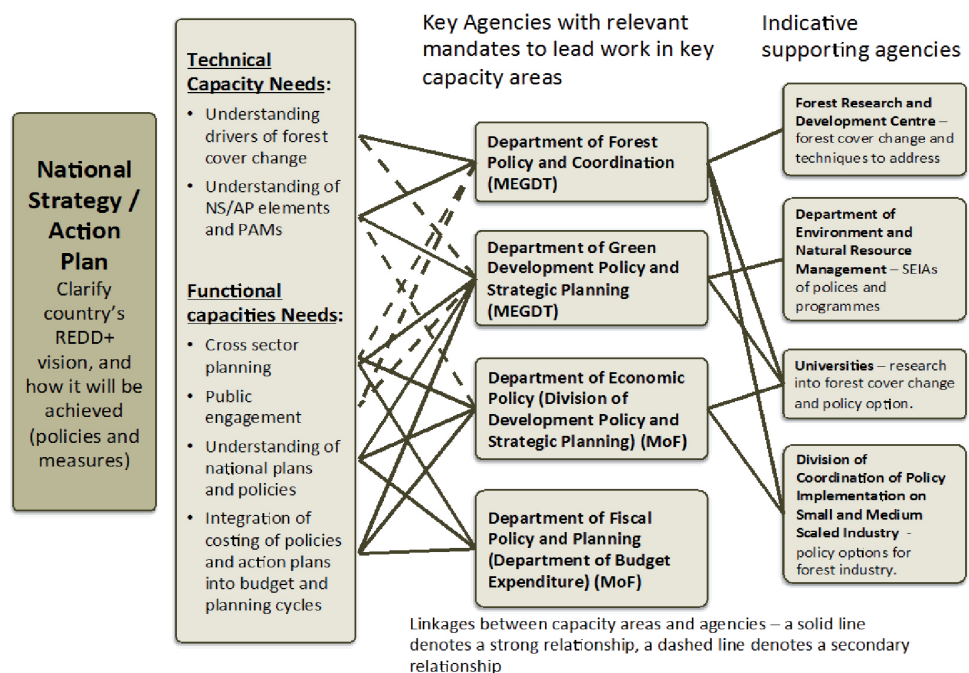
At the local level Aimag governments develop annual budgets based on recurrent expenditure, local income, areas of development, and areas of additional need. This information is circulated by sector to national level line agencies who integrate this information with division/agency/centre budgets. Division/agency/centre budgets are then consolidated at Department and Ministerial level with further refinement and removal of duplication at each level.

Budgets are then submitted by ministries to the MoF who review budgets and consult with line ministries prior to providing budgets to cabinet. Cabinet reviews the budget and presents it to the **Standing Committee on Budget** who will review budgets and discuss potential additions / reductions by sector before submitting a final version to parliament for approval.

**3.4 Initial Institutional Assessment for REDD+ NS/AP**

The assessment has looked at the overall institutional context for NS/AP development with a focus on identifying national level institutions that will be critical in leading the development and subsequent implementation of the REDD+ NS/AP based on their existing mandates and responsibilities with relation to the necessary capacity areas. Based on this the following institutions were identified (see also Figure 4):

**Figure 4: Key agencies and capacities for REDD+ NS /AP**



### **Department of Green Development Policy and Strategic Planning (DGDSP)**

The DGDSP has a mandate for developing both sector and national policies and legislation. The elevation of the MEGDT to a general ministry<sup>1</sup> also provides it with a stronger institutional mandate over other line agencies and as such should be seen as an organisation to both convene and lead policy discussion.

It is also a central body within MEGDT that can manage the cross sector policy review process ensuring that Strategic Environmental Assessments are undertaken for different policies and that where proposed sector policies present a challenge to stated sustainable development objectives revisions occur. This will be critical if a REDD+ NS/AP is to be maintained as a priority action and not run the risk of being undermined by new policies within other sectors.

Based on this and its position within the MEGDT, the DGDSP can be seen as having a central role to play in the development of a REDD+ NS/AP as it has both a mandate for policy development and budgeting as well as technical capacities related to the development of policies and measures to reduce environmental degradation – including deforestation and forest degradation.

### **Department of Forest Policy and Coordination (DFPC)**

The DFPC has a mandate for development and oversight of forest policy and its implementation. It is also experienced in forest management and the development of policies and measures to address forest change, with direct line agency links to the FRDC and in certain technical areas with Universities within Mongolia.

Its role with regard to inter-sectoral coordination, however, is more limited beyond specific projects and activities. Thus while it contributes to national level policy discussions it does not play a central role in leading such processes unless they are purely forest sector focused (e.g. the national forest policy (see Box 4).

As such the department has a critical role to play in identifying potential PAMs and developing costed policies within the forest sector but has a limited mandate to lead the integration of such approaches into national strategies or indeed to modify or develop strategies within other sectors.

### **Department of Economic Policy (Division of Development Policy and Planning (DDPP) within the MoF.**

The DDPP has the mandate for the development of: long, medium and short-term development strategies and guidelines on social and economic development, as well as methodologies on planning and development of development policy, and the use mathematics modelling for economic estimation and forecasting.

As such the department has a critical role to play in development of new policies and programmes and their integration into the national development agenda as well as the identification of areas in which budgets should be allocated over the long, medium and short term.

They will thus be a critical partner in the development of a REDD+ NS/AP and its progression from a strategy document to a fully implementable and integrated programme.

### **Department of Fiscal Policy and Planning (Division of Budget Expenditure DBE) (MoF)**

The DBE has the mandate for budget allocation decisions and identification of key areas for budget spending linked to overall national budget and sector budget requests. The division is thus critical in prioritising areas of action and the allocation of funds. Efforts to introduce Results Based Budgeting are currently underway and will play an important role in identifying how budgets are allocated with relation to a REDD+ NS/AP.

As can be seen from this summary and Figure 4 above the capacities and mandates needed to lead the development of the REDD+ NS/AP are spread across a number of institutions. It is thus essential that the development process brings together these key agencies as well as the broader number of organisations that should input into the REDD+ NS /AP. The below section provides a further assessment of existing levels of capacity across the six capacity areas identified.

<sup>1</sup> MEGDT's status was upgraded during a civil service reform process in 2012 to the status of a general orientation ministry putting it at the same level as the Ministry of Foreign Affairs and Justice and Ministry of Finance.

**Box 5: Mongolian Civil Society<sup>2</sup>**

Civil society in Mongolia can be seen to be made up of a diverse mix of traditional community structures, officially established natural resource or politically based bodies (e.g. Forest User Groups, trade union bodies), grass roots activists NGOs (commonly related to geographically local issues such as mine development) and more established national NGOs and network organisations (for example the Mongolian Environment Civil Council, Mongolian Nature Protection Civil Movements Coalition), and existing research bodies (e.g. the Mongolian Academy of Sciences).

The rapid increase in mining and other natural resource projects over the past fifteen years have resulted in a rise in the number of local level activist groups campaigning against specific development projects. These groups have been noted to include a more representative cross section of the population often bringing together local herder communities with other activists and researchers. Shifting these groups from very localised action to development of a national agenda has been difficult and many umbrella organisations have been criticised for having limited credibility, with representatives not truly engaging with, or representing those outside of Ulaanbaatar. Despite these difficulties a more coherent voice on environmental management has emerged in recent years with the increase in local level activism and an increasingly professional approach from network organisations including the establishment of the Environmental Parliament.

As such Mongolian civil society is becoming a more vocal and important voice particularly within the environment and natural resources sector. This progress, however, starts from a very low base and continues within the context of a strong authoritative state with limited multiparty competition and democratic tradition. This context continues to limit the impacts of civil society action but is also showing gradual signals of transitions including the strengthening of laws on transparency and public participation.

The current assessment has not focused in detail on the role of civil society but has noted the potential role that these umbrella groups can play in reviewing the progress of REDD+ actions and linking stakeholders at the local level with the broader national development process.

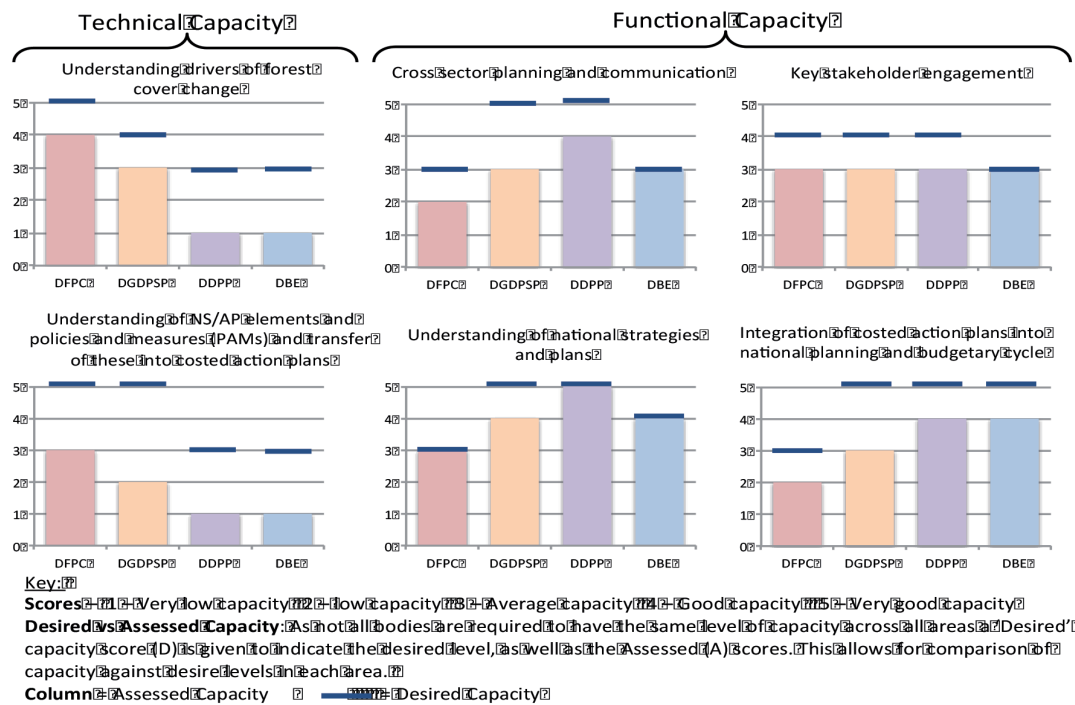
**3.5 Initial Capacity Assessment for REDD+ NS/AP*****Technical Capacities:***

As can be seen from the assessment summary, Figure 6 below, there exists a good level of capacity to both understand and assess potential drivers of forest cover change, within the DFPC and DGDSP. The DFPC's capacity is focused around drivers within the forest sector and is informed through its oversight of the FRDC as well as work with departments within some universities and subnational forest offices / units. Linkages with other sectors is, however, more limited and there is a lower level of capacity to assess the potential economic and social opportunities and challenges of different forest policy options with the majority of staff focused around more traditional forestry skill sets. The DGDSP also has a good level of capacity with regard to assessing drivers of forest cover change, through its focus on environmental management and closer linkages with the DFPC. The departments' outlook on forests is still, however, highly conservation focused and its capacity to fully integrate approaches to REDD+ into the broader GrDP or other development policies, is limited beyond targets for tree planting and conservation. As such there is an important role for the DFPC, relevant Universities and the Division of Coordination of Policy Implementation on Small and Medium Scaled Industry (within the MoI), as well as the MoF to further strengthen understanding of potential options for forest industry development and the potential role of FUGs (see Figure 4.). The disbanding of the Climate Change Coordination Office (CCCO) should also be noted as an issue that has limited the overall capacity within MEGDT to bring together bodies on CC related issues and to create stronger linkages between international CC mechanisms and domestic policy, something that REDD+ requires.

<sup>2</sup> Information on civil society drawn from meetings with key stakeholders including representatives of the MECC as well as existing literature including: Undarya T. (2013) *State of Civil Society Development in Mongolia* available at: <http://www.mongoliajol.info/index.php/MJIA/article/viewFile/70/70>

Understanding of REDD+ and the elements of a REDD+ NS / AP are at an average level within the DFPC but this awareness is considerably more limited within the DGDPS, a department through which any REDD+ NS/AP will need to pass. As such there is need for much stronger coordination between the DFPC and the DGDPS with regard to REDD+ development (see functional capacity below). Understanding of, and capacity to engage in development work within these areas is even more limited within the assessed bodies of the MoF with both divisions being seen to have very low levels of capacity within these areas. While capacity in these areas is not expected to be very high it is important that understanding is increased to ensure that officials can make informed decisions about budget allocations and linkages with other development priorities. Increasing awareness in this area will be critical in increasing the political capital behind a REDD+ NS/AP and thus increasing its chance of effective implementation.

Figure 6: Capacity scores for REDD+ NS / AP - Desired vs Assessed



### Functional Capacity

Inter-sectoral planning and communication was seen to be average to good across all four bodies. The DFPC noted challenges with inter-sectoral coordination, with the DGDPS having a higher level of capacity within this area, partially linked to its more cross sectoral mandate. While these capacity scores provide a positive indication of existing capacity the operationalization of coordination mechanisms both within ministries and across sectors and stakeholders groups is more limited. Working groups are established to address specific issues (such as forest policy development see Box 4) and there are a number of key programmes that involve inter agency coordination (see Table 2). Beyond this, however, there are limited mechanisms for cross sector awareness raising and the absence of proactive cross sector working groups<sup>1</sup> for environment with limited outreach by MEGDT to other institutions, in particular the MoF. These challenges become more enhanced as they move out of the central ministries with all respondents noting far lower levels of engagement and coordination with provincial and local government agencies

<sup>1</sup> A recent UNDP assessment of awareness of Sustainable Development and the Green Economy which sampled over 300 development planning and M&E officials concluded that understanding of the terms is limited and that many were not aware of the green economy principles (to which the Green Development Policy is closely linked). They identified this lack of understanding as the principle challenge in integrating SD and GE concepts into national and local planning although also cited 1. Shortages of financial resources, 2. Lack of harmony and continuity of policies and 3. The instability of the institutional, legal and political environment. UNDP (2014) Institutional Capacity Assessment of Integrating Aspects of Green Economy and Sustainable Development into DPP and its Monitoring and Evaluation. – a report under the Strengthening Government Capacity for National Development Policy and Planning Project.

and public groups including the private sector and civil society. It was noted by those interviewed that some of the challenges related to establishment of formal coordination arrangements arise from regular shifts in government structure and staffing making long term institutional relationships difficult and more informal personal relationships easier to manage. How to address this level of instability during REDD+ development will be an important issue if coordination structures are to be effective and if policy is to have an implementing agency over a sufficiently long time period.

Understanding of national planning processes was identified as being good across all agencies with all four target bodies being engaged in national planning processes. The DFPC’s capacity was noted as good with relation to forest sector policies but linkages with broader national development planning was seen as low. The DGDPS was also seen to have good capacity and has been engaged in the development of the flagship GrDP. The department is, however, under resourced to effectively lead policy development processes and be fully engaged in comprehensive assessments of other national and sector policies. Challenges within these areas were identified as weak linkages with MoF, the capacity to link national environmental strategies with financial planning processes and the capacity to effectively review other sector and national policies through both ongoing assessments and the use of Strategic Environmental Impact Assessments (SEIAs).

Capacity for integrating action within budget areas within the two divisions within the MoF was seen as good. While this is positive and presents a strong opportunity for the development of an effective REDD+ NS/AP it will be critical for these agencies to be engaged with discussions on REDD+ and to understand the potential opportunities and challenges different approaches present (linked to increasing technical capacity of these agencies with relation to the REDD+ NS / AP and drivers of forest cover change).

