



# Netherlands-Mongolia Trust Fund for Environmental Reform Phase 2 (NEMO2)

Quarterly Report  
September 30, 2011



# Quarterly Report NEMO2 (September 30, 2011)

## Executive Summary

The Netherlands-Mongolia Trust Fund for Environmental Reform (NEMO) was established to strengthen and advance the environment and natural resources agenda in Mongolia. This report covers the period from July 1 to September 30, 2011, and describes the status of NEMO2 activities and provides the accompanying financial data through the third quarter of 2011.

### Expenditures for Year 4 Quarter 3

Executing Agency	Q3 Planned (in USD)	Q3 Actual (in USD)*	Percentage Actual/Planned
MNET	160,000	137,500	86%
WB	150,000	249,000	166%
<b>Total</b>	<b>310,000</b>	<b>386,500</b>	<b>125%</b>

\* Including actual spending on Year 3 (2010) activities in Year 4

The Ministry for Nature, Environment and Tourism (MNET) planned to spend USD 160,000 during Year 4 (2011) Quarter 3 on recipient executed activities. The actual amount spent was USD 137,500 of which approximately USD 97,000 was spent on Year 4 activities and USD 40,500 on delayed Year 3 activities. These figures were collected from the MNET.

The World Bank (WB) planned to spend USD 150,000 during Year 4 (2011) Quarter 3 on World Bank executed activities. The actual amount spent was USD 249,000. These figures were collected from the World Bank's internal website.

All Year 3 activities have started on the World Bank side while on the MNET side all Year 3 activities have been completed.

All Year 4 activities on the World Bank have started while on the MNET side all but two Year 4 activities have started and one activity has already been completed.

More information on Year 3 activities can be found from page 14 onwards. Most of the publications mentioned in this report can be found at [worldbank.org/nemo](http://worldbank.org/nemo).

### Forecast of Expenditures for Year 4 Quarter 4

Executing Agency	Q4Planned (in USD)
MNET	258,000
WB	375,000

<b>Year 4 Activities<sup>1</sup></b>	<b>Executing Agency</b>	<b>Budget (in USD)</b>	<b>Disbursed (in USD)</b>	<b>Status<sup>2</sup></b>
<b>Natural Resources Management</b>				
1. Strengthen the capacity of the newly-established soum and inter-soums forestry brigades	MNET	40,000	30,800	Ongoing
2. Organize trainings and activities to advocate for the value of water to the public	MNET	28,000	22,000	Completed
3. Sustainable eco-tourism activity	WB	35,000	20,400	Ongoing
4. Revise standards on water consumption by different users (domestic, industries, livestock etc)	MNET	25,000	9,800	Ongoing
5. Options paper on fencing linear infrastructure	WB	50,000	18,200	Ongoing
6. Isotope analyses for origin and recharge in Southern Gobi region	WB	48,000	15,000	Ongoing
7. Monitoring Mongolian biodiversity: WPI (3rd of 3 years)	WB	90,000	65,000	Ongoing
8. Red list of selected plants	WB	75,000	52,500	Ongoing
9. Follow-up on BBOP initiative in Gobi	MNET	27,000	None	October
10. Strengthening the performance of aimag level environmental departments	WB	65,000	25,000	Ongoing
<b>Pollution Management</b>				
11. Ulaanbaatar air pollution	WB	50,000	38,000	Ongoing
<b>Environmental Governance</b>				
12. Small grants for environmental management	MNET	300,000	113,400	Ongoing
13. Establishing the role of the private sector in financing environmental expenditures	WB	30,000	/	Cancelled
14. Amendment, formulation, assessment and advocacy for environmental laws and standards emerging from the EMP	MNET	50,000	24,700	Completed
		<b>881,000</b>		
<b>Other</b>				
15. WB management and travel	WB	58,000		
16. NEMO 2 program facilitator	WB	30,000		
17. MNET management (2 coordinators, 1 finance officer)	MNET	50,000		
18. MNET staff capacity building	MNET	20,000	None	October
19. NEMO 2 awareness campaign	WB	60,000	24,000	Ongoing
20. Independent assessment of NEMO 2 performance	WB	5,000		
21. Tripartite review meeting	MNET	3,000		
- Audit	MNET	3,000		
22. Contingency	WB	100,000		
23. Top-Up Financing for Preparation Environmental Master Plan	WB	241,000	52,000	Ongoing
		<b>1,431,000</b>		
5 % TF Fee		59,500		
Total		<b>1,490,500</b>		

<sup>1</sup> The recipient executed activities are highlighted in green.

