

Improving Environmental Management in Mongolia

Improving Policy Formulation

The 2001 CEA referred to an element of planning fatigue in Mongolia following the hectic pace that marked the process in the second half of the 1990s, and this is a reminder of what the principal outcomes were. The analysis noted repetitiveness and a major role of development partner expectations in setting the planning agenda. It spoke of the dominance of sector (i.e., one-agency), rather than cross-sector or problem-solving, approaches to action plan formulation and cautioned ADB against supporting the preparation of new action or master plans that have a narrow sector basis.

Now, 3 years later, might be an opportune time to look at another aspect of the process, namely the policy content of various strategic and planning documents. The term policy is used here to mean reasoned advocacy of one set of actions, rather than possible alternatives, based on a simultaneous or prior evaluation of these alternatives (preferably using the tools of economics known to have certain advantages in this type of effort). Policy, having been defined, is notable in Mongolia's approach to environmental management so far for its paucity or downright absence. This is most striking on the environmental side of things in a report related to Mongolia's Action Program to Implement Agenda 21, but it is equally noticeable in virtually all documents attempting to set the approach to natural resource use (forestry⁷⁹ and water and also land degradation). Long lists of the many things that need to be done are the usual content and dominant style of the vast majority of government strategic documents.⁸⁰

⁷⁹ To give the example of forestry, the two recent documents that fit that description are the 2001 National Program on Forestry (an attachment to Government Resolution No. 248) and the 2003 Report on National Forest Policy of Mongolia, MNE.

⁸⁰ It can be argued that a plan, an embodiment of policy, need no longer contain reasoned justification and simply be a statement of what needs to be done. That would be so if that reasoned justification were available. The problem with many action plans in Mongolia is that it is not.

It is not that there are no individuals in Mongolia skilled in this type of analysis. Some of the work on rural development by the Centre of Policy Research, for instance, is an indication of the existing possibilities.⁸¹ Rather, the problem is the weak link between work that can be considered analytical and policy-driven and the final form of government documents. The causes seem to be multiple, including poor policy and legislative drafting skills among existing staff or those asked to be involved, a need to act in circumstances where the policy brief is weak, and political considerations. The experience of rural development policy, an area of major environmental importance, is a convenient illustration (Box 14).

Box 14

**Policy Development: From Analysis to Guidance
(The Case of Rural Development)**

Translating policy analysis into a plan of action is not automatic or easy. An interesting and comprehensive policy analysis, backed by Deutsche Gesellschaft für Technische Zusammenarbeit, World Bank, and other development partners, culminated in 2002 in the rural development strategy. (Among other things, the strategy became an attachment to the Government's latest poverty reduction strategy.) The rural development strategy was then extensively discussed by the Government and most development partners active in rural development. Some criticisms were offered and expectations were raised. Several months later, the Government unveiled a new policy on food and agriculture (Resolution of State *Ikh Khural* (Parliament) #29 of 15 June 2003) and livestock (Resolution #160 of 24 June 2003) that bear only a tenuous relationship with the rural development strategy. The resolutions contain something for everybody; leave unresolved some of the fundamental issues of the sector (i.e., direction of livestock sector development); and chart poorly explained paths (e.g., degrees of self-sufficiency in grain production). The presentation ranges from the rhetorical (e.g., "improve the technology of packing") to the Soviet-style ("boost the sturdiness of Mongolian livestock," "increase vegetable self-sufficiency to 7%," etc.). The experience suggests that existence of acceptable policy analysis, good development partner-government exchange of views, and strong government ownership may still be insufficient to produced guidance of hoped-for quality.

Source: Asian Development Bank.

⁸¹ The Sustainable Development Centre of the Mongolian State University of Science and Technology also comes to mind.

The second area of concern is fatigue on the development partners' side, resulting in irregular, unstructured, and generally insufficient feedback on the results of a limited number of ongoing analytical efforts. Absence of technical peer review is noticeable in most projects supporting global environmental concerns where Mongolian scientists and other specialists have responded enthusiastically, generating models and datasets, but these results have fallen on the bureaucratic, rather than technical and policy, ears of financial sponsors. Modeling without sufficient feedback is seriously incomplete as an approach to issues such as land degradation. There are a number of instances where a hard technical and policy review (and clamor for a clear policy statement and its justification where these elements were not present) by Mongolia's development partners would have avoided belated and costly attempts to change direction during an undertaking. The Government's regional policy (Medium Term Strategy on Regional Development 2001–2010, adopted in June 2003⁸²) is probably the most significant among available illustrations. In another example involving, once again, Mongolia's Action Program to Implement Agenda 21 (and its evaluation by UNDP⁸³), the failure of NCS D's sponsors to clearly distinguish between the program's information and policy-setting roles has contributed to the present feeling of a missed opportunity.