**Table 2: Examples of joint working between sectors on forest issues**

(Adapted from Entry Points and Strategic Options for Mainstreaming Finance for SFM into Sector Budget Mongolia - UNREDD 2013)

Type of joint work	Participants	Scope of Activities
Ongoing or occasional collaboration based on shared interests, complementary mandates and capacities, or overlapping spatial jurisdictions	FRDC (MEGDT) & DCLIPI (Mol)	<u>Support to PFOs in forest use and production.</u> Longstanding ongoing collaboration. FRDC provides capacity building, training and human resources for PFOs. DCLIPI provides production equipment and loans. Each works to their own budget and mandate but have occasional communication and coordination due to shared objectives.
	MEGDT & National Emergency Agency	<u>Fire prevention and management.</u> Joint responses to specific fire emergencies in forests and surrounding areas.
Cooperation based on budgetary and strategic gaps	FRDC & Border Defence Agency, Ministry of Justice (MOJ)	<u>Establishment of fire protection lines in forested border areas.</u> The need for the joint work arose from MEGD budget limitations in relation to achieving transboundary fire protection targets in border areas. MEGD approached MOJ, which agreed to fund vehicles, equipment and maintenance. MEGD provides technical and implementation resources.
Work under an externally-funded project	MEGDT & Mol	<u>Desertification control.</u> This work is facilitated by a Swiss-funded project on the prevention of land degradation.
Provision of inputs into national-level policy process	MEGD & DCLIPI (Mol)	<u>Updating of new forestry policy.</u> Mol is part of the working group that has been formed to input into the new policy and to advise on its goals.

### 1.1.1 Multi-stakeholder review of scorings:

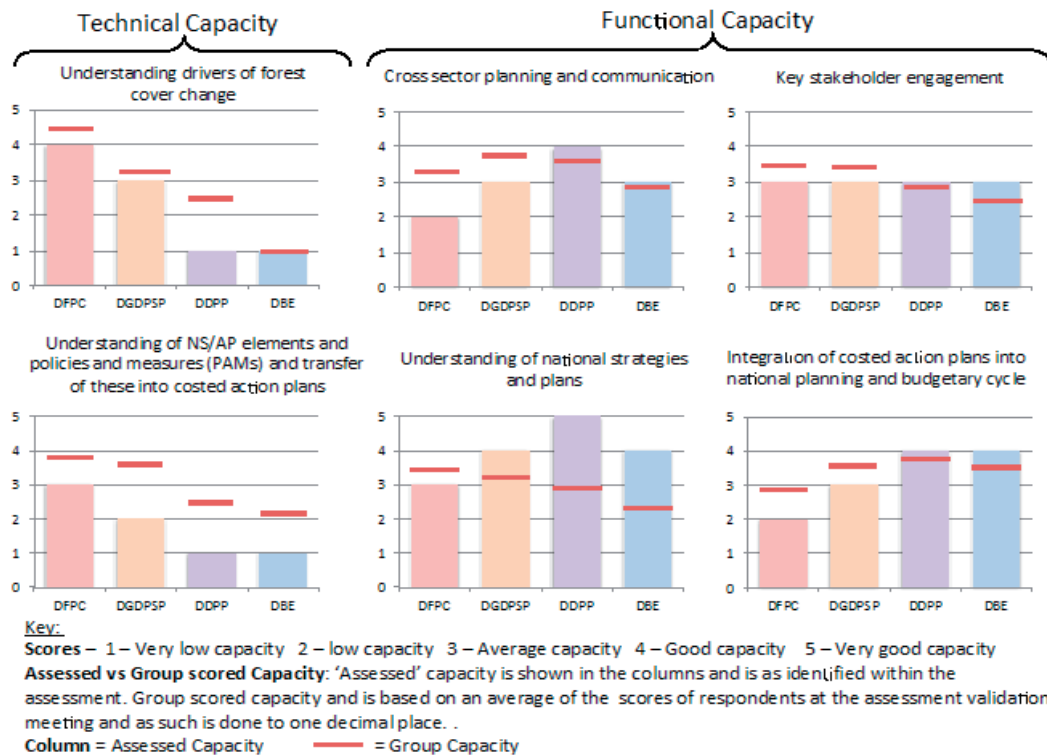
The assessment findings were presented to a multi-stakeholder workshop with stakeholders then asked to review the scores and assess what they felt would be appropriate. These scores are shown in Figure 7 below.

Within almost all areas stakeholder scores were marginally higher than those given by the assessment. The highest positive discrepancy was with relation to the DGDPS’s capacity to understand a REDD+ NS/AP and to transfer it into costable action plans. It is felt this is a result of a broader support for the DGDPS’s

overall capacity of policy and planning as opposed to their understanding of REDD+ specific approaches which the department self-identified as being very low.

The most significant discrepancy with relation to a lower scoring was with relation to DDPP understandings of national strategies and plans. Indeed overall the two MoF departments were scored lower than the assessment's score in all but one of the functional capacity areas. This scoring is influenced by no respondents coming from the MoF (with respondents from specific departments tending to score their department more positively), but is also an indication of the limited connections between the MoF and sector planning bodies. Indeed many sector bodies noted that they did not see the MoF as being fully connected to their own priorities, a sentiment that is likely to have been exacerbated by recent budget tightening measures.

Figure 7: Multi-stakeholder Scoring of REDD+ NS / AP Capacity



## 1.2 Summary of Findings and Recommendations

Development of a REDD+ NS/AP requires the bringing together of a range of technical specialist focused on forestry, land use management, policy development and economic planning. The current institutional arrangements within Mongolia provide a very positive environment to enable this given MEGDT's prominent status, existing commitments to environmental protection and green development and the country's small population and large land area. However for this potential to be transformed into a deliverable strategy will require much closer coordination and planning amongst key agencies as well as the allocation of budgetary commitments as well as policy statements within a number of key areas. Key elements of the assessments findings are summarised below:

- *A positive political, and organisational environment for environmental commitments: The country has made ambitious environmental commitments through the Green Development Policy (GrDP) and has placed the MEGDT at the centre of policy making. This provides a strong institutional basis, and indication of political ambition with regard to implementing environmental policies. These policies, and their lead institution (MEGDT), however, will need to make further steps to ensuring that policy ambition is firmly grounded within economic development plans and that political desire to obtain these goals is linked to an understanding of the potential costs and benefits of different green development approaches and the capacities they require.*
- *Coherent natural resource related legislation and regulations and capable institutions: The country has a strong framework of environmental legislation, which, is implemented by capable institutions. There*



are a number of safeguards and environmental regulations that can provide a basis for effective forest management and broader policy coherence around environmental issues. The Strategic Environmental Impact Assessment (SEIA) is one key example, but requires further capacity building, resources, and political support to be fully implemented.

- *Increasing civil society engagement and oversight: Mongolian civil society, despite being historically limited, is, in the form of INGOs and NGOs, becoming increasingly active and vocal within the environment sector. Coordinating organisations also have relatively high levels of access within government although levels of influence on key decisions remains limited.*

Significant challenges, however, do exist to the full development and implementation of a REDD+ NS / AP including:

- *An under resourced MEGDT: MEGDT has a central mandate for policy development and review as a general orientation ministry. This includes responsibilities for the Strategic Environmental Impact Assessment (SEIA) of all national and sector policies and programmes (required under the Environmental Impact Assessment law), and responsibilities for coordinating and leading cross sector and national policy discussion. The ministry is, however, under resourced with regard to economic planning and strategic assessment of different sector policies and has not established strong linkages with MoF within these areas. This combined with the limited role the ministry has in budget allocation processes means that it has limited technical or political capital to push forward specific development agendas.*
- *Limited linkages between environmental policies and programmes and the broader development agenda: Landmark environmental policies, such as the GrDP, have been developed but awareness of these across government is limited. This, combined with no clear assessments of budget requirements or linkages with economic development plans, has limited their impact and acceptance within key ministries including the MoF. It is thus critical that an effective 'business case' be made for key environment policies and programmes to demonstrate their long-term value.*
- *Limited understanding or capacity with relation to REDD+ across government and civil society. Civil society groups and key government agencies related to policy and economic development have yet to be fully engaged in the development of REDD+ and lack understanding of key elements of the mechanism, its opportunities and challenges. Existing levels of networking across NGOs, is also limited reducing their potential to contribute effectively to future REDD+ developments.*

### **1.2.1 Key Decision Areas and Recommendations:**

#### *Leadership of REDD+ Strategy Development:*

REDD+ will require a multi-sectoral approach that includes action from key bodies in government including the MoF, MFA and the MoI. The DGDSP has a mandate for this but is under resourced, while the DFPC has limited convening power to drive forward more challenging and cross cutting policy agendas. It will thus be important to bring together key stakeholders within these different bodies to drive forward REDD+ NS/ AP development and to create a strong cross sector understanding of what REDD+ could mean in Mongolia and how it can be integrated into existing national priorities, such as the GrDP.

#### *Recommendation:*

- *Establishment of the REDD+ Taskforce headed by the Minister of Environment Green Development and Tourism (as per REDD+ Roadmap).*
- *Establishment of a Technical Working Group on REDD+ NS / AP chaired by DGDSP in close collaboration with the DFPC and MoF.*
- *In the longer term consideration should be given to establishing a Forest and Environment Committee chaired by the Secretary of State for Environment Green Development and Tourism to work under the Parliamentary Standing Committee on Environment, Food and Agriculture to strengthen cross sector coordination. The committee would focus its work on integrating work on forestry with broader environmental issues within the country and helping to better mainstream different elements of forest management into core national policies. This would support the broader work of the Standing Committee and would help provide the technical depth and institutional strength to ensure forests were effectively considered within broader national and environmental planning activities.*
- *A broad inter-sectoral dialogue on potential PAMs is required to increase understanding of options to address drivers of forest cover change and to gain cross sectoral support for proposed PAMs.*

### 1.2.2 Capacity Building Needs

There are a number of areas in which capacity needs to be developed to strengthen potential REDD+ NS/AP development and implementation. These include:

#### Within MEGDT:

*Increase capacity for policy review and SEIA* – The SEIA provides a potentially important tool to strengthen policy coherence with regard to environmental options. There is a need to review the existing institutional arrangements for SEIA application and to build capacity within the DENRM and the DGDSP to lead discussion on its application. As part of this it will be important to engage MoF within the process to identify how checks on funding allocation can be linked to passage of the SEIA to ensure that there is a greater weight behind SEIA findings.

*Increase capacity of economic assessment and modelling* – the DGDSP has a division focused on economic analysis – the Division of Finance and Investment. This unit should work more closely with MoF and gain capacity to link policy recommendations and action plans with economic predictions for the country with a view to maintaining Mongolia's social and environmental capitals based on GDrP and to identify alternative financing mechanisms to ensure proposed policies are financially realistic and can be easily integrated with national level budgets.

*Stronger coordination between departments* – Intra-ministry coordination is critical for the MEGDT if it is to fully utilise its mandate as a general orientation ministry with a need for information on CC (from the Division of International Cooperation (DIC)), policy development and budgeting (from the DGDSP) and REDD+ and forest management (from the DFPC) to be brought together as part of developing a REDD+ NS/AP.

#### Within MoF

*Increase understanding of environmental policies and programmes and environment and economic systems.* – there is a relatively low understanding of REDD+ and other environmental policy priorities within the MoF. Increasing awareness of different domestic and international environmental priorities, the potential value of different ecosystem services and goods (e.g. timber) and how these different elements can be linked will be critical if the environment sector is to gain a stronger voice in how budget decisions are made across government.

## 4. Safeguard Information System

It was agreed at the UNFCCC Conference in Cancun in 2010 (COP16) that a set of seven safeguards (see Box 5) should be *promoted and supported* when undertaking REDD+ activities. The Cancun Agreements, and the subsequent decisions adopted in Durban, also requested parties implementing REDD+ to provide information on how safeguards are being *addressed and respected* throughout the implementation of the REDD+ activities<sup>1</sup>. This information should be provided within National Communications and the UNFCCC REDD+ Web Platform and can be collated at national level through a Safeguards Information System (SIS).

The seven Cancun safeguards are, however, broad and require national interpretation to become fully functional at national level. As such each country will need to establish their own interpretation of the safeguards, how these link with existing domestic legislation and safeguard mechanisms (for example Environmental or Social Impact assessments) and how data on this can best be gathered<sup>2</sup>.

While interpreting the Cancun safeguards within the national context will require a programme of analysis and consultation, that will also be guided by the PAMs identified it is possible to identify key agencies that will play a central role in this process as well as in bringing together new and existing information sources as part of a SIS. While it is possible that this system can be an integrated and interactive data management system that can be linked to the National Forest Monitoring System (see Section 5)<sup>3</sup>, the system can also represent a basic mapping of what information can indicate application of the safeguards, where this is collected and stored and how it will be provided to a central agency for periodic provision to the UNFCCC.

### Box 6: The Cancun Safeguards

When undertaking activities referred to in paragraph 70 (the five REDD+ activities: 1. Reducing emissions from deforestation; 2. Reducing emissions from forest degradation; 3. Conservation of forest carbon stocks; 4. Sustainable management of forest; 5. Enhancement of forest carbon stocks; ) of this decision, the following safeguards should be promoted and supported:

- (a) Actions complement or are consistent with the objectives of national forest programmes and relevant international conventions and agreements;
- (b) Transparent and effective national forest governance structures, taking into account national legislation and sovereignty;
- (c) Respect for the knowledge and rights of indigenous peoples and members of local communities, by taking into account relevant international obligations, national circumstances and laws, and noting that the United Nations General Assembly has adopted the United Nations Declaration on the Rights of Indigenous Peoples;
- (d) The full and effective participation of relevant stakeholders, in particular, indigenous peoples and local communities, in actions referred to in paragraphs 70 and 72 of this decision;
- (e) Actions are consistent with the conservation of natural forests and biological diversity, ensuring that actions referred to in paragraph 70 of this decision are not used for the conversion of natural forests, but are instead used to incentivize the protection and conservation of natural forests and their ecosystem services, and to enhance other social and environmental benefits;
- (f) Actions to address the risks of reversals;
- (g) Actions to reduce displacement of emissions.

<sup>1</sup> Decision 12/CP.17 of the UNFCCC Durban Outcome states that an SIS should provide information on how all Cancun safeguards are addressed and respected. SIS should be country-driven, implemented at a national level, and built on existing systems, as appropriate. It was also agreed that reporting of summary information on how safeguards are being addressed and respected would take place periodically in national communications to the UNFCCC. Parties to the UNFCCC further agreed that as SIS are developed, relevant international obligations and agreements should be recognized and gender considerations respected.

<sup>2</sup> A number of tools exist to support countries in interpreting these safeguards including the UN-REDD Programme's Country Approach to Safeguards Tool available at [http://www.unredd.net/index.php?option=com\\_docman&task=cat\\_view&gid=2606&Itemid=53](http://www.unredd.net/index.php?option=com_docman&task=cat_view&gid=2606&Itemid=53)

<sup>3</sup> Decision 11/CP.19 covers the modalities for NFMS. It acknowledges explicitly that a NFMS may provide, as appropriate, relevant information for national systems for the provision of information on how safeguards in decision 1/CP.16, appendix I, are addressed and respected

#### 4.1 Key Capacity Requirements for the development and implementation of a REDD+ SIS

The establishment of a SIS will require close coordination across a number of agencies and stakeholder groups to identify key existing safeguard mechanisms, to develop nationally relevant indicators of safeguard application and to identify what data sources and how information from these can be brought together in a cost effective and efficient manner. Based on this a number of key capacity requirements were identified for assessment, these are:

##### Technical Capacities:

- **Understanding UNFCCC requirements on safeguards** – the UNFCCC decisions on REDD+ lay out a structure for safeguards that will need to be interpreted within the national context. A clear understanding of the UNFCCC text and what the implications of this are at country level will help to ensure that the approach to safeguards is relevant and appropriate and can improve tailoring to the country context.
- **Understanding existing international and domestic safeguard commitments and data sources and their linkages with REDD+ safeguards** – Mongolia already has a structure of domestic safeguards in place (such as environmental impact assessments) and has also committed through international agreements to safeguard other environmental and social issues. The country also collects information and reports, both directly and indirectly on key environmental and social issues (e.g. reports on EIA undertaken during a year, the state of environment report produced by MEGDT, or data collected by the NSO on economic and social factors) that can form the basis of an SIS. Awareness of an understanding of these systems will be important in working out what data and systems already exists and how these can be utilized as part of the development of a Mongolia’s approach to safeguards and a system to provide information on their application.