<sup>2</sup> If a month is mentioned it is the expected start month for this activity.

## Year 4 Activities

Please note that the amounts disbursed are estimates as of September 30, 2011 and should not be considered as final.

### Natural Resources Management

#### *1. Strengthen the Capacity of the Newly-Established Soum and Inter-Soum Forestry Brigades*

Executing Agency	MNET
Budget	USD 40,000
Amount Disbursed	USD 30,800
Implementation Status	In progress
Expected Completion Date	October 2011

Forestry brigades exercise monitoring on separating timber preparation sites from forested areas, and preventing, mitigating and protecting from natural disasters such as forest fires, harmful diseases and insects as part of services provided to the cooperatives and business entities owning the forest funds on contractual basis. The Food and Agriculture Organization of the United Nations (FAO) already supports these newly-established brigades, but only limited numbers of them. The FAO's experience and existing materials will ensure rapid development of this work. To extend this support to as many forestry brigades as possible, funds are being used to develop detailed training plans and implement a professional and methodical program of training sessions for a number of (up to ten) inter-soum forest units.

The Terms of Reference (TOR) were finalized and reviewed by the World Bank. The work was advertised through two daily newspapers and a joint team of the National University of Mongolia and the Mongolian Forest Association was selected among the five firms that expressed interest in the assignment. Technical and financial proposals were requested from the selected consultant team and received at the end of March. The joint team has organized the training, the field study has been conducted, and work is ongoing.

#### *3. Sustainable Eco-Tourism*

Executing Agency	WB
Budget	USD 35,000
Amount Disbursed	USD 20,400
Implementation Status	In progress
Expected Completion Date	October 2011

The GOM is preparing a strategy to develop the tourism sector. This activity examines the existing and potential Mongolian ecotourism products in the context of other market segments, including mass tourism, and reviews the potential economic contributions of each, while maintaining the overarching objective of environmental sustainability. Relevant experience and lessons learned from Hustai National Park will be included. This will also link to the World Bank and the International Finance Corporation plans for a tourism project. The consulting firm that was selected in April 2011 submitted a draft report at the end of September. This draft is currently being peer reviewed and the final report is expected to be finished at the end of October.

#### *4. Revise Standards on Water Consumption by Different Users*

Executing Agency	MNET
Budget	USD 25,000
Amount Disbursed	USD 9,800
Implementation Status	In progress
Expected Completion Date	November 2011

The 1990 standards on water consumption are no longer appropriate because industry efficiencies have changed, and new industries have come on line. Water consumption norms by industrial sector need to be updated, and in some instance, established for the first time. With relevant input from Ulaanbaatar Water and Sewage Authority (USUG), this activity would provide a review of international best practice in establishing standards and then tailor an appropriate course of action for norms, including possible amendments to existing laws. The TOR was announced and out of four firms one was selected. Work has been ongoing and the first draft report has been submitted to the Ministry and discussed at the Science and Technological Committee meeting. The consultant team is now working on the feedback of the meeting to incorporate into the report which is expected by October 15.

#### *5. Options Paper on Fencing Linear Infrastructure*

Executing Agency	WB
Budget	USD 50,000
Amount Disbursed	USD 18,200
Implementation Status	In progress
Expected Completion Date	November 2011

The construction of fences along planned transport corridors has been proposed. However, these corridors bisect the natural migratory paths of ungulates and fencing railways and roads are likely to impede the movement of wildlife. This activity will produce an options paper and test various fence designs to understand how they affect the movement of wildlife and livestock in Mongolia. Potential passageways along the existing Trans-Mongolian Railway (TMR), and planned railway developments that

would tie in with the TMR, such as the proposed new 450 km railway line from Tavan Tolgoi to Zuunbayan and Sainshand, will be assessed. An international consultant has been selected and work has begun. Testing of fencing options has been completed and the team drove the alignment of the proposed eastern railway line to understand topography and the type of terrain to be better positioned to propose fencing options to the builders of the new railway line. The draft report is expected in the first week of October and will be peer reviewed. The final draft is then planned for the beginning of November.

