



REQUEST FOR CEO APPROVAL

PROJECT TYPE: MEDIUM-SIZED PROJECT

TYPE OF TRUST FUND: GEF TRUST FUND

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PART I: PROJECT INFORMATION

Project Title: Land Degradation Offset and Mitigation in Western Mongolia			
Country (ies):	Mongolia	GEF Project ID: ¹	5700
GEF Agency(ies):	UNDP	GEF Agency Project ID:	5287
Other Executing Partner(s):	Ministry of Environment, Green Development and Tourism, Ministry of Mining	Submission Date:	March 10, 2015
GEF Focal Area (s):	Land Degradation	Project Duration(Months)	48
Name of Parent Program (if applicable):	N/A	Agency Fee (\$):	122,537
	<ul style="list-style-type: none"> ➤ For SFM/REDD+ <input type="checkbox"/> ➤ For SGP <input type="checkbox"/> 		

A. FOCAL AREA STRATEGY FRAMEWORK²

Focal Area Objectives	Expected FA Outcomes	Expected FA Outputs	Trust Fund	Grant Amount (\$)	Cofinancing (\$)
LD-3: Reduce pressures on natural resources from competing land uses in the wider landscape	3.1: Enhanced enabling environments toward harmonization and coordination between sectors in support of SLM	3.1: Integrated land management plans developed and implemented	GEF TF	573,000	2,770,000
	3.2: Good SLM practices in the wider landscape demonstrated and adopted by relevant economic sectors	3.2: INRM tools and methodologies developed and tested Output 3.3 Appropriate actions to diversify the financial resource base Output 3.4 Information on INRM technologies and good practice guidelines disseminated	GEF TF	600,000	2,000,000
Sub-total				1,173,000	4,770,000
Project Management Cost			GEFTF	116,863	480,000
Total project costs				1,289,863	5,250,000

¹ Project ID number will be assigned by GEFSEC.

² Refer to the [Focal Area/LDCF/SCCF Results Framework](#) when completing Table A.

B. PROJECT FRAMEWORK

Project Objective: To reduce negative impacts of mining on rangelands in the western mountain and steppe region by incorporating mitigation hierarchy and offset for land degradation into the landscape level planning and management					
Project Component	Grant type	Expected Outcomes	Expected Outputs	GEF Financing (\$)	Co-financing (\$)
1. Land degradation mitigation and offset framework operationalised, through eco-regional land use planning and capacity development	TA	<p>Mining threats to land and water resources and ecosystem integrity is reduced as indicated by:</p> <ul style="list-style-type: none"> ▪ Integrated planning and management of 41.5 million ha³ of largely pastoral production system and natural habitats in western Mongolia through incorporation of science-based mitigation hierarchy into mining concession planning and larger land use planning and management of competing land use types: <i>Baseline 0</i>. ▪ 10% increase in areas set aside from mining related development, for ecological sensitivity including pasture values: <i>Baseline - 11.35M ha national PAs and 2.08 M ha Local PAs totalling 13.43 M ha</i>. ▪ 30% increase in the institutional and individual capacity for reducing negative impacts of mining, as indicated by adapted conservation capacity scorecards: <i>Baseline - 41 out of a possible 96 = 42.7%</i> ▪ 10% increase in public awareness in Aimag centres and 30% increase in in pastoral communities at pilot landscapes: <i>Baseline – extremely low (to be confirmed by questionnaire surveys during inception phase)</i> 	<p>SLM mitigation hierarchy and detailed procedures and guidelines developed (and inconsistencies removed), including new law to incorporate offsetting in land use plans at national, aimag and soum levels; SLM/biodiversity set aside mechanism; development of institutional requirements for compliance monitoring and fund management, and rules and regulations for collection and reinvestment of SLM conservation funds; and criteria for foreign investors. These measures are integrated in the mining concession planning and licensing system and operationalized.</p> <p>Participatory and science-based eco-regional and land assessment conducted in the western region, including identification of ecologically sensitive areas and regional level aggregated offset opportunities, employing robust methodology for costing/quantification of negative mining impacts on land/water resources and ecosystem functions and services</p> <p>Capacity of government officers, mining companies, EIA consultancies, NGOs at the national, <i>aimag</i> and <i>soum</i> levels, developed with knowledge and skills to apply procedures and guidelines for mitigation hierarchy, monitoring and validation</p> <p>Community participation and awareness enhanced around effective application of the mitigation hierarchy</p>	573,000	2,800,000
2. Land degradation mitigation and offsets applied through SLM within selected landscapes	TA	<ul style="list-style-type: none"> ▪ Integrated landscape management and offset mechanisms demonstrated covering at least 100,000 ha, with prominent mining concessions and other competing land uses; increasing rehabilitated lands, and reducing the projected rate of land degradation and biodiversity loss. <i>Baseline 0 ha</i>. ▪ At least a 50% increase in investments in SLM actions in the landscape from mitigation hierarchy and offsetting agreements in the pilot landscapes: <i>Baseline - \$ US\$ 166,923 (Note the target has been changed from \$500,000, because it</i> 	<p>Landscape level integrated land use/management plans operationalised in selected landscapes with full participation of local stakeholders, with clear measures for; (i) optimising the balance of competing land uses, including review of mining concessions; (ii) setting aside ecologically sensitive areas e.g. inclusion under the protected area network; (iii) planning and implementation of rehabilitation of degraded lands to be undertaken jointly with local communities, based on global best practices, including top soil treatment and rehabilitation, vegetation regeneration/ recolonisation, landform reconstruction, transplanting, habitat transfer.</p> <p>SLM offset mechanisms piloted by at least 5 local mining businesses; including (i) determination of offset criteria based on the eco-regional assessment; (ii) determination of offset opportunities and potential activities; (iii) undertaking in-depth local land degradation/biodiversity surveys; (iv) application of mitigation hierarchy; (v)</p>	600,000	2,000,000

³ 41.5 million ha of production systems refers to the predominantly pastoral livestock herding landscapes of the five western aimags (Uvs, Bayan Ulgii, Khovd, Zavkhan and Gobi-Altai). Total area of the 5 aimags is 41,525,399 ha.

	<p><i>was not considered to be feasible in the current economic climate)</i></p> <ul style="list-style-type: none"> ▪ 50% of herder/farmer families in pilot landscapes applying greener and innovative technologies for SLM for land, water and forest resources management: <i>Baseline - Extremely low (To be confirmed during Inception phase)</i> ▪ 30% of land (ha) and degraded springs/wells in pilot landscapes subject to innovative SLM interventions: <i>Baseline to be confirmed during the inception phase (This target has been slightly adjusted from the PIF because of the very low baseline, and is considered feasible).</i> 	<p>quantification of residual impacts; (vi) identification of comparison of potential offset sites; (vii) calculation of SLM and biodiversity gain for preferred offset sites; (viii) development of offset agreements and implementation plan including implementation structure and M&E mechanism; (ix) technical support for offset implementation</p> <p>Local farmers, herders and NGO/CSOs capacitated for applying innovative technologies for land, water and forest resources management and participatory landscape level land use planning and M&E techniques for offsetting. Innovative SLM techniques to include: grazing rotation through pasture user groups, Saxaul forest restoration, protection of springs and wells</p>		
Project Management Cost			116,863	480,000
Total Project Costs			1,289,863	5,280,000

C. SOURCES OF CONFIRMED COFINANCING FOR THE PROJECT BY SOURCE AND BY NAME (\$)

Sources of Co-financing	Name of Co-financier (source)	Type of Cofinancing	Cofinancing Amount (\$)
Recipient Government	Ministry of Environment, Green Development and Tourism	Grant	3,900,000
Recipient Government	Ministry of Mining, Ministry of Food and Agriculture	Grant	250,000
GEF Agency	UNDP	Grant	850,000
Private Sector	Mongolian Mining Association	Grant	50,000
CSO	The Nature Conservancy	Grant	150,000
CSO	WWF	Grant	80,000
Total Co-financing			5,280,000

D. TRUST FUND RESOURCES REQUESTED BY AGENCY, FOCAL AREA AND COUNTRY¹

GEF Agency	Type of Trust Fund	Focal Area	Country Name	Grant Amount	Agency Fee	Total
UNDP	GEF TF	LD	Mongolia	1,289,863	122,537	1,412,400
Total Grant Resources				1,289,863	122,537	1,412,400

¹ In case of a single focal area, single country, single GEF Agency project, and single trust fund project, no need to provide information for this table. PMC amount from Table B should be included proportionately to the focal area amount in this table.

² Indicate fees related to this project.

F. CONSULTANTS WORKING FOR TECHNICAL ASSISTANCE COMPONENTS:

Component	Grant Amount (\$)	Cofinancing (\$)	Project Total (\$)
International Consultants	117,000*	0	117,000
National/Local Consultants	266,100*	0	266,100

* Includes costs of MTR and TE consultants

G. DOES THE PROJECT INCLUDE A “NON-GRANT” INSTRUMENT? No

PART II: PROJECT JUSTIFICATION

A. DESCRIBE ANY CHANGES IN ALIGNMENT WITH THE PROJECT DESIGN OF THE ORIGINAL PIF⁴

The project's structure remains unchanged from the version that was presented in the PIF. The project has 2 components, 2 outcomes and 6 outputs. Please see Annex A for the complete strategic results framework, including the list of indicators and the means of verification. Further explanation of the indicators is provided in Part 2.6 of the Project Document.