##### Functional Capacities:

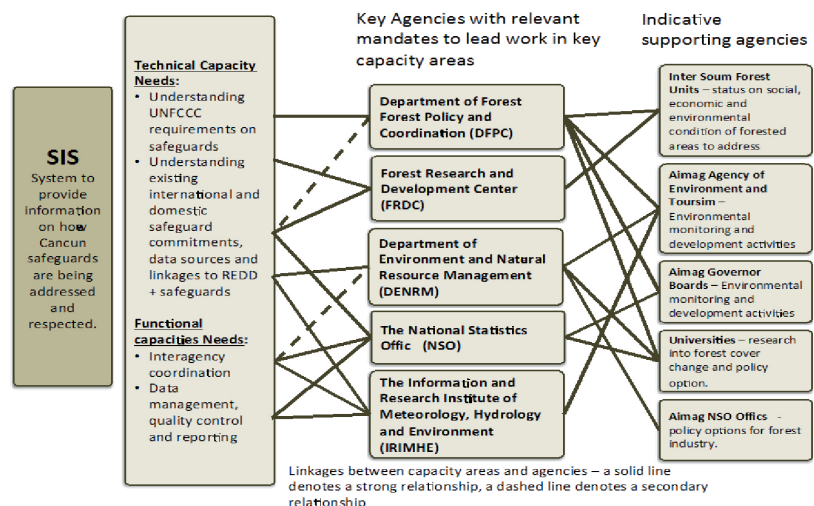
- **Interagency coordination** – as noted above there are already a broad range of safeguards and data collection systems in operation in Mongolia. Leading the development of an approach to safeguards and an SIS will require effective coordination across these agencies to bring together data on the application of safeguards.
- **Data management, quality control and reporting** – for a SIS to be effective data will need to be well managed to ensure that it is accessible and easy to use, it will also need to be verified to ensure that it is accurate and representative of the real conditions, finally it will need to be able to be displayed and reported in clear and easily accessible ways.

#### 4.2 Initial Institutional Assessment REDD+ SIS

The assessment has looked at the overall institutional context for SIS development with a focus on identifying national level institutions that will be critical in leading the development and subsequent implementation of the SIS based on their existing mandates and responsibilities with relation to the required capacity areas. Based on this the following institutions were identified (see also Figure 5):

- **The Information and Research Institute of Meteorology, Hydrology and Environment (IRIMHE)** - The IRIMHE has a mandate, under the Environmental Protection Law<sup>1</sup>, for the collection and provision of information on

Figure 1: Key Agencies and Capacities for REDD+ SIS



<sup>1</sup> Environmental Protection Act Chapter 7 Environmental Database – the act also outlines types of data that should be collected.

the status of the environment in Mongolia. The institute has significant capacity in the development and management of environmental databases and linking these with geospatial information and currently maintains over 20 web based environmental databases including ones on Forestry, Fauna, Flora, Protected Areas, Environmental Crime and Environmental Statistics. It has also been able to develop a range of data collection systems in partnership with the NSO but remains limited in a number of areas by its capacity to gain access to data generated by other organisations and further work on strengthening institutional relationships and systems is needed.

- **The National Statistics Office (NSO)** – The NSO’s mandate is dictated by the Law on Statistics (updated 2008), and responsible for development of impartial statistics for the country as well as guiding government departments and agencies in developing statistics and ensuring the government systems do not overlap. The office operates at the national level as well as having offices at the Aimag and Soum levels and collects data across the following areas:
  - Macroeconomics statistical indicators:
  - Population and social statistics;
  - Industry, science and technology statistics:
  - Judicial statistics:
  - Environmental statistics:

The NSO are currently working with the MEGDT on the development of green indicators to monitor performance against the GrDP as well as on the development of a system for national environmental accounting. The central role of the Office also ensures it has a strong institutional mandate and has been able to obtain regular state finance.

- **Forest Research and Development Center (FRDC)** - The FRDC has a mandate for collecting information on the state of Mongolia’s forests but is predominantly focused on specific technical elements of forest management. The centre has been working on developing systems for data management and processing with relation to the NFI and has received support from GIZ to establish a data lab relevant to establishment of the NFI. As part of the NFI process the FRDC employs private forest inventory companies who conduct inventory and assessment work across the country. The centre has however been significantly affected by budget cuts that have reduced its in house capacity.
- **Department of Environment and Natural Resource Management (DENRM)**– the department has a mandate to undertake EIA on relevant development projects and produces a bi–annual state of the environment report bringing together available data on the state of the country’s environment. The report is developed through data collection across the ministry as well as external bodies and provides a summary of key environmental indicators. It is submitted to parliament for discussion following completion.
- **Department of Forest Policy and Coordination** – the department has a mandate to collect information on the status of forest areas. It achieves this through working with subnational bodies including Forest Units and Environmental departments of aimags.

### 4.3 Initial Capacity Assessment REDD+ SIS:

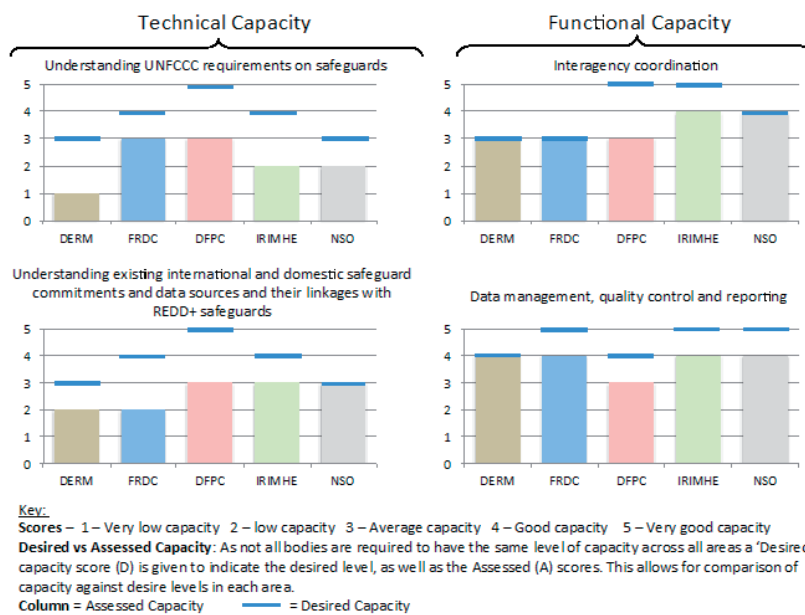
#### Technical Capacities

Current understanding of the UNFCCC safeguards is low to average across all institutions assessed, with what understanding that does exist held within the forest bodies that have been engaged in REDD+ Roadmap development.

Understanding of existing domestic safeguards and data sources is also low to average across the bodies assessed with knowledge of what information is available fragmented across institutions. Thus while some institutions have a good understanding of environmental safeguards their awareness and understanding of social safeguards is limited. In other cases awareness of data sources is good (e.g. the NSO) but awareness of their linkages with safeguards is low.

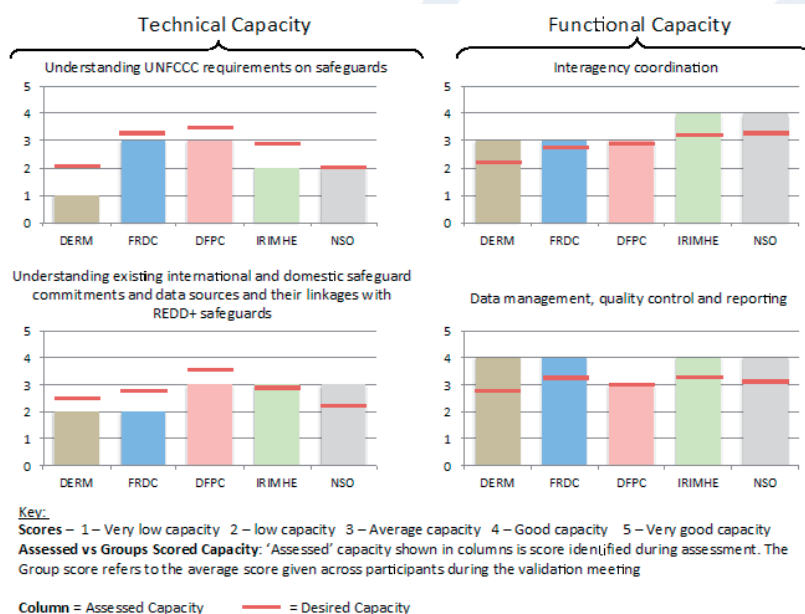
The complexity of the web of existing knowledge, data sources and supply mechanism can also be seen from Figure 5. In order to address this complexity and develop an effective SIS further discussion on REDD+ safeguards and establishment of a framework of safeguards and data sources will be necessary.

**Figure 9: Capacity Scored for REDD+ SIS - Desired vs Assessed**



are good with agencies such as IRIMHE able to display key data spatially and maintain web based data sets, and the NSO able to handle large data sets, make the available on the internet and produce informative summaries and info graphics.

**Figure 10: Multi-stakeholder Scoring of REDD+ SIS Capacity**



identified. Equally the stakeholder views of data management capacity potentially focused more in gaps in coordination and data availability as opposed to actual capacities for data management.

**4.4 Summary of Findings:**

Mongolia has strong mechanisms for data collection and management with regard to both environmental and socio economic information. As such is well placed to develop a REDD+ SIS, which utilises these systems to bring together information from a combination of existing and new data sources to provide periodic reports.

Functional capacities

As noted above while there is overall average to good cross sector coordination with bodies such as IRIMHE and the NSO able to bring together data from a range of sources these systems remain limited in many areas and there are challenges in gaining up to date information on a regular basis. There are also no structured mechanisms for coordinating data collection systems to streamline data collection and management, with many systems based on a lengthy process of formal requests as opposed to ongoing agreements.

Capacities for data management and maintain web based data sets, and the NSO able to handle large data sets, make the available on the internet and produce informative summaries and info graphics.

Multi-stakeholder Review of Scorings:

Multi-stakeholder scorings were broadly consistent with the assessment's findings. Overall stakeholders perceived that the focus agencies had a higher understanding of REDD+ Safeguards and existing safeguard mechanisms than the assessment had identified and lower capacity with regard to coordination and data management (see Figure 10). These discrepancies were identified as being based on perceptions within respondent stakeholders that knowledge of REDD+ across government was deeper than the assessment

A number of key agencies can play a central role in both the development and operationalization of the REDD+ SIS with others also required to ensure the actual implementation of specific safeguards once they have been identified. These central agencies are:

- IRIMHE – mandated for management of environmental data-bases and with the capacity to display spatial information.
- NSO – mandated to collect environmental, economic and social information the office has strong capacity in the design and development of indicators and also collects the broadest range of social and economic information.
- FRDC – is engaged in collecting forestry specific information and has already made progress in developing the NFMS that could be linked with the SIS.
- DENRM – mandated to collect information for a biennial state of the environment report and undertake environmental impact assessments the department can provide valuable information on the nature and state of the broader environmental and conservation issues.
- DFPC – mandated to coordinate actions across the forest sector and as such can facilitate the bringing together of different institution to work on REDD+ Safeguards.

Key Decision Areas and Recommendations:

Mongolia will need to review its reporting requirements linked to domestic and international law to identify existing gaps within the domestic safeguard framework. As PAMs to address the drivers of changes in forest cover are identified more specific safeguard requirements can be identified along with indicators and data sources, their availability and where gaps exist before a SIS can be established including data sharing and management agreements.

*Recommendations:*

An assessment of Mongolia's existing framework of safeguards and how these link with the REDD+ safeguards will be required to support development of a national safeguard framework. This work should be done in partnership with national data collection and safeguard implementation agencies to increase their understanding of the safeguards with a focus on developing a simple framework that utilises existing data management and collection systems. (This could be managed by same body as NFMS).

*Capacity Building Needs*

Increased understanding of REDD+ Safeguards - there is a need to increase understanding of REDD+ safeguards and reporting needs amongst key stakeholders within the above institutions to ensure that a framework of safeguards can be developed and a cost effective and efficient SIS operationalized.

## 5. National Forest Monitoring System and Forest Reference Emission Level

To engage in a mechanism on REDD+ countries are required to develop a Forest Reference Emission Level (FREL) to indicate past levels and future trends of deforestation and forest degradation against which future performance will be gauged. This process requires an assessment of historic rates of deforestation and forest degradation and consideration of the variables that will affect future trends. FRELs will be assessed by an international panel to ensure that they are accurate and appropriate prior to being approved.

Progress against an FREL will also be monitored through a National Forest Monitoring System (NFMS) which provides a dual function at the national level, 'monitoring' the performance of different policies, laws and measures, and undertaking the 'Measurement, Reporting and Verification' (MRV) function required to provide information on levels of emissions from the forest sector under the UNFCCC (see Figure 11).

The development of these systems will necessarily be based on national capacities and will develop incrementally with the development of REDD+. This will be particularly true for the monitoring function which will be nationally specific, based on capacity levels and focused on monitoring key indicators of the REDD+ NS/AP that have been developed whether these are directly related to emission levels or proxies

related to other important socio/economic or environmental factors. With regard to the MRV function, however, there is already clear guidance and guidelines laid out by the UNFCCC and the IPCC. The focus of these is on the need to provide information to complete the equation:  $emissions (E) = activity\ data (AD) \times emission\ factors (EF)$ . In addressing this there are three key technical ‘pillars’ namely:

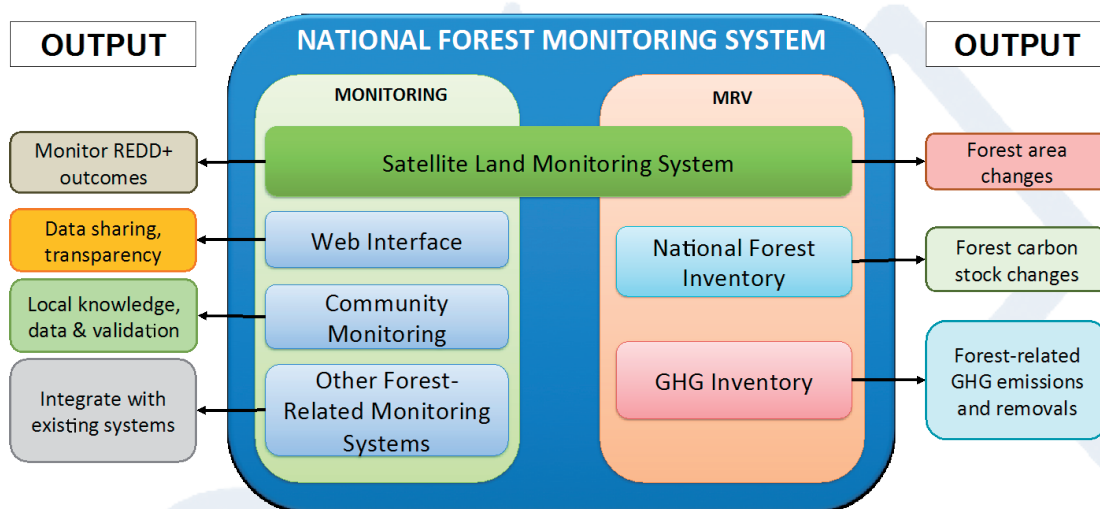
Pillar 1: A Satellite Land Monitoring System (SLMS) to collect and assess, over time, the Activity Data (changes in forest cover) (AD) related to forest land;

Pillar 2: National Forest Inventory (NFI) to collect information on forest carbon stocks and changes, relevant for estimating emissions and removals and to provide emissions factors (EF);

Pillar 3: A national GHG Inventory as a tool for reporting on anthropogenic forest-related GHG emissions by sources and removals by sinks to the UNFCCC Secretariat.

These core pillars can also link closely with work on forest monitoring to form a comprehensive NFMS as is illustrated in Figure 11 below:

Figure 11: Approaches, tools and outputs to fulfil the functions of the National Forest Monitoring System



Information on the measurement of emissions is to be provided biannually through the technical annex of Biannual Update Reports with information required to be consistent with the guidance of the IPCC, for information to be transparent, consistent with the Forest Reference Emission Level (FREL) / Forest Reference Level (FRL) and expressed in tonnes CO<sub>2</sub> equivalent.

