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ANNEX I

to the Commission Implementing Decision on the financing of the annual action plan in favour of Mongolia for 2023

Action Document for “Sustainable ecosystem and agriculture management for rural development in Mongolia”

ANNUAL PLAN

This document constitutes the annual work programme within the meaning of Article 110(2) of the Financial Regulation, within the meaning of Article 23 of the NDICI-Global Europe Regulation.

1 SYNOPSIS

1.1 Action Summary Table

1. Title CRIS/OPSYS business reference Basic Act	Sustainable ecosystem and agriculture management for rural development in Mongolia OPSYS number: ACT-62005 Financed under the Neighbourhood, Development and International Cooperation Instrument (NDICI-Global Europe)
2. Team Europe Initiative	Team Europe Initiative for Mongolia on “Green Economic Growth”
3. Zone benefiting from the action	The action shall be carried out in Mongolia.
4. Programming document	Mongolia - Multi-Annual Indicative Programme 2021 - 2027 ¹
5. Link with relevant MIP(s) objectives / expected results	MIP Priority area 1: Green Sustainable Development SO 1.1 Transitioning to a greener, digital and diversified economy based on sustainable and resilient ecosystems and agricultural management, production, and value chains <ul style="list-style-type: none">- ER 1.1.1: Existing and new agriculture and forest value chains are more sustainable, environmentally friendly, and digital;- ER 1.1.2: Enhanced innovative and sustainable long-term landscape and agriculture management to address food system challenges and climate stresses;- ER 1.1.3: The trade potential of existing and new agriculture and forestry value chains is strengthened and promoted;- ER 1.1.4: Improved women-led sustainable textile production, eco-labelling and rural entrepreneurship, particularly addressing gender reverse problem in rural Mongolia.

¹ C(2021) 9051 of 14.12.2021.

	<p>SO 1.2 Strengthening the regulatory and policy framework towards climate change adaptation/ mitigation, sustainable value chain development, decent work and green energy transition</p> <ul style="list-style-type: none"> - ER 1.2.1: Improved regulatory framework with incorporated standard/best practices on sustainable landscape management and disaster risk reduction; - ER 1.2.2: Framework for forestry sector is developed and national forest monitoring systems are in place and aligned with international standards; - E.R.1.2.5: Enhanced civil society engagement on climate change issues to ensure the adoption of people-centred and rights-based approaches to nature resource management and green energy transition. <p>SO 1.3 Enhancing human development in the agriculture, forestry and sustainable energy sectors.</p> <ul style="list-style-type: none"> - ER 1.3.1: Efficient, sustainable and demand-driven TVET sector with specific attention to agriculture and forestry sectors in the rural areas; - ER 1.3.2: The tertiary education system is advanced and digitalised in line with international standards; - ER 1.3.3: Enhanced competitiveness on the labour market for graduated forestry and agricultural students. 			
PRIORITY AREAS AND SECTOR INFORMATION				
6. Priority Area(s), sectors	Agriculture, forestry, fishing (310); Post-secondary education (114); Energy Policy (231)			
7. Sustainable Development Goals (SDGs)	<p>Main SDG (1 only): SDG 15: Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss</p> <p>Other significant SDGs (up to 9) and where appropriate, targets:</p> <p>SDG 2: Food security, improved nutrition and sustainable agriculture; SDG 4: Inclusive and equitable quality education; SDG 5: Gender equality and empowerment; SDG 8: Inclusive and sustainable economic growth, SDG 9 (industry, innovation and infrastructure), SDG 12 (sustainable consumption and production patterns), SDG 13: Climate action; SDG 16: Peace, justice and strong institutions, SDG 17: Global partnership for sustainable development</p>			
8 a) DAC code(s)	<p>31220 - Forestry Development 45%</p> <p>31120 - Agricultural development 35%</p> <p>11330 - Vocational training 20%</p>			
8 b) Main Delivery Channel	<p>13000 – Third Country Government (Delegated co-operation)</p> <p>41300 – Multilateral Organisations</p>			
9. Targets	<p><input type="checkbox"/> Migration</p> <p><input checked="" type="checkbox"/> Climate</p> <p><input checked="" type="checkbox"/> Social inclusion and Human Development</p> <p><input checked="" type="checkbox"/> Gender</p> <p><input checked="" type="checkbox"/> Biodiversity</p> <p><input checked="" type="checkbox"/> Education</p> <p><input type="checkbox"/> Human Rights, Democracy and Governance</p>			
10. Markers (from DAC form)	General policy objective @	Not targeted	Significant objective	Principal objective
	Participation development/good governance	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Aid to environment @	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

	Gender equality and women's and girl's empowerment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Reproductive, maternal, new-born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Disaster Risk Reduction @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Inclusion of persons with Disabilities @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Nutrition @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Principal objective
	Biological diversity @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Combat desertification @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
11. Internal markers and Tags:	Policy objectives	Not targeted	Significant objective	Principal objective
	Digitalisation @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	digital connectivity digital governance digital entrepreneurship digital skills/literacy digital services	YES <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	NO <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	
	Connectivity @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	digital connectivity energy transport health education and research	YES <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>	NO <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>	
	Migration @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Reduction of Inequalities @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Covid-19	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	BUDGET INFORMATION			
12. Amounts concerned	Budget line(s) (article, item): 14.020131 South and East Asia Total estimated cost: EUR 13 800 000 Total amount of EU budget contribution EUR 13 800 000			
MANAGEMENT AND IMPLEMENTATION				

13. Type of financing**Indirect management** with the entity(ies) to be selected in accordance with the criteria set out in section 4.3.1**1.2 Summary of the Action**

Mongolia is facing an unabated degradation of its key-ecosystems (rangelands and forests), caused primarily by a combination of excessive livestock numbers and non-sustainable natural resource management, and exacerbated with concerning effects of climate change (with alarming rates of desertification, change in weather patterns affecting the permafrost and frequency of dzuds). Although having significant potential, agriculture and forestry sectors do not add the value needed for the country to diversify its economy from its dependency on extractive industry, and reduce the socioeconomic and climate-induced rural exodus.

The Action intends to strengthen Mongolia's capacity to transition to a greener economy based on sustainable and resilient ecosystem and agricultural management, while at the same time, bring direct and sustainable benefits to local communities from both existing and newly developed productive sectors. This may be achieved by (1) improving regulatory and/or policy framework enabling integrated, sustainable and inclusive management of forests and agricultural areas, improved Technical, Vocational, Education and Training (TVET) sector and reduced disaster risk; (2) Introducing integrated landscape management with focus on agriculture and forestry to address food system challenges and climate stresses; (3) Enhancing sustainable agriculture and forestry value chains; (4) Enhancing capacity of human resources in agriculture and forestry sectors in line with labour market needs.

In addition, the Action will support the achievements of some objectives of the **Forest Partnership (FP)**, signed at the highest level in November 2022 during the COP 27, in accordance with the corresponding FP roadmap that will be formally endorsed in May 2023: (1) Improved governance and sustainable use and management of forests, (2) Sustainable forest management and forest-based value chains, and (3) Reduction of deforestation and forest degradation.

It is important to note that the proposed Action will also support the presidential National Movements on the "**Billion Tree**", the "**Food Security and Food Supply**", the "**Healthy Mongolian**", as well as Mongolia's efforts on digital transformation. The contribution to the presidential initiatives ensures enhanced alignment with Mongolia's most recent development aspirations and priorities, including those stated in its updated National Determined Contributions (NDC).

The Action contributes to Priority Area 1 "Green Sustainable Development" of the **MIP 2021 – 2027**, and its underlying three specific objectives (DAC codes - 113, 114, 311, 312), which aim at promoting sustainable, resilient and inclusive agriculture and forestry value chains in order to reduce poverty in rural areas and accelerate green regional and rural development whilst providing equal opportunities to all genders, youth and persons with disabilities. In doing so the action is also aligned with a recently expressed vision of the Government of Mongolia to slow down the urban migration in Mongolia. This Action is in line with and contributes prominently to the roll-out of the Global Gateway strategy in Mongolia via its defined flagship.

The Action contributes to the **Team Europe Initiative (TEI)** on "Green Economic Growth" - which is also Mongolia's national Global Gateway Flagship - and its following objectives: (1) increasing green, sustainable and climate resilient agriculture and forestry value chains; (2) strengthening sustainable forest and integrated landscape management, restoration and protection of forests and biodiversity. It has been informed by the outcomes of the ongoing "Sustainable and Resilient Eco-system and Agriculture Management in Mongolia" (STREAM) project which is co-financed by the EU and Germany and is also part of the TEI. While Member States' contributions to the present Action are not yet confirmed, several Member States are involved in the forestry sector, including the Czech Republic (through the University of Mendel) for the mobilisation of research expertise with Mongolian universities, or through the provision by France of technical expertise to the National Forest Agency on water management related matters. Other EU Member States are considering investing in the forestry sector whose importance has been stressed by the recent launch of the "EU-Mongolia Forest Partnership", while the European Investment Bank is exploring with the EU Delegation in Mongolia to engage as from 2025 in EFSD+ operations (blending and guarantees) in sustainable forest management.

The scope of the Action encompasses several SDGs. Whilst SDG 15 (sustainable use of terrestrial ecosystems, forest) figures prominently, other SDG achievement in Mongolia will benefit from the implementation of the Action: SDG 2 (food security, improved nutrition and sustainable agriculture, SDG 4 (inclusive and equitable quality education), SDG 5 (gender equality and empowerment), SDG 8 (inclusive and sustainable economic

growth), SDG 9 (industry, innovation and infrastructure), SDG 12 (sustainable consumption and production patterns), SDG 13 (climate change), SDG 16 (Peace, justice and strong institutions) and SDG 17 (Global partnership for sustainable development). The broad scope of SDG coverage is due to the integrated nature of the objectives of this Action that aim to foster economically, socially and environmentally sustainable development in an integrated and holistic way, as well as to involve women and youth in sustainable forest and pasture management.

The following policy and Rio markers are targeted: “gender equality”, “biological diversity”, “combatting desertification”, “mitigation of and adaption to climate change”.

The action is in line with EU Gender Action Plan 2021-2025 (GAP III)² and its thematic areas of engagement “Promoting economic and social rights and empowering girls and women” and “Addressing the challenges and harnessing the opportunities offered by the green transition and the digital transformation”.

2 RATIONALE

2.1 Context

Mongolia is a lower-middle-income resource-rich democracy of 3.4 million people landlocked between Russia and China. It is an emergent, democratic country and a key partner for stability and security in the region. To balance the dominance of the two neighbours Mongolia is cultivating close relations with “third neighbours”, (i.e other countries than the two geographic neighbours) and this includes the European Union (EU). The EU’s political support and development cooperation partnership contribute to increasing the country’s resilience in a complex geopolitical environment. The country is economically largely depending on mining and industry (38.2% of the Gross Domestic Product-GDP) whilst 40% of the population’s livelihoods depend on animal husbandry and rain-fed agriculture contributing to 12.1% of the GDP. The recent COVID-19 crisis and the war of aggression of Russia on Ukraine have exacerbated the risks of being overly dependent on neighbours for provision of energy and food. As a result, the EU’s objective to strengthen the resilience of Mongolia’s economy by diversifying out of mining and making it less vulnerable to exogenous shocks, defined by its geographical position, is more important than ever.