Not everything is bleak on the policy side, however. Current efforts by the Ministry of Food and Agriculture (the same ministry criticized in Box 14) to shape policy in a less visible but eminently sensible way, namely by unifying approaches to vital elements of rural development, such as water well rehabilitation⁸⁴ (for long marked by differences of approach by different development partners), is a strongly positive direction.⁸⁵

The conclusions that suggest themselves are several: First, rather than saying more, the approach to managing Mongolia's natural and environmental resources needs to be presented, and justified, differently. Greater concern with efficiency should be an integral part of such policy and planning statements. Water, forest, and land degradation are the three areas where analyses, rather than long lists, are needed most. Second, a period of stock-taking and peer review is needed in GEF-funded activities,

⁸² The policy is structured around the Millennium Road proposal and the creation of five economic and administrative regions (West, Khangai, Central, Eastern, and Ulaanbaatar) and growth poles.

⁸³ See United Nations Development Programme (2003b).

⁸⁴ Water Point Rehabilitation Working Group.

⁸⁵ Whether there is something similar to the small harmonization of policies (e.g., on water wells) coexisting with big dissonance of development partner views and positions of matters, such as domestic self-sufficiency in grains, cannot be excluded.

especially those relating to climate change and land degradation (i.e., those that have most heavily relied on modeling until now). Third, persistent but humble calls for better policy formulation ought to continue, because, as the example of rural development shows, no single formula guarantees policy and planning success, even if its elements may well be known.

Better Governance and Environmental Management Capacity

The text has brought out several elements of improved environmental governance in Mongolia in the last 3 years. They include (i) separating policy making and implementation from compliance and enforcement, (ii) tightening environment-related legislation and filling remaining gaps, and (iii) clearly separating implementation from other tasks within MNE.

Improved governance works best when accompanied by suitable distribution of available administrative and human resources. Here, the results are mixed. The creation of the unified SIA has led to major savings at a national level, made possible by combined (rather than separate) inspections of facilities, but it has also exposed the weakness of environmental presence in the field. Environmental inspectors alone are not enough to address the needs of environmental management at the local level, outside strictly protected areas. On MNE's side, the local capacity to manage the environment continues to be weak, with the weakness hidden by the continuing flow of development partner funding.

At the central level, the Government's decision in 2002 to make MNE the implementing agency for all GEF-funded projects has placed on MNE a substantial coordinating burden, since many GEF-supported activities are crosscutting in nature. It is certainly possible to speak of an institutional overload at MNE. Ultimately, the problem may well be one of sheer numbers. In a country of only 2.5 million people, adopting administrative patterns that demand separate attention to different technical problems (whether GEF's or any other's) may be simply too demanding. If there are 350 people per public agency, there are probably no more than 100 people per environmental concern. The administrative cost implications of that are huge.

On the legislative side, developments in the last 3 years have been a mixture of the positive and of continuing weaknesses. On the positive side, several amendments (e.g., those of the Hunting Law that extend the law's applicability from the field only to the market chain) have improved the situation. At the same time, as new legislation is adopted, occasional new conflicts have also arisen, for instance those among the Land Law, Buffer

Zone Law, and Mineral Resources Law. Other weaknesses on the legislative side go back further in time. They include poor drafting marked by absence of the statement of many laws' rationale and insufficient separation of details (e.g., tariff rates) from the text of the laws. As argued in Box 14, the disappointment with some final legislative products (e.g., in agriculture, livestock, and regional development) may well be the result of drafting weaknesses that may in turn hide the flaws in the process itself (lawyers or administrators alone preparing the text, instead of working jointly with technicians).⁸⁶ Important to remember, nevertheless, is that environmental law making is a continuous process. Things are never fully in place in most countries. Another Mongolia-specific factor is that legal training remains inadequate. Among other things, there is no environmental law curriculum in Mongolia. In addition, a gulf exists between law making in Ulaanbaatar and laws' applicability in the field. Most local officials admit that they rarely refer to environmental laws, considering them inapplicable within existing budget constraints.