In order to establish the FREL / REL and the NFMS there are thus a number of shared technical requirements related to decisions and assessment of:

- Forest definition
- Scope – which REDD+ activities are covered, and carbon pools covered
- Scale – moving from subnational to national
- Activity data – changes in land-cover
- Emission factors – from different types of forest
- Time period

Decisions within these areas will require a combination of technical and political decision making, and with regard to assessing past and future trends the ability to link biophysical information with social, economic and political information.



## 5.1. Key Capacity Requirements for the Development and implementation of a NFMS and FREL

Developing a NFMS and a FREL will require significant technical capacity. The need to provide updates through the BUR will also require the institutionalising of capacity and systems to ensure that regular reporting is efficient and effective.

The current assessment has not focused in depth on the technical capacity requirements for each element of the NFMS and FREL development (e.g. staff number, IT hardware and software) but rather looked at the institutional arrangements and baseline capacity of key organisations to both lead and coordinate the development of these systems and their constituent elements. As such the capacity assessment has looked at three main capacity areas encompassing both technical and functional capacities:

### Technical Capacities:

- **Assessment of land-cover change and emission levels and linkages with economic and social development and policy environment** – there is a need for Mongolia to accurately be able to assess changes in land-cover. This will be done through use of a Satellite Land Monitoring System (SLMS), which will detect changes in forest cover over time. The development of this system requires strong IT and GIS capabilities. This information will also be linked to a National Forest Inventory (NFI) which will provide more detailed information on the type of forests within different areas and the varying carbon stock within them helping to quantify the impacts of changes in land-cover, this information can then be utilized within the national GHG inventory (see also Figure 11). Information from these systems will also need to be able to be linked to basic assessments of what is causing change and potential future trajectories of change with regard to the economic and social development of the country.
- **Understanding of UNFCCC and IPCC guidance and guidelines** – the development of the above systems will require a detailed understanding of the UNFCCC and IPCC guidance and guidelines to ensure that the systems developed meet international technical standards and results can be utilized within international reporting processes.

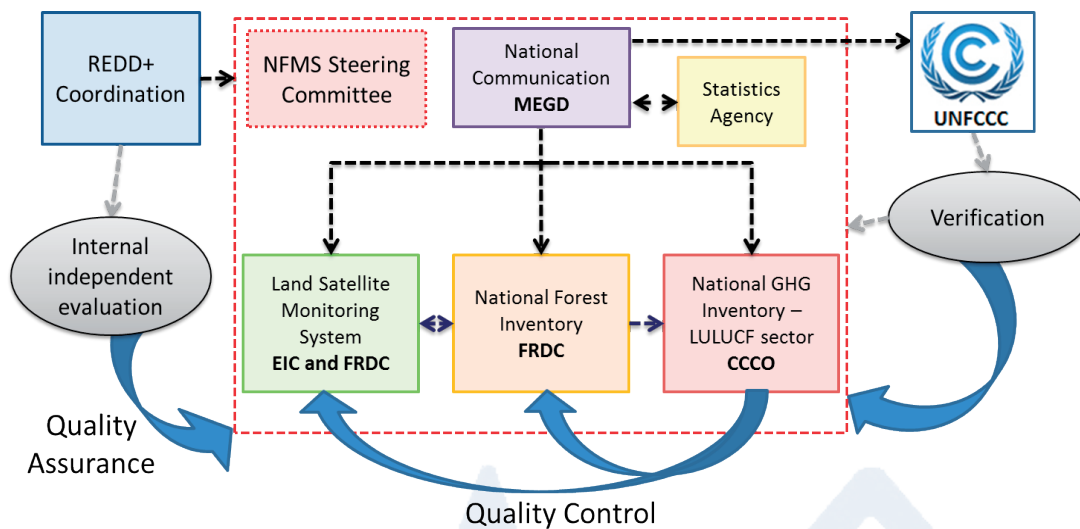
### Functional Capacities:

- **Data management and quality control – the management of the NFMS and its constituent elements** will require significant data management qualities as well as the ability to ensure that data provided from constituent elements is accurate and correctly reported.

#### **1.1.1 Current Institutional Arrangements**

The REDD+ Roadmap lays out the proposed institutional arrangements for the three pillars of the NFMS (see Figure 12). This structure also captures many of the existing institutional mandates and capacities. It should however be noted that there have been a number of revisions to institutional arrangements since the development of the REDD+ Roadmap including, the incorporation of the Environmental Information Centre (EIC) into the Information and Research Institute of Meteorology, Hydrology and Environment (IRIMHE), and the disbanding of the CCCO in 2015 with only a single staff member remaining within the Division of International Cooperation (DIC) to focus on CC and CDM issues, while other staff have been moved to the Climate Change Project Implementation Unit (CCPIU) within the Nature Conservation Fund (NCF).

**Figure 12: Proposed Institutional Arrangements for Mongolia’s NFMS for REDD+**  
 (source: Mongolia REDD+ Roadmap)



A number of other relevant bodies also exist that will contribute to and help to strengthen the NFMS and development of an FREL. These are noted below but were not a focus of the current assessment:

*The Administration of Land Affairs, Geodesy and Cartography (ALAGC):* ALAGC is responsible for land use planning and investigation and resolution of land disputes. It is currently preparing the National Land Management Master Plan (most recent version 2004-2023) and establishing a National Land Information System with cadastral mapping showing land ownership, using GIS and remote sensing. As such the administration will be important in providing base data layers to the NFMS as well as advising on potential changes in land use across the country. The different data systems should also be linked and accessible to the public.

*The National Statistics Office:* The NSO have an extensive data gathering and management system that is regularly updated, and have historic data sets that can be linked to changes in forest cover. The NSO also have significant experience in developing monitoring indicators and are working with MEGDT on the development of indicators related to the Green Development Policy.

*The National Emergency Management Agency (under the Deputy Premier):* The NEMA is responsible for managing and preventing forest and steppe fires and maintains information on the location and extent of fires.

*The General Agency for Specialised Inspection (GASI) (under the Deputy Premier):* GASI is responsible for investigating reported breaches of environmental laws including illegal logging and forest clearance.

*Forest User Groups (FUGs)–* FUGs may have a potentially important role to play in ongoing forest monitoring activities. Their proximity to forests and engagement in forest management place them in an ideal position to conduct regular monitoring activities. Existing restrictions on FUG activities and the largely ‘voluntary’ basis of participation with limited powers, however, reduces FUG incentives and corresponding capacity to undertake monitoring activities.

*Forest Professional Entities:* These organisations are employed by the FRDC to undertake forest inventory work. While quality of these bodies has been noted to be variable they provide a mechanism for field-based data collection.

## 5.2 Initial Institutional Assessment:

The current assessment focused on the organisations identified within the REDD+ Roadmap as part of a NFMS as well as the CCPIU. A summary of key points within these organisations is provided below:

**The Information and Research Institute of Meteorology, Hydrology and Environment (IRIMHE) -** The IRIMHE is the key focal agency for GIS and remote sensing work within Mongolia housing the National Remote Sensing Centre (NRSC). The IRIMHE also has a mandate for establishment of national level environmental information data sets and production of land use maps. Through this mandate the centre has to gather data from across government and has systems in place for regular data collection from national and provincial institutions. The Environmental Data management Division of

the institute is also mandated by the Environmental Protection Law to create and maintain a number of environmental databases including one on forest inventory, which, is already available on line, with data based on taxation surveys. These mechanisms while operating are limited in many cases by the efficiency of data sharing agreements, which rely on formal requests and subsequent provision of information, something that is not always forthcoming.

The IRIMHE can thus play a central role in assessments of land cover change as well as housing and coordinating the NFMS based on its capacity for database management, existing institutional links and capacity with regard to establishment of online platforms but further work is needed to strengthen mechanisms for data sharing and joint working with other key agencies.

- **Department of Forest Policy and Coordination (DFPC)** - The DFPC has a central role to play in coordination of work within the forest sector. As such it will be the key coordinator in the development, design and approval of the NFMS and lead on development of FREL in partnership with technical agencies (FRDC, IRIMHE, CCPIU as well as relevant research institutions and universities).
- **Forest Research and Development Centre (FRDC)** - The FRDC has a central mandate for conducting research within the forest sector and is currently responsible for the development of the NFI methodology and oversight of its implementation with data collection being carried out by private companies). The centre has been receiving support from GIZ's "Biodiversity and adaptation of key forest ecosystems to climate Change" programme phases one and two in the development of a REDD+ compatible NFI as well as GIS and remote sensing skills to undertake an assessment of forest cover change. It will also play a key role in developing the NFMS and will be central in providing data updates to the system as well as utilising information from it. The Centre has, however, been hit by budget cuts with its staff number halving in the past 12 months to reduce its numbers to 12 stretching its capacity to fulfill its full range of duties.
- **Division of International Cooperation (DIC)** - The DIC has one staff member focused on CC and CDM related work and also works with Mr.Z.Batjargal, climate change advisor for CC Project Implementation Unit (CCPIU) under NCF, has seen a significant reduction in capacity over the past two years. The office now has very limited capacity and can only provide some technical guidance and support. To development of the NFMS and FREL it will however continue to play a role in submission of NC and BURs.
- **CC Project Implementation Unit (CCPIU)** - The project unit under the Nature Conservation Fund is responsible for National Communications, GHG inventory and BURs and was engaged in the development of the Intended Nationally Determined Contribution (INDC) for Mongolia. It has a good level of technical capacity but requires further support related to UNFCCC requirements and establishment of systems for NC and BUR development. Clarification of its institutional position would also facilitate establishment of effective data management and sharing agreements with other key institutions. This unit is currently project funded through GEF and JICA support, with no long-term financial commitment from the state budget and only five technical staff.

### 5.3 Initial Capacity Assessment for REDD+ NFMS and FREL:

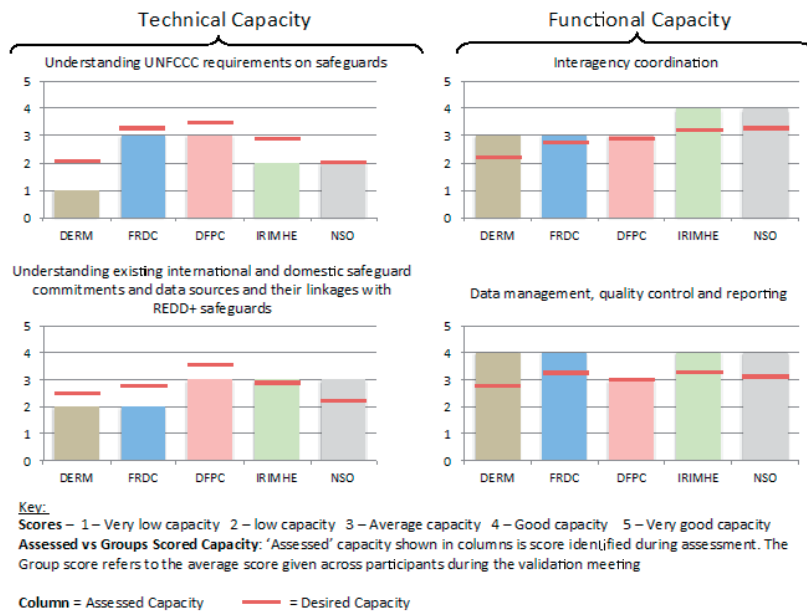
#### Technical Capacities

Technical capacities for SLMS and NFI are most significant within the FRDC but the centre has been significantly impacted by recent budget cuts and as such has had its human capacity reduced. Similarly the integration of the EIC and IRIMHE has seen a reduction in budget availability and human capacity. Overall, however, the systems in place and potential capacity provide a good basis for further development of the NFMS.

Understanding of the UNFCCC and IPCC guidelines is more limited and represents a challenge to further development of an effective NFMS. Scores presented by different institutions' self-assessments also highlighted different awareness of the complexities of the guidelines with some institutions scoring themselves highly when follow up interviews indicated a limited detailed knowledge. Conversely, other institutions that were seen to have the most detailed understanding of the guidance self-assessed themselves to have low capacity, based on an awareness of how much detail there is within the guidelines and how they can be utilised. Based on this there is a need to strengthen understanding of requirements under the UNFCCC and IPCC amongst key bodies. Some work within this area is already underway, for

example capacity building on LULUCF reporting, by FAO and NFI development, by GIZ, but will need to be maintained and broadened to ensure that effective systems for data collection and management are in place.

Figure 13: Capacity Assessment Scoring REDD+ NFS / FREL - Desired vs Assessed



Functional Capacities:

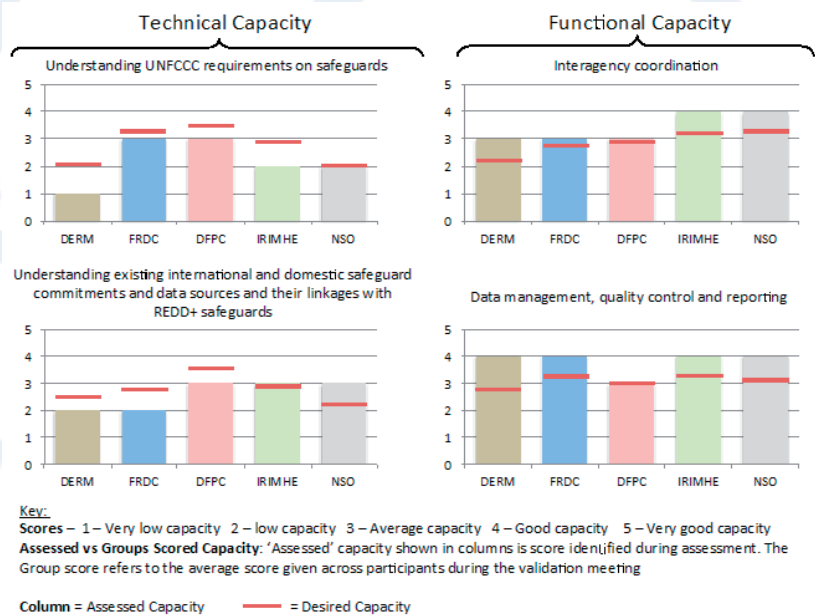
Technical capacities for data management were identified as being good across institutions with reasonable IT systems and high technical capacities amongst agency staff. Limitations were raised again by all bodies, however, with regard to levels of staffing and budget availability to manage data systems.

Multi-stakeholder assessment of scoring:

The multi-stakeholder assessment of scoring is broadly equivocal to that identified by the assessment. Stakeholders did identify data management capacity as being consistently lower across bodies than the assessment noted, potentially due to reductions in capacity due to budget cuts.

In addition to the scoring respondents also noted the need for there to be further coordination between the FRDC and IRIMHE with regard to data management and further support to key agencies with regard to understanding of UNFCCC and IPCC guidance and guidelines and development of capacity to ensure data quality was maintained. Across these areas there was also concern raised about institutional stability to ensure that capacity once built was retained and that systems could remain in place within an institutional base over time.

Figure 14: Multi-stakeholder REDD+ NMS / FREL



### 5.3 Summary of Findings:

Progress has already been made in the development of a NFMS and there is a need to continue to build capacity and strengthen coordination between key agencies on its development and sustainable institutional arrangements for its operation. As part of this process there is also a need to increase understanding of the value of the institutional capacities built in developing the FREL and NFMS to Mongolia and its forest management process to ensure that budget allocation processes protect a core of technical capacity within these areas. At the same time consideration should be given to how to structure the system to allow for fluctuations in government funding with consideration given to what elements can be outsourced to the private sector and research institutions. The below points provide a summary of some of the key findings from the assessment.

- The DFPC provides overall oversight of forest sector activities and has capacity to make key decisions with regard to the definition of forest and scope and scale of REDD+ and as such are well placed to guide overall development of the NFMS and FREL. Their capacity for developing models of emissions projection is, however, limited.
- The Forest Research and Development Centre (FRDC) has initiated work on a National Forest Inventory (NFI) and their capacity has increased with regard to data management and analysis. Changes in budget, however, have drastically reduced core staff numbers limiting the physical and technical capacity. Consideration as to how to link the technical capacity within the centre with the broader policy and coordination role of the DFPC to provide a technical hub that can guide further work by other bodies (such as IRIMHE, Universities and the private sector) will be important for the future sustainability of an NFMS.
- The Information and Research Institute of Meteorology, Hydrology and Environment (IRIMHE) has no mandate for data generation at the field level but has worked on development of web-based user interfaces for remote sensing data and other environmental data that can provide valuable input into the NFMS.
- Universities have conducted some work on emissions factors that can inform increased accuracy of reporting and transition to Tier 2 reporting, as well as providing a hub for work outsourced from government departments.
- Limited coordination across agencies has occurred to date in developing a strategic plan of work for the establishment of a NFMS or FREL with further coordination required to help pool limited resources.