#### *6. Isotope Analyses for Origin and Recharge in Southern Gobi Region*

Executing Agency	WB
Budget	USD 48,000
Amount Disbursed	USD 15,000
Implementation Status	In progress
Expected Completion Date	November 2011

This activity builds on the groundwater assessment for Southern Gobi Region (NEMO II-financed) by carrying out isotope analyses to better understand the origin and recharge mechanisms of the region's groundwater system. Existing information and data will be collected and reviewed (chemical analyses) and information on water quality in the Southern Gobi Region (SGR) summarized (including a quality control on chemical analyses). Field testing of samples has been completed and samples have been sent to several laboratories for analyses. The consultant is waiting for those results and will submit a draft report at the end of October.

#### *7. Monitoring Mongolian Biodiversity: Wildlife Picture Index (3<sup>rd</sup> of 3 years)*

Executing Agency	WB
Budget	USD 90,000
Amount Disbursed	USD 65,000
Implementation Status	In progress
Expected Completion Date	December 2011

A statistically-tested method of using remote camera traps to record wildlife is becoming accepted as a direct way of monitoring biodiversity rather than relying on surrogate measures. NEMO has supported this activity for two of the past three years. Remote cameras will be placed at about a dozen locations throughout Mongolia and will generate up to 500,000 photos. In 2011, the system will get support prior to full take off. However, this will necessitate good cooperation and coordination and a principal activity will be to involve all stakeholders, including MNET staff, local officials and consultants. Training of local officials and students in setting, interpreting and preserving the photos will form a large part of this activity. Recommendations will be made about how this method can be utilized to better

manage wildlife in a more sustainable manner. The contract with the Zoological Society of London (ZSL) has been extended. Work has started and the inception report was submitted.

In 2011, the ZSL was granted permission to establish camera traps at a number of locations within Nomrog National Park (NNP), which is located in the extreme eastern part of Dornod Aimag on the border with China. This location is considered an important site for wildlife since the Government has stated its plans to develop a new railway that will pass along the northern edge of NNP. ZSL is also setting-up cameras in Mongol Dulgur, an area in northern Dornod Aimag near the Russian border.

The study area in NNP covers approximately 100 square km. Eighty-six camera traps were set-up in different locations inside the NNP. Two grids were established, each with 43 cameras covering some 50 square km. Camera stations were set-up in one km intervals at paired sites in different management zones – one more steppe and grasslands and the other more mountainous terrain. A small team of graduate students from the National University of Mongolia set-up the cameras and are spending the entire summer in NNP. Park rangers in the area helped to set-up cameras in one of the two grids.

Each camera can take in excess of 1,000 pictures, and over the 45 day period, this could result in as many as 100,000 camera “shots”. The cameras in each grid are checked on a weekly basis and pictures downloaded. The camera traps will be taken down at the end of July 2011. The results of the WPI activity were presented at the Ulaanbaatar workshop on September 26-27 2011. Discussions were held with useful feedback that will be incorporated into the final report. This is expected at the end of October.

#### *8. Red List of Selected Plants*

Executing Agency	WB
Budget	USD 75,000
Amount Disbursed	USD 52,500
Implementation Status	In progress
Expected Completion Date	December 2011

NEMO2 has supported Red Listing and mapping of all fish, amphibians, reptiles, mammals, and birds. In Year 4, the Red Listing is extended to cover plants, including medicinal and/or other use plants. Funds cover the costs of international and national researchers, workshops, and publication of findings. The contract with the Zoological Society of London has been extended and work is ongoing. The draft is expected in the beginning of October.

### *9. Follow-up on BBOP Initiative in the Gobi*

Executing Agency	MNET
Budget	USD 15,000 + 12,000 (contingency fund)
Amount Disbursed	None
Implementation Status	Expected to start October 2011
Expected Completion Date	November 2011

Mongolia became a BBOP country in April 2010. In 2011, NEMO2 will further the process through two technical training programs, to identify the key principals and steps in appropriate projects, and provide guidance in the preparation of a pilot project(s). On March 15-16, 2011 a workshop was held to determine the direction of this activity. A proposal for the use of the money has been submitted and discussions are ongoing.