Forestry and agriculture are closely interlinked. According to the Forest Resource Assessment³, forests cover around 16.8 M ha (14.2 M ha boreal forests, 2.6 M ha of saxaul forests) of the Mongolian territory (7.9%⁴) but contribute only to 0.3% to the GDP. The actual contribution is mainly informal which is not reflected in the GDP: e.g. local construction materials, wood fuel, and non-wood forest products. The critical ecosystem services (hosting biodiversity, storing carbon, protecting soils and water catchments) are public non-market benefits which respectively are not included in the GDP. Wood products are mainly consumed on local level and are not reflected in official statistics. Large areas of forests are overmature and largely unused, representing lost economic and job creation opportunities. The food and agriculture sector is the second strategic economic sector after mining, and its future successes and failures will affect the progress made in the other sectors. As of 2021, the agricultural sector represented 10.9% in Mongolia’s GDP, of which 84.5% was accounted by animal husbandry, and 15.5% attributed to crop production, and the livestock sub-sector accounts for almost 10% of export earnings. Agriculture currently employs 35.9% of the total labour force, with around 188,610 herder households. Most of Mongolia is pastureland (126 million hectares) followed by arable land (about 1 million hectares). M. About 70% of rural income derives from livestock production and that sub-sector is an important safety net. The livestock population tripled since Mongolia embarked on a more market-oriented economy, increasing from 25.9 million head in 1990 to 71.2 million in 2022, and it exceeds the carrying capacity of national rangelands by threefold resulting in severe overgrazing and degradation reaching 70% total national rangelands. According to the National Report on the Rangeland Health (2018), 13.5 % of pasture is slightly degraded, 21.1 % in moderately degraded; 12.8 % in heavily

² The [Gender Action Plan III](#) is a Joint communication by the Commission and the High Representative of the Union for Foreign Affairs and Security Policy which was welcomed through [EU Presidency Conclusions](#) of 16 December 2020. Drafting was led by European Commission in close consultation with EU Member States, EEAS, civil society organisations, partner governments, and international organisations (UN entities, International Finance Institutions among others). The different parties contributed to the drafting of the document through meetings and through responses to a survey conducted during the process

³ Forest Resource Assessment, United Nations Food and Agriculture Organisation (FAO), 2020.

⁴ Official reported value from Vision 2050 and subsequent plans.

degraded and 10.3 % in fully degraded level. An excessive and ever increasing livestock numbers combined with the absence of integrated land and resource management not just results in pasture degradation, but also in increasing the risk of desertification and significant reduction of soil carbon storage capacity. This will ultimately lead to the disappearance of the traditional nomadic herding system which is the essence of Mongolia's tradition and is deeply rooted in the identity of the Mongolians. An increasing area of forests is invaded by cattle which destroys the regeneration. Exacerbated by the impacts of climate change this causes a slow but steady degradation of many forests and reduces their ecosystem services (like carbon sequestration, clean air and water, protection against soil erosion and landslides). Overgrazing finally leads to desertification, reduced income from herding and reduction of stored carbon.

TVET aims to supply skilled workers in the labour market and bridge the existing knowledge and skills gaps in agriculture and forestry value chains to support Mongolia's just transition to a greener and sustainable economy. The new TVET Law, expected in the second quarter of 2023, will further regulate the transferred primary responsibility of TVET from the Ministry of Labour and Social Protection (MoLSP) to the Ministry of Education and Science (MES) specialisation of TVET schools, the engagement of private sector in TVET, opening to dual training modes, performance-based financing of TVET etc., and the composition of the National VET Council that was modified with the shift of responsibilities accordingly in 2021. In 2022, 700 students (1.8% of total TVET enrolment), thereof 317 female, are attending forestry training programmes whilst 1468 students (4%), thereof 547 female are in Agriculture. In addition, 159 persons attended non-formal short training in Forestry and 758 in Agriculture. According to the MES's tracing of 19,300 graduates in 2020-2021, the Forestry sector accounted for 400 graduates out of which 95 got a job in forestry-related occupations while 1,300 students, thereof 640 female, graduated in Agriculture and 429 got a job in related occupations. Employment in agriculture (forestry, fishing and hunting sector) accounted for about 25% of total employment, while total unemployment rate was at 5.4 % in the third quarter of 2022. Youth unemployment at about 21% of total labour force.

Overall at national and international level Mongolia has a firm commitment to environment and climate action. In November 2020, Mongolia submitted its updated **Nationally Determined contributions** (NDCs) to the United Nations Framework Convention on Climate Change (UNFCCC). Mongolia has set a new target of reducing its greenhouse gas (GHG) emissions from 2010 by 22.7% (unconditionally / 27.2% (with international assistance) by 2030 compared to the Business-as-usual scenario. This new mitigation target, which excludes land use, land use change and forestry (LULUCF), is an improvement on a 14% goal from its earlier intended NDC. The updated NDC includes additional sectors that were not previously considered, such as agriculture, with specific goals and targets for climate change adaptation on animal husbandry and pastureland, arable farming, water and forest resources, biodiversity, natural disasters, public health, livelihood and social safeguards.

In addition, a new long-term, development strategy, known as **Vision 2050**, was approved by the Mongolian Parliament in early 2020. According to Vision 2050 the fundamental of Mongolia's long term development policy is green growth, and the country's economy and infrastructure will be developed based on its potential of natural resources and advantages of geographical location. Further to that, and in an effort to revive its economy post COVID-19 pandemic, Mongolia adopted the "**New Recovery Policy**"⁵ with six pillars identified as key in this process. The fifth pillar, "recovery through green development", focuses extensively, among others, on making significant contribution to mitigating climate change, and delivering on the commitments of the "Billion Tree" National Movement.⁶

Presidential Initiatives: The President of Mongolia announced several initiatives in 2021-2022 to address the country's agricultural, environmental and public health issues, which has generated another wave of policy and legislative documents to ensure delivery on these commitments.

The "**Billion Trees**" National Movement⁷ aims by 2030 to expand the forest cover to 9% by planting, nurturing and growing billions of trees, reduce desertification and land degradation, enhance greenhouse gas removal, improve water resources, mitigate climate change, and accelerate the revival of green development. It is split in three phases (1: 2022-2024, 2: 2025-2027, 3: 2028-2030)⁸ and its goals are to: i) maintain and improve the ecological balance in settled areas, improve the people's livelihood, and develop "Urban Forest"; ii) reduce

⁵ Resolution of the Government of Mongolia no.106, adopted by the Parliament on 30 December 2021.

⁶ A detailed outline of activities are included in the Action Plan annexed to Government Resolution no.106.

⁷ Resolution of the Government of Mongolia no.350, adopted by the Parliament on 17 November 2021.

⁸ A detailed outline of activities are included in the Action Plan annexed to Government Resolution no.350.

desertification, land degradation, dust storm, and mitigate sand movement; iii) develop diversified agroforestry in line with the goal of “Food supply and Food security” National Movement; iv) reduce deforestation and forest degradation, and expand the area of forest cover; v) establish institute for research, analysis, innovation and technology, and form the necessary human workforce; vi) provide comprehensive management and regulatory policies, create the required infrastructure and legal environment. This Movement has generated a lot of attention to the forestry sector in Mongolia and has activated a lot of engagement and dialogue of the Government with private sector, civil society and development partners.

The “**Food Security and Food Supply**” National Movement⁹ seeks to augment export-oriented agricultural production and to improve food security in Mongolia, particularly in rural areas by upgrading infrastructure, advocating sustainable farming practices, and broadening access to financing and training for farmers. Its accompanying Action Plan¹⁰ is divided into five areas: i) improvement of legal environment for food, agriculture and light industry sectors; ii) institutional arrangements; iii) crop production; iv) livestock production; v) food processing industry.

The “**Healthy Mongolian**” National Movement, aims to bring together the aforementioned two National Movements and introduce the concept (ecological model) of Healthy Environment-Healthy Food-Healthy Citizen, focusing mainly on the latter concept. It looks into healthy diets, healthy positive habits, educated and active citizens.

All these three national movements, and the commitments undertaken by Mongolia at the highest level, as well as the alignment of the country’s priorities with the EU local and global priorities, have brought Mongolia into the spotlight for EU. This has led to the decision by the EU to propose Mongolia to be among the first five priority countries (first one in Asia-Pacific) to engage in a **Forest Partnership (FP)**, which has been welcomed at the highest level of the leadership of the country. A Memorandum of Understanding (MoU) for the FP was signed in November 2022 during COP27. This MoU states that the partnership should address protection, restoration and sustainable management and use of Mongolia’s forests, with a view to (1) Increasing the area of protected, restored or sustainably managed forests, (2) enabling and increasing the number of forest related decent jobs, (3) reducing the annual rate of deforestation of natural forests, (4) promoting productive forest management and (5) looking for ways to facilitate investment in legal and sustainable wood production and resulting trade between Mongolia and the EU.

The above presidential initiatives, together with the FP MoU provide a very positive context to address the issues at stake in both the agricultural and the forestry sector, providing some assurance of governmental support for the future Action, and ownership and active engagement to generate results from this Action.

2.2 Problem Analysis

Short problem analysis:

Forestry

Lack of sustainable forest management and concerning trends: All forest resources in Mongolia are state property. The Ministry of Environment and Tourism of Mongolia provides oversight supervision in terms of overall forest development and conservation, while Aimag (Province) and Soum (district) administrations are responsible for forest management at the local level. According to the National Forest Inventory, the forest stock is around 107.5 m³/ha of which nearly 80% are larch (*Larix siberica*). The fact that forests include 24 m³/ha of standing or lying deadwood demonstrates significant levels of over-maturity resulting from the lack of management of the forests. In addition, according to the Forest Reference Level sent to UNFCCC (2018), 1,457,000 ha of forest were degraded in 2015. The forest loss from 2005 to 2015 was 52,660 ha. 11,968 ha of forest are fire-prone and 9,570 ha are pest-affected (Siberian silk moth and gypsy moth). Forest regeneration is impeded by overgrazing. Climate change accelerates these developments impacting the climate resilience of the forests¹¹ as permafrost areas are shrinking and found at deepening depth impacting availability of water for plants and trees; warmer average temperature and fewer frost days favour pests and diseases and also enhance favourable conditions for forest fires.

⁹ Resolution of the Government of Mongolia no.36, adopted by the Parliament on 17 June 2022.

¹⁰ Annex to Government Resolution no.36.

¹¹ https://redd.unfccc.int/uploads/2234_50_boreal_forests_in_a_changing_climate_mongolia.pdf

Weak wood industry, constrained value chains: The flow of raw material to the processing industry is neither steady nor predictable. The industry must import wood from Russia to have sufficient raw materials to sustain their activity. The quality of wood products is low and product standards in place are not adhered to. There is no integrated view on the whole value chain from the forest to the final wood product. Generation of funds only materialises through the sales of goods (primary and value-added products) and payment for ecosystem services is only weakly developed. At this stage the demand for good raw material is too low to trigger the development of a healthy and sustainable forestry sector.

In addition, staff on management and operational levels of forestry Micro, Small and Medium-sized Enterprises (MSMEs) are low in number, inadequately trained, over-worked, and underpaid. Due to the competitive wages in the mining and other sectors it is becoming increasingly hard to find people willing to work on management and on operational levels in the forestry sector(s). There are no opportunities on further training to enhance capacity on new approach (GIS, IT, timber marketing and sales) and very little interaction with forest industry.