Mainstreaming⁸⁷

Mongolia was among the first countries in Asia to officially attempt to integrate environmental concerns into the economic and political mainstream. The establishment of NCSO in 1996 predates similar efforts only now starting (e.g., in parts of Central Asia). Mongolia is also interesting in its search for different mechanisms of integration. To review them briefly, they include the following.

National Council for Sustainable Development. The council of 34 people is chaired by the Prime Minister. The ministers of the Ministry of Finance and Economy, Ministry of Trade and Industry, and MNE are deputy chairs. Heads of four crucial parliamentary standing committees (Economic Policy, Budget, Social Policy and Environment, and Rural Development) are represented, as are other ministries and nongovernment organizations. NCSO has local branches in each aimag and in Ulaanbaatar, in the form of economic, social, and environmental committees, normally headed by the

⁸⁶ At the same time, it is important to acknowledge cases where documents have been of high quality. This is the case, for example, of the minerals or new water legislation. Elsewhere (e.g., artisanal mining), early drafts indicate substantial improvements.

⁸⁷ By now, the terms mainstreaming, integration, and crosscutting (approach) have become hard-to-escape clichés. In the text, an attempt was made to avoid being drawn into controversies concerning the differences among these.

aimag governor. All economic, social, and environmental committees have formulated their own aimag action programs within the spirit of NCSD's guiding document, Mongolia's Action Program to Implement Agenda 21. NCSD's terms of reference are broad, ranging from goal setting and vertical and horizontal coordination of government activities to partnership facilitation and awareness creation. Impressive in scope and ambitions, NCSD has achieved mixed results. It has been energizing local governments and bombarding government agencies with the sustainable development message, but it is rarely able to defend a particular version of sustainable development (rather than its generalized and inoffensive variety).⁸⁸

National Coordinating Committees or Local Program Advisory Committees. These are under each of the international environmental conventions. Most committees deal with issues that are already crosscutting (climate change, biodiversity, and others), and this normally guides the composition of national committees. The drawback in practice has been the tendency to put one or another sector minister in charge. This can, but need not, work against a genuine cross-sector agreement on policy and result in no more than a superficial consultation about who is doing what. A lingering feeling remains that for a more substantive development and harmonization of policies, a different mechanism might be needed, perhaps placing the committees under the Prime Minister or revamping NCSD to become a true policy visionary and coordinating body.

In addition, national committees coordinate government activities involving key natural resources, such as water and land use, as well as other areas of environmental relevance, such as public health. The National Water Committee, for instance, was established in 1999, originally as a government-implementing unit (not attached to a ministry) and was more recently chaired by MNE.

Ad Hoc Interagency Committees. These are created to guide and help coordinate specific crosscutting initiatives (e.g., the National Steering Committee on Prevention of Dust and Sandstorms in support of ADB Regional Technical Assistance 6068).

⁸⁸ Interesting to note is that the institutional structure recommended for the implementation of the National Environmental Action Plan foresaw a national steering committee, to which NCSD would be subordinated. As for the National Environmental Action Plan itself, formulated in 1996 and revised in 2000, it has largely disappeared. Some of its elements have been scaled-down and incorporated into the current Government Work Program.

The work of all the listed committees (usually established by a ministerial decree) has been dominated by MNE and academic institutions. Similar one-ministry-on-top patterns characterize other national committees active in areas such as public health (MOH leading) or land reform. What is domination to some may of course be strong government ownership to others. It is safer to say that most committees referred to (including NCSD) have had insufficient representation by (or interaction with) civil society and local populations. For its part, NCSD, in theory a powerful integration mechanism, has turned out to be more focused on producing written material. Its publications far outstrip its policy influence, despite claims to the contrary and despite a membership consisting of representatives of powerful ministries.⁸⁹

There have been other mechanisms in Mongolia.

Conferences and Meetings. These are organized around specific environment-related topics. The meeting of the Asian Regional Thematic Program Network under the United Nations CCD in June 2002, for instance, became a tool for cross-sector internal consultation and informal endorsement of certain policy directions (Adyasuren 2002).

Institutional Realignment. Although normally not considered a tool for integration, the merging of different inspection functions into SIA is an example of the type of institutional change conducive to a noncompartmentalized way of doing things.