### *10. Strengthening the Performance of Aimag Level Environmental Departments*

Executing Agency	WB
Budget	USD 45,000 + 20,000 (contingency fund)
Amount Disbursed	USD 25,000
Implementation Status	In progress
Expected Completion Date	November 2011

Local environment and tourism departments at Dalanzadgad and Khovd Aimags will be strengthened to improve management of natural resources and implement sustainable environmental management planning practices based on EMP standards. This is done through assessments of department requirements, design of programs to meet specific needs, and hands-on intensive training programs over an eight-month period. They conducted a questionnaire and analyzed the results as well as carried out a literature study. Initial workshops have been conducted in Khovd and Dalanzadgad. This activity will be replicated for the staff of environmental departments in Uvs aimag which will be covered by the contingency fund money requested by the Ministry.

## **Pollution Management**

### *11. Ulaanbaatar Air Pollution*

Executing Agency	WB
Budget	USD 50,000
Amount Disbursed	USD 38,000
Implementation Status	In progress
Expected Completion Date	October 2011

This activity provides support for international consultants to continue the air quality program, including monitoring activities, stove-fuel emissions testing laboratory research (co-financed by ADB), and establishing a stove producers' assistance center (with potential GTZ co-financing). This activity supports the preparation of the World Bank financed Ulaanbaatar Clean Air project by financing consultants' survey studies.

Year 3 studies revealed severe health impacts of air pollution in Mongolia. To build on these findings, a 'willingness-to-pay' analysis was conducted in Year 4. The background reports are finished and the draft report is expected Mid October. A dissemination event will take place in early December.

## **Environmental Governance**

### *12. Small Grants for Environmental Management*

Executing Agency	MNET
Budget	USD 300,000
Amount Disbursed	USD 113,400
Implementation Status	In progress
Expected Completion Date	December 2011

This continues the popular Small Grants Program under NEMO1 and NEMO2. An assessment of impacts has shown positive impacts. A new round of grants was announced around November 25, 2010 with January 7, 2011 as its application deadline. Selection has been undertaken by a committee consisting of Open Society Forum members, MNET representatives, and NGO members. An Open Day was held on March 30, 2011 to introduce the 36 grant recipients. Training on project implementation for new grantees was given the next day. Visits to monitor the grants have been completed. Midterm reports by grantees have been received. Some small grant activities are being affected negatively by the delay in replenishment of funds to the Parent account, but most activities have been evaluated as doing well.

### *14. Amendment, Formulation, Assessment and Advocacy for Environmental Laws and Standards Emerging from the EMP*

Executing Agency	MNET
Budget	USD 50,000
Amount Disbursed	USD 24,700
Implementation Status	Completed

This activity was completed in the third quarter of 2011.

This continues the use of NEMO2 funds to help MNET hire expert assistance to improve laws and standards, by: (1) developing drafts to eliminate discrepancies and duplications in laws relating to industry; (2) renewing the environmental laws; and (3) supporting advocacy activities and public discussions to help the passage of the drafts through Parliament. Nine individual consultants were selected. Three of them worked in the first half of the year, the other six will work in the second half. The first three individual consultants have been hired to identify duplications, gaps and conflicts among the 19 environmental laws and have almost finished their work. Another 2 consultants were hired to analyze their results and have submitted their report. Workshops were organized on the MNET side to discuss the bills.

### *18. MNET Staff Capacity Building*

Executing Agency	MNET
Budget	USD 10,000 + 10,000 (contingency fund)
Amount Disbursed	None
Implementation Status	Expected to start in October 2011
Expected Completion Date	November 2011

A limited number of training programs will be designed to advance the capacity of MNET staff and exchange knowledge on the EMP and action plan. The decision now lies with the MNET which might send some of their staff abroad for training.

### *19. NEMO2 Awareness Campaign*

Executing Agency	WB
Budget	USD 50,000 + 10000
Amount Disbursed	USD 24,000
Implementation Status	In progress
Expected Completion Date	December 2011

This activity will disseminate recommendations of work carried out under the NEMO I and NEMO II programs to policy makers, investors and journalists through a series of planned media events, publications and lobbying efforts. Reinforcing important messages to government officials, many of whom are new to their positions, will also support implementation of the EMP action plan. As part of its assignment, Breakthrough PR has already interviewed several people to increase their understanding of NEMO awareness among government officials and members of international organizations. The concept for the dissemination event has been agreed and filming of the video is ongoing.