Lack of incentives for sustainable forest management: land access, land use rights, in relation to forested areas (protected or non-protected) are either for short term duration only (10 year period) or not suited to promote incentive for the Forest Users Groups (FUGs) or the forest enterprises to engage in a long term management of the forested area. FUGs are only allowed to collect deadwood and lower value non timber forest products and they are thus struggling to make sufficient revenue from their activities, let alone looking after forest regeneration and maintenance. Many FUGs members are also herders, and their herd encroaches on forest eating or destroying young trees.

Government strategy: Beyond the recent impetus of interest for the sector given by the Billion Tree movement, the new Forest Law is currently undergoing a comprehensive review process. The Asian Forest Cooperation Organisation (AFoCO) has provided in 2021 a valuable assessment of the issues and the potential way forward¹². A National Forest Agency has been established in the second semester of 2022¹³ and this is a very positive development. This young institution still needs to be adequately capacitated, both in terms of human, resource and directions. Forest Divisions (FD, Aimag level) and Forest Units (FU, Soum level) are still facing staffing issues and get their funding from the Local Government (Aimag, Soum) and this is often not sufficient to attract high calibre recruits and implement the plans. Some management plans are developed by Forest User Groups (FUG) as well as Forest Enterprises (FE) but both stakeholders lack capacity for adequate implementation of these plans.

Way forward: As emphasised in the EU biodiversity strategy and the EU Forest Strategy, sustainable forestry can make entire ecosystems more resilient to the negative impact of climate change. Climate resilient forests increase carbon sequestration in healthy soils as well as in wood and deliver wood for forestry value chains. They improve various ecological services, such as regulated water flow of rivers and creeks, reduction of soil erosion prevention from landslides, as well as hosting of biodiversity. Forests, if sustainably managed, can also generate income for the climate-vulnerable rural population. The Action will also address the situation described above by supporting organisational development of the public forest administration on national, Aimag and Soum levels. Introduction of sustainable forest management instead of the sole consideration of exclusive and strict protection will generate income for the rural population, make the sector more attractive, contribute to carbon sequestration, enhance biodiversity and increase the delivery of ecosystem services. In addition, integrated land management planning will tackle the problem of forest degradation caused by encroachment and cattle grazing. Enhanced value chains will make the wood sector competitive on the labour market. The Action will deal with the whole value chain from sustainable forest management to wood processing.

Agriculture

The agriculture sector faces many challenges. Past growth has been achieved mainly through the expansion of crop area and increased numbers of livestock, rather than from gains in quality and productivity. The sector's problem generally remains characterized by low productivity due to a lack of innovation and technology transfer, poor land use and management, and lack of integrated environmentally sustainable solutions such as coordinated forest and rangeland management, sustainable climate-resilient agricultural practice, agroforestry, water conservation, circular economy and sustainable value chains. The lack of resilience to climate hazards (droughts, dzuds); and lack of access to facilities, extension services and high-quality inputs remain major constraints. According to FAO 2021 (Mongolian Agriculture: Prospects and Priorities for Sustainable Growth) the livestock sub-sector accounts

¹² <https://afocosec.org/newsroom/news/forestry-news/focus-mongolian-forestry-in-a-changing-environment/>

¹³ Resolution of the Government of Mongolia no.272, adopted by the Parliament on 5 July 2022.

for almost 10% of export earnings and about 80% of total agricultural production. However, the total number of livestock animals in 2022 reached 71.12 million animals (horses, cattle, camels, sheep, goats) causing severe degradation of pasture and the adjacent forest land. Impacts of climate change with an increase of temperature of 2.24°C, while annual precipitation decreased by 7.8%, and an increasing number of droughts accelerate the process of desertification and hamper the productivity and sustainability of the livestock and crop sector. Livestock value chains for products such as meat, dairy, cashmere, wool, skin and hides are poorly developed. Exports of livestock goods have been impeded by a range of factors, including structural challenges in the supply chain of raw materials from nomadic and semi nomadic herder households spread around the vast territory, poor quality control and traceability, shortage of veterinary and other essential extension services, sanitary controls related to animal diseases, and the lack of information on antibiotic use and residues. These barriers in combination with low value-addition result in lower prices for Mongolian goods in world markets relative to those achieved by other exporters of the same products. Vegetable producers face a similar situation, with limited scope for crop production. Mongolia has a very short vegetation period (about 90-110 days) and very limited precipitation (<400mm/year) which, combined with its harsh continental climate, and fragile and sensitive natural ecosystem. The value chains for vegetables are complex with multiple intermediaries, each adding significant costs. Lacking storage facilities, smallholders generally sell all their produce at once, close to harvest time when prices are weakest. The lack of integrated value chains and limited processing in the country result in lost opportunities for small producers, which limits their access to high value domestic and export markets, while limiting the scope for rural employment. The livestock sector is further constrained by poor livestock management and inefficient cross-border logistics and customs inspections. Further challenges that must be addressed include limited access to resources, infrastructure and technology. Lack of digitalisation causes reduced competitiveness by limited access to government services and to up-to-date information on weather patterns or agricultural product prices. Agricultural products cannot be marketed online. Furthermore, essential tools for agricultural development, such as a financial incentives for promotion and insurance tools for risk management, are poorly utilised. In many rural areas, farmers lose income and the opportunity to revive due to credit or financial burden. This leads them to leave farming and look for other jobs in the urban areas.

Addressing these challenges will require a coordinated effort from the government, the private sector, civil society, and donors. It is crucial to involve all stakeholders in the value chain development process, including producers, processors, marketers, and government agencies, and to ensure adequate investment in infrastructure, research and development, and capacity building. Additionally, it is vital to promote the development of strong partnerships between private sector actors, government, and civil society organizations, to ensure that value chains can grow and succeed sustainably and inclusively.

The action will consider a change in traditional agriculture paradigm to convert to a more sustainable, green and climate-resilient agriculture, that can provide both economic, food and environmental services, with a diversification of sources of revenue for herders, farmers and agripreneurs making rural economy more resilient (to dzuds, droughts), less dependent on large number of head of livestock to guarantee their living standards and attractive to younger generations. The Action will also look at increased local value-addition on selected value-chains looking at value chain enablers and including high value product value chain such as cashmere.

Further to that, in 2020-2021, the EU and FAO conducted a rapid food systems assessment in Mongolia, which provided a number of recommendations that will inform the implementation of this Action. Food systems relate to interconnected systems and processes that influence nutrition, food, health, community development, and agriculture. Better nutrition can be safeguarded by proper early warning systems that address all food (and forestry) chain actors, considering that agriculture (as forestry) value chains also need to have resilient societal end points that can be financed and supported to pull better product through better supply chains, resulting in better integrated land management with climate and biodiversity benefits.

TVET

There is an acute shortage of skilled workers in agriculture and forestry sectors that account for about 25% of total employment. The “Billion Tree” movement alone, will require no less than 21,000 workers including engineers, foresters in addition to the current 1,200 workers employed in the forestry sector. At the same time it is estimated that a sustainable forestry sector has the potential for creating more than 80,000 decent jobs.¹⁴ At the current pace and conditions, TVET is unlikely to supply this workforce, considering that out of 19,734 TVET graduates in 2021, 1,700 graduated in agriculture and forestry. Students consider jobs and TVET programmes in those sectors

¹⁴ Estimation based on analysis of EU Forest 4 Future Facility.

unattractive, due to little or no technological advancement and innovations and low wages, especially in remote rural areas. Only 5% of TVET students are enrolled in agriculture and forest sector programmes in 2022-23. As a result, employers face not only difficulties in filling vacancies in the agriculture and forestry sectors but also in finding employees with skills that meet their needs and requirements.

The consulted TVET stakeholders identify the following challenges preventing effective skills development for employment and self-employment in successful value chains in agriculture and forestry sectors: (1) multi-level governance and multi-stakeholder involvement in TVET; (2) access of students and workers to demand driven quality TVET; (3) current rules and practices of managing and financing TVET institutes and; (4) low attractiveness of TVET, in particular agriculture and forest programmes are not perceived as a viable career and educational path.

The specific problem is thus the mismatch in quality and numbers of the demands of the labour market and the skills and numbers of the TVET graduates.

With regard to those challenges, the proposed Action will enhance relevance and quality of TVET in human resource development in agriculture and forestry sectors through: (1) strengthening inter-sectorial coordination towards development and implementation of policies and regulations; (2) reinforcing private-public partnership in skills surveys and forecasting, occupational standard and assessment development, internship and apprenticeship (dual training); (3) delivery of flexible long and short term competency-based training supplied with necessary resources and training environment in a gender responsive and inclusive way; (4) green and digital transformation in curricula and programmes introducing new technologies; (5) integration of entrepreneurial skills for self-employment in forestry and agriculture value chains; (6) outreach and awareness raising about career opportunities and the role of TVET in forestry and agriculture sectors, and promote general understanding of youth and the public on environmental preservation and protection.

Climate change:

Climate change poses significant challenges for Mongolia¹⁵, particularly in the agricultural and forestry sectors. As a landlocked country with a predominantly arid and semi-arid climate, Mongolia is highly vulnerable to the impacts of climate change, including increased temperatures, prolonged droughts, and more frequent extreme weather events. These changes have far-reaching consequences for the country's agricultural and forestry systems, which are vital for the livelihoods of many Mongolians.

Mongolia has already experienced significant climate changes, with warming of over 2°C and declines in rainfall reported between 1940 and 2015. These changes have led to chronic drought, and increased exposure to secondary impacts such as dust storms. Mongolia is facing rates of warming higher than the global average. On the highest future emissions pathway (RCP8.5) average warming could exceed 5°C by the end of the century. Warming in maximum and minimum daily temperatures is expected to be faster than the average rate, potentially amplifying the stress exerted on human health, livelihoods, and ecosystems. The intensity of extreme climate-driven hazards including heat wave, drought, and river flood, is expected to increase.

As a result of the above combined factors, Mongolia's unique ecosystems are likely to come under pressure from long-term warming and drying processes, with shifts in species ranges likely, and potential loss of forest cover and associated species. In addition changes in climatic conditions are projected to place further downward pressure on yields of current agricultural crops, particularly wheat, threatening Mongolia's food security.

Facing these challenges, Mongolia has submitted its assessment and proposed policies on adaptation and mitigation in its National Communication(s) to UNFCCC¹⁶. Adaptation policies to climate change in certain degree has been reflected in legislative, policy and strategic documents such as National Action Program on Climate Change (NAPCC), Mongolian National Security Concept, 2010, Mongolia's Sustainable Development Vision 2030 adopted by parliament in 2016, Green development policies of Mongolia adopted by parliament in 2014 and its action plan for 2016 implementation.

Mongolia's objectives in adaptation and mitigation are further elaborated in Mongolia's Nationally Determined Contribution to the UNFCC¹⁷.