The project title as presented in the PIF "SLM Offset in Western Mongolia" has been adjusted to enhance understanding of the objective of the project, following some confusions during PPG consultations. It now reads as: "Land degradation Offset and Mitigation in Western Mongolia". This aligns the title better with the project objective, which remains unchanged as: "To reduce negative impacts of mining on rangelands in the western mountain and steppe region by incorporating mitigation hierarchy and offset for land degradation into the landscape level planning and management". The project component titles were also slightly adjusted for clarification and based on the recent progress in developing the mitigation hierarchy framework described in section A 4 below.

Although the target of working with 5 mining companies referred to in the PIF's Indicative Project Framework remains unchanged, it is proposed to reduce the number of pilot landscapes from 5 to 3 (The "Khotgor" mining landscape includes 3 separate mining companies, bringing the total of mining companies to 5). Feasibility is the reason for this reduction in the number of pilot landscapes: a) because of the vast distances between the aimags meaning that a local project team would be needed for each pilot, b) because the total budget of this MSP available under Component 2 when divided between 5 pilots and 4 years would render the project un-implementable. This decision to propose a reduced and more feasible number of pilots was discussed in detail during the PPG phase and agreed between UNDP-CO and the MEGDT.

Co-financing amount has slightly increased from \$ 5,200,000 to \$ 5,280,000.

A.1. National strategies and plans or reports and assessments under relevant conventions, if applicable, i.e. NAPAS, NAPs, NBSAPs, national communications, TNAs, NCSA, NIPs, PRSPs, NPFE, Biennial Update Reports, etc:

N/A

A.2. GEF focal area and/or fund(s) strategies, eligibility criteria and priorities.

N/A

A.3. The GEF Agency's comparative advantage.

N/A

A.4. The baseline project and the problem that it seeks to address.

There have been three significant and positive changes:

- a. Several regulations and guidelines were drafted and approved by the Government resolution and ministerial orders, following the revised Law on Environmental Impact assessment of 2012. These include: a Regulation on Strategic and Cumulative EIA and EIA (Government Resolution No. 374: 16 November 2013); Regulation on EIA (Government Resolution No. 374: 16 November 2013); Regulation on environmental management plan preparation, verification and reporting (Ministerial order No. A-5: 6 January 2014); Regulation on ensuring public participation in EIA (Minister's Order No. A-3: 6 January 2014); Regulation on Monitoring the Designated Accounts of Environmental Rehabilitation Bonds (Minister's Order No. A-4: 6 January 2014); Guideline for conducting SEA and Cumulative Impact Assessment (Annex 1 of Ministerial Order No. A-11: 10 January 2014); Guideline for conducting EIA (Annex 2 of Ministerial Order No. A-11: 10 January 2014) with sections on guidelines for conducting baseline assessment; guidelines for conducting general EIA, guideline for conducting detailed EIA; guidelines on drafting an environmental management plan and guidelines on how to review the detailed EIAs). The overall implication has been to strengthen the regulatory framework for implementation of the mitigation hierarchy and offsetting, which will allow the proposed project to move

⁴ For questions A.1 –A.7 in Part II, if there are no changes since PIF and if not specifically requested in the review sheet at PIF stage, then no need to respond, please enter "NA" after the respective question

forward more rapidly. However, a number of regulatory gaps and inconsistencies still remain which were identified during the Log-frame workshop. These are listed in the ProDoc and will be addressed under Output 1.1.

- b. In anticipation of this project, the government has financed (USD 160,000) the Phase 1 (data gathering phase) of an Eco-regional Assessment for Western Mongolia by The Nature Conservancy, which is nearly completed. This means that the project can immediately pursue the second and final phase of the Eco-regional Assessment, and focus resources onto integrating the results into land use planning at national, aimag and soum levels.
- c. An agreement was signed by MEGDT in 2014 with the Korean International Cooperation Agency (KOICA) for USD \$5M to establish a mine rehabilitation centre and develop capacity of all relevant stakeholders (mining companies, civil society) in this field. This will provide a significant opportunity for collaborative working with the proposed project, advancing work on rehabilitation of lands degraded by mining.

A. 5. Incremental /Additional cost reasoning: describe the incremental (GEF Trust Fund/NPIF) or additional (LDCF/SCCF) activities requested for GEF/LDCF/SCCF/NPIF financing and the associated global environmental benefits (GEF Trust Fund) or associated adaptation benefits (LDCF/SCCF) to be delivered by the project.

The incremental cost reasoning remains unchanged from that proposed in the PIF, with the exception of changes that have already been described above. The current baselines and global environmental benefits have been further detailed in the Land Degradation Tracking Tool.

A.6. Risks, including climate change, potential social and environmental risks that might prevent the project objectives from being achieved, and measures that address these risks.

The risk of “Unwillingness of the pilot mining companies to commit for additional mitigation and offset measures” has increased from Medium to High. This is because the previously buoyant mining sector is being particularly hard hit by the current global recession. This risk can be faced with some optimism as a result of the positive interest expressed by several mining companies from the pilot landscapes during the PPG. However, it is clear that the PIF target of “increased investments in SLM actions in the landscape, generating at least USD 500,000 from the pilots” was both ill-informed and unrealistic (particularly in the current economic climate), recognising that most mining companies are contributing no more than a few thousands of dollars per annum at present. Thus, the target was therefore re-formulated as “Effective mitigation and offsetting agreements in the pilot landscapes result in a 50% increase in the financing allocated by mining companies for SLM”. This is considered to be feasible.

A new risk of “Effect of elections in 2016 and subsequent re-structuring of government” has been added. The economic downturn is already showing that this could be a politically turbulent period. The project will therefore fast-track work on the enabling framework for mitigation and offset activities so that the main measures are in place before the elections. Field implementation in the pilots is less likely to be impacted.

A.7. Coordination with other relevant GEF financed initiatives

The project will also build on the achievements, best-practices and lessons-learned of a number of on-going and completed initiatives of GEF and UNDP Mongolia, as follows (for other development partners - see further details in the baseline analysis):

- *Ecosystem Based Adaptation Approach to Maintaining Water Security in Critical Water Catchments in Mongolia*, funded by Adaptation fund and UNDP (2012-2017). Landscape-scale strategies for land use (and water) management will be coordinated with this project, and many lessons can be learnt from the EBA project. Several implementing sites of the EBA project are also located in Western provinces, and the strategy for management of these areas will be a key source for developing landscape level LUPs. Important source of lessons learned on SLM.
- *Strengthening the protected area network in Mongolia* (SPAN), funded by GEF, UNDP (2010-2015). Initiatives of the SPAN project will provide a useful collaboration opportunity with the proposed project by testing innovative financing through offsetting in SPAs and through extending SPAs, rehabilitating the land in SPAs and their buffer zones and restoring the biodiversity through SLM beyond the mining sites. The two projects will also work on together to improve relevant legislation and regulations, maintain coordination mechanisms between relevant institutions and staff.

- *Mongolia's network of managed resource protected areas (MRPA)*, funded by GEF and UNDP (2013-2018). Under the project implementation, the project aims to improve land management, community based sustainable grazing practice and sustainable forestry management. It also intends to increase of at least 10% argali sheep population and improves vegetation cover of at least 10,000 ha of pasture land in its target areas. Collaboration with the MRPA project will provide a useful opportunity to test innovative financing through offsetting in LPAs and through extending LPAs, rehabilitating the land in LPAs and their buffer zones and restoring the biodiversity through SLM beyond the mining sites. The project's second pilot is the Gulzat local protected area in Uvs province (125,000 ha) (Canadian mining companies in area).
- *Community-based Conservation of Biological Diversity in the Mountain Landscapes of Mongolia's Altai Sayan Eco-region* project, funded by GEF, UNDP, Netherlands (2004-2011). Under its implementation, the project built the capacity of the park management authority, improving participation of local communities in the management of the special protected area (SPA) and supporting research and environmental monitoring activities. The proposed project will link its on the ground activities on development of the SPAs based on local communities in order to implement the mitigation hierarchy and offsetting from negative impacts from the mining operations in pilot landscapes. It will also draw from the lessons learned on this now terminated project.

B. ADDITIONAL INFORMATION NOT ADDRESSED AT PIF STAGE:

B.1 Describe how the stakeholders will be engaged in project implementation.

Project design was a participatory process, in line with UNDP and GEF requirements. Stakeholder consultations were developed through project design discussions with a wide range of stakeholders during the PPG missions from August - November 2014, and at the PPG Log-frame Workshop held on 5 November, 2014. A total of 47 participants, representing national and provincial government agencies, Mongolian private sector, international companies, NGOs, civil society and UNDP took part in the workshop. Bilateral meetings were also held with the executing partners and key stakeholders at national and local levels. Consultations with local communities in the pilot landscapes took place in November 2014 and are described in Annex 5 of the ProDoc.

A stakeholder engagement plan is included in the ProcDoc. The project will provide the following opportunities for long-term participation of all stakeholders, with a special emphasis on the active participation of women and local communities, and enhancement of inter-sectoral coordination for implementation of the proposed national mitigation and offsetting regime:

- Decision-making – through the establishment of the Project Board. The establishment of the structure will follow a participatory and transparent process involving the confirmation of all key project stakeholders; conducting one-to-one consultations with all stakeholders; development of Terms of Reference and ground-rules; inception meeting to agree on the constitution of the Project Board.
- Capacity building – at systemic, institutional and individual levels – is one of the key strategic interventions of the project and will target all stakeholders that have the potential to be involved in implementation of the national mitigation and offsetting regime in Mongolia, including demonstration activities at the community level. The capacity development plan will be based on a detailed needs assessment. Women and minority groups will be proactively considered for capacity building activities.
- Communication - will include the participatory development and implementation of a communication plan, based on the following key principles: providing information to all stakeholders; promoting dialogue between stakeholders; promoting access to information.