#### Key Decision Areas and Recommendations:

##### *Leadership of FREL and oversight of NFMS:*

Work towards establishing an FREL should be led by an institution able to link policy and technical elements of forest sector management. The NFMS should also be developed to support policy development and ongoing reporting.

##### *Recommendations:*

The DFPC is well placed to lead work on FREL development and provide oversight to the NFMS but must work with other agencies and sectors to gain information on forest cover change (FRDC) and predicted economic and social development trends to develop an accurate FREL.

##### *Housing of NFMS:*

Work towards the NFMS is currently being led by the FRDC but this body is severely under resourced. Consideration should be given to how to structure inputs to the NFMS to utilise a combination of core government capacity and other institutions to help address central budget fluctuations.

##### *Recommendations:*

Coordination between IRIMHE and the FRDC is strengthened to ensure skills are developed across agencies and there is increased sharing of data and resources.

Value of the NFMS is communicated to MoF and other bodies to ensure that baseline levels of resources are maintained within the unit responsible for the NFMS.

### Capacity Needs

There are a number of technical capacity areas that need further development for a NFMS to be operationalized and a FREL to be developed. As noted above however these are not the focus of the current assessment but rather the broader capacity needs related to leading and coordinating development of these elements. Based on this the following key needs have been identified:

*Increased understanding of the value of the NFMS* – understanding should be built within the MoF with relation to this core element to help ensure that it is identified as an element of core budget as opposed to development budget.

*Increased understanding of UNFCCC guidance and IPCC guidelines* – further training within these areas should be provided to a core of technical staff cutting across the focus agencies assessed here to ensure that they have a clear understanding of what is needed within a NFMS and FREL and can thus provide informed input both its technical development and the institutional arrangements for it.

## 6. National REDD+ Focal Entity

### 6.1 What is a National REDD+ Focal Entity

Under the Warsaw framework countries are invited to appoint a national REDD+ entity or focal point to serve as a liaison with the UNFCCC secretariat and the relevant bodies under the convention<sup>1</sup>. A key purpose of the focal point / national entity, as identified under the Warsaw decision, will be to share information on financing and REDD+ implementation domestically and with other international partners and to help facilitate coordination of support to REDD+ activities.

### 6.2 Key Capacity Requirements for the National REDD+ Focal Point / Entity

The entity will need to play a key role in bringing together information on REDD+ implementation, providing information to the bodies under the convention and disseminating information from the international level to domestic actors. As such they will need to have strong coordination capacities to engage with a range of different institutions and provide a link between international and domestic policy and assistance.

Key capacity areas for assessment:

#### Technical Capacities:

**Understanding of REDD+ within context of UNFCCC** – to enable effective development of linkages between different initiatives globally and how they are linked at the national level as well as to ensure that negotiators are effectively informed of what is happening with REDD+ and its relevance.

**Understanding of REDD+ in relation to national circumstances** – ability to translate international negotiations on REDD+ into the national context and communicate the linkages both domestically and internationally.

#### Functional:

**Facilitate international coordination / support on REDD+** - for REDD+ to be effective at the global level there is a need for international coordination and for there to be support to countries engaging in REDD+. It will be important for the focal entity to both be able to communicate Mongolia's activities to the international audience and to work with international stakeholders to gain further support for REDD+ in the country. This will also require a technical understanding of the linkages between REDD+ and other climate, environmental and / or social initiatives to help show how efforts will deliver multiple benefits.

**Cross government communication** – addressing forest cover change is an inter-sectoral issue which requires coordination of a range of stakeholders

<sup>1</sup> Decision 10 / CP.19 para 1.

### 6.3 Existing Institutional Context

Engagement with the UNFCCC has evolved over recent years with the position of the body responsible for climate change also moving. The National Climate Change Committee (NCCC) was established in 2001 to provide a focal point for CC. The NCCC was chaired by the Minister of Nature and Environment<sup>2</sup> and a CCCO office to support this was established under the office of the Prime Minister. This office was responsible for leading on the development of CC actions and development of GHG inventories. This responsibility was then transferred to the Climate Change Coordination Office under the MEGDT. This office assumed responsibility for development of GHG inventory, NC, and BURs in 2012 under the Clean Air Act. In the same year the National Action Programme on CC was also approved directing authority for development of CC related policies and programmes to the ministry responsible for nature and tourism. In the same year however the NCCC ceased to operate and the CCCO has since seen its funding decrease significantly resulting in responsibilities for the development of GHG inventories, NC, and BURs being moved to the CCPIU under the NCF.

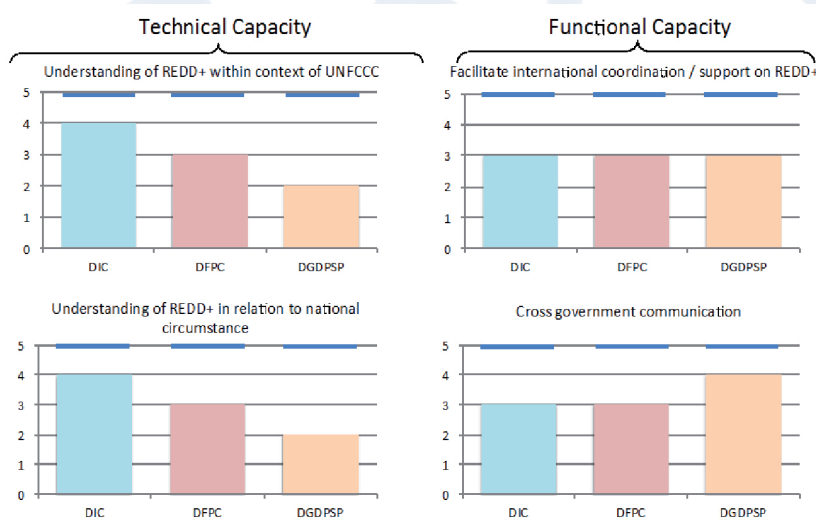
### 6.4 Initial Institutional Assessment REDD+ Focal Point / Entity

International engagement on climate change and REDD+ have been led by three main bodies to date within MEGDT and it is these three bodies that the assessment has focused on.

- **Division of International Cooperation (DIC)** – This Office of Climate Change Coordination has been disbanded with only one staff member remaining within the DIC covering CC related issues and the CDM. Mr Zamba Batjargal an external consultant (former Minister of Environment has been appointed as the focal point to the UNFCCC.
- **Department of Forest Policy and Coordination (DFPC)** - The director of the DFPC has been the operational focal point for the UN-REDD programme and has been fully engaged in the development of the new national programme.
- **Department of Green Development Policy and Strategic Planning (DGDSP)** – The department has a central role in coordinating strategic direction within the environment sector and supporting coordination across development partners and government agencies with relation to environmental issues.

### 6.5 Initial Capacity Assessment REDD+ Focal Point / Entity

Figure 15: Capacity Assessment REDD+ Focal Point / Entity - Desired vs Assessed



Key:

Scores – 1 – Very low capacity 2 – low capacity 3 – Average capacity 4 – Good capacity 5 – Very good capacity

Desired vs Assessed Capacity: As not all bodies are required to have the same level of capacity across all areas a 'Desired' capacity score (D) is given to indicate the desired level, as well as the Assessed (A) scores. This allows for comparison of capacity against desire levels in each area.

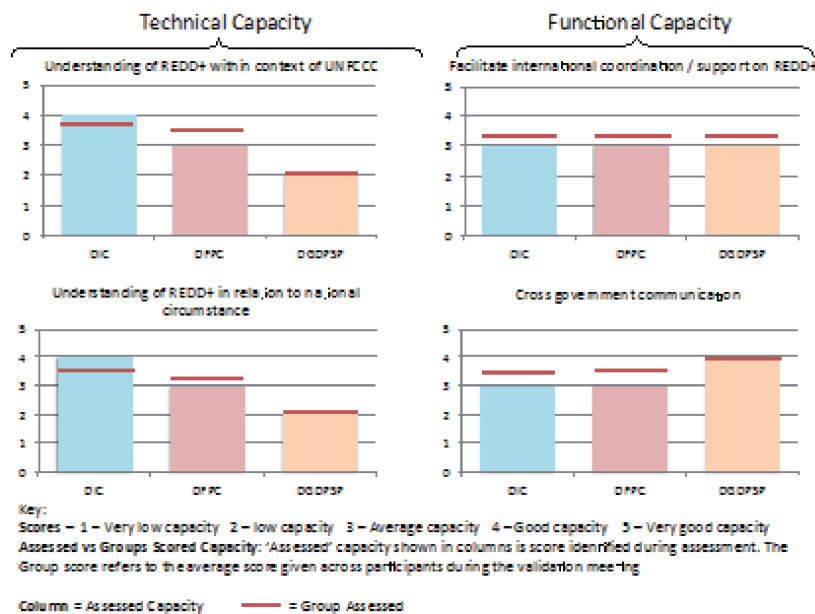
#### Technical and Functional Capacity

Technical understanding with relation to REDD+ and the UNFCCC and its integration within national circumstances was strongest within the CCCO, however, institutional changes have now closed this office with only one staff member remaining within the DIC to be responsible for CC issues and the CDM. The DFPC has a good understanding of REDD+ and a basic understanding of the UNFCCC but has limited capacity to create linkages with other sectors and to coordinate international support across these. The DGDSP has the

<sup>2</sup> MEGDT's former name.

highest capacity with regard to cross sector coordination but has a more limited understanding of the UNFCCC and the position of REDD+ within this.

Figure 16: Multi-stakeholder assessment of REDD+ National Focal Point / Entity



Multi-stakeholder Scoring:

Overall stakeholders identified agencies as having slightly higher level of capacity than identified within the assessment.

**6.5 Summary of Findings of Institutional Review and Capacity Assessment**

A focal entity for REDD+ under the UNFCCC will provide a central point for coordinating international support with domestic action while also helping to ensure that national agencies are informed of international decisions and can see synergies between different international and domestic mechanism. At present the central structure for coordination on CC has been fully dissolved and forest specific agencies have not fully engaged other sectors or bodies within the REDD+ development process. As such there is a need for the focal entity to broaden engagement in REDD+ and improve its integration with the broader CC and Green Development agenda. This will require stronger cross agency coordination and leadership.

Key Decision Areas and Recommendations:

There is thus a need to clarify and strengthen the institutional arrangements with relation to engagement with REDD+ under the UNFCCC. Should these remain within the DFPC there is a need for more active engagement across government and through linkages with the UNFCCC focal point, DGDPSP, and the Division of Aid Policy (DAP). It is also important to also consider the potential future of REDD+ in Mongolia and where links with the broader GrDP are necessary and how these can best be presented at the international to ensure there is clear understanding of the steps that Mongolia are taking.

The CCCO provided a valuable resource within MEGDT and its reestablishment should be considered. Should the CCCO not be re-established consideration should be given to the DFPC or DGDPSP undertaking the role of focal entity, with a focus on strengthening linkages between different CC and green development related approaches.

Capacity building needs:

*Increased awareness of REDD+ and potential linkages with the GrDP and other CC related activities* – while there are significant human capacity gaps with regard to the disbanding of the CCCO there is also a need to increase understanding of REDD+ and its potential linkages across key agencies that will either work as the focal entity or will need to work closely with the focal entity to create linkages between different domestic and international initiatives, and to attract and coordinate international support this will include divisions within MoF and MoFA as well as MFA.



## 7. REDD+ fund management entity

REDD+ focal entities are also invited to nominate entities to obtain and receive results based finance, consistent with any specific operational modalities of the financing entity<sup>1</sup>. The UNFCCC text also identifies financing as coming from a number of potential sources including: public and private, bilateral and multilateral, and alternative sources<sup>2</sup>. As such domestic fund management entities will need to be prepared to not only be responsible for managing and distributing REDD+ related finance domestically but also to manage those funds in a manner that meets the requirements of a range of potential financing entities. In addition to these financial management requirements the the REDD+ Roadmap also notes a number of potential requirements for the fund management entity including that it:

- ↪ Is independent of the REDD+ Management Structure
- ↪ Has the ability to receive funds for results based payments (for REDD+), as well as investments (i.e. grants and / or loans) supporting the implementation of REDD+ policies and measures through the international sources and to create synergies, if necessary between the multiple sources of national and international funding with clear accountability and coordination mechanisms.
- ↪ Has the ability to enforce decisions on results-based fund disbursement for REDD+ implementation<sup>3</sup>

With these requirements in mind Mongolia has a number of different approaches open to in terms of managing future REDD+ finance it including:

1. Using country systems (with potential adjustments to meet international requirements)
2. Integrating finance into existing (and operational) extra-budgetary structures
3. Creating special extra-budgetary structures REDD+

The below looks at the potential capacity requirements for these approaches with particular reference to the linkages with the Green Climate Fund (GCF) and identifies potential existing systems for fund management.

### 7.1 Key Capacity Requirements for the REDD+ Fund Management Entity

The fund management entity will need to have the capacity and flexibility to both manage international funds and provide effective distribution mechanisms at the national and sub-national level.

International financial support is anticipated to come from a number of sources including the Green Climate Fund (GCF), Global Environment Facility (GEF) and bilateral donors such as Norway, or Germany. All of these funding agencies present specific criteria to be eligible as a fund management entity with common criteria focusing on:

- ↪ Use of international fiduciary standards
- ↪ Independent auditing of accounts
- ↪ Funds managed by a committee with balanced representation
- ↪ Transparency of disbursements<sup>4</sup>
- ↪ Existence of complimentary national financing commitments

The GCF has established an accreditation process<sup>5</sup> for entities wishing to receive finance from the GCF. This lays out specific assessment requirements for entities covering:

- ↪ Background and contact information of the applicant entity;
- ↪ Information on the ways in which the institution and its intended projects/programmes will contribute to furthering the objectives of the Green Climate Fund;
- ↪ Information on the scope of intended projects/programmes and estimated contribution requested for an individual project or activity within a programme;

<sup>1</sup> Decision 10/CP.19 para 2.

<sup>2</sup> Decision 9/CP 19

<sup>3</sup> Adapted from GoM (2014) *Mongolia's National REDD+ Readiness Roadmap*. P87

<sup>4</sup> Key criteria identified from analysis of four funding systems – UN-REDD, FCPF, Norway-Germany-Peru Declaration of Intent (DoI), and the Norway Indonesia Letter of Intent (LoI) from Baker & McKenzie (2014) *The Consolidated Guide to REDD+ Rules under the UNFCCC* available at <http://www.bakermckenzie.com/News/Baker-McKenzie-launches-the-Consolidated-Guide-to-the-REDD-Rules-Under-the-UNFCCC-12-01-2014/>

<sup>5</sup> Available at [http://www.gcfund.org/fileadmin/00\\_customer/documents/Accreditation/GCF\\_Accreditation\\_Application\\_form\\_v1\\_with\\_examples\\_of\\_supporting\\_documents.pdf](http://www.gcfund.org/fileadmin/00_customer/documents/Accreditation/GCF_Accreditation_Application_form_v1_with_examples_of_supporting_documents.pdf)

- Basic fiduciary criteria;
- Applicable specialized fiduciary criteria;
- Environmental and Social Safeguards
- Gender<sup>1</sup>

Fiduciary criteria are further broken down to: Basic (including administrative and financial capacities and transparency and accountability) and Specialised (including project management, grant award and/or funding allocation mechanisms, on-lending and /or blending).

Based on these requirements a number of capacity areas were identified to be looked at as part of the current assessment. These are:

#### Technical Capacities

**Understanding of international development assistance and financing** – to help in identifying potential financing sources and to work with them to ensure that Mongolia will be compliant with international requirements and can demonstrate a track record of managing international finance.