¹⁵<https://www.adb.org/sites/default/files/publication/709901/climate-risk-country-profile-mongolia.pdf>

¹⁶ https://unfccc.int/sites/default/files/resource/06593841_Mongolia-NC3-2-Mongolia%20TNC%202018%20pr.pdf

¹⁷ <https://unfccc.int/sites/default/files/NDC/2022-06/First%20Submission%20of%20Mongolia%27s%20NDC.pdf>

In terms of *mitigation*, Mongolia has been taking steps to reduce greenhouse gas emissions from its agricultural sector. The country has recognized the importance of sustainable land management practices, such as improved pasture management, rotational grazing, and afforestation. These measures not only help sequester carbon but also enhance soil health and resilience to climate impacts. The government has been promoting the adoption of climate-smart agriculture techniques, such as conservation agriculture and efficient water use, to reduce emissions and enhance agricultural productivity. Additionally, efforts are underway to promote renewable energy sources, such as solar and wind power, to reduce the reliance on fossil fuels in agricultural operations.

In terms of *adaptation*, Mongolia is focusing on building resilience in its agricultural and forestry sectors to cope with the changing climate. The government has been investing in research and development to develop drought-tolerant and climate-resistant crop varieties, as well as improving water management systems to ensure efficient irrigation and water conservation. Rangeland management practices are being implemented to mitigate the impact of droughts on livestock and to prevent overgrazing. Forest protection and restoration initiatives are also being undertaken to preserve and expand Mongolia's forest cover, which serves as a carbon sink and provides crucial ecosystem services.

Furthermore, the government is promoting climate information services and early warning systems to assist farmers and herders in making informed decisions based on climate forecasts. Capacity-building programs are being implemented to enhance the adaptive skills and knowledge of farmers, foresters, and other stakeholders. Collaborative efforts between the government, research institutions, and local communities are crucial in implementing effective adaptation strategies and ensuring their long-term sustainability.

While Mongolia faces significant challenges due to climate change, concerted efforts in both mitigation and adaptation in the agricultural and forestry sectors can help build resilience, ensure food security, and contribute to sustainable development in the country.

The proposed action will contribute to Mongolia's concerted efforts in both mitigation and adaptation in the agricultural and forestry sectors and help build resilience, ensure food security, and contribute to sustainable development in the country.

Cross cutting issues

Gender: According to the gender analyses undertaken by the EU in agriculture and forestry sectors, there has been a noticeable fall in the number of women working in agriculture and forestry in comparison to men between 2010 and 2020. Gender-disaggregated labour market and capacity-building data are available. However, gender-sensitive and gender-disaggregated statistical data on economic and social rights and participation still need to be improved.

In agriculture and forestry there are clear differences between the work that men and women do. Women are typically in charge of husbandry activities such as caring for young animals, dairy production, tree planting, nursing in addition to household chores. Women are also largely absent from decision-making roles in forestry, despite leading many FUGs and Pasture user Groups (PUGs). Also, female-run enterprises are usually smaller in size, have fewer employees and have a lower turnover rate than those run by men. Women who own small businesses have unique challenges: they are frequently unable to obtain bank loans, for example, because they lack access to resources such as land, property, and other kinds of items that could be utilized as collateral. There is no integrated information about the financial and business opportunities provided for women. Taking an inclusive, transformative approach is essential, and empowering women economically is key to reducing poverty and achieving inclusive and sustainable growth under the 2030 Agenda.

Article 19 of the Law on Gender Equality Promotion spells out the roles and responsibilities of government agencies when it comes to making gender equality a part of everyday life. The Ministries have responsibilities to provide internal coordination and management. There is existing policy infrastructure that can promote gender responsiveness in the agricultural and forestry sectors and some progress has been made in its implementation. There is still a need to build the capacities of duty bearers at all levels to protect and defend human rights while also promoting them by providing equal opportunities for all to participate and work in the agriculture and forestry sectors.

Following the values enshrined in the EU Gender Action Plan III all the actions will ensure integration of women and of the young generation. The action is aligned with GAP III and its thematic areas of engagement "Promoting

economic and social rights and empowering girls and women” and “Addressing the challenges and harnessing the opportunities offered by the green transition and the digital transformation”.

Digital transformation: 84% of the population over the age of 12 years have access to the internet¹⁸ and around 94% own a phone. However, COVID-19 and the associated restrictions have both exacerbated and revealed a wide digital divide within Mongolia. There is a need to establish information, education and technology platforms that promote green job creation in all the sectors, including agriculture and forestry sectors. Access to information (market price and conditions, extension services, weather, training....) is an essential enabler of modern agriculture and forestry. The Government of Mongolia is very conscious of this and digitalisation is embedded in Vision 2050. Mongolia is embarking in digitalisation of several governmental sectors under the auspice of the Communication and Information technology Authority (CITA) to improve service delivery to the citizen, transparency and reduce opportunities for corruption. On the way to build a digital nation, E-Mongolia platform (2020) has successfully launched an integrated e-government system and a Parliamentary Standing Committee on Innovation and Digital Development has been established.

Identification of main stakeholders and corresponding institutional and/or organisational issues (mandates, potential roles, and capacities) to be covered by the Action:

President's Office

Office of the President of Mongolia: Initiators of the three national movements: “Billion Tree”, “Food Security and Food Supply”, “Healthy Mongolians”, which are guiding the definition/revision of policies in the sectors by the Government. The Office of the President is a key interlocutor to engage with in policy dialogue on all sectors, especially keeping in mind as well that the FP MoU was signed between the President of Mongolia and the President of the European Commission, hence the Office of the President pays close attention to the implementation of the MoU, and is actively consulted and participating in the foreseen coordination mechanisms (Political and Technical WGs under the FP).

Government (National level)

The **Ministry of Economy and Development** aims to improve the social and economic potential of Mongolia in a sustainable and accessible way by providing integrated methodology and management for developing, planning and implementing long-, medium- and short-term development policies of Mongolia (e.g. Vision 2050). It will be important to collaborate for this Action at policy level with this Ministry that keeps an overview of Mongolia's policies implementation and is also responsible for ensuring national, sectoral, inter-sectoral, regional and local coordination.

The **Ministry of Environment and Tourism (MET)** is tasked with supervising the implementation of the State Policy on Forestry, providing favourable legal environment, organising the implementation of legislation, strengthening good environmental governance, creating public awareness on environmental issues and promoting green and sustainable development. MET has primary oversight for forest development and conservation. **Aimags and Soum administrations** are responsible for forest management at the local level. MET is one of the key interlocutors for the implementation of the FP MoU, with the Minister co-chairing the political WG, and is also one of the key interlocutors for this Action, especially since the Action will be working on the main areas that the Ministry is responsible for.

The **National Forest Agency (NFA)** with its divisions (1) forest resources, (2) forest restoration, (3) administration and (4) monitoring (internal) is responsible for the forest sector and the key partnerships. It is responsible for research on forest resources, implementation of national policies and programs on forest protection, utilization and rehabilitation ensuring inter-sectoral coordination and stakeholders' involvement. It currently composes of 38 staff, and as a newly established agency could benefit further from capacity development, policy support, and up to a certain degree guidance on strategical decisions to be made. The NFA is a government implementing agency directly reporting to MET, and is responsible for conceptualising and guiding the implementation of the “Billion Tree” National Movement. It is the key partner for the planned actions in the forestry sector, and in terms of the FP MoU, the Director-General of the NFA is co-chairing the Technical WG.

The **Ministry of Food, Agriculture and Light Industry (MOFALI)** develops policies and leads national and local level planning to ensure sustainable development of agricultural production, proper use, protection and

¹⁸ NSO, Population and Housing Census, 2020

restoration of rangeland and other planting areas and continuous supply of the population with affordable and accessible healthy food. The involvement of this ministry is essential to develop integrated solutions to manage rangeland and forest areas. Light industries encompasses as well wood and non-wood forest product transformation.

The **Ministry of Finance** (MoF) leads financial, budget and investment policies, financial management and coordination in line with the countries' development strategies and national programs. The ministry channels funds for employment creation and decent work. The Financing Agreement for this Action will be signed with the MoF, that is also co-chairing the annual EU-Mongolia Development Cooperation Working Group that has been officially established under the EU-Mongolia Joint Committee guided by the Partnership and Cooperation Agreement.

The **Ministry of Construction and Urban Development** (MCUD) is in charge of national and local land management planning. Its Agency for Land Administration and Management, Geodesy and Cartography coordinates the updating of land management plans. According to the 2021 data of the Integrated Land Classification Database, while 72.4% of the total territory is occupied by agricultural land, MCUD is responsible for all land issues. There is currently no specialised department or department for agriculture, pastures and cultivation within the Ministry. As this Action will support the implementation of land management plans, close collaboration with MCUD will be key, especially given also the current discussion on revisions of the land law.

The **Ministry of Education and Science** (MES), has recently become again responsible for the TVET sector (previously held by MoLSP), and leads, among others, the human resource development in agriculture and forestry sectors. To ensure employability of graduates meeting labour market needs and employers' requirements, TVET curricula are developed based on occupational standards, hence this Action will be working closely with MES to support the curricula development, building links with employers. The TVET Law is under revision and one of the key changes is to specialize TVET schools according to the economic development and regional priorities.

The **Ministry of Labour and Social Protection** (MoLSP) is responsible for planning, management and coordination of employment support programs and short-term training. The Ministry is responsible for the development of occupational standards. The Employment Promotion Fund implements employment support programs. This includes, for example, a "Green job" program to contribute to the Billion Tree movement. MoLSP cooperates with MET to make available labour for planting activities. Labourers for such and other activities will be needed for the implementation of actions. This generates income for the most vulnerable groups.

The **Ministry of Digital Development and Communication** (MDDC) aims to increase competitiveness, productivity, and efficiency of ICT products and services in social and economic sectors. This action will contribute to Mongolia's efforts to strengthen forest and agriculture value chains incorporating green and digital technology in public services, therefore working closely with MDDC at policy level would also be important.

The **National Committee on Gender Equality** (NCGE) is an ex-officio committee composed of government and non-government organizations headed by the Prime Minister. The NCGE has ex officio sub-committees in aimags and sectors responsible for coordination gender equality policies in their respective aimags and sectors.¹⁹

The Women's caucus of the Parliament is an informal, multi-partisan group of all women MPs. The caucus aims to promote gender equality, focus on social policies and issues which pertain to women, among others.²⁰

Government (local level)

The **Aimag Food, Agriculture, Environmental Departments and Aimag Forest Divisions** exercise administrative and supervisory functions regarding agriculture and forest management, forest protection and forest use. They ensure implementation of agriculture and forest policies and regulations at Aimag level and provide methodological guidance and support to Soum and Inter-soum Forest Units. They are generally heavily understaffed and need capacity development. They are responsible for the implementation of sustainable forest management and will be deeply involved in activities on forest management in pilot areas.

The **Soum and Inter-soum Forest Units** are responsible for managing and organising the activities of forest protection, restoration, afforestation, appropriate use, and improvement of sustainable forest management, providing professional guidance to Forest User Groups and Forest Enterprises. There is a need to strengthen the

¹⁹ <https://www.undp.org/mongolia/projects/promoting-gender-equality-public-decision-making-and-womens-empowerment-mongolia>

²⁰ Ibid.

capacity of forest units to steer the preparation of land management plans as the basis for integrated forest and agricultural management. They will be deeply involved in activities on forest management in pilot areas. The **Aimags and Soums administrations** are in charge of land management planning and allocation of annual timber harvesting quota. They need intensive capacity development to steer the preparation of the land management plans as the basis for integrated forest and agricultural management that will incorporate enhanced climate resilient agriculture and herding practices.

