### THE PROJECT “LAND DEGRADATION OFFSET AND MITIGATION IN WESTERN MONGOLIA” MON/16/301

#### Brief Information

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<th>Implementation period:</th>
<th>2016-2019</th>
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| **Budget:** | GEF: 1,289,863 USD  
UNDP: 850,000 USD  
Government of Mongolia: 4,430,000 USD |
| **The target areas:** | Zavkhan, Khovd and Uvs aimags |
| **Implementing agency:** | Ministry of Environment and Tourism |

#### Current state of land in Mongolia

77.8% of Mongolian total territory has been affected by desertification and land degradation. Degree of desertification was low in 35.3% of it, moderate in 25.9%, high in 6.7% and was very high in 9.9%. Desertification is caused by improper management of natural resources and is likely to get worse due to climate change.

#### The International Significance

**GEF 5 Land Degradation Focal Area Objective:**
Reduce pressures on natural resources from competing land uses in the wider landscape.

**Sustainable development goal 15:**
Sustainably manage forests, combat desertification, halt and reverse land degradation, halt biodiversity loss

**UN Convention on Combating Drought and Desertification:**
To secure the contribution of our planet’s land and soil to sustainable development, including food security and poverty eradication

**Aichi Biodiversity Targets of CBD**

#### The National Significance

**Concept of Mongolian Sustainable Development-2030 /2016/:**

- 10.2% decrease in the area affected by desertification by 2030 /78.2% as of 2016/
- Special protected areas are 30% of Mongolian total territory by 2030 /17.4% as of 2016/

**Lands Degradation**

Land degradation has become a concerning issue, intensifying desertification, deteriorating wild nature and affecting biodiversity and ecosystem integrity. Decline in land restoration/rehabilitation, capacity and productivity is adversely affecting main economic sectors, namely agriculture, manufacturing as well as achievement of sustainable development goals.

Lack of policy and coordination in use of pastureland, irresponsible and illegal mining activities are contributing to already significant land degradation.

Rapid growth of Mongolia’s economy in recent years is a direct result of mining development. As of 2014, in total of 2768 mining exploration and exploitation licenses covering 7.5% of Mongolia's territory have been given. Irresponsible mining is not only posing many risks to land, soil, water and biodiversity but also affecting ecosystem integrity and livelihood of herders dependent on nomadic husbandry.

**SOLUTION**

Environmental audit, public participation, strategic and cumulative impact assessment were reflected in environmental package law and regulations reformulated and approved in 2012 with an aim of improving external independent evaluation, restoration/rehabilitation phases, biodiversity offset as well as avoiding and reducing the environmental impact of mining.
Green Development Policy /2013/
Ensure a balanced ecosystem through enhancing environmental protection and restoration as well as reducing environmental pollution and degradation.

**National Action Programmes to Combat Desertification /2010/:**
- Maintains the following principles:
- Allocate more investment to the areas highly affected by desertification and land degradation
- Support livelihood of communities living in highly degraded areas
- Promote initiatives producing practical benefits

**National Biodiversity Action Plan /2015/:**
At least 30% of each main ecosystem representatives, unique and vulnerable ecosystems to climate change are included in the National Protected Area network and their management is improved.

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### Main stakeholders

**State organizations:**
- Ministry of Mining
- Ministry of Food, Agriculture and Light Industry
- Ministry of Finance
- Authority of Land Management, Geodesy and Cartography
- Specialized Professional Inspection Agency
- Local Professional Inspection Departments
- National Commission on Soil Conservation and Combatting of Desertification

**Academic institutions:**
- The Institute of Geography and Geo-Ecology
- Institute of Botany
- Institute of General and Experimental Biology

**International organizations:**
- Asia fund

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### MITIGATION HIERARCHY

Potential negative impacts of mining projects are mitigated in following phases:

- **Avoidance:** the first step of the mitigation hierarchy comprises measures taken to avoid creating impacts from the outset.
- **Minimization:** measures taken to reduce the duration, intensity and/or extent of impacts that cannot be completely avoided.
- **Restoration/Rehabilitation:** measures taken to improve degraded or removed ecosystems following exposure to impacts that cannot be completely avoided or minimized.
- **Offset:** measures taken to compensate for any residual, adverse impacts after full implementation of the previous three steps of the mitigation hierarchy.

![Mitigation hierarchy](image)

**Figure 2 Mitigation hierarchy**

### WHEN ENVIRONMENTAL OFFSET IS IMPLEMENTED?

Environmental offsets will only be applied where the residual impacts of the mining exploitation project are determined to be significant, after avoidance, minimization and restoration/rehabilitation have been pursued.

In general, significant residual impacts include those that affect rare and endangered plants and animals (such as declared rare flora and threatened species that are protected by statute), areas within the formal conservation reserve system, important environmental systems and species that are protected under international agreements (such as Ramsar listed wetlands) and areas that are already defined as being critically impacted in a cumulative context. Impacts may also be significant if, for example, they could cause plants or animals to become rare or endangered, or they affect vegetation which provides important ecological functions.

### WHAT IS ENVIRONMENTAL OFFSET?

Environmental offsets are actions that provide environmental benefits which counterbalance the significant residual environmental impacts or risks of mining exploration project. Unlike mitigation actions which occur on-site as part of the project and reduce the direct impact of that project, offsets are undertaken outside of the project area and counterbalance significant residual impacts. End goal of environmental offsetting is net positive improvement on biodiversity of particular area over its original state.
Swiss Agency for Development and Cooperation

Nongovernmental Organizations:
- Mongolian Environmental Civil Council
- Mongolian National Mining Association
- World Wildlife Fund /WWF/
- Global Environmental Facility /GEF/
- The Nature Conservancy /TNC/
- Green Gold

Private sector:
- Mining companies
- Professional organizations for environmental impact assessment

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THE PROJECT TARGET AREAS

❖ “Bayan-Airag” gold mine in Durvuljin soum, Zavkhan province
❖ “Khushuut” coal mine in Darvi soum, Khovd province
❖ “Khotgor” coal mine in Bukhmurun soum, Uvs province

EXPECTED OUTCOMES

- 41.5 million hectares 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
- 10% increase in the area set aside from mining related development, for ecological sensitivity derived from Eco-regional assessment
- 25% increase in institutional capacity for implementation of mitigation and offsetting framework
- 10% increase of public awareness of the role of mitigation and offsetting in addressing impacts of mining at aimag level and 30% increase at pastoral communities in target areas
- 50% increase in annual budget of environmental management plans of each mining sites over the budget for 2014
- 30% increase in rehabilitated area in pilot landscapes and 250 herder/farmer households subject to innovative SLM interventions

CHALLENGES FACING INTRODUCTION OF OFFSETTING

As offsetting is a new concept, all stakeholders at state and local levels, including governmental organizations, private sector and professional organizations lack knowledge, skill and relevant experience to implement it. Therefore, there have been very few successfully implemented cases of offsetting since 2012. Uncertainty concerning implementation phases of environmental offsetting and its requirements is another reason for poor implementation of it. As offsetting is one way of land degradation mitigation, there is need for making required changes to laws and other legal documents on mineral resources and land management, thus improving regulatory coherence between them.

THE PROJECT GOAL

“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”