### *23. Top-Up Financing for Preparation of Environmental Master Plan*

Executing Agency	WB
Budget	USD 241,000
Amount Disbursed	USD 52,000
Implementation Status	In progress
Expected Completion Date	December 2011

As stated in the 1995 National Environmental Action Plan (NEAP) for Mongolia, “the NEAP is intended to be a living document, which should be reviewed periodically and updated in response to changes over time”. The NEAP, which was last updated in 2002, needs to be updated because of major institutional changes, rapid developments in the mining sector, and the necessity to integrate information/results from different

plans and programmes that have been developed in the field of environment protection since 2002.

In August 2010, the Ministry for Nature, Environment and Tourism (MNET) developed a policy document. This was prepared by the Institute of Geo-ecology with funding from NEMO II (as a Year 3 activity). Various activities, including seminars, and the establishment of working groups to address specific issues in eight areas, such as legislation and economic instruments, were undertaken to prepare the policy document.

The development of the policy document has implications for the NEAP. There is broad consensus among various government ministries and agencies that the NEAP must be updated to reflect and support the policies contained in the document. The latter will serve as the basis for developing an operational plan, which will contain measurable performance indicators.

The general objectives of the additional financial assistance are:

- To develop an environmental action plan for 2010 to 2025; and
- To strengthen the MNET's operational role and capacity to plan and effectively implement the National Environmental Action Plan.

The specific objectives of the assistance are:

- To develop a set of prioritised actions with detailed activities and costs;
- To translate the National Environmental Action Plan, disseminate it, and present it to the donor community; and
- To ensure that key actions in the NEAP are incorporated in ongoing MNET projects.

Work by Geo Ecology Institute on the NEAP is ongoing. The inception report was submitted. Regular NEAP task force meetings are organized to ensure alignment between the different actors. A policy advisor has been selected as well as an international and a national consultant to work on donor consultations. This work is ongoing. The first round of regional consultation meetings has been held.

## **Contingency Funded Activities**

*DOMO*

Executing Agency	WB
Budget	USD 5,000
Amount Disbursed	None
Implementation Status	In progress
Expected Completion Date	December 2011

Originally a Year 1 Activity the environmental donors' website has had some difficulties over the years and never fully developed as planned. Discussions were held and the Department of International Cooperation has committed to taking on the website. The TOR has been drafted and selection of a suitable consultant will start this week. The planned work will result in an English/Mongolian addition to the website at the Ministry of Nature, Environment and Tourism in order to provide all relevant environmental information in one place.

Year 3 Activities <sup>3</sup>	Executing Agency	Budget (in USD)	Disbursed (in USD)	Status <sup>4</sup>
<b>Natural Resources Management</b>				
1. Sustainable Management and Protection of Wildlife	MNET	80,000	81,280	Completed
2. Follow-up on the Rehabilitation of Mining Land	MNET	60,000 <sup>5</sup>	68,960	Completed
(3. Awards Program for Rangers)	MNET	20,000	/	Cancelled
4. Follow-up on Natural Resources Strategy of the Gobi Region	WB	50,000	20,000	Ongoing
5. Development of Options for the Payment for Ecosystem Services	WB	50,000	37,700	Ongoing
6. Monitoring Mongolian Biodiversity: Wildlife Picture Index (2nd of 3 years)	WB	80,000	79,990	Completed
7. Expansion/Completion of the Species Online Tool	WB	25,000	25,000	Ongoing
8. Translation of Wolf Totem	WB	10,000	10,000	Completed
9. Zoning and Official Mapping of Protected Areas	WB	25,000	15,000	Ongoing
10. Eight Year Buddhism Environmental Plan	WB	45,000	36,000	Completed
11. Determining a Robust Methodology to Attribute Changes in Pasture Use to Project-level Interventions	WB	10,000	4,200	Ongoing
12. Workshop on Biodiversity/Environmental Offsets	WB	10,000	10,000	Completed
13. Improvement and Planning of the Environmental Expenditures	WB	30,000	None	Ongoing
<b>Pollution Management</b>				
14. Health Impacts and Economic Costs of Air Pollution	WB	50,000	50,000	Completed
<b>Environmental Governance</b>				
15. Small Grants for Environmental Management	MNET	360,000	349,660	Completed
16. Amendment, Formulation and Assessment of Environmental Laws and Standards	MNET	30,000	28,000	Completed
17. Methodologies for Evaluation of EIAs	MNET	10,000	6,400	Completed
18. Determination of a Practical, Quantitative Set Environmental Management Targets for 2011 and 2015	MNET	10,000	7,600	Completed
19. Capacity Building for Ministry Staff	MNET	15,000	8,000	Completed
20. Assistance on Formulating a New Law on Genetic Resources	WB	50,000	50,000	Completed
21. Civil Service Reform for Rangers	WB	40,000	34,000	Ongoing
22. Follow-up on 2009 NSO Surveys	WB	25,000	12,000	Ongoing
		<b>1,085,000</b>		
<b>Other</b>				
WB Management and Travel	WB	70,000		
MNET Management (2 coordinators, 1 finance officer)	MNET	36,000		
Audit and Tripartite Review Meeting	MNET	6,000		
Contingency	WB	35,500		
		<b>1,232,500</b>		
Carry over from 2009		-45,000		
Total		<b>1,187,500</b>		