Finally, the project will be launched by a well-publicized multi-stakeholder inception workshop. This workshop will provide an opportunity to provide all stakeholders with updated information on the project as well as a basis for further consultation during the project's implementation, and will refine and confirm the work plan. The inception workshop will provide the opportunity to finalise a comprehensive "stakeholder engagement plan" defining roles and responsibilities of the project partners

The Key stakeholders and their proposed role is described in the following Table.

Table 7: Key stakeholders and their roles and responsibilities in the project

Stakeholder	Anticipated Role in Project
National level - Governmental	

State Great <i>Khural</i> (Parliament)	The highest legislative body – 76 members elected for 4 year term - has the mandate to propose and review legislation and policies and propose revisions. Has a standing committee on Rural Policy and Environment that advises on matters relating to environment.
National Commission for Soil Protection and Combating Desertification (NCCD)	The NCCD is comprised of 11 ministries and 7 other agencies and government institutions. It coordinates and monitors activities that address land degradation and desertification, and oversees the National Action Plan for Combating Desertification (NAPCD) which is implemented through all provinces and soums through environmental rehabilitation on target sites.
Ministry of Environment, Green Development and Tourism (MEGDT)	<p>The lead national implementing partner of the project. A senior MEGDT official will chair the Project Board, and the Director of the Department of Environment and Natural Resources will be the National Project Director.</p> <p>MEGDT is Government’s central administrative body responsible for the environment, conservation and green development, including protected areas. Upgraded in 2012 to a core Ministry, it has eight departments and one implementing agency (National Agency for Meteorology and Environmental Monitoring). The Department of Environment and Natural Resources is responsible for organization and coordination of implementation of legislation, policies and programs on mitigating and minimizing environmental degradation and pollution, promotion the appropriate use, protection and restoration of natural resources, to provide methodologies and management expertise and advice. MEGDT will therefore lead the further development of the mitigation hierarchy and offsetting policies, regulations and implementing mechanisms, and will also ensure alignment and linkage with other policies, plans and projects (e.g. SPAN, MRPA). MEGDT’s Green Development policy provides the key framework for the project (targets on land degradation and biodiversity).</p>
Ministry of Mining (MoM)	<p>MoM will be a key partner for the development of policy on land degradation mitigation hierarchy and offsets and for advising on project implementation, identification and implementation of demonstration sites (companies) for integrated landscape planning and management, rehabilitation of mining lands and providing entry point to mining sector.</p> <p>The Ministry of Mining is mandated to develop policy on geology and mineral resources, petroleum, fuel supply and responsible mining. Its purpose is to expand the mineral resources, to develop the mining sector, support the value added production, to support rapid social and economic development, in order to ensure safe and adequate environment for citizens and improve citizens’ quality of life by introducing environmentally friendly and advanced technology.</p>
Ministry of Food and Agriculture (MFA)	<p>MFA is the Government’s central administrative body responsible for developing intensified food and agricultural sector able to overcome natural and economical risks and able to compete in local and international markets. There are eight departments and several funds and centers directly under the MFA including veterinary and breeding fund, agro-farming fund, husbandry conservation fund, center for applying new technologies to agriculture.</p> <p>MFA will be the main partner to develop strategies and regulations on protecting and rehabilitating degraded grassland and ensuring proper use of rangeland/pasture management. Monitoring and evaluating the implementation of relevant laws and regulations and taking actions for issues related to grassland and rangeland in accordance with the laws.</p>
Ministry of Finance	The Ministry is responsible for financing and the annual budget allocation and will be involved in all key consultations and training, as well as policy development activities on fund management, and rules and regulations for collection and reinvestment of SLM conservation funds.
Government Agency of Land Affairs, Geodesy and Cartography (ALAGaC)	<p>Government agency within the Ministry of Construction and Urban Development (MCUD) responsible for supporting sustainable development and rural livelihoods through implementation of the state policy on land management, cadastre, geodesy and cartography. There are four main divisions: Cadastre Division, Geodesy and Cartography Division, Information Technology Division and Land Management Division. Specific activities include the following: (i) Organizing and implementing general land management planning at national level; (ii) Providing technical guidance concerning land ownership, possession, utilization, rehabilitation, protection and land management. (iii) Establishing network for land quality and characteristics monitoring, and ensure sustainable use of land; (iv) Analyzing utilization of land in accordance with established primary and secondary land use classification code and develop and implement management plan for land protection; (v) Resolving land conflicts. The agency has very close cooperation with TNC (sub-contractor) over the eco-regional assessments.</p> <p>The project will cooperate closely with the agency on landscape level land use planning based on eco-regional assessment at national and provincial levels, and application of the plans. The agency will also support the project with provision of geospatial data and services needed for socio-economic planning.</p>

The General Agency for Specialized Inspection (GASI)	Responsible for implementing some 200 laws and other regulations, over 400 legal instruments in all. The Department of Environment, Geology, Mining and Radiation Inspection is responsible for the implementation of around 30 environmental laws. However, it also enforces some 330 regulations, guidance, and other standards. Field staff are integrated into the Aimag and Soum level Inspection Offices nationwide. This agency will be responsible for enforceability of aspects of related legislations and guidelines for land degradation offsetting. It will also be one of the target organisations for capacity building.
National level – Academic and Research	
The Institute of Geology	Has four divisions including the Center of Desertification Study. The mission of the Center is to study trends of desertification and land degradation and prepare scientific recommendations for combating desertification, develop and pilot test tools and methodologies to combat desertification, and demonstrate actions for controlling sand movement in some settlements of the Gobi and the Desert Gobi regions. The center will be a key partner to provide scientific information in SLM and desertification control.
The Institute of Geography	Active in conducting research and assessments on natural landscape formation and dynamic change and monitoring in ecosystem in forest steppe, eco-geochemistry and its impacts to nature and human wellbeing in urban and mining development areas, socio-economic conditions based on geographical information system at national level. The institute will therefore be a key partner to implement project relevant activities.
Institute of Botany	Affiliated to the Mongolian Academy of Sciences. Will assist in conducting baseline studies and research related to land degradation and provide guidance to local environmental offices and communities to implement SLM; will provide technical backstopping and advice on policy level interventions to mainstream the offset mechanism.
Institute of Biology	Affiliated to the Mongolian Academy of Sciences. Will assist in conducting baseline studies and research and provide guidance to local environmental offices and communities to implement the mitigation hierarchy and offsets; will provide technical backstopping and advice on policy level interventions to mainstream the offset mechanism in collaboration with TNC.
International Organisations working in Mongolia	
United Nations Development Programme	The GEF implementing agency. UNDP Mongolia environment programme promotes “introduction of a holistic approach to the planning, management and conservation of land, water and forest resources and biodiversity” as key areas of intervention to enhance resilience of ecosystems and vulnerable populations to the changing climate”. Other GEF projects including “Strengthening Special Protected Area Network” and “Mongolian Resource Protected Area network” will be key partners for the proposed project activities including offsetting and protecting SPA area in the pilot landscapes.
World Bank	The Sustainable Livelihoods Project aims to improve governance and community participation for the planning and delivery of priority investments in rural areas of Mongolia. The first component aims to build the capacity for local governance and livelihoods at local and national levels to support rural development. At local level, this component provides training and technical assistance in the areas of medium-term planning, community participation, budget preparation, procurement, supervision, reporting and monitoring and evaluation, and would therefore support project implementation through building capacity and increasing local participation on project sites.
Swiss Agency for Development and Cooperation (SDC)	Extensive experience in pasture/land management projects, including Coping with Desertification and Mongolian pasture - Green Gold projects. A key partner in improving pastureland health and collaborating with local communities. The project will cooperate with SDC on improving livelihoods of herder households by ensuring the sustainable management of pastureland and securing better access to technological knowledge managements and markets.
Asian Foundation	Engaging Stakeholders for Environmental Conservation II project (ESEC) was launched in 2013 to address the environmental impacts of artisanal and small-scale mining (ASM). It aims to mitigate negative environmental impacts from ASM such as water and soil degradation. ESEC I project was implemented by Asian Foundation from 2010-13 and developed useful guidebooks and materials on responsible mining and sustainable resource use for artisanal miners. The project will be a key partner to mitigate negative impacts of artisanal mining and increase awareness among local communities.
National Non-Governmental Organisations	
Mongolian Environmental Civil Council (MECC)	MECC was established as an 'umbrella' organization of environmental NGOs in 2008. It has 22 local branch councils including western provinces, having a membership of about 703 NGOs as of January 2014. Key roles and responsibilities of MECC are to provide information and services to environmental NGOs and citizens with a commitment of environmental protection, coordinate cooperation and support by establishing links with government and citizens. Potential of becoming a partner in project implementation through branches in the western provinces, and also as a representative of civil society organisations on the Project Board.
Mongolian National Mining Association	One of the main (umbrella) NGOs in the mineral sector of Mongolia. Potential key stakeholder for the project in implementation of demonstration sites for integrated landscape management; target