The success in creating integration mechanisms has varied somewhat in Mongolia. While smooth, for instance, in the sphere of public health, the progress has been slower on energy efficiency or climate change. In the second-mentioned example, GEF-funded activities (and therefore those implemented by MNE) remain poorly linked to renewable energy activities funded under ADB's Program on Renewable Energy and Greenhouse Gas Abatement initiative, domiciled in the Energy Department of the Ministry of Infrastructure.⁹⁰

The strongest support for mainstreaming environmental concerns typically comes not from the environmental or environment-related

⁸⁹ It must be noted that NCSD and its activities have played a positive role that, however, turned out to be different from the one possibly intended.

⁹⁰ As noted earlier, the slow pace of integration there has also delayed the designation of the implementation agency for the purposes of the Clean Development Mechanism under the Kyoto Protocol.

ministries themselves but from outside, especially development partners. This does not necessarily mean that the advantages of an integrated approach to decision making have to be spoon-fed to reluctant governments. Instead, weak integration usually reflects fairly mundane reasons, such as the structure of incentives or one or another variety of the agent-principal problem.⁹¹ Put simply, many in Mongolian governments derive little benefit (in terms of budget allocations, career prospects, or others) from being cross-sector oriented, rather than ministry oriented. The incentive not to integrate may be temporarily counteracted by an infusion of development partner funds. In the short run, both the development partner-mainstreamer and the environmental agency are rewarded for doing the right thing, but unless the development partner incentive to mainstream is maintained, or the assessment-reward structure is changed, the incentive to not integrate will reassert itself. For mainstreaming to work and become the prevailing model, the performance assessment and reward structure needs to be changed.

In concluding this brief section, a few points should be made. First, a cross-sector approach to environmental challenges and suitable institutional arrangements can contribute to better policy formulation and performance but cannot be a substitute for poorly conceived elements that demand integration. Second, the majority of cross-sector coordination mechanisms in existence in Mongolia lack the flexibility and freshness of a think tank, and many existing components (existing policy and program drafts and others) may not lend themselves to effective upgrading through the integration process. It seems that implementing agencies (typically, sector agencies) almost have to be given an integrated mandate or program rather than join a cross-sector body and hope that integration will somehow happen inside that body. Yet, it is not clear at present what the best incubator of crosscutting policies and solutions in Mongolia may be. NCSA has been unable, for instance, to drive a tightly argued and formulated regional policy.⁹² Whether development partners could and should play this role is debatable.

⁹¹ Those theoretically minded may want to cast the difficulties of mainstreaming in terms of this model, which is familiar to economists. (The principal is a decision maker and the agent is somebody the principal is trying to contract to perform a task. This can apply to a variety of professional relationships [e.g., manager-employee, car owner-mechanic, client-attorney, and also king-minister and minister-clerk]). The difficulty arises because the principal's payoff (here, success in mainstreaming) is determined by the initially unobservable level of effort of the agent (either the minister or the bureaucrat).

⁹² The Eastern Region Sustainable Development Program is of doubtful value.

Greater Efficiency of Development Partner Assistance

The statements made at the 2003 Donor Consultative Group in Tokyo mention the familiar development partner objectives for Mongolia (i.e., identification of shared priorities, policy cohesion, transparency and efficiency in information sharing, harmonization of procedures, and agreement on the allocation of scarce development cooperation resources). Some of the more specific calls made by development partners (e.g., prioritize and establish key policies and programs and their costing to assess what areas can be credibly financed and develop informative, publicly available budget documents and realistic public investment plans) can be applied with full force to environmental management.

Some of the other, more specific, priorities voiced by the 2003 Donor Consultative Group have significant environmental repercussions. The most important is more to involve city migrants in economic development, a call with far-reaching infrastructure and urban environment implications and one which is potentially at odds with the vision presented in the Government's regional policy. Greater attention to demographic and economic trends is counseled, amounting to another element with an important if indirect environmental dimension, whether it is via the growing importance of the urban service sector or changing pattern of rural economic activities led by small-scale mining.