**Understanding of National REDD+ Strategies / Action Plan** – to ensure that funding decisions and allocations can be effectively made in line with the priorities within the REDD+ NS/AP and decisions can be explained to funders on this basis.

#### Functional Capacities

**Financial management (management of different development partner funds)** – to ensure that the fund management will be undertaken to international standards and those set by the specific development partner.

**Understanding of domestic budget cycles and allocation process with relation to national development priorities** – for REDD+ finance to be effective, and attractive to international funders, within Mongolia it will be essential that it is fully integrated with domestic financing and budget cycles.

## 7.2 Existing Institutional Arrangements

Within government there are a number of structures for fund management including; treasury funds, additional funds, and special funds:

- **Treasury funds** – these are utilised for state budget and direct line ministry budgets.
- **Additional funds** – held within ministries these funds are specifically allocated for additional activities and are most commonly utilised for the management of donor project funds.
- **Government Special funds** – These funds are held in special accounts in the Treasury, and have the purpose of supporting the implementation of particular functions and objectives of the government. They are resourced from a combination of earmarked revenues, other public budget sources, donations and overseas development assistance. The management structure of these funds varies from being held directly under a line ministry, reporting to the minister (e.g. the Nature Conservation Fund (NCF)) while others are held under the Prime Minister's office (e.g. the Clean Air Fund). A recent consolidation of these funds has reduced their number from 29 to 15.

Allocation and management of the national budget and development finance across these structures is guided by a number of central laws and resolutions. The Budget Law (revised in 2012) provides the central framework for management of state budgets, while development financed projects within Mongolia are undertaken in accordance with the Minister of Finance's Resolution No 196 "Procedures for implementing government projects funded by foreign loans" as amended subsequently by the Resolution No169 dated 10 July 2015.

A recent assessment of forest sector financing noted that while budgets had fluctuated over recent years, with a significant increase from 2008-12 followed by a decline in the past three years, the percentage of state recurrent budget allocated to forests has stayed relatively stable over the same period at 02.-0.3% of total state budget.

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<sup>1</sup> Ibid.

These Government special funds are channeled through a planning departments in the MEGDT, the MFA and special funds. Restrictions on the establishment of joint budget lines, however, limits the potential for programmes with joint activities carried out instead through temporary MoU agreements and specific cost/ activity related transactions (see Table 2 for areas in which joint working does occur). Within MEGDT budget management has been identified as being of a good international level with a recent assessment of the financial management practices of the ministry by UNDP identifying it as a low financial risk and as such eligible for cash transfers by UNDP<sup>2</sup>.

Over the same 2008-12 period there was also a shift in importance of funding from non-central forest agencies with the NCF contributing an increasing quantity of forest sector finance. This figure is also anticipated to increase with recent changes to the Forest Law and Mongolian Special Funds law increasing the amount of forest related finance allocated to the NCF by 3billion MNT per annum from 2016, a doubling of the total NCF 2015 budget<sup>3</sup>.

While existing international support to the forest sector is limited the NCF has initiated a process to gain accreditation to the Adaptation Fund (AF) and the GCF. A review of its capacity relative to requirements for these funds noted that while the fund was doing *'fairly good job, within the mandate and regulative framework given to it'* there were also significant short-comings with regard to applying the relevant standards<sup>4</sup>. Since this time the NCF has increased its capacity, partially through an increase in staff numbers and responsibility related to the integration of the CCPIU into the fund, as well as ongoing technical support from GIZ, and is seeking to obtain accreditation under the GCF in July 2016.

The majority of special funds provide resources to projects through a competitive bidding process with, in the case of the NCF, the MEGDT issuing tenders for organisations to undertake specific projects. Successful candidate organisations are then provided with funds on an instalment basis linked to delivery of key activities. While this is a form of performance based payment there is limited experience of providing support based on impacts as opposed to activity delivery.

### 7.3 Initial Institutional Assessment REDD+ Fund Management Entity

Key institutions identified and engaged within the assessment include:

**The Nature Conservation Fund (NCF)** - Established directly to support the work of the MEGDT and cabinet. It is primarily resourced through (non-mining) natural resource revenues<sup>5</sup>. The fund is working towards GCF accreditation, but has limited internal capacity and is vulnerable to influence through the MEGDT to cover budget short falls within specific areas or funding of short term priority projects.

**Division of Aid Policy (DAP)** – the division is responsible for managing development assistance to Mongolia. It has a mandate for aid coordination and has strong skills in the design and establishment of aid related funds. It will play an important role in structuring how international support can enter Mongolia but has limited experience in integrating domestic financing and international support.

**Department of Economic Policy (DEP)** – the department has responsibility for economic planning within Mongolia including the development of: long, medium and short-term development strategies and guidelines on social and economic development, as well as methodologies on the planning and development of development policy planning, and the use mathematics modelling for economic estimation and forecasting.

<sup>2</sup> Ibid

<sup>3</sup> The budget increase will actually be sufficiently higher as funds from water management will also be directed to the NCF providing an anticipated additional 7billion MNT in revenue for the fund in 2016.

<sup>4</sup> GIZ (2014) Gap Analysis of and Roadmap for Nature Conservation Fund for AF/GCF. Available at <http://www.climatefinance-asiapacific.org/attachments/article/41/140606%20Aequilibrium%20report%20on%20NIE%20Gap%20Analysis%20EN.pdf>

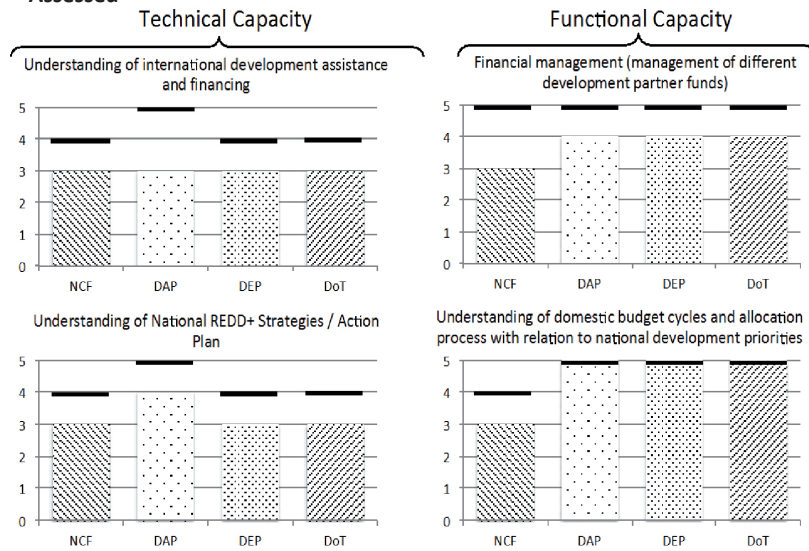
<sup>5</sup> As stipulated in the Law on Natural Resource Payments (2012), a proportion of the revenues earned from natural plant use fees, game resource use payments, land fees, timber and fuelwood harvesting fees and water and spring use fees are set aside for spending on environmental protection and natural resource restoration activities through the fund. These provisions are in turn reflected in the Law on Environmental Protection 1995 (which requires that a portion of natural resource fees and compensatory payments should be paid to the environmental protection fund), Forestry Law 2007 (which requires compensatory duties to be channeled to the environmental protection fund) and the Law on Land Fees 1997 (which allows that an appropriate percentage of land fee revenue shall be expended on land protection, rehabilitation and organisation). It should be noted that the Law on Land Fees is currently undergoing revision, including the rates for possessing and/or using state-owned land. (source UNREDD 2013 Forest Sector Financing Flows and Economic Values in Mongolia).

As such the department has a critical role to play in development of new policies and programmes and their integration into the national development agenda as well as the identification of areas in which budgets should be allocated over the long, medium and short term.

They will thus be a critical partner in identifying how REDD+ finance can be planned to utilise both domestic and international finances.

**7.4 Capacity Assessment REDD+ Fund Management Entity:**

**Figure 17: Capacity Assessment REDD+ Fund Management Entity - Desired vs Assessed**



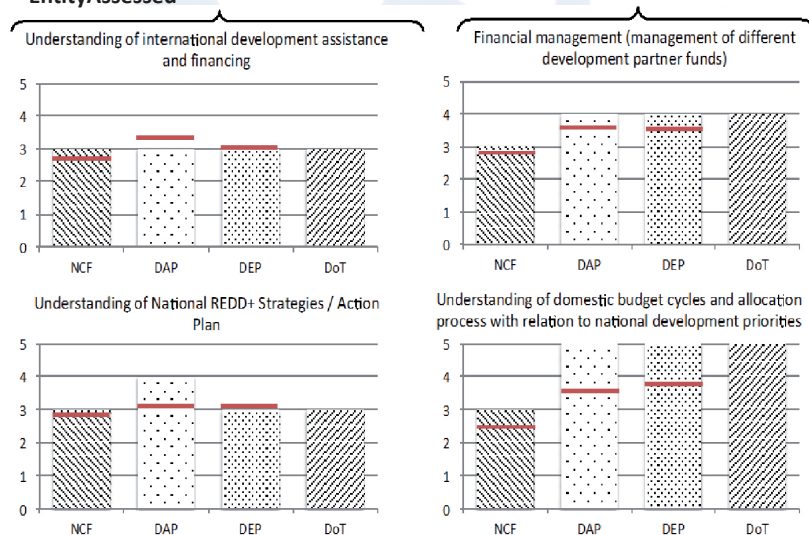
**Key:**  
 Scores – 1 – Very low capacity 2 – low capacity 3 – Average capacity 4 – Good capacity 5 – Very good capacity  
**Desired vs Assessed Capacity:** As not all bodies are required to have the same level of capacity across all areas a 'Desired' capacity score (D) is given to indicate the desired level, as well as the Assessed (A) scores. This allows for comparison of capacity against desire levels in each area.  
 Column = Assessed Capacity      — = Desired Capacity

within the NCF. The NCF remains in a process of capacity building for financial management with a target of GCF accreditation. Capacity for engaging with central budget management processes is, however, low with the MoF taking a central role within this area.

Technical capacities, the assessment identified the technical capacity elements related to understanding of international finance and potential REDD+ NS/AP as low across agencies. As yet institutions engaged in financial management have not been fully engaged with the REDD+ dialogue and there is limited understanding of where finance for REDD+ could come from or how it could be managed. Broader understanding of development assistance support within MoF departments was, however, identified as being good across all departments.

In terms of functional capacities for financial management and domestic budget cycles, capacity within MoF bodies was seen as significantly higher than those

**Figure 20: Multi-stakeholder scoring - National REDD+ Fund Management Entity Assessed**



**Key:**  
 Scores – 1 – Very low capacity 2 – low capacity 3 – Average capacity 4 – Good capacity 5 – Very good capacity  
**Assessed vs Groups Scored Capacity:** 'Assessed' capacity shown in columns is score identified during assessment. The Assessed score refers to the average score given across participants during the validation meeting. N.B. Scores not obtained for DoT.  
 Column = Assessed Capacity      — = Group Assessed

Multi-stakeholder Scoring

Multi-stakeholder scoring of the capacity areas was broadly consistent with those identified during the assessment. The area of most significant difference was with relation to the DAP's understanding of domestic budget cycles and allocation with relation to national development priorities. This may be due to a limited understanding of the capacity of the division (and thus a reduced capacity based on their title) or due to the division being seen as less engaged within the national planning processes.

## 7.5 Summary of Findings Institutional and Capacity Assessment REDD+ Fund Management Entity

Mongolia will need to identify how REDD+ related activities will be financed as part of the broader green development processes. This process will require a clear identification of the PAMs that will be undertaken, what benefits these will deliver in terms of emissions reductions, other environmental services and economic and social benefits (e.g. fuel wood, timber, reduced corruption, vocational training, increase spending on social services for FUGs, etc). The existing system of central budget and special funds provides an opportunity for a range of financing approaches to be considered, although further flexibility with regard to development of 'joint' cross sector financed projects would provide further options. The development of these approaches and their linkages with international donors will be facilitated by the Department of Aid Policy within the MoF, however further work is needed to ensure that these approaches are linked with domestic financing and that there is an understanding of linkages between different CC and green development based funding streams. As such prior to the development of a clear fund management strategy, there is a need to;

- ◀ Develop a clearer understanding of exactly what REDD+ relevant PAMs could be undertaken, their economic, political and operational viability and
- ◀ Identify the potential resource streams that could support these actions (i.e. different donors, and funds allocated for different objectives e.g. REDD+, CC adaptation, water management etc) and whether this finance would be upfront or only once results had been demonstrated.

To achieve this there will be a need to bring the MoF more actively into the REDD+ planning process to ensure that they are able to provide guidance on what financing may be possible within the domestic environment while also guiding discussion on potential fund design. It will be equally important to link those with a strong understanding of potential development partner support, such as the DAP and DIC (within MEGDT) with the development process so potential funding streams and synergies with other development partner activities can be identified.

### Recommendations

Representatives of the MoF are fully engaged in the REDD+ NS/AP development process (see Section 3). This will help to ensure that financing of potential PAMs is fully considered from an early stage and further consideration can be given to specific fund management structures and responsibilities.

### Capacity Building Recommendations

REDD+ related finance is likely to be channelled through a number of key multi-lateral / bilateral sources. An initial review should be undertaken to gain a clearer understanding of the potential capacity requirements under these different mechanisms. Based on this a clear capacity building plan for key agencies should be established. Linked to this progress of the NCF to obtaining GCF/AF accreditation should be reviewed early in 2016 to identify what further support would be required.

## 8. Summary of Cross Cutting Institutional issues and Capacity gaps

As part of the assessment a number of institutional and capacity issues were identified that cut across the different focus areas. These issues relate primarily to the strategic approach to resource allocation by central government bodies as well as the need for a more cross sector assessment of forest sector management with an increased consideration of the potential value of forests with regard to commercial use and the provision of ecological services. These issues can be summarised within the following interlinked points:

**Budget fluctuations and strategic allocation** – the Mongolian budget is highly influenced by shifting prices for natural resources with changes in commodity prices having a direct knock on effect to sector budgets. This has created an environment in which long-term resource allocation within government bodies is challenging. Due to this it will be important for the MoF, MEGDT and other relevant agencies to identify core capacities that are needed to enable REDD+ to be undertaken and ensure that these capacities are insulated from budget variations. The development of a Results Based Budget Management system will help strengthen this process by allowing for clearer linkages to be made between performance and allocation but further strategic consideration should also be given to where key capacities are needed and what elements of work can be outsourced and / or financed through other revenue streams, such as domestic revenue.

### Box 7: The potential for outsourcing for REDD+

The government of Mongolia's budget is linked to revenues from natural resources and has fluctuated significantly over recent years. Changes in political leadership have also caused significant shifts in institutional structure. Within this uncertain and increasingly resource constrained environment the value of prioritising government functions and identifying approaches to outsourcing other functions will be important if key components of REDD+ are to be delivered in a standardised way over a number of years. Within this area Mongolia already has significant capacity for research, and data collection through its university system, with several already having specific skills with relation to forest management, monitoring and carbon stock assessment. Strategic use of Universities, and in specific cases the private sector and NGO's could thus help to address the challenges of funding REDD+ implementation allowing central government agencies to focus on the strategic direction of REDD+ and its technical oversight while other bodies engage in the more direct operational elements of implementation and monitoring. Developing this approach will require both careful planning and clear coordination between different bodies as well as identification of synergies across research and operational areas to ensure that universities and other bodies can make best use of their budgets and attract funding for comprehensive research that addresses issues such as climate change mitigation, adaptation, environmental conservation and rural development.

**Capacity to engage with climate change mechanisms and direct CC related planning** – Mongolia made early efforts to establish the technical and institutional capacity to engage with CC, through the establishment of a National CC committee. Following the disbanding of this committee in 2012 however there has been an ongoing reduction in central financing for CC coordination with the CCCO being formally closed in late 2015. In parallel to this process, however, there have been ongoing commitments made to reducing GHG emissions and to taking steps to adapt to CC. In the absence of a central coordinating body to lead this work or the development of sufficient capacity across government to integrate actions within their annual programmes (and crucially for budget to be allocated for it) it is unclear how such targets will be met. Any efforts with regard to REDD+ are likely to face similar challenges and the absence of such a central body will make coordination across government and the linkages of REDD+ with other CC or green development related approaches more difficult.

