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Independent Technical Review: Mongolia R-PP document

UN-REDD PROGRAMME

Reviewer: Michael V. Galante
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Background to the review of the R-PP Document of Mongolia:

The objective of this review is to critique the Mongolian National REDD+ Readiness Roadmap (MRR) and evaluate its compliance to the UN-REDD framework including the UN-REDD Programme rules and procedures and operational guidance. The specific criteria taken into consideration incudes: government ownership, engagement with indigenous peoples and other forest dependent communities and to assess the overall compliance to the UN-REDD national systems' plan.

As a professional forester and former employee of the REDD team within UNFCCC Secretariat, the reviewer is familiar with UN-REDD requirements which in this study, relating to the Mongolian National REDD+ Readiness Roadmap, the National Joint Programme (NJP) submission to the UN-REDD Programme Policy Board and the outcomes of the National Validation Meeting held in June 2014 of the National REDD+ Roadmap for Mongolia.

Forest areas in Mongolia are categorized into two categories of boreal and Saxual forests, representing 11 and 2 million hectares (ha), where deforestation is estimated at approximately 1 and 7 % yr^{-1} respectively. Approximately 85 % of Mongolia's forests are under protection. Largely attributed to the historical culture of livestock herding, daily fuel collection, inadequate commercial timber systems, strict forest conservation policies and a growing population, forestry and deforestation in Mongolia is on an unsustainable course towards natural resource depletion. Coupled with the growth of the Gobi desert and desertification, the country has taken dramatic steps in recent years to prepare mitigation options, mainly through the signature of various international treaties, i.e., the UNFCCC, the Kyoto Protocol, the Convention on Biodiversity, the Convention to Combat Desertification). In doing so, the establishment of the REDD plus framework focuses on establishing a systems' framework to develop mitigation strategies and programmes and implement long term adaptation measures.

Assessing the draft R-PP against review criteria

1. <u>Ownership of the Programme</u>:

Examination of the processes and the relevant documents leading to the production of the MRR, including the meetings taken place demonstrate a high degree of interest from the Government of Mongolia to actively pursue REDD plus activities outlined in the readiness proposal. The Division of Forest Conservation and Reforestation Management, under the Ministry of Environment and Green Development, facilitate the forest industry in Mongolia. Within, this division is responsible for implementing REDD plus policies and measures at national and provincial levels.

The proposed MRR framework focuses on the establishment of new institutions such as the Multi-Sectorial National REDD Plus Task Force. This new institution may be a beneficial addition the existing Climate Change Coordination Office provided a clear division of roles and responsibilities exists. The successful implementation of the MRR depends on the degree of responsibility allocated to the new entity and the capacity provided to implement mandates. Poor coordination and administration will likely lead to monetary constraints, implementation delays, and low confidence of the Mongolian REDD Plus framework.

Additional processes will need to be established during the MRR to clarify decision-making and create appropriate subsidiary regulations. The MRR states the REDD activities are coordinated by the Climate Change Coordination Office as the highest level inter-ministerial committee for climate change policy. While the MRR indicates this active engagement and leadership in the REDD Plus readiness process so far, given the recent signatories to several international treaties, Mongolia has demonstrated commitment to the UN-REDD process of development.

2. <u>Level of consultation, participation and engagement</u>:

Consultations have been implemented at various levels ranging from government agencies to local stakeholders where clear documentation has been carried out. This is particularly relevant to the recent national validation meeting of the readiness roadmap where the participants agreed to re-formulate and amend the results framework such that it reflects to 'strength forest sector governance' and the identification of the major drivers of deforestation prior to 'strengthening sustainable forest management and productivity'.

As a forester, the reviewer is in agreement with this strategy. Recalling that 85 % of the country is mandated as conservation forests, it is reasonable to presume there is room for improvement in the development of a structured system for the sustainable production of the forest resource. A systematic approach to the identification, stratification, allocation and production of timber (and non-timber) requires very clear system to guide the day-to-day operational management. Timber production requires skilled labour and organized companies to successfully harvest and transport timber from the forest. In most instances, the illegal production of timber requires the same amount of coordination and curbing this problem rests in good governance.

A 'systems' framework is required to address the issues of illegal timber production such that the stratification of forest areas into production areas are identified, which includes downstream commercialization frameworks such as regulatory frameworks for supply chain management, traceability and certification elements that link to the national forest strategy.

While it is an overall objective of the Government of Mongolia to mainstream and harmonize the National REDD Plus Strategy with other national development policies and plans, implementing the

systems' approach into the MRR is a welcomed addition from the stakeholder consultation. The MRR should reflect these changes in the updated version. While Table 5 outlines the agencies implementing the REDD Plus framework, the description needs to be improved to more accurately identify the forestry department which specifically identifies their divisions and roles in the implementation of the forestry strategy at the national and provincial level. Moreover, it is not clear how the current institutional structure is positioned making observations difficult. A diagram of the current structure can assist the identification of gaps and areas for operational improvement within the MRR.

3. Programme effectiveness and cost efficiency:

The total budget for developing the National REDD Program for Mongolia is estimated at approximately USD $ 10 million and according to the NJP, the UNDP is expected to finance early phases of development and the FAO the latter. There are commitments from UN-REDD, GIZ and GEF with a funding gap of approximately USD $ 2 million. There is no identification of financial commitment from the Government of Mongolia in the MRR, which is presumed to be an in-kind contribution. Compared with other UN-REDD countries, the budget for Mongolia is the highest for Phase 1 activities, which is likely due to the remote locations of forest areas and the lack of national REDD plus experts. The MRR will need to reflect changes in the budget to include the proposals from the National Validation meeting in June 2014.