Local stakeholders – private sector actors

Private **Forest Enterprises** carry out forest restoration, cleaning, cutting, timber harvesting, afforestation, reforestation, and wood processing operations. They get a license from the MET to obtain permission on timber harvesting, transporting and sawing and the licence needs to be extended every three to five years. They will be a key player for the implementation of activities on the ground.

Forest User Groups (FUGs) are recognised by MET as a voluntary organisation with limited forest use rights in dedicated forest area, such as collecting dead wood, nuts, fruits, medicinal plants for subsistence use. The capacities of FUGs need to be strengthened through this action. Together with the Forest Enterprises they will be a key player for the implementation of activities on the ground.

Similarly **Herder Cooperatives, Pasture User Groups** (PUGs) and the **National Federation of Pasture User Groups** (NFPUG) will be key stakeholders for the implementation of activities linked to agricultural value chains. NFPUG is a national level organization with approximately 81,600 members, of which 80,000 are herder households, 1445 pasture user groups (PUGs), 156 Soum association pasture user groups (APUGs), 18 Aimag federation of pasture user groups (AFEDs), 87 marketing and credit and saving cooperatives (CSCs). NFPUG has been operating continuously with membership, and aims at strengthening the capacity of Aimags and Soums to establish a common rangeland management working group (RMWG) in order to increase the participation of local government organizations in the implementation of rangeland management for the development of herder organizations.

The TVET schools and forestry and agriculture related companies will provide in partnership demand-oriented training programs developing the competencies in relevance of the market.

The **farmers, herders, food and forestry companies/private and public/, and tradesmen**, men, women and youth are the final rights-holders of the project.

The **Mongolian Employers' Federation, the Confederation of Mongolian Trade Unions, the Mongolian National Chamber of Commerce and Industry**, and the **EuroChamber** have the possibility to connect entrepreneurs and foster their competitiveness and business environment. They can be key interlocutors for this Action in terms of building more links and bridging the gap between TVET students/graduates and employers.

Associations/Cooperatives/Civil Society

The **National Association of Community Based Organizations for Environmental Conservation and Green Development, Federation of Conserving Mongolian Environment, Civil Council of Mongolian Environment, Mongolian Foresters' Federation, Mongolian Forest and Wood Production Entrepreneurs Association, Environment and Health Centre, National Association of Mongolian Agricultural Cooperatives** provide advice and collaborate in organising the participation of their members to implement project activities, so they can play an important role in offering a platform for dialogue with different associations, and for awareness transfer.

Development Partners

There are a lot of development partners that are currently supporting directly or indirectly the sectors covered by the Action (e.g. Asia Development Bank, World Bank, European Bank for Reconstruction and Development, United Nations Development Programme, International Fund for Agricultural Development, Swiss Cooperation Office, JICA, KOICA, WWF, Green Climate Fund). This Action will try to ensure the maximum complementarity with donor interventions that have been completed and/or are currently ongoing, and will strive to maintain an open channel of exchange to avoid duplications. The main development partners are Germany (via GIZ as implementer of German Development Cooperation) and FAO, who are currently also implementing the STREAM project until 2024 on which this Action builds on.

In relation to EU Member States, Germany has been investing for many years in the forestry and TVET sector in Mongolia, and considers continuing its intervention in a Team Europe approach (e.g. through the STREAM project that is co-financed by the EU and Germany). France has assigned an international technical expert to support the National Forest Agency and also has expertise in agriculture sector and geographical indications. Czech Republic has also a long-standing collaboration with Mongolia in the forestry sector with provision of academic expertise (including also through ERASMUS+ and STREAM). Other Member States are providing scholarship opportunities for higher-level education including in forestry, agriculture and environmental protection. With the FP in place, more traction is created among EU Member States, including non-resident ones, to invest more in these sectors.

As of today, the Member States contributions' to this specific Action are not yet confirmed. The European Investment Bank could be a possible investor in the sectors covered by this Action as from 2025, and would bring in the extensive know-how it has from the long-term investment in the forestry sector in Inner Mongolia Autonomous Region, People's Republic of China.

Overall with the FP in place, it is expected that more development partners will be joining forces and bringing financing to the sectors.

3 DESCRIPTION OF THE ACTION

3.1 Objectives and Expected Outputs

The **Overall Objective** (Impact) of this action is to **contribute to strengthening Mongolia's green and digital transition efforts for the inclusive and sustainable development of the country.**

The **Specific Objectives** (Outcomes) of this action are to:

1. Improved regulatory and/or policy framework to enable sustainable, climate-sensitive and gender inclusive management of forests and agricultural areas, and a fit-for-purpose TVET sector;
2. Adopted integrated landscape management with focus on agriculture and forestry addressing food system challenges and climate change;
3. Developed and strengthened selected sustainable and climate-resilient agriculture and forestry value chains;
4. Enhanced capacities of TVET to meet labour market needs in close partnership with the private sector in agriculture and forestry, ensuring an increase of women and girls' participation.

The **Outputs** to be delivered by this action contributing to the corresponding Specific Objectives are:

- 1.1** contributing to Outcome 1 (or Specific Objective 1): Sustainable and climate-sensitive landscape management approaches (inclusive of disaster risk management and gender approach) included in new/revised relevant national sectoral regulations/policies, and relevant institutions are strengthened;
- 1.2** contributing to Outcome 1 (or Specific Objective 1): Improved legislative/policy framework and institutional capacities to drive the organizational reform of TVET towards an efficient, sustainable and labour market-driven sector, with gender mainstreaming.
- 2.1** contributing to Outcome 2 (or Specific Objective 2): Effective, sustainable, climate-resilient and integrated forest and land management practices mainstreamed.
- 3.1** contributing to Outcome 3 (or Specific Objective 3): Green and digital technologies integrated in the value chains of selected forest and agricultural products (in the context of a climate-resilient and circular agriculture²¹);

²¹ Circular agriculture focuses on using minimal amounts of external inputs, closing nutrients loops, regenerating soils, and minimizing the impact on the environment. If practiced on a wide scale, circular agriculture can reduce resource requirements and the ecological footprint of agriculture. It can also help ensure a reduction in land-use, chemical fertilizers and waste, which makes it possible to reduce global CO₂ emissions.

3.2 contributing to Outcome 3 (or Specific Objective 3): Agroforestry models with potential to contribute to sustainable land use, climate resilience, food security, and improved livelihoods for rural communities established.

4.1 contributing to Outcome 4 (or Specific Objective 4): Improved relevance, quality and delivery of TVET system in agriculture and forestry sectors, increasing women and girls' participation.

3.2 Indicative Activities

The planned indicative activities are as follows:

Activities related to Output 1.1:

- Support the development of bylaws to Forest Law, Forest Seed Law, Land Law, Pasture Law, and other related legislation to improve sustainable management of forest and agricultural/range land with a special focus on Forest User Groups and Pasture User Groups. This happens in close cooperation with NFA, MET, MOFALI, MCUD and further relevant ministries.
- Support the strengthening of the vertical structure of the public forest and agriculture administration: Forest Agency (national), Land Agency, Agriculture Department (Aimag), Forest Division (Aimag) and Forest Unit (Soum) and clarify responsibilities of public forest and agriculture administration and local government. This will be done in close cooperation with the NFA, MET, MOFALI, MCUD and further relevant ministries.
- Assess the current disaster risk management framework, and offer policy advice and recommendations for its improvement (incorporating especially early prevention approach).
- Develop guidelines for engagement of stakeholders in the development of landscape related planning.
- Support capacity building to the National Forestry Agency, Forest Divisions, Forest Units, Forest User Groups, Pasture User Groups, and Herder and Farmer Cooperatives.
- Promote the sourcing of enabling green finance from (E)DFIs and other sources like Green Climate Fund but also local and international private investors and other funds financing actions to tackle impacts of climate change, e.g. through the upcoming Global Green Bond Initiative led by the EIB.

Activities related to Output 1.2:

- Review the preliminary work of the Government of Mongolia and development partners (e.g. EU, ADB, GIZ, UNESCO, Millennium Challenge Corporation) to determine the best way forward for the strategic reforms.
- Support the Government of Mongolia in developing a comprehensive set of policies, awareness and guidelines to drive the reforms.
- Promote the cooperation between the forestry and agriculture sectors to ensure that the demand and necessary information in these sectors goes to the TVET sector.

Activities related to Output 2.1:

- Support the development of a National Plan for Sustainable Management of Mongolian Forests in cooperation with NFA and MET.
- Promote the implementation of participatory process to develop the land and forest management plans at national and local level based on landscape approach.
- Ensure the integration of the “Billion Trees” National Movement in land and forest management planning.
- Support the development of land management plans in selected Aimags and Soums.
- Support the development of forest management plans based on the land management plans.
- Ensure the integration of lessons learned from demonstration agriculture and forest plots in policy/plans elaboration.
- Explore possibilities of introducing advanced climate-smart technologies to reduce the degradation of soil and biodiversity and to restore grasslands.

Activities related to Output 3.1:

- Undertake relevant analysis and consultations to identify agriculture and forestry value chains that have the most potential and are best adapted to current and future climate change scenarios.

- Incorporate into project planning, policy dialogue, findings/recommendations from the EU Value Chain 4 Agriculture Development assessment on cashmere value chains.
- Support Forest User Groups and Pasture User Groups/Herder and Farmer Cooperatives and associated processing industry to produce high quality products respecting environmental and social standards.
- Support the provision of appropriate technologies to MSMEs in selected processing industry sectors (e.g. wood, food processing, cashmere, wool....), including in exploring innovative financing mechanisms.
- Support the mobilisation of funds for MSMEs in selected processing industry sectors for the adoption of circular economy principles.
- Continue supporting the development of a strengthened geographical indications system that could add-value to selected Mongolian products and support the traceability mechanisms in agriculture value chains to enhance market access for producers.

Activities related to Output 3.2:

- Support MOFALI and MET to develop an agroforestry model focused on climate change, biodiversity conservation and disaster risks reduction.
- Support the implementation of the agroforestry strategy at Aimag and Soum levels.
- Support capacity building of relevant institutions in the agriculture and forestry sectors.
- Support the mobilisation of funds for MSMEs in selected processing industry sectors (e.g. Wood, food processing, cashmere...).

Activities related to Output 4.1:

- Advocate for multi-level governance of TVET for Forestry and Agriculture.
- Establish mechanisms of Private-Public partnerships (PPP) for forestry and agriculture sectors.
- Strengthen the capacity of relevant national institutions and TVET providers and private sector representatives to develop occupational standards, derive relevant curricula and assessment standards, plan (dual) trainings in line with skills and occupations in demand in the forestry and agriculture labour market.
- Strengthen the capacity of TVET schools and companies to implement updated (dual) training programs (gender-inclusive training environment, training materials, training of TVET teachers and in-company trainers)
- Promote digitization of contents (Augmented-Virtual Reality, eContent provided via Learning Management System U-TVET).
- Promote equal opportunities for young men and women in training for forestry and agriculture occupations.
- Support the development and implementation of Communication and Visibility strategy to increase awareness on Career and TVET opportunities in forestry and agriculture for youth, herders and local communities.
- Support mobilisation of funds from development partners and also the private sector.

