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## Office of Evaluation

### **Capacity Building and Institutional Development for Participatory Natural Resources Management and Conservation in Forest Areas of Mongolia- GCP/MON/002/NET**

**Evaluation report**

January 2012  
Final

## Food and Agriculture Organization of the United Nations

### Office of Evaluation (OED)

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*“Capacity Building and Institutional Development for Participatory Natural  
Resources Management and Conservation in Forest Areas of Mongolia”*  
**GCP/MON/002/NET**

**Project Final Evaluation**

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**January 2012**



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## List of acronyms

|       |  |
|-------|--|
| CBFiM | Community Based Fire Management  |
| CTA   | Chief Technical Advisor  |
| DED   | German Development Service (since 1-1-11 incorporated into GIZ)          |
| EPTA  | Environment Protection and Tourism Agency                                |
| FA    | Forestry Agency  |
| FAO   | Food and Agriculture Organisation (of the UN)                            |
| FAQ   | Frequently Asked Questions   |
| FUG   | Forest User Group  |
| GEF   | Global Environment Facility  |
| GIZ   | Deutsche Gesellschaft für Internationale Zusammenarbeit (previously GTZ) |
| LFA   | Logical Framework Analysis   |
| MA&D  | Market Analysis and Development  |
| MNET  | Ministry of Nature, Environment and Tourism                              |
| MoU   | Memorandum of Understanding  |
| MTR   | Mid Term Review  |
| NFP   | National Forest Programme  |
| NPD   | National Project Director  |
| NRM   | Natural Resource Management  |
| NTFPs | Non Timber Forest Products   |
| NUM   | National University of Mongolia  |
| PFM   | Participatory Forest Management  |
| PIF   | Project Implementation Form (for GEF projects)                           |
| PSC   | Project Steering Committee   |
| RAP   | Regional Office for Asia and the Pacific (FAO office in Bangkok)         |
| SFA   | Simple Forest Assessment   |
| SFMP  | Simple Forest Management Plans   |
| TCP   | Technical Cooperation Programme  |
| ToR   | Terms of Reference   |

## Commonly used terms

|           |  |
|-----------|--|
| Aimag     | Administrative unit in Mongolia, comparable to a province.   |
| Soum      | Administrative unit in Mongolia, equivalent of a rural district.   |
| Bagh      | Smallest part in the administrative unit for rural areas in Mongolia, part of a Soum.  |
| Hural     | Mongolian parliament. There are hurals at national, Aimag and Soum level. The Citizen Representatives Hural is the parliament at the Soum level. |
| Nukhurlul | Mongolian name for Forest User Group.  |

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## Executive Summary

### Background and context

Mongolia is going through a transformative process of democratisation, decentralisation and devolution. The role of the state is changing in all sectors from one of managing a command and control economy to one of managing a market driven economy, and the changes in the forest sector need to be seen in this wider context. The forest sector collapsed in the early 1990s and forest management was largely ineffective, with the result that illegal logging became rampant and forest destruction was widespread, particularly in accessible areas. In spite of these problems, there are still extensive areas of high quality forest.

A World Bank funded Forest Sector Review in 2004 identified community based forest management as one of the major strategies to resolve difficulties in the forest sector in Mongolia, and recommended the implementation of a pilot project to test and refine a suitable approach. The Project being evaluated, titled “Capacity Building and Institutional Development for Participatory Natural Resources Management and Conservation in Forest Areas of Mongolia” (GCP/MON/002/NET) was designed and implemented in response to that recommendation and following a specific request from the Minister of the MNET. It is a bilateral project between the Netherlands and Mongolian Governments, and is implemented by FAO over a five year period (13 February 2007 to 31 January 2012) with a budget of USD 4,686,686.

### Purpose of evaluation

The purpose of this final evaluation, as stated in the Terms of Reference (ToR), is “*to provide recommendations to the Government, FAO and the donor on the further steps necessary to consolidate progress and ensure achievement of objectives*”. The evaluation team was in Mongolia between 28<sup>th</sup> November and 9<sup>th</sup> December.

### Main findings

#### Relevance

The Project’s development objective seeks to protect the existing forest cover of Mongolia and ensure the sustainable livelihoods of the rural population, by adopting participatory forestry as a new paradigm for forestry management. This was found to be relevant to the challenges that Mongolia faces to protect its remaining forested areas despite the limited resources of the forest administration.

#### Efficiency

The project was generally well managed and implementation was appropriate. Managerial and work efficiency were good, as reported by the Project team, as well as judged from the level of achievement. Satisfaction was expressed by beneficiaries, Government counterparts and partners. However, the Project had not developed an explicit exit strategy at the time of the evaluation. The implementation approach, based on capacity building at all levels, continuous communication on the Project’s approach and a concern for constantly improving the strategy from lessons learnt during implementation, was one key to the Project’s success. Government support for the Project has been strong and the commitment of key people at all levels increased throughout the life of the Project. Political will was solid and several advocates for PFM could be identified within the Government by the end of the Project.

#### Progress

The following table summarises the progress made by the Project in producing the five Outputs, as judged against the success indicators given in the Project document and those re-formulated by the evaluation team.

|  |
|--|
| <b>Summary of progress to November 2011 in producing Outputs</b> |
|--|

|  |
|--|
| <b>Output 1: Functional local organizations/entities (Nukhurlul) for forest management</b> |
|--|

**established in pilot sites.**

***Progress:***

FUGs have been established in 16 pilot sites. All have approved management plans that include details of decision making arrangements, by-laws and constitution. An independent analysis of their functionality in terms of collective decision-making was carried out in June 2010. This concluded that the basic sociology underpinning the implementation process is sound and that, by and large, the FUG governance arrangements are functioning effectively. Recommendations from the study were integrated in the support provided by the Project. A follow up study in November 2011 on the effectiveness of FUGs as institutions noted that the increase in collective action (empowerment) in most of the FUGs is a major achievement.