(MNMA)	group for capacity building of applying innovative technologies for land, water and forest resources management, rehabilitation of mining lands, main actor for disseminating information on replication of project results to other companies.
The Nature Conservancy (TNC)	A key NGO partner in project implementation, particularly in the mitigation hierarchy, eco-regional assessment and developing policy and guidelines. TNC has extensive experience in conducting eco-regional assessments in support of informed decision making by Government. TNC will be a key partner for Outcome 1 of the project, leading completion of the ERA and integrating the results with land use planning, supporting follow-up designation of LPAs etc., and identification of offset opportunities.
WWF	First international NGO in Mongolia (1992) with mission “To ensure local community stewardship for their natural environment”. WWF has significant experience on biodiversity conservation, water management, climate change and local community participation through its long term implemented projects such as Altai-Sayan and Eastern Steppe Region projects. The project will cooperate with WWF Mongolia on data sharing in Western Mongolia – endangered species, river basin management plans.
Centre for Policy Research (CPR)	CPR is the first Mongolian non-governmental policy research institution (established 1998). Focuses on rural development, agriculture, land reform, pasture and risk management, herders' community development, rural poverty and social issues and environmental management. Its expertise includes also ways to address challenges, at both national and local levels, of broader issues of a transitional economy like fiscal decentralization, public administration and regional development. In addition, CPR is engaged in extensive training, promotional and advocacy activities. Potential partner and contributor on policy research and development.
Private sector organisations	
Mining companies	<p>Mining companies are users of natural resources (minerals) and the main target stakeholder for piloting offset mechanism by including determination of offset criteria based on the eco-regional assessment; determination of offset opportunities and potential activities; application of mitigation hierarchy; quantification of residual impacts; identification of comparison of potential offset sites; calculation of SLM and biodiversity gain for preferred offset sites; involvement in offset agreements and implementation plan including implementation structure and M&E mechanism; to receive technical support for offset implementation.</p> <p>The specific Mining companies to be engaged in each of the project’s pilot landscapes are:</p> <ul style="list-style-type: none"> • <u>Khotgor pilot landscape</u> (Uvs province): 3 companies: Khotgor LLC, Erchim LLC and Khotgor Shanaga LLC • <u>Bayan Airag pilot landscape</u> (Zavkhan province): Bayan Airag LLC • <u>Khushuut pilot landscape</u> (Khovd province): MoEnCo LLC <p>Further detail on these companies is provided in Table 2 of the ProDoc and the pilot sites report.</p>
Authorised environmental consultancies for conducting detailed EIA	A main target for capacity building within the first component of the project, since these consultancies conduct the detailed EIA for all types of projects. Capacity to identify mitigation potentials and propose options to avoid, mitigate and offset are crucial required skills
Tourism and agriculture companies	Tourism and crop farming businesses are users of natural resources and partners for piloting offset mechanism. They will be consulted during the preparatory phase/policy activities as well.
Provincial and local level stakeholders	
Aimag governments	<p>A typical Aimag Governor’s Office includes divisions dealing with general administration, welfare, legal and financial aspects. They are responsible for organization of activities for implementation of environmental laws in their respective provinces; to develop plans for environmental protection and sustainable use of natural resources, to submit to the Citizens Representative Khurals and ensure their implementation. The following departments are particularly relevant to local level land degradation/SLM policy formulation:</p> <p>The <u>Land Department</u> organizes land possession and land utilisation to citizens and legal entities based on geodesy and cartography, and provides land ownership to Mongolian citizens. Typically, the Department will have divisions responsible for land policy; land management, ownership; cadastre, geodesy and cartography; land evaluation, and land fees; information technology; and internal matters. The Department will be a key target for capacity building for integrated land management planning based on the eco-regional assessments.</p> <p>The <u>Nature and Environment Department</u> have an Environmental Policy Division; Environment and Natural Resources Division, Specially Protected areas and Forest and Wildlife Department, reflecting more or less the relevant departments and divisions at the central MEGDT office. Close</p>

	<p>cooperation will be maintained by the project in all respective areas: support soum environmental officials, cooperation in community initiatives, biodiversity monitoring system, developing aimag policy on LD mitigation/offsetting. The Department will also be a key target for capacity building for knowledge and skills to apply procedures and guidelines for mitigation hierarchy, monitoring and validation, as well as integrated land management planning.</p> <p>The <u>Food and Agriculture Department</u> has at least four divisions, namely, the Policy Division, Crop Division, Livestock Division including a Breeding Office, and a Veterinary Division. These divisions together are responsible for implementing the regional agricultural and food policies and providing support to the soum agricultural officer. The Department will be a key target for capacity building for integrated land management planning and sustainable land management.</p>
Soum governments	Soum Governors' offices prepare, implement, monitor and evaluate local policies, and provide administrative services like civil registration, civil services, licenses, permits. Their roles in relation to the project will include: issuing certificates for use of natural resources; monitoring conservation activities, sustainable use of natural resources, rehabilitation, obliging those causing damage to the environment for payment or remedy, to halt or to inform the respective authorities on damage to the environment. At the Soum level, typically there are three key officers, representing the three key areas relevant to SLM. They are: (a) Agricultural Officer, (b) Land Officer; and (c) Environmental Inspector.
Aimag and soum Citizen Representatives Khurals	Representative bodies of the people; they pass regulations for their jurisdictions, monitor local administrative bodies, approve local budgets and control their execution. The following duties are relevant to the project - approval of budget for activities on environmental protection, sustainable use of natural resources, rehabilitation and monitoring over these activities; define a threshold for use of natural resources; to issue an endorsement for gazetting of local protected areas, defining the protection regime and monitoring the implementation, to defining boundaries for protection of water sources, discussing the state of environment report and information database, presented by governor, annual hearing on changes on environmental resources from Governor.
Bagh and khoroo citizens Khurals	They will have a key role in addressing use of pasture and water points, monitoring environmental protection and use of common resources, hearing governor's report on environmental protection
Bagh and khoroo governors	Key role in ensuring implementation of activities on environmental protection, approved by the bagh and khoroo citizens Khurals
River Basin Authorities (RBA)	RBAs report to MEGDT. They are responsible for drafting and implementation of river basin management plans upon approval by MEGDT, provision of professional guidance on water issues to all level governors and Citizens Representatives Khurals, review of requests for water use and compilation of information of water users in the relevant river basin, monitoring over water resources, setting limits for water use, issuance of opinion for granting exploration and mining licenses in their relevant river basins. They are therefore a key project stakeholders for the project in protection and sustainable use of water resources as well as a target for capacity building.
River Basin Councils	Platform for multi-stakeholder engagement in drafting, provision of guidance on river basin management plans, monitoring implementation of river basin management plans. Consists of representatives of provincial government, NGOs, Provincial Department for Nature and Environment, local communities, water users and water experts.
Pasture User Groups (PUGs)	Community based organizations of herders (PUGs) have been promoted for the sustainable use of pasturelands and for improved economic opportunities under the Green Gold project of SDC. Currently, 960 PUGs and 67 herders marketing cooperatives have been formed in 96 soums including the Western provinces to rehabilitate degraded pasturelands, improve yield, and cultivate fodder. These PUGs and cooperatives will be key partners for on the ground activities to be undertaken by the project.
Local communities	The key users of natural resources and beneficiaries of the project. Land degradation offsets will be piloted in close cooperation with herder communities that face problems with limited grazing area due to mining operations and other development projects. They play critical roles in site level and ground activities as a co-management partner, particularly through PUGs and cooperatives on pastureland improvement and agriculture productions. They will also be involved in rehabilitation of degraded lands.

Project oversight and management

The project is to be nationally implemented (NIM), in line with the Standard Basic Assistance Agreement between the UNDP and the Government of Mongolia, and with the Country Programme Action Plan (CPAP). The project will be implemented over a period of four years.

MEGDT will serve as the Executing Agency (EA) with overall responsibility for project execution, including the timely and verifiable attainment of project objectives and outcomes. The MEGDT will report to a Project Board, which will be

established to ensure project oversight and maintain long-term vision and direction. Specifically, the MEGDT will support and provide input for implementation of all project activities, coordinating overall project delivery with and through the national and provincial agencies responsible for the daily execution of the project. The MEGDT will be the project's main co-financing agency with oversight of project financing and spending and recruitment of project staff and contracting of consultants and service providers, under the advice and involvement of UNDP as required by the contracting arrangements.

UNDP is the GEF Implementing Agency (IA) for the project. It will assist the Government in implementation of the project. The proposed Project will be executed in accordance of the rules and procedures laid down under the Project Cycle Operations Manual for Mongolia. The UNDP Country Office (UNDP-CO) will be responsible for: (i) providing financial and audit services to the project; (ii) overseeing financial expenditures against project budgets approved by the Project Board; (iii) appointment of independent financial auditors and evaluators; and (iv) ensuring that all activities including staff and equipment procurement and financial services are carried out in strict compliance with UNDP/GEF procedures. International procurement will be mainly handled by the UNDP upon request of the MEGDT. A UNDP staff member will be assigned the responsibility for the day-to-day management and control over project finances.