The commitment of the EU's contribution to the Team Europe Initiatives foreseen under this action plan will be complemented by other contributions from Team Europe partners. It is subject to the formal confirmation of each respective partners' meaningful contribution as early as possible. In the event that the TEIs and/or these contributions do not materialise the EU action may continue outside a TEI framework.

3.3 Mainstreaming

Environmental Protection & Climate Change

The essence of the Action originates in the assessment that ecosystems and related human activities are at risk in Mongolia, because of current practices (or lack of practices in the case of forest management) and that this is exacerbated by climate change since Mongolia experiences a high level of increase of average annual temperature. Sustainable management of forests will allow the forest to fully provide essential ecosystem services in addition to becoming an economic asset for Mongolia. For example, forests can contribute to the delivery of a constant flow of clean water (SDG 6) whilst regulating the flow of rivers and lowering the risk of floods. Healthy forests can mitigate impacts of climate change (SDG 13) and enhance terrestrial biodiversity (SDG 15). The sustainable flow of timber and non-timber forest products can allow for human development and lower the risks of illegal

activities for survival. Sustainable rangeland management, with lower stocking level of livestock and improved pasture management, the creation of agroforestry activities and trees to act as windbreakers as well as support to agro-ecology, can all contribute to increased steppe biodiversity, the return of a healthy mix of plants and associated insects, diminution of soil erosion and better soil health, leading to increased carbon sink potential. Integration of disaster risk preparedness, and production of fodder will contribute to limit the vulnerability of herders and rural population to dzuds.

Outcomes of the SEA screening (relevant for budget support and strategic-level interventions)

The Strategic Environmental Assessment (SEA) screening concluded that a SEA is not required, but key environmental and climate-related aspects need be addressed during the design of the Action.

Outcomes of the EIA (Environmental Impact Assessment) screening (relevant for projects and/or specific interventions within a project)

The EIA (Environment Impact Assessment) screening classified the action as Category B (not requiring an EIA, but for which environment aspects will be addressed during the design of the Action).

Outcome of the CRA (Climate Risk Assessment) screening (relevant for projects and/or specific interventions within a project)

The Climate Risk Assessment (CRA) screening concluded that this Action has no or low risk (no need for further assessment), but climate risk aspects will be addressed during the design of the Action.

Gender equality and empowerment of women and girls

As per the OECD Gender DAC codes identified in section 1.1, this action is labelled as G1. This implies that 'gender equality and empowerment of women and girls' is a significant objective for the action. The action will reflect the Mongolian Law on Gender Equality Promotion, the Cross-Sectoral Strategic Plan for Promoting Gender Equality in Mongolia (2022-2031), and is also consistent with relevant EU strategies and plans (EU Gender Action Plan-GAP III, CLIP, MIP 2021-2027). Ensuring that both women and men have equal access to and control over resources, job opportunities, and decision-making processes, by providing women and girls with access to education, training, and resources, as well as promoting their leadership and participation will be addressed by the Action.

Human Rights

The proposed action will be attentive to the implementation of 27 conventions of the GSP+ programme in respecting basic human, environment and labour rights so that Mongolia can continue benefitting from this favourable regime. In doing so the Action complements another EU Action focusing on Trade. Human rights based approach and its key principles will be integrated throughout the action. In addition TVET contributes to the targets of Sustainable Development Goal 4 (SDG4) to 'ensure inclusive and equitable quality education and promote lifelong learning opportunities for all' and those of SDG8 for 'decent work and economic growth'. The Action includes capacity-building activities for state actors at all levels to protect and defend human rights closely linked to forestry, agriculture and TVET sectors, while also promoting them among right-holders so they can demand equal access to opportunities, access to decent work opportunities in the agriculture and forestry sectors, and also fair access to natural resources.

Disability

As per OECD Disability DAC codes identified in section 1.1, this action is labelled as D0. This implies that the action does not foresee activities that are directly targeting persons with disabilities (PWD). Nonetheless, throughout the implementation of the action, persons with disabilities (PWD), will be offered opportunities to participate in regular vocational training by overcoming infrastructural barriers and inclusive of digital contents, Learning Information Systems and, to interface with them, assistive technologies for PWD.

Reduction of inequalities

Despite economic growth in Mongolia over the past two decades, inequality remains a significant issue. The 2019 World Economics Data shows that Mongolia's Gini index was 57.1. The 2020 Household Socio-Economic Survey shows that the national official poverty rate in 2020 was 27.8%, translating to about 903,400 people living in poverty in Mongolia. One of the main drivers of inequality in Mongolia is the urban-rural divide, with rural areas lagging in basic infrastructure and services, increasing inequality between rural and urban areas, resulting in the migration from rural to urban. Another driver of inequality in Mongolia is the uneven distribution of natural resources, with the mining sector benefiting wealthy elites rather than the general population. To address these

issues, the intervention will promote sustainable practices and support small-scale producers' value chain, including women in herder families. Sustainable forest management will create jobs in Forest User Groups and Forest Enterprises. These efforts will be comprehensive, addressing structural issues and immediate needs to create a more equitable society in Mongolia.

Democracy

The Action will deal with good governance in the forest and agriculture sectors. Government actors will be trained accordingly.

Conflict sensitivity, peace and resilience

Due to the landscape and agroecology of Mongolia, minor unarmed conflicts between forest users and herders, and also between herders, in terms of the land use are frequent. They come to peaceful resolution. The Action will be working at ground level with the local government, respective units, PUGs and FUGs for the development and implementation of integrated land management plans, which will include mitigation of conflicts. In addition, the Action will focus on community engagement and mutually enhancing awareness of the role of PUGs and FUGs which could further contribute to reduce frictions between herders and foresters.

Disaster Risk Reduction

Rehabilitation of forests and rangeland, integrated land management and diversified agriculture will reduce disaster risks like flooding, droughts, landslides, and further land degradation. Constant flow of water out of forested areas will reduce the risk of lack of drinking water. The Action strengthens the resilience of individuals, households and communities against natural disasters (mainly caused by climate change) and degrading ecosystems. As this is an area where DG ECHO is involved in, this Action will ensure coordination with any potential planned activities linked to disaster risk preparedness/response.

Other considerations if relevant

N/A

3.4 Risks and Lessons Learnt

Category	Risks	Likelihood (High/ Medium/ Low)	Impact (High/ Medium/ Low)	Mitigating measures
1. External environment	Change of leadership in the sectors after the next general elections (June 2024) and shift of priorities	Medium	Medium	Setting up clear structures, roles and responsibilities for the stakeholders with flexibility to adapt. Have robust regulatory mechanisms, engage and involve all stakeholders in the development and implementation.
1. External environment	Lack of coordination in Government and public private dialogue	Medium	High	Policy dialogue with ministries and other key stakeholders, use existing coordination mechanisms (donor groups, EU-Mongolia annual dialogues, FP WGs) and public-private platforms.
1. External environment	Vulnerability to external shocks	Medium	Medium	Support sustainable economic diversification and ensure healthy investment climate for foreign direct investments (FDI).
1. External environment	Mongolia's climate is highly variable and prone to extreme events	Medium	High	Together and in close collaboration with the Government and other donors support the implementation of policies and programs that promote adaptation to climate change, including climate-resilient

	such as droughts and periodic floods			agricultural practices, to ensure the sustainability and resilience of the sector.
2. Planning, processes and systems	Lack of opportunities for TVET graduates in the respective sectors based on the high unemployment rate and the impact of exogenous shocks on MSMEs and foreign direct investment.	Medium	Medium	Increase and strengthen relationship between employers and TVET institutes/ skills development centres in order to help students build network with companies, gain relevant training and productive skilled labour to the industry. Organise enterprise forum and structure the dialogue with the government to allow the systematic involvement of the private sector in TVET and Skills Development.
2.Planning, processes and systems	Lack of access to markets.	High	Medium	Synergies built with other EU interventions (on trade, geographical indications, logistics...) as well as focus on developing quality products free of pests/diseases.
3. People and the organisation	Resistance to change of practices	High	High	Ensure extended awareness on the benefits of sustainable management of forest and range land for the long term survival of rural Mongolia and improved condition for rural development.
3. People and the organisation	Trained TVET personnel leaving the sector for better paid jobs in the industries	High	High	Support MES on career pathways of TVET teachers, utilize performance-based TVET financing mechanism to raise benefits for performing TVET teachers (synergy with GIZ implemented cTVET project)
3. People and the organisation	Conflict between crop farmers and herders , between herders and herders, between mining companies and herders, between herders and foresters, can have a significant impact on agriculture, as it can disrupt food production, reduce access to resources, and create a hostile environment for farmers/herders and their families	Medium	High	In cooperation with the Government and other donors promote conflict resolution mechanisms, including community engagement and conflict assessments, as essential to ensure the stability and resilience of the sector.
3. People and the organisation	Unequal access to natural	Medium	Medium	Strengthen governance, development of sustainable policies for access to

	resources/Resource exploitation continues to disproportionately benefit few, furthering inequality			resources, increased transparency through digitalisation of processes, improved and fit for purpose capacity of work force and management. Promotion of development policies supporting vulnerable and disadvantaged groups, incorporation of inequality measures as indicators for effective governance in the sector.
4. Legality and regularity aspects	Natural resource tenure and access rights of women and female-headed households remain unequal relative to men and male-headed households	Medium	Medium	Continuous dialogue with the Government of Mongolia (GoM) to promote gender mainstreaming in the natural resources and environment sector. Strengthen strategic collaboration with women's advocacy groups and civil society organisations.
5. Communication and information	Lack of digital technologies and solutions	Medium	High	Enhanced policy dialogue with the GoM to ensure digitalisation. Possible involvement of other development partners for investment in the sector – Global gateway.
6. Gender equality	Insufficient or inadequate gender mainstreaming could reinforce gender inequalities and the non-realisation of human rights in the sector, and hinder the efficiency and sustainability of the action.	Medium	High	Knowledge and tools of gender mainstreaming are available. Gender-sensitive monitoring, use of sex-disaggregated data, and gender-sensitive indicators. Gender mainstreaming is applied in all phases of the project cycle.

Lessons Learnt:

Mongolian forest and agriculture sectors have faced numerous challenges over the years, and several key lessons have been learned from the sector's experiences:

Access to Resources and Services: Farmers in Mongolia often face limited access to resources and services such as credit, training, and extension services. This limits their ability to improve their livelihoods and increase their productivity. It is essential to ensure fair and equal access to resources and services (for women and men).

Market Access: Mongolia's agricultural sector development is often limited by the lack of market access, both domestically and internationally. This can reduce farmers' income, restrict their ability to participate in the formal economy and increase the vulnerability of the rural household. It is essential to promote and ensure market information, market access and linkages, including through the development of value chains and market-oriented agricultural production.

Gender Equality: Gender inequality is a significant challenge in the agricultural and forestry sectors. It is essential to promote gender equality through gender-sensitive policies and programs and increase women's participation and leadership in the sector.

Government commitment and ownership: For this type of transformative Action where several commonly accepted principles will be questioned and transformed, it is paramount to ensure government ownership and leadership. The

Government should also be in the lead to manage the several development partners that are willing to provide support in the strategic forest and agriculture sector, including external trade of non-extractive commodities.