**Decentralisation** – there have been ongoing changes within Mongolian administrative structures to develop an increased focus on decentralisation with Aimag and Soum governments having increased access to resources and responsibility for budget management. The current study has not focused on linkages between central and subnational government budget did record a consistent reduction in scores for coordination and joint working when respondents (at the national level) were asked about their

engagement with sub-national level government bodies. If REDD+ is to be effective it is likely that many of the PAMs will require action and financing at the subnational level as well. Engagement of these groups in discussion of potential PAMs will thus be an important area to strengthen.

Given these challenges it will be critical for a clear vision of REDD+, how it integrates with the Green Development Policy and how approaches to it will deliver additional environmental social and economic benefits, needs to be developed (see next section).

## 9. Capacity Building Programme

Overall the current assessment has identified good levels of core capacity for REDD+ development within Mongolia with the country having strong institutions and a highly capable workforce. These institutions and individuals are, however, currently working in an evolving and challenging environment. Decentralisation will change the roles of central and sub-national government while a combination of budget tightening and periodic changes in government structure are at times reducing available resources in key areas. Within this context REDD+ and broader green development or environmental objectives can be seen to be potentially competing for resources with a range of economic development objectives.

To address these challenges it will be important for a clear vision of REDD+ to be developed that is based not only on reductions in emissions but broader economic and environmental benefits. Key agencies and departments can then work to ensure that this vision is integrated into the workplans of appropriate line agencies and subnational governments and that resources are allocated for implementation. Development of this vision will also help in targeting resources where impact can be most effective and will help ensure that these resources are made available over the longer term. Within this context there are a number of areas to which specific consideration should be given:

**Human / financial capacity** – This is a critical issue within the potential future management of REDD+. Rapidly shifting department or organisation budget lines, and thus staffing levels, will significantly hamper the development and implementation of any REDD+ actions. It will thus be important for a clear prioritisation of activities to be developed and that a base level capacity is maintained within government departments to coordinate and work on these activities. This will require a strengthening of understanding within MoF as well as senior levels of MEGDT and other ministries as to the importance of specific bodies (e.g. FRDC, OCCC) and the potential economic value of the programmes they are working on.

**Coordination** – coordination across, within and between government and non-government stakeholders is limited and more structures should be established to ensure that this is addressed in a structured way.

**Technical / functional capacity** – a number of capacity gaps have been identified within the report that are limiting key bodies in being able to fulfil their potential roles in REDD+ development and implantation (beyond those points noted above). Capacity building through either training or provision of technical support within these areas will help to address these gaps and strengthen REDD+ development.

The following section provides a number of recommended activities to help address limitations regarding coordination and technical / functional capacity gaps. Provision of recommendations on human / financial capacity are seen to go beyond the remit of this report beyond the identification of existing gaps and the need for strategic consideration of how budgets are managed and where resources are allocated to most effectively deliver the combination of environmental and developmental outcomes that the country has targeted.

### Coordination

There is a need for stronger coordination, within and across (horizontally as well as vertically) government as well as between government and non-government stakeholders. While strengthening these linkages will be a long term objective, in the immediate term and with specific reference to REDD+ there are a number of key coordination bodies that can be operationalised to facilitate shared working.

- ◀ *Establishment of the REDD+ Taskforce and working groups:* these will be critical in initiating discussions on REDD+ and developing multi-sector linkages.
- ◀ *Establishment of cross sector working group on environment and forestry:* establishment of a permanent body to support cross sector coordination and planning will be important in working to address more challenging issues of land-use management.

There will also be the need to undertake a number of research assessments as part of REDD+ development and it will be critical that these are structured to not only facilitate learning within a core REDD+ team (see below) but also to bring together different stakeholders to both gain their input into the development process and also to increase their understanding and buy in of potential PAMs or data management systems (NFMS / SIS) and their benefits.

### Technical and Functional Capacities:

#### Technical awareness of REDD+:

**Basis:** Knowledge on REDD+ is currently held within a small number of staff within departments related to forestry. Awareness of the mechanisms needs to be more thoroughly shared within organisations linked to national level planning and management as well as other REDD+ relevant sectors to enable them to support the process of integrating REDD+ PAMs with existing and future development priorities. This process should also link to the development of a national vision for REDD+ and its linkages with existing national development objectives.

**Key Topics:** Global structure of REDD+, key components of a national approach to REDD+, different approaches to REDD+ globally, links between REDD+ and Green Development, links between REDD+ and existing development policy e.g. GDP.

**Target groups:** DGDSP (MEGDT), DSPP, and DCPISMI (MoI), DSPP and DCLPI (MFA), DFPP and DEP (MoF), Office of the Prime Minister.

**Time-line and suggested format:** Awareness raising should be a focus for early 2016 to prepare stakeholders to engage fully in REDD+ development. Suggest that awareness raising be led by PMU (including CTA) and DFPC, with support from UN-REDD Regional Technical Advisor. Suggest three small-scale workshops and training events based on practical exercises of how REDD+ can be operationalized to be held in the first nine months of 2016.

#### Understanding of forest sector and potential management models

**Basis:** There is a need for a more detailed understanding of the drivers of forest cover change and potential approaches to addressing them through production forestry, payments for environmental services, enhanced engagement of FUGs, or other mechanisms. This process will need to be inter-sectoral and also bring in input from stakeholders outside of governments and the immediate forest sector. The existing forest sector financing study provides information on potential financial impacts of forest loss or unlicensed harvesting as well as potential economic opportunities with regard to increased tax revenue<sup>1</sup>.

The discussion process should focus on a phased approach, looking initially at development of a vision and core objectives for REDD+ linked to both addressing challenges within the sector and supporting broader development objectives. Following this more detailed assessment of specific PAMs can then be undertaken based not only on carbon assessments but these broader development objectives.

**Key Topics:** From early 2016. Process linked to studies to identified drivers of forest cover change, identification of different policies and measures for addressing forest cover change and incentivising improved forest management. How can different PAMs be financed domestically and internationally.

<sup>1</sup> For example the sale value of unlicensed harvesting is estimated to be in the region of 20million MNT representing a potentially significant loss in tax earnings.



**Target groups:** DGDSP (MEGDT), DSPP, and DCPISMI (MoI), DSPP and DCLPI (MFA), DFPP and DEP (MoF), Office of the Prime Minister.

**Time line:** This process should occur through 2016 and should focus on bringing in both domestic and international specialists to conduct assessments of PAMs and present options through a participatory process, with consultants reviewing potential approaches and providing briefings and feedback to core stakeholder group. This work will link with Output 8 of the National Programme Document (NPD) focused on identifying and prioritising PAMs for REDD+.

#### UNFCCC guidance on GHG inventories and reporting from the forest sector

**Basis:** There is need to further increase the technical understanding of data requirements for reporting under the UNFCCC with relation to REDD+ and forestry within specific agencies that will be engaged with this process.

**Key Topics:** GHG inventories for the forest and land-use sector

**Target groups:** CCPIU, CCCO, DFPC, FRDC, IRIMHE (MEGDT), Department of Public Administration & Management MFA, ALAGC, key universities.

**Time line:** Training to be undertaken throughout 2016. Suggest small group workshops and training days facilitated by international advisors (e.g. FAO).

#### Understanding of REDD+ Safeguards:

**Basis:** Mongolia will be required to demonstrate how they are addressing the Cancun REDD+ safeguards and should develop a safeguard information system to bring together information on the application on safeguards. For this process to be done effectively an analysis of safeguard requirements will be necessary as well as an assessment of existing safeguard mechanisms. Full development of a framework of nationally appropriate safeguards will need to be linked to the identification of PAMs and a REDD+ NS/AP. However early analysis of existing data sources and increased understanding amongst key bodies as to the nature of REDD+ safeguards and potential data collection needs will greatly facilitate this process.

**Key topics:** Cancun Safeguards, different country approaches to collecting information on safeguards, safeguard information systems.

**Target groups:** DGDSP (MEGDT), DFPC, IRIMHE, NSO, FRDC.

**Time-line and suggested format:** Training to be developed from end of 2016 once PAMs have been identified and reviewed. Support to be provided by an international and national safeguards expert with expert team reviewing potential safeguards requirements within Mongolia and providing training to key target groups on safeguards, experience from other countries and potential approaches in Mongolia.

#### Linkages between policy and budgetary planning:

**Basis:** The MEGDT has a central role to play in policy formulation and will be central to REDD+ development and its integration into national policies. The capacity of the ministry and the DGDSP to link policy objectives to broader economic trajectories is however limited and there is a need to strengthen this capacity through a combination of stronger collaboration with the MoF and better in house planning and use of research bodies.

**Key topics:** Policy costings, alternative revenue streams for environmental management actions, assessment of budget forecasts.

**Target group:** DGDSP (MEGDT), DDPP (MoF)

**Time-line and suggested format:** Mid 2016. Undertake an initial review of existing capacity, specifically for economic modelling and develop a capacity building / coordination plan to strengthen links between MoF and DDGPSP.

*Strategic Environmental Impact Assessments:*

**Basis:** The SEIA process provides a potentially valuable tool to MEGDT to manage and enhance coordination across different sector / national policies, programmes with regard to environment. Strengthening application of this process will help to improve coherence and can also bring MEGDT into a more central policy role.

**Key Topics:** SIEA application.

**Target Group:** DGPSP, DENRM

**Time-line and suggested format:** Mid 2016. A further assessment of existing capacity and institutional arrangements for the implementation of the SEIA will be required to identify exact training requirements as well as how best to strengthen the impact of the mechanism.

*Financial management:*

**Basis:** There is a need to review and subsequently build capacity for receiving REDD+ specific finance. The current work undertaken to review the NCF provides an important basis and further assessment of how funds can be linked into

**Key topics:** Policy costings, alternative revenue streams for environmental management actions, assessment of budget forecasts.

**Target group:** - MoF, NCF.

**Timeline:** - End 2016 in combination with work on Output 9 of the NPD related to Fund management. Suggest additional focused on potential organisations that will be engaged in REDD+ finance. This can be further targeted once there is a clearer understanding of what PAMs may be undertaken.

## 10 Annex 1: List of Stakeholders Interviewed

	Name	Organisation	Position
	<b>MoF</b>		
1	Baajikhuu Tuguldur	Financial Asset Management Division	Director
2	Otgonbayar Chimeddorj	Division of Macroeconomic Policy, Department of Economic Policy	Director
3	Munkh-Orgil Zorig	Division of ODA Policy, Development Financing and Debt Management Department	Director
4	Tugs-Oyun Davaadorj	Division of ODA Policy, Development Financing and Debt Management Department	Officer - ODA Policy Division
5	Mr. Khuyagtsogt	Budget Expenditure Division	Director
	<b>Mol</b>		
6	Bayarsaikhan Genden	Light Industry Policy and Regulation Department	Senior Officer
	<b>MEGDT</b>		
7	Bulgan Tumendemberel	Department of Green Development Policy and Strategic Planning	Director General
8	S.Erdenetsetseg	Department of Green Development Policy and Strategic Planning	Officer
9	Gerelt-Od Tsogtbaatar	Division of International Cooperation, Department of Public administration and Management	Officer, responsible for the Clean Development Mechanism
10	Nyamdavaa Gendenjav	Department of Environment and Natural Resource Management	Director
11	Tsesed Banzragch	Department of Forest Policy and Coordination	Director
12	Batgombo Otgonsuren	Department of Forest Policy and Coordination	Senior Officer
13	Mr. I.Dorj Enkhjargal Damia	Department of Forest Policy and Coordination	Officer
14	Noosgoi Enkhtaivan	Department of Forest Policy and Coordination	Senior Officer
15	Purev Tsogtsaikhan	Division of Environmental Assessment and Auditing, Department of Environment and Natural Resource Management	Director
16	Khandjav Batjargal	Nature Conservation Fund (NCF)	Director of NCF and CCPIU
17	Tegshjargal Bumtsend	Climate Change Project Implementation Unit (CCPIU)	Project Manager for INDC
18	Tseren Battsetseg	Climate Change Project Implementation Unit (CCPIU)	Project Manager for third NC
19	Saruul Dolgorsuren	Climate Change Project Implementation Unit (CCPIU)	Project Manager BIU Report
20	Sanaa Enkhtaivan	Climate Change Project Implementation Unit (CCPIU)	GHG Inventory Expert
21	Dr Zamba Batjargal	Climate Change Project Implementation Unit (CCPIU)	Advisor to Minister and CCPIU
22	Gantulga S.	Forest Research and Development Centre	Director
23	Ganzorig	Forest Research and Development Centre	Head of Unit
24	Michid Kh.	Forest Research and Development Centre	Head of Unit
25	Narangerel Zagdaa	Environmental Information Centre, Information and Research Institute for Hydrology, Meteorology and Environment	Forest database specialist

26	Bayasgalan Mijiddorj	Environmental Information Centre, Information and Research Institute for Hydrology, Meteorology and Environment	Head of EIC
MoFA			
27	Tsogtbadrakh Beltreg	Finance and Economic Division, Department of Strategic Policy and Planning	Director
28	Mr Baatar Mr Garid	Reserved Rangeland Management Administration	Officer
Others			
29	Ishjamts Battsetseg	Division of Investigation and Monitoring, Administration of Land Affairs Geodesy and Cartography	Consultant Engineer of Mongolia and Head of Division
30	Erdenesan Eldev-Ochir	National Statistics Office	Director Macro-economic Statistics
31	Erdene B.	Mongolian Environmental Civil Council	Executive Director
32	Oyunchimeg Myagmarjav	Mongolian Environmental Civil Council	Member of Board
33	Enkhbat	Mongolian Environmental Civil Council	Office Manager
34	Mr. Bayarsaikhan	Clean Air Fund	Manager
35	Thomas Eriksson	UNDP Mongolia CO	Deputy Resident Representative
36	Munkhjargal TS.	Poverty and Environment Initiative (PEI) (based in MoF)	PEI Coordinator
37	Klaus Schmidt-Corsitto	GIZ – Biodiversity Adaptation of Key Forest Ecosystems to Climate Change	Programme Director
38	Dane Altrel	GIZ – REDD+ Computable National Forest Inventory, Programme on Biodiversity Adaptation of Key Forest Ecosystems to Climate Change	Project team leader
39		GIZ – REDD+ Computable National Forest Inventory, Programme on Biodiversity Adaptation of Key Forest Ecosystems to Climate Change	Project Coordinator
40	Andrew Inglis	FAO/GEF project on Mainstreaming biodiversity conservation, SFM and carbon sink enhancement into Mongolia's productive forest landscapes	Chief Technical Advisor
41	Ykhanbai Hjiaba	FAO/GEF project on Mainstreaming biodiversity conservation, SFM and carbon sink enhancement into Mongolia's productive forest landscapes	National Project Coordinator
42	Enkhtuvshin Shiiegdamba	WSC Mongolia PO	Acting director
43	Dashzeveg Ts.	WSC Mongolia PO	Extractive Industry Project Manager

## 11 Annex 2: Capacity Assessment Matrix

The below table provides an overview of the key organisations identified for the assessment and the areas within which assessment was undertaken. While headings particularly under functional capacity provide a generic structure further specification was added to questionnaires / assessments to focus on their potential role within REDD+.