The need for a more effective harmonization of development partner policies has emerged as a clear priority.⁹³ This is not new. Ulaanbaatar's practice of United Nations-sponsored development partner theme groups as a tool of such harmonization goes back several years. Environmental management has not been the subject of the five theme-groups established. A proposal made in the aftermath of the 2003 Donor Consultative Group to establish four development partner working groups to improve effectiveness of development partner assistance has also bypassed environmental management, possibly indicating that the harmonization and consultation needs are greater elsewhere. Two of the proposed working groups are largely sector-related (infrastructure and health), and two are crosscutting or multitask (governance and private sector). Once more, environmental management has not been among the candidates. Nevertheless, two recent events (the

⁹³ In the priorities-setting questionnaire distributed to the participants of the 2002 Rural Development Conference, the highest-ranked priority items for inclusion in the rural development strategy in a list of 19 were (i) need to provide an enabling environment for cooperatives to develop and operate (note: "co-operatives" understood as being different from the old ones), (ii) need for interministry coordination on rural development, including mutual understanding of various departments; and (iii) need for development partner coordination .

2002 Rural Development Conference and the 2003 Joint Donor Consultation on Ulaanbaatar City Development) are a testimony to the development partner community's readiness to invest in the harmonization process. Interestingly, the greater activism shown by development partners has made them confront the problem that is often faced by their local clients: the shortage of staff and time to attend to integration demands.

In Mongolia, no less than elsewhere, there is a reasonable appreciation on the development partner side of the need to reduce unnecessary administrative costs that poorly coordinated development partner assistance imposes on recipients. The list of such cost items includes things such as overloading local bureaucracies with a multitude of confusing and fragmented projects, proliferating missions and complex review and reporting requirements, failing to widen the scope of programming to sectors or cross-sector concerns, delegating insufficiently to country-based staff members for policy dialogue (Organisation for Economic Co-operation and Development 2003). Despite improved development partner coordination in recent years, more remains to be done.⁹⁴

Improving Disaster Response

The experience of disaster assistance in Mongolia has grown, and a number of recommendations have been made, both locally and by outsiders. On the technical side, under disaster preparedness and warning, the following have been suggested by UNDP.

- (i) Mongolia should continue to apply International Decade for Natural Disaster Recover Guiding Principles for Effective Early Warning, which call for integrating early warning into national disaster reduction, defining clearly the roles and responsibilities at all levels, and raising political commitment for resource allocation by means of a cost-benefit analysis.
- (ii) Early warning systems should be community-oriented and community-based and should include education programs and community participation in the design of local early warning and local responses. This applies particularly to flood and wildland fire alerts, where good

⁹⁴ This CEA, for example, is one of at least three (and possibly as many as six) being prepared for Mongolia by ADB, United States Agency for International Development, World Bank, and others.

communication with local populations is essential. In Mongolia, the Internet should continue to be harnessed to provide low-cost weather forecasts and warning services.

- (iii) Continued attention should be paid to maintaining and increasing the reliability of forecasts of land-based emergencies. Low reliability constrains policy and its implementation.
- (iv) Hazard maps can be an effective communication tool among policy makers and communities. The insurance industry could become an ally of disaster management in Mongolia and advise clients on appropriate risk reduction measures. However, mapping risk is likely to remain a difficult task because of the dynamic nature of risk (changing local conditions, flux in global processes tied to globalization, and other factors).

Under the integration of disaster reduction and risk management into public policy, the suggestions were to

- (i) more effectively explain the recently formulated national risk and disaster management strategy and corresponding law, to draw popular support for risk assessment and more active disaster management;
- (ii) build a new culture of disaster management around prevention, preparedness, rapid response, and strategic thinking;
- (iii) Identify and seize opportunities to incorporate disaster mitigation in infrastructure investment decisions by (a) integrating disaster risk assessment into existing environmental impact assessment procedures, (b) integrating natural hazard risk into economic and financial analysis of projects, and (c) promoting hazard mitigation when the insurance industry is called upon to underwrite catastrophic protection for investment projects;
- (iv) mainstream disaster risk reduction within development policy in Mongolia through (a) better information on disaster risk and planning tools to track the changing relationship between development policy and disaster risk levels, (b) dissemination of best practices in development planning and policy that reduce disaster risk, and (c) political will within the development and disaster management sectors; and
- (v) follow the recent establishment of the National Disaster Management Agency by changes in certain procedures, regulations, and practices, and strengthen the interaction with other government entities involved in disaster management, such as MOH, Red Cross, United Nations

agencies (including World Health Organization, technical institutes, universities, and international disaster response systems).

With respect to disaster response in Ulaanbaatar and large towns, the United Nations Disaster Assessment and Coordination 2004 report calls for urgent updating or equipping of control and operations room facilities, emergency telecommunications, and fire brigade and rescue units. Contingency planning, monitoring, damage assessment, and needs analysis capacities are considered poor.