The project's implementation arrangements will emphasize and support strong collaboration and cooperation between different sectors, and seek to create synergy among SLM-related initiatives currently underway in the country. The Project will comprise the following management, oversight and coordination structures at national level:

- i. A **Project Board (PB)** will be established to provide high-level guidance and oversight to the project. The Project Board will be chaired by the Vice Minister of the Ministry of Environment, Green Development and Tourism, and co-chaired by UNDP-CO. Members will consist of senior representatives from the Ministry of Mining, Ministry of Food and Agriculture, Ministry of Finance, representatives of the 5 western aimag governors offices, Mongolian Environmental Civil Council and Mongolian National Mining Association. MEGDT will serve as the secretary to the Board. The Board will be responsible for high-level management decisions and guidance required for implementation of the project, including recommendations and approval of annual work plans and revisions. The Project Board decisions are to be made in accordance to standards that ensure efficiency, cost-effectiveness, transparency, effective institutional coordination, and harmony with overall development policies and priorities of the Government of Mongolia, UNDP and their development partners. The Project Board will meet twice each year.
- ii. A **Project Technical Committee (PTC)**, chaired by the National Project Director. The PTC will primarily consist of the technical specialists in issues relating to eco-regional land use planning, mitigation, offsets and sustainable land management. They include experts from the MEGDT, MoM, MoIA, GASI, ALAGAC, TNC, WWF, Inst. of Botany, Inst. of Biology, Inst. of Geography, National University of Mongolia, University of Agriculture and UNDP-CO. Such a multi-disciplinary group is deemed necessary especially given that mitigation and offsetting through sustainable land management is a new subject and scientific, social and legal intricacies are expected to arise during implementation.
- iii. A **Project Management Unit (PMU)**. MEGDT will be the host of the Project Management Unit (PMU), although office space will not necessarily be within the Ministry building. The PMU will be made up of the following positions (see Part III – Terms of Reference for Key Project Staff):
 - National Project Director responsible for operational direction, supervision and management of the project. This position will be held by the Director, Environment and Natural Resources of the MEGDT (co-financed);
 - National Project Manager responsible for coordination, monitoring and reporting of project activities. This position will be externally recruited on GEF funds.
 - Technical Advisor recruited on GEF national expert/consultancy funds under Outcome 1 to support the PMU with day-to-day technical advice on the implementation of the project. The adviser will be considered as a member of the PMU. In addition to general technical support, the Adviser will have the responsibility for planning and coordinating the implementation of the capacity development and awareness-raising activities (project Output 1.3), thus optimizing the use of the position on a full-time basis.
 - Administration/Finance Officer responsible for management of project funds and expenditures, M&E and maintaining project records. This position will be externally recruited on GEF funds.
- iv. **Project Management for Pilot landscapes:** MEGDT will be directly responsible for all implementation activities pertaining in the pilot landscapes under project Outcome 2, and will receive advice both from the relevant soum offices and from the local coordination committee. Specific responsibilities and commitments of the mining companies in each pilot landscape will be agreed in an MOU to be signed with MEGDT during the inception phase.

Work in the pilot landscapes will be coordinated by the Technical Coordinator for the Pilot Landscapes and facilitated through a Local Technical Adviser for each pilot landscape. These positions will all be financed by the GEF budget under Outcome 2.

A 2-month Inception Phase will be used to carefully plan the whole project implementation process, culminating in the Inception Workshop. In addition, the necessary communication structures will be established between the main project components and partners to ensure optimal coordination and that key stakeholders are in full agreement with project objectives and hence committed towards the outcomes to be achieved.

B.2. Describe the socioeconomic benefits to be delivered by the Project at the national and local levels, including consideration of gender dimensions, and how these will support the achievement of global environment benefits (GEF Trust Fund/NPIF) or adaptation benefits (LDCF/SCCF):

The Objective of the project is *To reduce negative impacts of mining on rangelands in the western mountain and steppe region by incorporating mitigation hierarchy and offset for land degradation into the landscape level planning and management.* The successful implementation of the project will have a positive impact on the global, national and local environment. The major global environmental (which will all also lead to economic and social) benefits will include: (1) improved ecosystem functioning and resilience, by adopting sustainable land management practices, and the restoration and subsequent protection of degraded ecosystems; (2) improved carbon sequestration, achieved through the adoption of sustainable rangeland/pasture management practices to restore degraded vegetation and soils in areas used for livestock production, as well as through promoting dry-afforestation; (3) conservation of globally significant biodiversity; and (4) supporting the achievement of Mongolia's obligations under CBD, UNCCD and UNFCCC through cross-sectoral interventions and integrated management of land resources. All of these benefits are expected to improving the socio-economic conditions for local communities;

PPG interviews with pastoral communities around the pilot landscapes in the western provinces revealed how seriously they are impacted by land degradation from mining activities, through loss and degradation of pastures, increased erosion, dust storms and desertification. This adds to the challenges caused by overgrazing and exacerbates conflicts between herder families, as well as between mining and herding.

National and local benefits will include a strengthened regulatory and land use planning framework and increased capacity to address land degradation particularly from the impacts of mining, increased knowledge and user-friendly documentation of the regulatory framework covering the mitigation hierarchy and offsetting. Overall, the project will clarify responsibilities for each stakeholder and reduce any inconsistencies in the legislation and guidelines. It will also increase Mongolia's attractiveness for international mining investment through the certainty, transparency and clarity of its mitigation hierarchy and offsetting regime, facilitate the protection of its landscapes, traditional livelihoods, biodiversity and cultural heritage, and catalyze more effective financing and motivation for SLM.

At the local level, the project will establish mechanisms for the involvement of local communities in decision-making processes. As the principal beneficiaries of the project, these investments in building social infrastructure will contribute to collective actions by the communities and their improvement - benefits that go beyond the project life.

Although it is very difficult to have an economic analysis in monetary terms at this stage, on-the-ground implementation of the project will result in increase of household income from the SLM interventions funded through offset mechanisms. Specifically, the project will help in reducing poverty among the project communities, improving land productivity, improving local environment, controlling soil erosion and conserving precious water resources. Specific socio-economic benefits will be derived from: (i) rehabilitation of degraded mining lands; (ii) better management of pasture lands and other natural resources—thereby improving the sustainability of livelihoods of the herder families who depend on these resources (iii) rehabilitation and sustainable management of degraded forests; (iv) better management of water resources that will help communities to cope with water scarcity and provide adequate water for human and livestock consumption; (v) conservation and sustainable use of biodiversity, thus enhancing sustainable income generating opportunities, and (iv) reduced vulnerability and enhanced resilience to climate change.

The project will strengthen capacity of the local communities and address their needs in relation to sustainable land management. It will also strengthen the capacity of national, provincial and local agency staff to respond to the challenges of combating land degradation and desertification. The participatory nature of the project will result in demonstrating innovative and proven SLM technologies for their field application and adoption by the local communities. This will ultimately contribute to rehabilitation of degraded ecosystems and improvement in local livelihoods.

Communities will be direct beneficiaries from the capacity development program of the Project, . The training will enable community groups to assist in development and implementation of local land use plans. Local NGOs/CBOs/PUGs will

have an improved understanding of how the effective application of the mitigation hierarchy and offsetting can support SLM practices at the local level.

Gender considerations:

Unlike their counterparts in many other Asian countries, women in Mongolia (both in rural and urban areas) have high social status, freedom and participate actively in decision making at political, institutional and household levels. Mongolian women have almost universal participation in all levels of the educational system and in the paid work force. A recent assessment of achievements in Mongolia using indicators like the Millennium Development Goals (MDGs) and the Human Development Index suggests that women and men benefit in an equitable manner from development especially when compared to other countries in Asia. The Gender and Development Index in 2010 was 0.679, the same as the Human Development Index, which is a highly favourable result and compares to that of countries such as South Africa, Tajikistan, Kyrgyzstan, and Vietnam .

Despite this high level of gender equality in Mongolia, there has been a customary gender division of labour in the nomadic pastoral society, which continues today. Men typically handle external affairs including military, administrative, and trade matters. Men are primarily responsible for herding animals, hunting, slaughtering animals, maintaining animal shelters, repairing carts, tools, and weapons. Women are mainly responsible for housework, milking animals, making dairy products, cooking, washing, sewing, and nurturing children. Most of the opportunities for employment in the mining industry are for men, leaving women increasingly responsible for household and animal-related tasks. Therefore, it is important that in addressing the impacts of mining, and developing offsetting mechanisms through SLM, the project should take into account information and insights both from men and women.

The project will thus employ inclusive approaches and processes in the implementation of its planned activities. The proposed project activities have been derived from a broad-based consultative process, including women at all levels – and particularly in the community consultations that informed the Environmental and Social Screening Assessment. The onward development and implementation process will involve further consultations, which will provide opportunities to ensure that gender issues relating to the impacts of mining and the mitigation hierarchy and offsetting framework through SLM are adequately addressed. This may involve focused group discussions or other appropriate methods to capture gender issues during consultation meetings. Sensitization workshops and awareness-raising programs will be designed to ensure that at least 50% of the target participants are women. Activities geared towards mobilizing local communities into organized groups for the pilot landscapes will encourage women to participate and will aim to have at least one women functionary in each local coordination committee established for each pilot. Community activities at the local level will be gender-disaggregated using participatory approaches and mechanisms will be designed to ensure that women are proportionately benefitted.

M&E studies will examine, and describe, the benefits and challenges of the project results on men and women. The project will also carry out a survey of gender-based awareness of, and attitudes towards, mining impacts and the mitigation hierarchy / offsetting framework both at the start at end of the project.