Partnerships with the private sector have to be articulated through the establishment of governance mechanisms, such as the land management plans, that reduce the competition for the access to natural resources.

Sustainable forest management (SFM) is based on four pillars, i.e., ecological, social, cultural, and economic aspects, which are equally important. Neglecting one of the pillars usually causes failures.

Lastly the development of value chains based on forest products cannot be envisaged if a reliable and sustainable supply of raw material is not established.

3.5 The Intervention Logic

The underlying intervention logic for this action is that **IF**:

- a) as a result of the proposed activities, sustainable and inclusive management of forests and agricultural areas are included in new/revised land regulations and policies, and TVET sector policy is reformed to better address the requirements of the labour market in the forestry and agricultural sectors;
- b) an integrated forest and rangeland management is effectively implemented to address food system challenges and climate stress;
- c) sustainable value chains in the forest sector, agroforestry and some selected priority agricultural areas are reinforced through addressing bottle necks to their development, enabling supporting elements of these value chains and enhanced value addition in Mongolia, including by recruiting the potential of digitalisation whilst ensuring inclusive access to the new opportunities; and
- d) appropriately trained human resource is available to engage in sectors that have become attractive again,

THEN: the Action will have contributed to strengthening Mongolia's green and digital transition efforts for the inclusive and sustainable development of the country, in line as well with objectives of the MoU for the Forest Partnership between the EU and Mongolia.

This is **BECAUSE** Mongolia is now at a junction of its development path, so far heavily dependent on extractive industry and unsustainable practices that would endanger its natural resources and its traditions. It could also impede on Mongolia's international commitments to climate change. Some enablers need to be in place to accompany the paradigm shift and those are at various levels: policies to drive the change (outcome 1), enhanced attractiveness of the new vision (contribution to global goals, enhanced economic returns, trade opportunities, value chain enablers) (outcomes 2 and 3) and human resources to effect the changes (Outcome 4).

To ensure the achievement of the overall objectives, the risks identified will be constantly monitored and mitigated.

3.6 Logical Framework Matrix

This indicative logframe constitutes the basis for the monitoring, reporting and evaluation of the intervention.

On the basis of this logframe matrix, a more detailed logframe (or several) may be developed at contracting stage. In case baselines and targets are not available for the action, they should be informed for each indicator at signature of the contract(s) linked to this AD, or in the first progress report at the latest. New columns may be added to set intermediary targets (milestones) for the Output and Outcome indicators whenever it is relevant.

- At inception, the first progress report should include the complete logframe (e.g. including baselines/targets).
- Progress reports should provide an updated logframe with current values for each indicator.
- The final report should enclose the logframe with baseline and final values for each indicator.

The indicative logical framework matrix may evolve during the lifetime of the action depending on the different implementation modalities of this action.

The activities, the expected Outputs and related indicators, targets and baselines included in the logframe matrix may be updated during the implementation of the action, no amendment being required to the Financing Decision.

Results	Results chain (@): Main expected results (maximum 10)	Indicators (@): (at least one indicator per expected result)	Baselines (values and years)	Targets (values and years)	Sources of data	Assumptions
Impact	Contribute to strengthening Mongolia's green and digital transition efforts for the inclusive and sustainable development of the country.	<p>1. % increase of absolute contribution of forestry and agriculture to GDP.</p> <p>2. Progress towards sustainable forest management** [SDG 15.2.1]</p> <p>3. Proportion of land that is degraded over total land area** [SDG 15.3.1]</p> <p>4. Greenhouse Gas (GHG) emissions avoided (tonnes CO2eq) with EU support ** [GERF 2.7]</p>	<p>1. TBC at inception stage</p> <p>2. TBC at inception stage</p> <p>3. TBC at inception stage</p> <p>4. 0</p>	<p>1. Baseline plus 15% (TBC)</p> <p>2. TBD at inception stage</p> <p>3. TBD at inception stage</p> <p>4. TBD at inception stage</p>	<p>1. World Bank, Ministry of Finance, National Statistics Office Reports;</p> <p>2,3. Reports of development projects; (national and local);</p> <p>Statistics of Forestry Agency E-Mongolia,</p> <p>3. Estimation FAO, Ministry of Agriculture, Food and Light Industry GIS analyses with remote sensing data</p>	<i>Not applicable</i>
Outcome 1	1. Improved regulatory and/or policy framework to enable sustainable, climate-sensitive and gender inclusive management of forests and agricultural areas, and a fit-for-purpose TVET sector.	<p>1.1 Number of laws, bylaws and relevant policies that contribute to the result 1 developed or revised with EU support</p> <p>1.2 Status of implementation of sectoral gender policies.</p> <p>1.3 Number of proposed for adoption climate change adaptation and mitigation policies (including nationally determined contributions), and environment protection strategies and plans (including energy policies/ strategies) that include gender equality objectives, in line with the United Nations framework convention on climate</p>	<p>1.1 2 (2023)</p> <p>1.2 Incomplete implementation reported (2022)</p> <p>1.3 tbc</p>	<p>1.1 10 (2027)</p> <p>1.2 Positive assessment of level of implementation (2027)</p> <p>1.3. to be established</p>	<p>1.1 Project reports; www.legalinfo.mn;</p> <p>1.2 National Committee on Gender Equality reports/data; Reports from CEDAW treaty monitoring body.</p>	Government of Mongolia remains committed to implementing reforms to achieve its international commitments.

		change (UNFCCC) gender action plan. (GAP III)				
Outcome 2	2. Adopted integrated landscape management with focus on agriculture and forestry addressing food system challenges and climate change.	<p>2.1 Areas of terrestrial ecosystems under sustainable management with EU support *, ** [GERF 2.9]</p> <p>2.2 Number of Aimag and Soum territorial development plans incorporating sustainable landscape management.*</p> <p>2.3 Number of livestock (all type) in the country.*</p>	<p>2.1 TBC at inception stage</p> <p>2.2 46 Soums of 20 Aimags (2020)</p> <p>2.3 71.12 million (2022)</p>	<p>2.1 3 million ha (2027) – TBC at inception stage</p> <p>2.2 175 Soums of 21 Aimags (2027)</p> <p>2.3 60 million (2027)</p>	<p>2.1 Reports from EU projects;</p> <p>2.2 Agency for Land Administration and Management, Geodesy and cartography; National Statistics Office; Reports from development projects;</p> <p>2.3 National Forest Agency; Ministry of Agriculture; Ministry of Environment and Tourism; National Statistics Office</p>	Climate change progression does not produce extreme conditions for rural development. during the implementation of the action
Outcome 3	3. Developed and strengthened selected sustainable and climate-resilient agriculture and forestry value chains.	<p>3.1 Number of (a) jobs, (b) green jobs supported/sustained by the EU. Disaggregation by sex, age and disability*, ** [GERF 2.13]</p> <p>3.2 Number of climate and environmentally friendly value chains that support food system with EU support.*</p> <p>3.3 Number of forestry value chains reinforced with EU support.</p>	<p>3.1 TBC at inception stage</p> <p>3.2 TBC at inception stage</p> <p>3.3 TBC at inception stage</p>	<p>3.1 TBD at inception stage</p> <p>3.2 TBD at inception stage</p> <p>3.3 TBD at inception stage</p>	<p>3.1, 3.2, 3.3 Final reports from EU-funded projects;</p>	The Government of Mongolia remains committed to delivering on the targets set by the “Billion Tree” and “Food Supply and Food Security” National movement, and is dedicating sufficient funding to meet such targets.
Outcome 4	4. Enhanced capacities of TVET to meet labour market needs in close partnership with the private sector in agriculture and forestry,	4. Number of specialised TVET schools implementing competency-based programs in agriculture and forestry.*	4.1 TBC at inception stage	<p>4.1 TBD at inception stage</p> <p>4.2 TBD at inception stage</p>	4.1, 4.2 Annual reports from Ministry of Education and Science; Project	The Government of Mongolia recognises TVET sector as an enabler for job creation and economic diversification of the

	ensuring an increase of women and girls' participation.	4.2 Percentage increase in public-private partnerships (TVET school and local agriculture and forestry industry).* 4.3 Ratio of female to male who have benefitted from Vocational Education and Training / Skills development and other active labour market programmes leading to jobs. (GAP III)	4.2 TBC at inception stage		reports Surveys	country, and remains committed to the reform of the sector.
Output 1 relating to Outcome 1	1.1 Sustainable and climate-sensitive landscape management approaches (inclusive of disaster risk management and gender approach) included in new/revised relevant national sectoral regulations/policies, and relevant institutions are strengthened.	1.1.1 Number of legislation and policies including integrated landscape management approaches and gender mainstreaming. 1.1.2 Status of development of forest management planning, implementation Monitoring (FMPIM) reports.* 1.1.3 Number of capacity building activities launched jointly with relevant institutions.	1.1.1 TBC at inception stage 1.1.2 No official FMPIM reports in 2021 1.1.3 TBC following capacity needs assessment	1.1.1 TBD at inception stage 1.1.2 Effectively published reports 1.1.3 TBD following findings from capacity needs assessment	1.1.1, 1.1.2 Reports of ministries and local government Ministry of Agriculture, Food and Light Industry National Statistics Office 1.1.3 Project assessment (capacity needs); Project reports;	Government of Mongolia remains committed to implementing reforms to achieve its international commitments.
Output 2 relating to Outcome 1	1.2 Improved legislative/policy framework and institutional capacities to drive the organizational reform of TVET towards an efficient, sustainable and labour market-driven sector, with gender mainstreaming.	1.2.1 Number of relevant legislation and policies leading to an efficient, sustainable and labour-market driven TVET sector, with gender approach. 1.2.2 Number of capacity building activities launched jointly with relevant institutions.	1.2.1 TBC at inception stage 1.2.2 TBC following capacity needs assessment	1.2.1 TBD at inception stage 1.2.2 TBD following findings from capacity needs assessment	1.2.1 National Statistics Office; Ministry of Labour and Social Protection; Ministry of Education and Science 1.2.2 Project assessment (capacity needs); Project reports;	The Government of Mongolia recognises TVET sector as an enabler for job creation and economic diversification of the country, and remains committed to the reform of the sector.
Output 1	2.1 Effective, sustainable, climate-resilient and integrated	2.1.1 Status of development of National Forest Inventory (NFI)	2.1.1 Last NFI report	2.1.1 New NFI report	2.1.1 NFI report; GIS analysis with	Government of Mongolia and relevant stakeholders are