Although the Climate Change Coordination Office coordinates the MRR, the changes required for the implementation of a systems' approach involving the forest industry in Mongolia may prove difficult. Based on the reviewed MRR, there is no indication that this will be addressed. Minimal domestic budgets are provided to the forestry industry (USD $ 11 yr-1) and approximately USD $ 120,000 yr-1 has been allocated to integrate sustainable forest management activities into the MRR to address this issues (2a.4). Putting this into perspective, in 1995 the GIZ established the Malaysian-German Sustainable Development Programme in the State of Sabah, Malaysia, in a concession that is approximately 55,000 ha at a cost of approximately USD $ 2 million. The support and budget for this activity could be underestimated and without establishing a robust framework of sustainable forest management, there is a risk of operational failure for the Mongolian REDD plus framework.

It is important for supporting agencies to coordinate the needs and requirements to initiate the MRR such that funding gaps are addressed where development partner experience will play an important role to link domestic implementation to international requirements.

4. Management of risks and likelihood of success:

Notwithstanding the subjective nature and lack of objective criteria defining low, medium and high risk categories, Table 18 highlights the potential risks towards the implementation of the MRR. Of the representative categories, only two of the nine are classified as 'low risk', indicating implementation will be challenging. While other risks exist, corruption has been documented to be a serious problem in the country and strengthening the framework of forest governance to include legality, verification and monitoring amongst agencies as outlined in Figure 4 may prove challenging.

Despite risks at the operational level, coordination amongst the agencies will be critical to the successful implementation of the readiness proposal. The MRR indicates coordination problems in the past with the National Climate Taskforce that has since been dissolved (2012). While the Ministry of Environment and Green Development will take on 'most' of the roles, this could create an internal bottleneck relating to organizational and operational difficulties and adequate coordination of personnel will be required to ensure the institutionalization will in itself, not be the

problem. It is hoped the hierarchal administrative system does not impede the implementation of the MRR.

Recommendations in the MRR (Box 5) to enhance sustainable forest management financing is attempting to expand on a sector that is underdeveloped which the reviewer feels will not benefit the industry as a whole on the short term primarily due to the limited development of the existing forestry institutions. The oversight of this fundamental industry component is putting the successful implementation of the MRR at risk, which has identified concepts and frameworks that are very far removed from the ground circumstances. For example, establishing payments for ecosystem services products such as biodiversity offset or forest funds requires secure, long term frameworks to ensure the buyer and investment confidence. Given the historical and present situation of forest management in the country, ensuring management plans are developed and implemented are likely required before any long term program can be developed.

Several countries have instigated inter-governmental cooperation in the forest industry in the past. National projects have been established to increase the technical capacity of government departments. Given the complexities of the current situation in Mongolia, a similar framework may increase the chance of successfully implementing of the MRR.

Furthermore, coordination amongst the local stakeholders and community forestry initiatives are important to ensure transparency and operational performance. Given the broad importance of forestry to local populations, including nomadic herders and daily collection of fuel wood, a longer timeframe may be required to implement the strategy successfully.

5. Consistency with the UN-REDD Programme Strategy:

In line with the UN-REDD Programme Strategy 2011-2015, very clear coordination exists amongst the three programme agencies (FAO, UNDP, UNEP) within the MRR. The work reflects the international requirements to prepare Mongolia for the implementation of a REDD Plus framework in line with the modalities of the UNFCCC. While the immediate needs have been satisfied, the reviewer feels there is a need to increase the collaboration with multilateral initiatives such as the GIZ whom have the demonstrated expertise to assist with establishment and improvement of the national forestry system. Collaborative arrangements can increase the timeframe for implementation through the avoidance of technical difficulties that may be encountered had they not been undertaken. Such is the case where the MRR offers limited focus on the existing structure of the forestry industry and the systems framework. Specifically, the UN-REDD should explore the collaboration with other multilateral initiatives including the GEF, which has a significant portfolio of sustainable forest management projects.

Notwithstanding the issues to increase collaboration with other parties, the reviewer feels MRR has been developed in line with the requirements of the UN-REDD Programme Strategy with specifically describing the context of the problem in Mongolia, the lessons learned from past efforts, and outlining the intention of the support period. The MRR defines the intended programme and states how it intends to deliver, manage and finance its establishment.

6. <u>Compliance with UN-REDD Programme Rules of Procedure and Operational Guidance</u> (maximum 150 words):

> Stemming from the review, it appears the MRR has been developed in line with the UN-REDD Programme Rules of Procedure and Operational Guidance. While the independent technical expert has been requested to review the MRR, the NJP and the minutes to the National Validation meeting held in June 2014, the reviewer has not observed any non-compliance to this point in the process.

Suggestions for improving the technical design of the R-PP Document of Mongolia:

> The document covers the technical and preparatory elements related to a UN-REDD proposal. While the document satisfies the criteria, there does not seem to be sections to address more sensitive issues of practical implementation within national frameworks. Specifically, a section should outline the structure of the national forestry department (if applicable) and / or State or Provincial structures. In this manner, it is easier for technical experts to identify where potential implementation gaps may occur and where more emphasis is required. This should be also be done graphically such that it becomes very clear the structure of the UN-REDD framework in relation to the existing forestry and national/sub-national frameworks.