B.3. Explain how cost-effectiveness is reflected in the project design:

The lack of a fully operational offsetting and mitigation framework, and particularly the lack of adequate capacity for its effective implementation, are significant barriers impeding the effective reduction of impacts from mining on Mongolia's landscapes, traditional livelihoods and biological resources. These barriers also negatively affect SLM and landscape conservation efforts, as the full value of Mongolia's diverse grasslands, deserts, forests, wetlands and mountain ecosystems cannot be realized and sectoral land uses such as mining and associated infrastructure development compete for priority over the maintenance of ecosystem services, foregoing future opportunities for sustainable livelihoods among local communities. By taking an inter-sectoral approach, whereby relevant government institutions work together to achieve SLM may initially require some additional efforts and investments, but in the longer term it is expected to yield more cost effectiveness by avoiding duplication of efforts and contradictory actions in the same landscape. Furthermore, the project strategy builds on the existing administrative set-up and infrastructure of the government agencies both at the national, provincial and soum levels, without creating new institutions.

The operationalisation of the national mitigation and offsetting framework and demonstration of best practice will also provide a more secure and transparent environment for both national and international mining companies, increasing

Mongolia's reputation for green and inclusive economic development in keeping with the country's Green Development Plan.

Finally, the strengthening of mechanisms for the management and reinvestment of offsetting proceeds into SLM supported by this project will provide a new source of income in the long term that will contribute towards the conservation of Mongolia's globally significant landscapes and biodiversity, as well as increasing benefits to local communities. This approach, demonstrated for selected communities in Component 2, is likely to incentivize similar practices by other mining companies and communities, and enhance the uptake of offsetting approaches for SLM in Mongolia. The project's approach of public - private partnership delivered through community-based natural resource management is considered to be more cost effective than approaches built solely on government or business sector investment and actions. This is because community participation will bring the communities direct social and economic benefits from the ecosystem services they maintain and enhance.

The project's pilot activities supported by the systemic and institutional strengthening will also allow cross-learning from each as well as replication and up-scaling to accelerate the dissemination of best practice approaches that work for communities, the mining companies and the environment, leading to more cost-effectiveness. The upscaling potential of the project is significant since 11.8 million ha of the country's land area is allocated for mining licenses.

C. DESCRIBE THE BUDGETED M & E PLAN:

Project M&E procedures will be designed and conducted by the project team and the UNDP-CO (with support from the UNDP/GEF Regional Coordination Unit (RCU) in Bangkok), in accordance with established Government and UNDP-GEF procedures. The project's Strategic Results Framework in Part III contains objective and outcome level impact indicators for evaluating project implementation, along with their corresponding means of verification. The LD tracking tool will also be used as to monitor progress. These provide the basis on which the project's M&E system will be built.

The M&E plan includes: inception report, project implementation reviews, quarterly and annual review reports, a mid-term review and final evaluation. The following sections outline the principal components of the Monitoring and Evaluation Plan and indicative cost estimates related to M&E activities. The project's Monitoring and Evaluation Plan will be presented and finalized in the Project's Inception Report following a collective fine-tuning of indicators, means of verification, and the full definition of project staff M&E responsibilities.

Inception Phase

A Project Inception Workshop will be conducted within two months of the commencement of the project. This workshop will involve the full project team, implementation partners, co-financing partners, the UNDP-CO and representation from the UNDP Regional Technical Advisor, as well as UNDP HQ as appropriate. A fundamental objective of this Inception Workshop will be to assist the project team to understand and take ownership of the project's goals and objectives, as well as finalize preparation of the project's first Annual Work Plan (AWP) on the basis of the project's strategic results framework (SRF). This will include reviewing the SRF (indicators, means of verification, assumptions), imparting additional detail as needed, and on the basis of this exercise finalize the AWP with precise and measurable performance indicators, and in a manner consistent with the expected outcomes for the project.

Additionally, the Project Inception Workshop will: (i) introduce project staff with the UNDP-GEF team which will support the project during its implementation, namely the CO and responsible UNDP/GEF Regional Technical Advisor; (ii) detail the roles, support services and complementary responsibilities of UNDP-CO and RCU staff vis à vis the project team; (iii) provide a detailed overview of UNDP-GEF reporting and monitoring and evaluation (M&E) requirements, with particular emphasis on the Annual Project Implementation Reviews (PIRs) and related documentation, the Annual Project Report (APR), Tripartite Review Meetings, as well as mid-term review and terminal evaluations. Equally, the Inception Workshop will provide an opportunity to inform the project team on UNDP project-related budgetary planning, budget reviews, and mandatory budget re-phrasings.

The Workshop will also provide an opportunity for all parties to understand their roles, functions, and responsibilities within the project's decision-making structures, including reporting and communication lines, and conflict resolution mechanisms. The Terms of Reference for project staff and decision-making structures will be discussed again, as needed, in order to clarify for all, each party's responsibilities during the project's implementation phase.

Monitoring responsibilities and events

A detailed schedule of project review meetings will be developed by the project management, in consultation with project implementation partners and stakeholder representatives and incorporated in the Project Inception Report. Such a schedule will include: (i) tentative time frames for Project Board meetings and (ii) project-related Monitoring and Evaluation

activities. Day-to-day monitoring of implementation progress will be the responsibility of the MEGDT based on the project's Annual Work Plan and its indicators. The MEGDT will inform the UNDP-CO of any delays or difficulties faced during implementation so that the appropriate support or corrective measures can be adopted in a timely and remedial fashion. The MEGDT will fine-tune the progress and performance/impact indicators of the project in consultation with the full project team at the Inception Workshop with support from UNDP-CO and assisted by the UNDP-GEF RCU. Specific targets for the first year implementation progress indicators together with their means of verification will be developed at this Workshop. These will be used to assess whether implementation is proceeding at the intended pace and in the right direction and will form part of the Annual Work Plan. Targets and indicators for subsequent years would be defined annually as part of the internal evaluation and planning processes undertaken by the project team.

Measurement of impact indicators related to global benefits will occur according to the schedules defined in the Inception Workshop. Besides the status of the impact indicators against the planned targets will be assessed independently at the occasion of the Mid-term Review and Final Evaluation. The measurement of certain indicators will be undertaken through subcontracts or retainers with relevant institutions. Periodic monitoring of implementation progress will be undertaken by the UNDP-CO through quarterly meetings with the Implementing Partner, or more frequently as deemed necessary. This will allow parties to take stock and to troubleshoot any problems pertaining to the project in a timely fashion to ensure smooth implementation of project activities.

Quarterly and Annual Progress Reports: Quarterly and Annual Progress Reports will be prepared for submission to the UNDP. Progress against work-plan is provided in these reports. A detailed annual Programme Implementation Review (PIR) is conducted for GEF on annual basis which covers both quantitative and qualitative review of programme progress against objectives, outcomes and outputs. The MEGDT will present the PIR/ARR to the Project Board, highlighting policy issues and recommendations for the decision of the members.

Monitoring Visits: The NPM will visit each pilot landscape at least once each quarter and submit reports to the NPD and UNDP. UNDP-CO will conduct a field visit to the project at least annually.

Project Board Meetings: To be held twice a year to review the progress against approved work plan, and recommend corrective measures. The terminal Project Board meeting is held in the last month of project operations. Through a Terminal Report, it considers the implementation of the project as a whole, paying particular attention to whether the project has achieved its stated objectives and contributed to the broader LD objective. It decides whether any actions are still necessary, particularly in relation to sustainability of project results, and acts as a vehicle through which lessons learnt can be captured to feed into other projects under implementation or formulation.

Project Technical Committee meetings: are held twice a year to review and provide technical advice on the project interventions.

Mid-term Review and Terminal Evaluation: The Mid-term Review will be conducted at the end of year 2 of implementation and the Terminal Evaluation is to be undertaken at the start of the fourth quarter of Year 4. These reviews/evaluations are to be conducted through independent consultants hired by UNDP, according to standardised TORs.

The Mid-Term Review will determine progress being made towards the achievement of outcomes and will identify course correction if needed. It will focus on the effectiveness, efficiency and timeliness of project implementation; will highlight issues requiring decisions and actions; and will present initial lessons learned about project design, implementation and management. The evaluation will pay close attention to achievement of indicators identified in the project document and subsequent AWP. Findings of this evaluation will be incorporated as recommendations for enhanced implementation during the final half of the project's term.

The Terminal Evaluation will focus on the same issues as the Mid-Term Review, but will particularly focus on the impact and sustainability of results, including the contribution to capacity development and the achievement of global environmental goals. The Terminal Evaluation should also provide recommendations for follow-up activities.

Risk and Issues Logs: The purpose of the Risk Log is to provide a repository of information about the risks, their analysis, countermeasures and status. The risk log covers risks related to environment; finance (both external and internal); organizational setup; political status; programme & operation; regulatory and security. The Issue Log is a document to track issues as they arise. It serves as a source of information when writing Quarterly, Annual or terminal reports.

Quarterly Planning & Review Meetings: Planning & Review meetings are held on quarterly basis, at the PMU, to discuss and review the progress for the previous quarter, and finalize the work-plan for the next quarter. These meetings are

Publications: Mitigation, offsetting and SLM related communication and dissemination material will be published and widely circulated among all stakeholders, according to the branding guidelines described in the ProDoc.

Indicative cost estimates related to M&E activities are shown in Table below.