Key Organisations	Government Agencies										Office of Deputy Prime minister	
	MoF					MEGDT						
Functional Capacities	Department of Development Finance and Debt	Department of Economic Policy	Department of Fiscal Policy and Planning	Department of Green Development Policy and Strategy	Department of Public Administration and Affairs	Agency of Meteorology and Environment	Forest Research and Development Centre	Department of Forest Policy and Co-ordination	Nature Protection Fund	Climate Change Project Implementation Unit		
Coordination	Division of Aid Policy	Division of Development Policy and Planning	Division of Budget and Expenditure	Division of Finance and Economy	Division of International Cooperation						X	X
Stakeholder Engagement		X	X	X	X			X	X	X	X	X
Strategy and Planning		X		X	X	X		X	X	X	X	X
Budget management	X		X	X	X		X	X	X			X
Evaluation				X	X		X	X	X			X

UN-REDD National Programme

Technical Capacities																							
Climate Change							X													X			
REDD+	X																				X		
UNFCCC																						X	
GHG reporting from the forest sector																							
Forest Sector																							
National Forest Inventory																							
Land cover change from remote sensing																							
Forest monitoring																							
Data management																							
Data sharing																							
Policy development																							
Fund management modalities																							



## 12. Annex 3: Capacity Assessment Questionnaire:

Please note the below questionnaire is the full self-assessment questionnaire that was developed for the assessment. The format was tailored to the specific institution being assessed to reduce unnecessary questions and increase a focus on relevant capacity areas. Questionnaires were translated into Mongolian and were supported by an explanatory meeting and follow up meeting to ensure respondents clearly understood the document and intended process.

## Capacity Assessment Questionnaire:

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### 13. Overview Information:

Name of Respondent(s):

Department Structure, number of staff and key roles:

### 14. Functional Capacities

#### 14.1 Coordination

Development and implementation of REDD+ will require significant horizontal coordination (within Ministry, and between MEGDT and other Ministries), and vertical (between national and provincial government) as well as the engagement of non-government stakeholders including FUGs, private sector bodies and civil society groups.

##### 14.1.1 Coordination

The following questions relate to the Department's capacity to play a central coordinating role within this process:

*How effective are you at coordinating:*

Please grade answers 1-4:

- ◀ **4 - Excellent** – strong ability to coordinate across all bodies, through formal agreements and operational structures (MoUs, Working groups) with regular meetings and shared working
- ◀ **3 - Good** – good coordination with a number of bodies through a mix of formal and informal working relationships
- ◀ **2 - Limited** – coordination with some other bodies on a mixture of formal and adhoc basis
- ◀ **1 - Very limited** – irregular coordination with limited capacity to bring together different bodies

**1.1.1.1.1 Within your ministry** (for example the Department of Green Development Policy or Planning, Forest Research and Development Centre) in:

Policy Development:            1                    2                    3                    4

Policy Implementation:        1                    2                    3                    4

What mechanisms do you have in place to do this at each level? (Please note any bodies with whom coordination is strong / limited and why):

**1.1.1.1.2 Across national government agencies**

Policy Development:            1                    2                    3                    4

Policy Implementation:        1                    2                    3                    4

What mechanisms do you have in place to do this at each level? (Please note any bodies with whom coordination is strong / limited and why):

**1.1.1.1.3 With Aimag and Soum Governments**

Policy Development:            1                    2                    3                    4

Policy Implementation:        1                    2                    3                    4

What mechanisms do you have in place to do this at each level? (Please note any bodies with whom coordination is strong / limited and why):

What are the key challenges to your ability to coordinate and engage with the above groups:

1.

2.

3.

More



Which departments / agencies do you see as the most important in leading / coordinating:

- ◀ The development of policy that will address the main elements of REDD+ (reducing deforestation forest degradation):
  
- ◀ The implementation of key elements of REDD+:
  - REDD+ Policies, laws and measures:
  - The National Forest Monitoring System
  - Reporting on GHG emissions from the forest Sector
  - Application of REDD+ safeguards:

## 14.2 Stakeholder engagement

Ensuring the full and effective participation of stakeholders is a key element of REDD+ development at the national level. The below section provides an initial assessment of capacity within this area:

### 1.1.1 Stakeholder engagement

How effective are you at engaging with other stakeholders in policy development and implementation:

Please grade answers 1-4:

- ◀ **4 - Excellent** – strong ability to coordinate across all bodies, through formal agreements and operational structures (MoUs, Working groups) with regular meetings and shared working
- ◀ **3 - Good** – good coordination with a number of bodies through a mix of formal and informal working relationships
- ◀ **2 - Limited** – coordination with some other bodies on a mixture of formal and adhoc basis
- ◀ **1 - Very limited** – irregular coordination with limited capacity to bring together different bodies

#### 1.1.1.1.1 With Civil Society (for example Mongolian Environmental Council, other NGOs) in:

Policy Development:	1	2	3	4
Policy Implementation:	1	2	3	4

What mechanisms do you have in place to do this at each level? (Please note any bodies with whom coordination is strong / limited and why):

**1.1.1.1.2 With Forest User Groups:**

Policy Development:            1                            2                            3                            4

Policy Implementation:        1                            2                            3                            4

What mechanisms do you have in place to do this at each level? (Please note any bodies with whom coordination is strong / limited and why):

**1.1.1.1.3 With Private Enterprise:**

Policy Development:            1                            2                            3                            4

Policy Implementation:        1                            2                            3                            4

What mechanisms do you have in place to do this at each level? (Please note any bodies with whom coordination is strong / limited and why):

**14.3 Strategy and Planning**

As part of the REDD+ development process it will be important for key agencies to have and further develop a strong strategic vision for their engagement within the forest sector and ensure that this is coherent from policy level to annual workplans and their implementation. The below questions look at the existing nature of the planning process within your Department:

*Are you engaged in the development of the MEGDT Strategic Plan and if yes how?*

Y/ N

*Do you have a Department strategy? How often is it updated?*

Y / N

*How well does it link with forest policy / department strategy?*

Please grade answers 1-4:

- ◀ **4 - Excellent** – strong coherence between documents across all target areas
- ◀ **3 - Good** – overall coherence between documents with some areas of variation
- ◀ **2 - Limited** – some areas of coherence within main targets
- ◀ **1 - Very limited** – very limited coherence

1                      2                      3                      4

Please note main areas of variation:

*What are the key challenges to implementing a department 's annual workplans?*

*How effectively do you work with other ministries and subnational government bodies to align their strategies / workplans with national strategies and plans?*

Please grade answers 1-4:

- ◀ **4 - Excellent** – close linkages resulting in strong coherence between documents across all target areas
- ◀ **3 - Good** – good linkages resulting in overall coherence between documents with some areas of variation
- ◀ **2 - Limited** – partial engagement with some areas of coherence within main targets
- ◀ **1 - Very limited** – very limited engagement and resulting coherence of plans

**1.1.1.1.4** Other Ministries

1                      2                      3                      4

How does this occur:

**1.1.1.1.5** Aimag / Soum level government

1    2    3    4

How does this occur:

**14.4 Budget Management**

The development and implementation of REDD+ will require high standards of budget management to ensure that departments and agencies are able to implement REDD+ activities effectively and to utilize funds in line with international standards:

*How well is your budget aligned to ministry strategies and sector policies?*

Please grade answers 1-4:

- **4 - Excellent** – Almost all major budget requirements covered
- **3 - Good** – Most main budget requirements covered with some gaps
- **2 - Limited** – Difficulties in ensuring budget to respond to changing circumstances and new work areas
- **1 – Very limited** – Significant deficiencies across all areas.

Please explain:

*Do you have sufficient budget to undertake activities?*

Please grade answers 1-4:

- **4 - Excellent** – strong coherence between expenditure and priorities across all target areas
- **3 - Good** – overall coherence between expenditure and targets with some areas of variation
- **2 - Limited** – some areas of coherence within significant variations in expenditure across targets
- **1 – Very limited** – very limited coherence between expenditure and priority targets

Please explain:

*In which areas are there gaps / limitations in your budget?*

#### 14.4 Evaluation

As a results based mechanism implementation of policies and measures related to REDD+ will require the ability to respond to successes and challenges within policy implementation. An effective monitoring and evaluation system forms an important element of this.

*How effectively do you monitor performance of your operations?*

Please grade answers 1-4:

- ⏪ **4 - Excellent** – All programmes provide regular (quarterly) updates and annual review information which are measured against agreed performance criteria
- ⏪ **3 - Good** – Most programmes provide regular updates and annual review information some of which are measured against agreed performance criteria
- ⏪ **2 - Limited** – Some programmes provide performance updates which are reviewed against agreed performance criteria
- ⏪ **1 - Very limited** – Limited performance review against agreed criteria

Please explain:

*How effectively does monitoring feed into future changes in department programmes and workplans?*

Please grade answers 1-4:

- ⏪ **4 - Excellent** – Regular performance assessments lead to revisions in budgets and workplans
- ⏪ **3 - Good** – Performance assessments are utilized to review spending and resource allocation on a periodic basis
- ⏪ **2 - Limited** – Difficulties in ensuring budget to respond to changing circumstances and new work areas
- ⏪ **1 - Very limited** – Significant deficiencies across all areas.

Please explain:

*What are the key challenges to integrating evaluation findings into future programs and workplans?*

## 15. Technical Capacities

### 15.1 Climate Change

Climate change presents a challenge to Mongolia through shifting environmental conditions. Approaches to REDD+ can help address some of these challenges but it will be important for potential climate change impacts to be built into proposed policy responses to REDD+.

#### 1.1.2 Climate Change

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*How effectively are climate change predictions for Mongolia built into the policy and workplans of your department?*

Please grade answers 1-4:

- **4 - Excellent** – potential impacts of climate change have been considered and fully integrated across policies and workplans
- **3 - Good** – consideration has been given to potential climate change impacts with some elements of policy / workplans revised
- **2 - Limited** – some consideration given to potential climate change impacts although limited specific changes to policy or workplans
- **1 - Very limited** – policy and workplans have not been developed with specific consideration of potential climate change impacts

Please explain:

*What is the biggest challenge to addressing the climate change challenges being faced by Mongolia through the work of your department?*

### 15.2 REDD+

Ensuring that different government organisations have a clear understanding of their potential roles and responsibilities with relation to REDD+ and the technical capacities to implement them will be important in ensuring an effective and efficient development and implementation process.

Is your organization aware of REDD+?

Please grade answers 1-4:

- **4 - Excellent** – The majority of staff have a good understanding of REDD+ and its potential implications in Mongolia
- **3 - Good** – The majority of staff are aware of REDD+ and some have a good understanding of its potential implications in Mongolia
- **2 - Limited** – A few staff have awareness of REDD+ with limited understanding of its implications for Mongolia
- **1 - Very limited** – There is very low levels of awareness of REDD+

Please explain:

Are you aware of what role your organization could play in REDD+?

Please grade answers 1-4:

- **4 - Excellent** – The majority of staff have a good understanding of the potential roles the organization could play in REDD+
- **3 - Good** – Some staff have a good understanding of the potential roles the organization could play in REDD+
- **2 - Limited** – A limited number of staff have an understanding of the potential roles the organization could play in REDD+
- **1 - Very limited** – Staff are unclear on the potential roles the organization could play in REDD+

Please explain:

What do you see as the biggest challenges to addressing REDD+ within the work of your department?

### 15.3 National Forest Monitoring System and Reference Emission Level

#### 1.1.3 National Forest Inventory

How aware are you of the requirements of a National Forest Inventory under the UNFCCC?

Please grade answers 1-4:

- **4 - Excellent** – The majority of staff have a good understanding of the requirements
- **3 - Good** – The majority of staff are aware of the requirements
- **2 - Limited** – A few staff are aware of the requirements
- **1 - Very limited** – There is very low levels of awareness of requirements

Please explain:

*What capacity do you have to develop and implement:*

**1.1.3.1.1** Design of an NFI survey method

1 2 3 4

**1.1.3.1.2** Field data collection methodology

1 2 3 4

**1.1.3.1.3** Processing of field data

1 2 3 4

**1.1.3.1.4** Management of field based data collection

1 2 3 4

**1.1.3.1.5** Creation of linkages between

1 2 3 4

*What are the key limitations to you in undertaking these activities and how do you address these?*



#### ***1.1.4 Land cover change from remote sensing***

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*Does your department have the capacity to undertake the assessment of landcover change using remote sensing?*

Please grade answers 1-4:

- ◀ **4 - Excellent** – The majority of staff have a good understanding of the requirements and technical capacity to implement them
- ◀ **3 - Good** – The majority of staff are aware of the requirements with some staff having the technical capacity to implement them
- ◀ **2 - Limited** – A few staff are aware of the requirements and a basic level of technical capacity to engage in implementation of assessments
- ◀ **1 – Very limited** – There is very low levels of awareness of requirements and technical capacity to implement them

Please explain:

*What other organisations would have the capacity to undertake assessment of landcover change through remote sensing and how would you coordinate with them?*

#### ***1.1.5 GHG reporting from the forest sector***

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*Is your organization aware of the requirements and procedures for reporting on emissions from the forest sector?*

Please grade answers 1-4:

- ◀ **4 - Excellent** – The majority of staff have a good understanding of the reporting requirements for forest sector emissions.
- ◀ **3 - Good** – The majority of staff are aware of the reporting requirements for forest sector emissions.
- ◀ **2 - Limited** – A few staff are aware of the reporting requirements for forest sector emissions.
- ◀ **1 – Very limited** – There is very low levels of awareness of reporting requirements for forest sector emissions.

Please explain:

Are you aware of the existing and potential sources of data for compiling information on forest emissions within Mongolia?

Please grade answers 1-4:

- **4 - Excellent** – The majority of staff have a good understanding of potential data sources
- **3 - Good** – The majority of staff are aware of potential data sources
- **2 - Limited** – A few staff are aware of potential data sources
- **1 – Very limited** – There is very low levels of awareness of potential data sources

Please provide information on key organizational data sources and your existing data sharing relationships with them:

What are the key challenges to bringing together information on forest emissions within Mongolia?

How could these challenges be addressed?

## 15.4 NFMS and Safeguards Information System

### 1.1.6 Data management

*Does your organization have the capacity to link spatial data, biophysical and socio economic information and share it with others?*

#### 1.1.6.1.1 Human capacity

Please grade answers 1-4:

- ↳ **4 - Excellent** – A number of staff have good technical understanding of requirements and capacity to implement a system
- ↳ **3 - Good** – A small number of staff have good technical understanding of requirements and capacity to implement a system
- ↳ **2 - Limited** – A small number of staff have basic technical understanding of requirements and basic capacity to implement a system
- ↳ **1 - Very limited** – There is limited human capacity to manage and manipulate data

Please explain key strengths / limitations:

#### 1.1.6.1.2 Technical

Please grade answers 1-4:

- ↳ **4 - Excellent** – Full compliment of IT systems to operate a national level data management system
- ↳ **3 - Good** – Good IT systems although some gaps in software / hardware
- ↳ **2 - Limited** – Basic IT systems in place but insufficient to operationalize a national level data management system
- ↳ **1 - Very limited** – Insufficient systems in place

Please explain key strengths / limitations:

### 1.1.7 Data sharing

*Do you have data sharing agreements with other organisations*

Y / N

Please note which institutions and within which areas:

*Please note key institutions with information on below points and key strengths / challenges in data sharing in these areas:*

**1.1.7.1.1** Socio economic data

**1.1.7.1.2** Forest industries sector

**1.1.7.1.3** Biodiversity conservation information

**1.1.7.1.4** Biophysical data on forests

**15.5 Development of Policies, Laws and Measures (REDD+ Strategy)**

**1.1.8** Policy Development

*How engaged is your department in policy development / formulation?*

Please grade answers 1-4:

- ⏪ **4 - Excellent** – Very engaged – providing regular technical and strategic inputs, participating in policy discussions / working groups
- ⏪ **3 - Good** – some engagement – providing inputs into policy / strategy development on an adhoc basis
- ⏪ **2 - Limited** – Providing base data and information to policy discussion with no policy recommendations
- ⏪ **1 – Very limited** – No inputs

Please explain key strengths / limitations:

*What are the key challenges to integrating information on challenges in the forest sector into forest and other sector policies and strategies?*

## 15.6 Fund Management

### 1.1.9 Fund management modalities

*Does your organization have the capacity to manage and distribute funds to a range of organisations?*

Please grade answers 1-4:

- ◀ **4 - Excellent** – strong organizational and human capacity for fund management distribution
- ◀ **3 - Good** – some organizational and human capacity but with limited experience or systems in place
- ◀ **2 - Limited** – Potential to develop such systems but limited current human / organisational capacity
- ◀ **1 - Very limited** – Allocation funds to other bodies is not possible within our organization

Please explain key strengths / limitations:

*What are the key challenges in developing innovative approaches to fund management within the forest sector?*