<sup>3</sup> The recipient executed activities are highlighted in green.

<sup>4</sup> If a month is mentioned it is the expected start month for this activity.

<sup>5</sup> The budget of the cancelled Awards Program for Rangers was transferred to this activity (not added here).

## Year 3 Activities

**Please note that the amounts disbursed are estimates as of September 30, 2011 and should not be considered as final.**

### Natural Resources Management

#### *4. Follow-up on Natural Resources Strategy for the Gobi Region*

Executing Agency	WB
Budget	USD 50,000
Amount Disbursed	USD 20,000
Implementation Status	In progress
Expected Completion Date	November 2011

This activity continued the WB support to the government's attention to development in the southern Gobi. This activity will include an analysis of data on pasture quality changes collected as part of SLP2 by MercyCorps as part of the livestock early warning system. During the preparation of the TOR the World Bank learned that another project had already started similar work. In order to coordinate with the ongoing work the task team had meetings with relevant stakeholders (NAMHEM and MNET) and informed about the planned activities. As a result the TOR has been revised and the NGO International Centre for Advancing Pastoral System has been selected. The activity is expected to be finished by November 2011. This task is carried out in cooperation with the World Bank's Rural Development team. The work has started, field visits have been organized and now the data is being processed. The midterm report was submitted.

The report 'Livestock and Wildlife in the Southern Gobi Region, with Special Attention to Wild Ass' started under Year 1 has been finalized, translated, and published. It can also be found online on the NEMO website. The report 'Houbara Bustard and Saker Falcon Surveys in Galba Gobi IBA' of Year 2 has been translated and is will be published in the first week of October and disseminated in coordination with the awareness campaign activity. So far 5 different assessment reports were produced under NEMO II that look critically at the natural resources (management) of the South Gobi region.

#### *5. Development of Options for the Payment for Ecosystem Services*

Executing Agency	WB
Budget	USD 50,000
Amount Disbursed	USD 37,660
Implementation Status	In progress
Expected Completion Date	October 2011

As a follow-up to the Economic Evaluation of the Tuul Study under Year 1 this activity develops options for establishing a system of Payments for Ecosystem Services (PES) connecting Ulaanbaatar and the Upper Tuul. Proposals were made to the National Water Committee but these became diverted away from the purpose intended. A revision was requested. In September 2010 the PES activities were agreed upon. A working group was established and the first meeting held on December 13, 2010. Theoretical and practical information on PES is being gathered, translated and disseminated among the working group members. The second meeting was held on February 24, 2011. A study tour to the USA was organized in the second quarter of 2011. Two TORs (international and national) for consultants were prepared. The purpose of their work will be to identify key actions and define a plan to implement PES in Mongolia. A workshop was organized in the beginning of June 2011 on nature's benefits and payment of ecosystem services. As the last part of this assignment, work on the draft report is ongoing and expected to finish early October.