Indicative Monitoring and Evaluation Work Plan and Corresponding Budget

Type of M&E activity	Responsible Parties	Budget US\$ (excluding project team staff time)	Time frame
Inception Workshop (IW)	PMU UNDP CO UNDP HQ	4,000	Within first two months of project start up
Inception Report	PMU UNDP CO	Included in the workshop budget	Immediately following IW
Measurement of Means of Verification for Project Outcome Indicators	PMU will oversee the hiring of specific studies and institutions, and delegate responsibilities to relevant team members. Includes subcontracted awareness assessments at start and end of project	Indicative cost 21,000	Start, mid and end of project
Measurement of Means of Verification for Project Progress and Performance (measured on an annual basis)	Oversight by UNDP CO/GEF Regional Technical Advisor and Project Director. Measurements by national implementing agencies at central and local levels	Indicative cost 8,000	Annually prior to APR/PIR and to the definition of annual work plans (\$2,000 / year)
APR and PIR	PMU UNDP-CO UNDP-GEF	None	Annually
CDRs	PMU	None	Quarterly
Project Board meetings	PMU UNDP CO	8,000	Following Project IW and subsequently at least once a year
Project Technical Committee Meetings	PMU UNDP CO	8,000	At least twice a year during project duration
Periodic status reports	PMU	3,000	To be determined by the PMU and UNDP CO
Technical reports	PMU Hired consultants as needed	Tbd	To be determined by the PMU and UNDP-CO
Mid-Term Review	PMU UNDP- CO UNDP-GEF Regional Technical Advisor External Reviewers (i.e. international/ national consultants)	30,000	Two years after project implementation (project mid-point).
Terminal Evaluation	PMU UNDP- CO UNDP-GEF Regional Technical Advisor External Evaluators (i.e. international/ national consultants)	30,000	At the end of project implementation
Terminal Report	PMU UNDP-CO	None	At least one month before the end of the project
Lessons learned / Knowledge Management	PMU UNDP-GEF Regional Technical Advisor (suggested formats for documenting best practices, etc)	15,000	Annually: – Y1 \$1000; Y2 \$4000; Y3 \$5000; Y4 \$5,000
Audit	UNDP-CO Project team	None	Annual government co-financed audit by Audit Authority; one

			audit through UNDP CO
Visits to field sites	UNDP Country Office UNDP-GEF Regional Technical Advisor (as appropriate) PMU, National Implementing Agencies		As and when necessary. Co-financed by UNDP CO
TOTAL INDICATIVE COST Excluding project team staff time and UNDP staff and travel expenses		\$127,000	

Learning and knowledge sharing: Capturing and sharing knowledge and lessons learned will constitute an important component of the project and an essential way to ensure sustainability and replicability of project achievements. Learning and knowledge sharing cuts across all three outcomes and relevant outputs are included under each respectively. Results from the project will be disseminated within and beyond the project intervention zone through a number of existing information sharing networks and fora. In addition, the project will participate, as relevant and appropriate, in UNDP/GEF sponsored networks, organized for senior personnel working on projects that share common characteristics. UNDP/GEF RCU has established an electronic platform for sharing lessons between the project coordinators. The project will identify and participate, as relevant and appropriate, in scientific, policy-based and/or any other networks, which may be of benefit to project implementation through lessons learned. The project will identify, analyse, and share lessons learned that might be beneficial in the design and implementation of similar future projects. Identifying and analysing lessons learned is an ongoing process, and the need to communicate such lessons as one of the project's central contributions is a requirement to be delivered not less frequently than once every 12 months. UNDP/GEF shall provide a format and assist the project team in categorizing, documenting and reporting on lessons learned.

Communications and visibility requirements: Full compliance is required with UNDP's Branding Guidelines. These can be accessed at <http://intra.undp.org/coa/branding.shtml>, and specific guidelines on UNDP logo use can be accessed at: <http://intra.undp.org/branding/useOfLogo.html>. Amongst other things, these guidelines describe when and how the UNDP logo needs to be used, as well as how the logos of donors to UNDP projects needs to be used. For the avoidance of any doubt, when logo use is required, the UNDP logo needs to be used alongside the GEF logo. The GEF logo can be accessed at: http://www.thegef.org/gef/GEF_logo. The UNDP logo can be accessed at <http://intra.undp.org/coa/branding.shtml>.

Full compliance is also required with the GEF's Communication and Visibility Guidelines (the "GEF Guidelines"). The GEF Guidelines can be accessed at:

http://www.thegef.org/gef/sites/thegef.org/files/documents/C.40.08_Branding_the_GEF%20final_0.pdf.

Amongst other things, the GEF Guidelines describe when and how the GEF logo needs to be used in project publications, vehicles, supplies and other project equipment. The GEF Guidelines also describe other GEF promotional requirements regarding press releases, press conferences, press visits, visits by Government officials, productions and other promotional items. Where other agencies and project partners have provided support through co-financing, their branding policies and requirements should be similarly applied.


PART III: APPROVAL/ENDORSEMENT BY GEF OPERATIONAL FOCAL POINT(S) AND GEF AGENCY(IES)

A. RECORD OF ENDORSEMENT OF GEF OPERATIONAL FOCAL POINT(S) ON BEHALF OF THE GOVERNMENT(S):
 (Please attach the [Operational Focal Point endorsement letter\(s\)](#) with this form. For SGP, use this [OFP endorsement letter](#)).

NAME	POSITION	MINISTRY	DATE (MM/dd/yyyy)
Mr. A. Enkhbat	Director, Division of Clean Technology and Science, GEF Operational Focal Point	Ministry of Environment and Green Development	8/30/ 2013

B. GEF AGENCY(IES) CERTIFICATION

This request has been prepared in accordance with GEF/LDCF/SCCF/NPIF policies and procedures and meets the GEF/LDCF/SCCF/NPIF criteria for CEO endorsement/approval of project.

Agency Coordinator, Agency Name	Signature	Date (Month, day, year)	Project Contact Person	Telephone	Email Address
Adriana Dinu, UNDP-GEF Executive Coordinator		03/10/2015	Midori Paxton, Regional Technical Advisor, EBD	+66-98-824-7330	midori.paxton@undp.org

ANNEX A: PROJECT RESULTS FRAMEWORK (either copy and paste here the framework from the Agency document, or provide reference to the page in the project document where the framework could be found).

Project Title: Land Degradation Offset and Mitigation in Western Mongolia

Project’s Development Goal: Conservation of ecosystem integrity and resilience, biodiversity and livelihoods in Western Mongolia’s productive landscapes

Objective/ Outcome	Indicator	Baseline	End of Project target	Source of Information	Risks and assumptions
Objective: To reduce negative impacts of mining on rangelands in the western mountain and steppe region by incorporating mitigation hierarchy and offset for land degradation into the landscape level planning and management	Area of pastoral production system and natural habitats in western Mongolia under integrated planning and management as shown by incorporation of eco-regional assessment into land use plans	0	41.5 million ha	<ul style="list-style-type: none"> ▪ Mid-term Review and Final Evaluation reports ▪ Project progress reports ▪ Provincial land use plans 	<p><u>Risks:</u></p> <p>Political instability and 2016 elections delay project progress</p>
	Area set aside from mining related development, for ecological sensitivity including pasture values (through local and national PA designations) derived from Eco-regional assessment)	11.35M ha national PAs and 2.08 M ha Local PAs Total = 13.43 M ha	10% increase	<ul style="list-style-type: none"> ▪ Project progress reports ▪ MEGDT website (PAAD) 	<p>Further economic downturn hinders cooperation with mining companies through investment in SLM</p> <p>Lack of consensus among stakeholders on detailed rules and regulations for offsets</p>
	Level of institutional capacity for implementation of mitigation and offsetting framework as indicated by Capacity scorecard	41 out of a possible 96 = 42.7%	Improved capacity indicated by an increase of at least 25% over baseline (i.e. a score of 51.25 = 53.4%)	<ul style="list-style-type: none"> ▪ Project progress reports ▪ Capacity Scorecard assessments in Mid-term Review and Final Evaluation reports ▪ Training reports 	<p><u>Assumptions:</u></p> <p>The Government of Mongolia is fully committed to the conservation and sustainable use of the country’s ecosystems and the operationalisation of a national framework for mitigation and offsetting of mining impacts.</p>

Objective/ Outcome	Indicator	Baseline	End of Project target	Source of Information	Risks and assumptions
					Co-financing is mobilised from Government allocations and other donors
Outcome 1: Land degradation mitigation and offset framework operationalised, through eco-regional land use planning and capacity development	Outputs: <ul style="list-style-type: none"> ▪ <u>Output 1.1:</u> Land degradation mitigation and offset procedures and guidelines developed, integrated in the mining concession planning and licensing system and operationalized. ▪ <u>Output 1.2:</u> Participatory and science-based eco-regional assessment conducted in western Mongolia and applied to provincial (landscape-level) land use planning. ▪ <u>Output 1.3:</u> Capacity of key stakeholders developed to apply mitigation and offsetting at the national, aimag and soum levels, and public awareness raised. 				
	Resolution of legal contradictions and adoption of new guidelines / regulations / mechanisms to strengthen the mitigation /offsetting framework	-	<ul style="list-style-type: none"> • amended law to incorporate offsetting in land use plans at national, aimag and soum levels; • guideline for the implementation of offsetting and mitigation hierarchy through SLM 	<ul style="list-style-type: none"> ▪ Minutes of meetings of inter-ministerial committee 	<u>Risks:</u> Economic downturn takes government focus off achieving the 30% PA target, in favour of a more relaxed approach to mining licences <u>Assumptions:</u> Cooperation is forthcoming from the aimag authorities and production sectors such as Livestock and Agriculture, for introducing mitigation and offsetting through SLM practices.
	Area of priority conservation (potential offset) areas identified for protection and integrated in mining concession planning process	13.43 million hectares	30% of 41.5 million ha (= 12.45 million ha)	<ul style="list-style-type: none"> ▪ Eco-regional assessment ▪ Mining concession plans 	
	Public awareness of the role of mitigation and offsetting in addressing impacts of mining	Extremely low: baseline survey with an agreed methodology will be conducted during inception phase	10% increase in Aimag centres and 30% increase in pastoral communities at pilot landscapes	<ul style="list-style-type: none"> ▪ Results of questionnaire surveys conducted at beginning and end of project 	Stakeholder institutions are willing to share information that is required for reducing land degradation through SLM Institutions are willing to commit the expected number of personnel for training and capacity