<p>relating to Outcome 2</p>	<p>forest and land management practices mainstreamed.</p>	<p>report with updated findings.*</p> <p>2.1.2 Forest area (ha) under sustainable and climate-sensitive forest management with EU support.</p> <p>2.1.3 Areas of agricultural and pastoral ecosystems where sustainable management practices have been introduced with EU support (ha)*,** [GERF 2.2]</p>	<p>completed in 2017</p> <p>2.1.2 TBC at inception stage</p> <p>2.1.3 TBC at inception stage</p>	<p>completed in 2027)</p> <p>2.1.2 TBD at inception stage</p> <p>2.1.3 TBD at inception stage</p>	<p>remote sensing data; Project reports</p> <p>Surveys in Aimags and Soums</p> <p>2.1.2 Reports from EU projects</p> <p>Reports on 1BT programme</p> <p>Forestry Agency</p> <p>National Statistical Office</p> <p>2.1.3 Ministry of Food, Agriculture and Light Industry;</p> <p>Project reports</p>	<p>committed to delivering on the objectives of the “Food Supply and Food Security” and “Billion Tree” National Movements, including on implementing sustainable forest and land management practices. Local communities are motivated and have the capacities to mainstream such approaches into their practices.</p>
<p>Output 1 relating to Outcome 3</p>	<p>3.1 Green and digital technologies integrated in the value chains of selected forest and agricultural products (in the context of a climate-resilient and circular agriculture).</p>	<p>3.1.1 Number of MSMEs applying Sustainable Consumption and Production practices with EU support *, ** [GERF 2.6]</p> <p>3.1.2 % of agripreneurs practicing climate-resilient and circular agriculture with EU support.</p>	<p>3.1.1 TBC following baseline survey – restricted to the sectors covered by this Action</p> <p>3.1.2 TBC following baseline survey</p>	<p>3.1.1 TBD based on outcomes of baseline survey</p> <p>3.1.2 TBD based on outcomes of baseline survey</p>	<p>3.1.1, 3.1.2 Project reports;</p> <p>National Statistics Office;</p> <p>Ministry of Finance</p> <p>Baseline Survey.</p>	<p>Local communities/MSMEs/agripreneurs are willing and motivated to adopt green and digital technologies.</p>
<p>Output 2 relating to Outcome 3</p>	<p>3.2 Agroforestry models with potential to contribute to sustainable land use, climate resilience, food security, and improved livelihoods for rural communities established.</p>	<p>3.2.1 Ha under agroforestry system.</p> <p>3.2.2 Number of households deriving increased revenues from agroforestry-related activities.</p>	<p>3.2.1 TBC following baseline survey (2023)</p> <p>3.2.2 TBC following baseline survey (2023)</p>	<p>3.2.1 TBD based on outcomes of baseline survey</p> <p>3.2.2 TBD based on outcomes of baseline survey</p>	<p>3.2.1, 3.2.2 Project reports;</p> <p>Baseline surveys</p>	<p>Government of Mongolia and relevant stakeholders are committed to delivering on the objectives of the “Food Supply and Food Security” National Movement, including on implementing the concept of agroforestry in Mongolia as a means to reaching food self-sufficiency. Local communities are open to exploring and incorporating agroforestry concept at local level.</p>

Output 1 relating to Outcome 4	4.1 Improved relevance, quality and delivery of TVET system in agriculture and forestry sectors increasing women and girls' participation.	4.1.1 Percentage of TVET graduates employed in agriculture (disaggregated by sex, age and disability).	4.1.1 4% (2022)	4.1.1 10% (2027)	4.1.1, 4.1.2 National Statistics Office; Ministry of Labour and Social Protection; Ministry of Education and Science	The Government of Mongolia recognises TVET sector as an enabler for job creation and economic diversification of the country, and remains committed to the reform of the sector.
		4.1.2 Percentage of TVET graduates employed in forestry (disaggregated by sex, age and disability).	4.1.2 1.8% (2022)	4.1.2 5% (2027)	4.1.3 Project reports; Baseline survey finding; Self Quality assessment of training institutes;	
		4.1.3 Number of specialised TVET schools using updated curricula derived from occupational standards and (e-) training material/programmes*.	4.1.3 TBC following baseline survey	4.1.3 TBD based on outcomes of baseline survey	Ministry of Labour and Social Protection; Ministry of Education and Science.	

4 IMPLEMENTATION ARRANGEMENTS

4.1 Financing Agreement

In order to implement this action, it is envisaged to conclude a financing agreement with the partner country.

4.2 Indicative Implementation Period

The indicative operational implementation period of this action, during which the activities described in section 3 will be carried out and the corresponding contracts and agreements implemented, is 70 months from the date of entry into force of the financing agreement.

Extensions of the implementation period may be agreed by the Commission's responsible authorising officer by amending this Financing Decision and the relevant contracts and agreements.

4.3 Implementation Modalities

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures²².

4.3.1 Indirect Management with an entrusted entity

This action may be implemented in indirect management with an entity, which will be selected by the Commission's services using the following criteria:

- i) Specialisation in providing forestry and agriculture-related technical assistance and having all expertise required for the delivery of the results expected under this project;
- ii) Specific expertise in the sectors covered by this action;
- iii) Capability to ensure coordination and operating coherently at all levels with Mongolian public institutions as well as other organisations and stakeholders and donors dealing with these sectors (including civil society, associations, media, etc.);
- iv) Knowledge of the country context and prior experience in Mongolia;
- v) Experience in promoting alignment of EU interests, policies and values in partner countries.

The implementation by this entity(ies) entails a contribution to the achievement of the specific objectives (outcomes) and the corresponding outputs specified in 3.1 in close collaboration with civil society, media and forest and agricultural actors to increase mutual awareness, build partnerships and potentially providing as well complementary support to the achievement of some of the outputs or specific objectives.

4.3.2 Changes from indirect to direct management mode (and vice versa) due to exceptional circumstances (one alternative second option)

In case, due to circumstances outside of the Commission's control, it is not possible to implement the action in indirect management with a pillar-assessed entity described under section 4.3.1, the alternative implementation modality will be direct management (procurement).

²² www.sanctionsmap.eu. Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.

4.4. Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply, subject to the following provisions.

The Commission's authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of services in the markets of the countries or territories concerned, or in other duly substantiated cases where application of the eligibility rules would make the realisation of this action impossible or exceedingly difficult (Article 28(10) NDICI-Global Europe Regulation).

4.5. Indicative Budget

Indicative Budget components	EU contribution (amount in EUR)
Implementation modalities - cf. section 4.3	
Indirect management with an entrusted entity- cf. section 4.3.1	13 680 000
Evaluation – cf. section 5.2	120 000
Audit – cf. section 5.3	
Contingencies	N/A
Totals	13 800 000

4.6 Organisational Set-up and Responsibilities

A Project Steering Committee will be established and co-chaired by the EU Delegation and the relevant Mongolian counterparts, and the selected implementing partner(s) will provide the secretariat. This committee, which may also be joined by member States and other partners contributing to the TEI as well as other development partners if contributing to the same overall objective, will meet a minimum of twice a year and will be instrumental to ensure policy dialogue and contribute to specific sector coordination and high-level strategic steering and oversight of the project. It will also be used as a forum to stimulate exchange of information and coordination among cooperating partners active in the forestry and agricultural sectors. The final organisational set up will be confirmed and further detailed during the inception of the project. Close collaboration and complementarity will be ensured with the two Working Groups (political/technical) officially established under the EU-Mongolia Forest Partnership MoU.

As part of its prerogative of budget implementation and to safeguard the financial interests of the Union, the Commission may participate in the above governance structures set up for governing the implementation of the action and may sign or enter into joint declarations or statements, for the purpose of enhancing the visibility of the EU and its contribution to this action and ensuring effective coordination.

5 PERFORMANCE MEASUREMENT

5.1 Monitoring and Reporting

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process, and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (Outputs and direct Outcomes) as measured by corresponding indicators, using as reference the logframe matrix.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

Roles and responsibilities for data collection, analysis and monitoring:

- The EU Delegation and the Government of Mongolia will have the overall oversight and monitoring role;
- The implementing partners will be in charge of identifying the baselines and monitoring the achievements of the indicators falling under their responsibility;
- The Government of Mongolia is in charge of compiling data collected through national statistics.

Since this Action may be implemented in indirect management with an entrusted entity, the entity will be responsible for conducting any necessary baseline and final surveys as well as regular monitoring and evaluation (M&E) and reporting of all project activities. In addition to its regular M&E functions, and when applicable, the entrusted entity will also be responsible for M&E, including financial monitoring and management of grants to CSOs (if applicable), as well as any sub-contracting that might be envisaged, and will include relevant details in the reports referred to above. To this end, the entrusted entity will ensure the inclusion of a full- or part-time M&E Officer in its project team.

All monitoring and reporting shall assess how the action is considering the principle of gender equality, human rights-based approach, and rights of persons with disabilities including inclusion and diversity Indicators shall be disaggregated at least by sex.

5.2 Evaluation

Having regard to the importance of the action, a mid-term evaluation may be carried out for this action or its components via an implementing partner. It will be carried out for problem solving and learning purposes, in particular with respect to correcting identified issues in order to achieve overall objectives at the end of the Action.

Having regard to the importance of the action, a final evaluation will be carried out for this action or its components via independent consultants through a joint mission contracted by the Commission that may also include contribution from Members States contributing to the TEI to assess the impact of this TEI.

It will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the fact that the Action is expected to generate a paradigm shift on forest and agriculture management in Mongolia for the longer term. It will be important to assess the impact of the Action.

All evaluations shall assess to what extent the action is taking into account the human rights-based approach as well as how it contributes to gender equality and women's empowerment and disability inclusion Expertise on human rights, disability and gender equality will be ensured in the evaluation teams.

The evaluation reports may be shared with the partners and other key stakeholders following the best practice of evaluation dissemination. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, apply the necessary adjustments.

Evaluation services may be contracted under a framework contract.

5.3 Audit and Verifications

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audit or verification assignments for one or several contracts or agreements.

6 STRATEGIC COMMUNICATION AND PUBLIC DIPLOMACY

The 2021-2027 programming cycle will adopt a new approach to pooling, programming and deploying strategic communication and public diplomacy resources.

In line with the 2022 “[Communicating and Raising EU Visibility: Guidance for External Actions](#)”, it will remain a contractual obligation for all entities implementing EU-funded external actions to inform the relevant audiences of the Union’s support for their work by displaying the EU emblem and a short funding statement as appropriate on all communication materials related to the actions concerned. This obligation will continue to apply equally, regardless of whether the actions concerned are implemented by the Commission, partner countries, service providers, grant beneficiaries or entrusted or delegated entities such as UN agencies, international financial institutions and agencies of EU member states.

However, action documents for specific sector programmes are in principle no longer required to include a provision for communication and visibility actions promoting the programmes concerned. These resources will instead be consolidated in Cooperation Facilities established by support measure action documents, allowing Delegations to plan and execute multiannual strategic communication and public diplomacy actions with sufficient critical mass to be effective on a national scale.

Appendix 1 REPORTING IN OPSYS

A Primary Intervention (project/programme) is a coherent set of activities and results structured in a logical framework aiming at delivering development change or progress. Identifying the level of the primary intervention will allow for:

Articulating Actions or Contracts according to an expected chain of results and therefore allowing them to ensure efficient monitoring and reporting of performance;

Differentiating these Actions or Contracts from those that do not produce direct reportable development results, defined as support entities (i.e. audits, evaluations);

Having a complete and exhaustive mapping of all results-bearing Actions and Contracts.

Primary Interventions are identified during the design of each action by the responsible service (Delegation or Headquarters operational Unit).

The level of the Primary Intervention chosen can be modified (directly in OPSYS) and the modification does not constitute an amendment of the action document.

The intervention level for the present Action identifies as (tick one of the 4 following options);

Action level (i.e. Budget Support, blending)		
Contract level		
<input checked="" type="checkbox"/>	Single Contract 1	Contribution Agreement with pillar assessed entity(ies)