#### *7. Expansion/Completion of the Species Online Tool*

Executing Agency	WB
Budget	USD 25,000
Amount Disbursed	USD 25,000
Implementation Status	In progress
Expected Completion Date	October 2011

The online tool devised under Year 1 includes all regionally threatened fish, amphibians, reptiles and mammals. The Red Listing of the birds of Mongolia is currently being completed. This data will be added to the online tool along with the global Red List status of each species. The online tool has been shifted to the MNET server to provide them with full ownership of the site and its use. This is in response to the Vice Minister's proposal to issue a regulation for using this online tool for future Environmental Impact Assessments (EIAs) and similar documents or to integrate this requirement into the new EIA Law. The completion of the 2009 work (publication of the Bird Red List and Action Plan) is scheduled for October 2011. So far the mapping of the birds has finished, now work is ongoing on writing accompanying texts and making corrections. Efforts are being made to determine when the data will be available to put into [www.zuil.mn](http://www.zuil.mn)

#### *9. Zoning and Official Mapping of Protected Areas*

Executing Agency	WB
Budget	USD 25,000
Amount Disbursed	USD 15,000
Implementation Status	In progress
Expected Completion Date	November 2011

This activity originally sought to establish and legalize the geo-referenced boundaries of Mongolia's Strictly Protected Areas (SPAs) prepared unofficially by WWF.

However, it became clear that some of this work had already been done. Instead it was proposed that this allocation should focus on the immediate needs of Bogd Khan Uul (BKU) SPA, focus of a new World Bank/GEF project. The money will be used for preparing clear and detailed terms of reference for marking the external boundary of the BKU-SPA, and provide capacity building training to BKU-SPA administration staff and rangers on establishing, enforcing and monitoring of boundary establishment with the public, residents and other economic entities that are located next to the BKU border. A consultant has been hired and an action plan was submitted. The first training was given. The survey was completed and rangers visited Hustai National Park for training on the demarcation of protected areas.

*11. Determining a Robust Methodology to Attribute Changes in Pasture Use to Project-level Interventions*

Executing Agency	WB
Budget	USD 10,000
Amount Disbursed	USD 4,200
Implementation Status	In progress
Expected Completion Date	November 2011

Evaluations of the effectiveness of livestock and pasture projects in improving pasture management have been weak. This activity will engage a top-level pasture expert to develop the means of making such evaluations which will later be used to examine the impacts of the WB-financed SLP1 and 2, the Swiss-financed Green Gold, etc. During the preparation of the TOR the World Bank learned that another project had already started similar work. In order to coordinate with the ongoing work the task team had meetings with relevant stakeholders (NAMHEM and MNET) and informed about planned activities. As a result the TOR has been revised and the International Centre for Advancing Pastoral System was selected. Work is ongoing. The activity is expected to finish by November.

*13. Improvement and Planning of the Environmental Expenditures*

Executing Agency	WB
Budget	USD 30,000
Amount Disbursed	None
Implementation Status	In progress
Expected Completion Date	November 2011

This activity contributes towards the implementation of priority recommendations outlined in the Environmental Public Expenditure Review carried out in Year 1. The author of the Financing Environmental Expenditures report, Anil Markandya, gave guidance to MNET on how to proceed on understanding and gathering data on environmental expenditures in the public sector. The purpose of this project is to conduct an assessment of the mechanisms for integration of environmental policy into relevant Ministries in Mongolia and make recommendations for improved inter-

sectoral cooperation on environmental policy. This would help ensure better integration of environmental issues in sectoral policies, for example, better addressing the lack of compliance with regulations on mining waste and the management of air quality in Ulaanbaatar. Consultants were supposed to have started in January but this activity has been re-announced as agreement on the candidates was not reached. The call for EOI was completed in March and shortlisted firms were asked to provide technical and financial proposals. A consultant was hired and the inception report was received. The work plan and progress report were received and work is ongoing.

## **Environmental Governance**

### *16. Amendment, Formulation and Assessment of Environmental Laws and Standards*

Executing Agency	MNET
Budget	USD 30,000
Amount Disbursed	USD 28,000
Implementation Status	Completed

This activity was completed in the third quarter of 2011.

This continued the use of NEMO funds to help MNET hire expert assistance for the amendment of laws. Improvements and developments of following laws and regulations have been worked on:

1) Guidelines on water ecological and economic valuation - A team comprising of four individual local consultants was hired to develop new guidelines and calculate water eco-economic value. The work is completed and has been discussed at the MNET. The final report on the new guidelines and calculated values was sent for peer review to two scientists selected by the MNET and is now available in Mongolian. The MNET handed the report to the Water Agency for further practical use.

2) Law on environmental protection - A local consultant was hired to incorporate environmental audits, and the return of the inspection function to MNET and away from the State Specialized Inspection Agency. The work is completed. A discussion workshop was held at MNET. An MP has agreed to propose the amendment bill to the Parliament.