Objective/ Outcome	Indicator	Baseline	End of Project target	Source of Information	Risks and assumptions
					building
Outcome 2. Land degradation mitigation and offsets applied through SLM within selected landscapes	Outputs: <u>Output 2.1:</u> Integrated land management plans operationalised in selected landscapes with full participation of key stakeholders. <u>Output 2.2:</u> Land degradation mitigation and offsets piloted in selected landscapes. <u>Output 2.3:</u> Capacity of local stakeholders developed through demonstration and application of innovative SLM approaches.				
	Integrated landscape management and offset mechanisms demonstrated with prominent mining concessions and other competing land uses	0ha	at least 100,000 ha, with at least one offset agreement signed per pilot landscape	<ul style="list-style-type: none"> ▪ Pilot landscape reports ▪ Project Progress reports 	<u>Risks:</u> Local communities are unwilling to engage constructively with mining companies due to lack of trust Mining companies unwilling to commit additional funds for offsets <u>Assumptions:</u> Aimag and Soum authorities are collaborating and receptive for introducing SLM initiatives for mitigation and offsetting Opportunities through offsetting would stimulate the poor natural resource dependent pastoral communities to organize and perform better.
	Increased investments in SLM actions in the landscape	Khotgor mines \$29,323 Bayan Airag mine \$19,600 Khushuut mine \$118,000	A 50% increase on the 2014 EMP budgets of partner mining companies in the pilot landscapes	<ul style="list-style-type: none"> ▪ Project reports ▪ Mid-term and terminal evaluation reports 	
	% pilot site herder/farmer families applying innovative SLM technologies (as defined in Output 2.3)	Low - To be confirmed during Inception phase	50% by end of project of 200 households in Khushuut Bagh of Darvi soum (Khovd), 190 households of khar altat Bagh of Bukhmurun soum, (Uvs), 149 households of Tsogt Bagh of Durvuljin soum, (Zavkhan)	<ul style="list-style-type: none"> ▪ Project reports ▪ Mid-term and terminal evaluation reports 	
	Area of grazing/forested land (ha) and # springs/wells in pilot landscapes subject to innovative SLM interventions	Grazing rotation: to be determined during the inception phase	30% of the total grazing/forested area or degraded springs/wells in the	<ul style="list-style-type: none"> ▪ Project reports ▪ Mid-term and terminal evaluation reports 	

Objective/ Outcome	Indicator	Baseline	End of Project target	Source of Information	Risks and assumptions
		4.5 ha forest restoration (Zavkhan) 2 wells established/protected (Khovd) To be confirmed during inception phase	pilot landscapes by end of project		

ANNEX B: RESPONSES TO PROJECT REVIEWS (from GEF Secretariat and GEF Agencies, and Responses to Comments from Council at work program inclusion and the Convention Secretariat and STAP at PIF).

Review Criteria	Secretariat Comment at PIF Stage	Response
<p>17. <u>At PIF</u>: Is the indicated amount and composition of co-financing as indicated in Table C adequate? Is the amount that the Agency bringing to the project in line with its role?</p> <p><u>At CEO endorsement</u>: Has co-financing been confirmed?</p>	<p>02/20/14 UA: Has/will the potential for private investment (be) explored?</p> <p>03/06/14 UA: Will be done during PPG stage, to be checked at CEO endorsement stage.</p>	<p>During the PPG, the project further investigated the potential private sector co-financing and has successfully obtained US\$ 50,000 co-financing from the Mongolian National Mining Association and \$ 250,000 from the Ministry of Mining. Although the private sector co-financing is low, it is expected that the private sector investment will be increased substantially during the project implementation.</p> <p>The situation regarding mining sector investment in SLM activities in Mongolia has evolved substantially since the PIF stage.</p> <p>Following the revised Law on Environmental Impact assessment of 2012, several regulations and guidelines were drafted and approved by the Government resolution and ministerial orders. In particular, the guideline for conducting detailed environmental impact assessment, approved as Annex 2 of Minister’s Order No. A-11: 10 January 2014 strengthens the environmental protection obligations of a mining license holder with regard to the investment of funds for mitigating and offsetting the environmental impacts of mining. In brief, these arrangements are as follows:</p> <ul style="list-style-type: none"> ▪ A detailed environmental impact assessment (EIA) and an environmental management plan (EMP) are prepared before obtaining a mining license; ▪ the EIA identifies the potential negative impacts from the proposed mining operations on public health and environment and includes preventive measures that avoid and minimize such adverse impacts; ▪ the EMP (<i>inter alia</i>) should contain measures to ensure that mining operations are conducted in the least damaging way and identify preventive, comprehensive measures to protect air and water, humans, fauna and flora from the adverse effects of mining operations ▪ One of the new concepts, incorporated in the revision to the Law on Environmental Impact Assessment was biodiversity offsetting, and environmental management plans should incorporate measures to mitigate, eliminate and offset residual impacts, identified in the EIA along with developing a timeframe and cost estimation for those actions. ▪ The EIA and EMP are submitted to the Ministry of Environment, Green Development and Tourism for approval ▪ Implementation of mining projects requires the deposit of 50% of the funds required in the annual EMP for environmental protection and rehabilitation by the mining company into a designated account at MEGDT. ▪ 10% of these funds are held at soum and districts’ treasury account for monitoring of results of rehabilitation and maintenance purposes and the remaining funds are released back to the mining company once the rehabilitation and offset measures are completed. <p>Thus, there is now a formal regulatory mechanism in place to ensure financial investment by the private sector to address the impacts of mining through the mitigation hierarchy and offsetting.</p> <p>However this system, and particularly the offsetting component, has not yet been implemented in full anywhere in Mongolia. A key task for the project is to demonstrate effective application of this financing mechanism to support SLM via the mitigation hierarchy and offsetting. Working with the selected mining companies, local communities and government agencies, the project will review the EIAs and proposed mitigation measures, develop formal offset agreements including budgets, and implement these through SLM activities by local communities. Lessons learned will be incorporated into revisions of the guidelines, and the demonstrations will be used to develop a mechanism for up-scaling at the end of the project.</p> <p>PPG work suggests that the baseline level of investments by the mining companies are very low, which probably reflects the inadequacy of the current application of the mitigation hierarchy and offsetting. The project target will be: “At least a 50% increase in investments in SLM actions in the landscape from mitigation hierarchy and offsetting agreements in the pilot landscapes”.</p> <p>Theoretically, this additional funding allocation that will be sought from mining companies in the pilot landscapes could be considered as co-financing. However, any proposal to increase the level of investment is very sensitive, particularly during this economic downturn in the mining sector. Although the PPG team sought to include a reference to this as a source of co-financing in the letter of intent with the mining companies, MEGDT advised that this would be unwise at this stage, and the relevant paragraph was removed. The key focus during the PPG has been to secure the company’s willingness to participate in the project, while discussions on the levels of financial investment will occur during project implementation as the environmental impacts are confirmed and the offset agreements are developed.</p>

ANNEX C: STATUS OF IMPLEMENTATION OF PROJECT PREPARATION ACTIVITIES AND THE USE OF FUNDS⁵

A. DESCRIBE FINDINGS THAT MIGHT AFFECT THE PROJECT DESIGN OR ANY CONCERNS ON PROJECT IMPLEMENTATION, IF ANY:

None

B. PROVIDE DETAILED FUNDING AMOUNT OF THE PPG ACTIVITIES FINANCING STATUS IN THE TABLE BELOW:

PPG Grant Approved at PIF: \$ 80,000			
<i>Project Preparation Activities Implemented</i>	<i>GEF Amount (\$)</i>		
	<i>Budgeted Amount</i>	<i>Amount Spent To date</i>	<i>Amount Committed</i>
1. Baseline study	24,000	14,855	9,145
2. Capacity assessments	16,000	9,900	6,100
3. Determination of pilot sites	12,000	7,427	4,573
4. Developing project results and resources framework	20,000	12,380	7,620
5. Validation workshops (Logical framework analysis)	8,000	4,957	3,043
Total	80,000	49,519	30,481

ANNEX D: CALENDAR OF EXPECTED REFLOWS (if non-grant instrument is used):

N/A

⁵ If at CEO Endorsement, the PPG activities have not been completed and there is a balance of unspent fund, Agencies can continue undertake the activities up to one year of project start. No later than one year from start of project implementation, Agencies should report this table to the GEF Secretariat on the completion of PPG activities and the amount spent for the activities.