3) Law on CITES – A local consultant was hired. The draft was discussed at the MNET involving stakeholders and revised with feedbacks and comments from the discussion. In accordance with a suggestion by the Ministry of Justice, the bill was revised in cooperation with the Ministry of Finance. After the revision, the concept of the law was approved by the Ministry of Justice. The bill has been submitted to the Cabinet of Ministers for its approval and was discussed in January 2011. The concept has been approved by the Cabinet and has been submitted to Parliament who discussed it in the Spring Session. It is waiting to be approved.

4) New standard on general requirements of cultivating rare plants – A local consultant was hired. The new standard has been developed and gone through several discussions. The final draft has been approved by the National Technological Committee on Standardization and is now effective.

5) New standard on specification with guidance at the project level for quantification, monitoring and reporting of greenhouse gas emission reductions or removal enhancements – 1:1 translation of ISO existing standard was made by a local consultant. Another consultant was hired to review the translation. The draft has been sent to the sectoral ministries for their reviews. It is waiting to be approved.

6) New standard on acceptable concentration level of pesticide in air and soil – A revised draft has been reviewed and amended with feedback by the sectoral ministries. It was approved by the National Technological Committee on Standardization and is now effective.

7) Guide for the inclusion of environmental aspects in product standards – A local consultant was hired to improve the standard. The draft has been sent to the sectoral

ministries for their reviews. The final draft has been approved by the National Technological Committee on Standardization and is now effective.

8) Standardization system of nature conservation - A local consultant was hired to improve the standard. The draft has been sent to the sectoral ministries for their reviews. The final draft has been approved by the National Technological Committee on Standardization and is now effective.

9) New standard on rehabilitation at the closing of mining – As an allocated budget of \$2,000 under NEMO2 for this standard development was insufficient, the MNET has been seeking additional funding. Recently, the Mineral Resources Authority has agreed to co-fund the work. TORs for the work have been developed. A local consultant has been hired. The interim report was discussed at the MNET on March 25, 2011. The final report has been received and submitted for approval by the National Technological Committee for Standardization.

### *21. Civil Service Reform for Rangers*

Executing Agency	WB
Budget	USD 40,000
Amount Disbursed	USD 34,000
Implementation Status	In progress
Expected Completion Date	October 2011

Following on from, and in cooperation with, PREM work on civil service reform (*Towards a High Performing Civil Service*) in the 2010 Mongolian Year of the Ranger, this activity gave specific attention to rangers and environmental inspectors by asking what the major constraints limiting the environmental management effectiveness of soum rangers and aimag inspectors are to fulfil their tasks and what the priority actions are to address them. A distinguished international consultant visited Mongolia for three weeks to work with the local consultant and their draft report has been submitted. The World Bank's peer review was completed. The consultant incorporated the comments and recommendations proposed by peer reviewers and submitted the final report which is now being reviewed by the World Bank. After translation it was sent to MNET for their approval. The final report was then submitted, reflecting the Ministry's comments, and it will be published early October.

### *22. Follow-up on 2009 NSO Surveys*

Executing Agency	WB
Budget	USD 25,000
Amount Disbursed	USD 12,000
Implementation Status	In progress
Expected Completion Date	October 2011

Year 2 supported nationwide surveys through the National Statistical Office (NSO) on environmental perceptions and conditions. There were money-flow delays but the

international consultant completed his report. This additional allocation was used to disseminate and socialize the findings, and to propose revisions/improvements to the environmental statistics published by NSO.

The first part of the activity, which is information dissemination and the distribution of the report, is planned for September 2011. This will happen in coordination with the air pollution activity, focusing on different groups such as members from Parliament, universities and the general public including ger areas. The strategy for this was finished by mid February 2011. The final report has been reviewed by the Bank's peer reviewers. Next, authors will be asked to respond to comments and incorporate them into the draft final report. Once completed, the report will be sent for publication and dissemination which is expected in September 2011.

The second part is completed and consisted of: i) piloting environmental statistic data gathering framework in selected soums of Khentii aimag (this is a continuation of the "Environment and Natural Resource Management Socio-economic Survey for Mongolia (ENRMSS)"); ii) translation of environmental indicators recommended by UNSD and preparation of a methodological paper; and ii) organizing a nationwide training for aimag level statistical officers and introducing environmental statistical questionnaire that has been revised by NSO/MNET. The final publication is ready and dissemination is expected early October.