FUGs are able to exercise effective control over their territory through a specific sub-decree. Independent actions have been reported that indicate that FUGs are becoming increasingly empowered, often with strong support from Soum governors. One example is the appointment in pilot FUGs of one or two voluntary rangers with delegated authority to issue permits to outsiders to harvest firewood in FUG forests. FUGs themselves feel that they are now more empowered and are able to negotiate effectively with Soum officials.

Eleven of the pilot FUGs have commenced forest cleaning operations and selling the resulting material—in excess of US\$ 15,400 has been generated from the sale of firewood, and more sales are pending. This indicates that the FUGs are capable of taking independent action, even though the amount of money generated to date is not large.

**Output 2: Adapted management planning for local sustainable forest use, reforestation and conservation.**

***Progress:***

Simple Forest Management Plans have been developed in a participatory manner in 16 pilot FUGs and approved by the relevant Aimag EPTA Directors. The area of forest covered by the pilot FUGs is 75,868 ha.

Implementation of management plans has commenced in 11 FUGs with forest cleaning operations and removal of dead trees and waste materials. These activities are on-going with the support of Soum authorities.

**Output 3: Adequate legislation and regulations for local level forest resources use, reforestation and conservation.**

***Progress:***

The Project has used its influence to facilitate major changes to the regulatory framework to make it more enabling for PFM. A national forest policy process is underway that will recognise PFM as a major form of forest management in Mongolia.

Pilot FUGs are well aware of their rights under the new regulatory regime, including the secure tenure of their forest areas. This is respected by local government authorities and outsiders. Soum governors are fully supportive of the management rights of pilot FUGs and no conflicts between the government authorities and FUGs were reported. In spite of the good progress, numerous overlapping, conflicting and confusing regulations and laws inhibit the effective functioning of FUGs, such as the ambiguities that still exist regarding the requirement for professional organisations to be the only entities which can legally develop FUG management plans.

**Output 4: Adequate institutional framework at national level for local forest resources use and conservation.**

***Progress:***

The key components of a management planning system for FUGs have been developed (detailed in the PFM Guidelines) and approved for national use.

While the institutionalization of participatory forestry into organisational structures remained weak during most of the Project's life, it was significantly strengthened with the establishment and staffing of a PFM unit in the Forestry Agency in September 2011. It has a mandate to oversee the national scaling up of PFM. This unit consists of only two people, is still in its infancy, and will take some time to become fully operational.

Five "inter-Soum" Forest Units and seven "Soum" Forest Units have been established in the project pilot Aimags and 19 "inter-Soum" Forest Units and seven "Soum" Forest Units are now established in all seven of the forested Aimags. Six people have been trained by the Project to support the implementation of PFM and these people have joined various Forest Units. Many other Forest Unit staff have received training from the Project on PFM. As with the PFM unit in the FA, most Forest Units are in their infancy and have yet to become fully operational.

A database has been developed to monitor implementation of PFM at national and local levels, along with a guide (in Mongolian) for its use. This has been transferred to the FA and pilot Aimags. It is functional and up to date in the pilot Aimags and is currently being updated in the FA.

**Output 5: Improved knowledge on integrated and sustainable natural resources utilization and conservation.**

***Progress:***

More than 30 reports, publications and videos were produced by national and international consultants, researchers and Project staff during the life of the Project. These provide a comprehensive set of reference materials to improve knowledge and general awareness of the potential of PFM to deliver sustainable forest management and improved livelihoods. Reports and documents from completed studies have been widely circulated to all stakeholders and they are highly valued by their intended audiences. Among the studies, several stand out as contributing significantly to knowledge about PFM and related topics in Mongolia and the wider world.

The National University of Mongolia (NUM) and two Eco-Asia Environmental Universities have incorporated PFM modules (developed by the Project) into their undergraduate courses. PFM is a compulsory subject for undergraduate forestry students at the NUM and for all students at the Eco-Asia Universities. Twenty-four undergraduate students at NUM and 120 students at one of the Eco-Asia universities will take the subject in 2012. MSc and PhD students at the NUM are also offered PFM as an option (three post graduate students at NUM are currently taking the PFM subject).

Study tours to Nepal and Finland included a wide range of stakeholders from national, Aimag and Soum levels.

Through project initiatives, a cooperation project between a Finnish forest research institute, METLA, the Forestry Agency and the National University of Mongolia has been approved to support the strengthening of basic forest research in Mongolia.

Several films were completed following a study tour to Nepal in February 2009 and were shown on national TV to raise awareness of the potential of PFM in Mongolia to deliver both forest conservation and community benefits.

The Project has produced all of the Outputs originally planned.

**Immediate objective**

The evaluation team decided to reformulate the immediate objective to make it more explicit to read:

*Participatory Forest Management integrated into rural development in pilot areas and supported by an enabling regulatory framework and empowered institutions at national, regional and local levels.*

The production of the five Outputs by the Project has contributed to the achievement of the immediate objective in several ways.

Sixteen FUGs have been established in the five pilot Aimags with functional institutional arrangements that can operate effectively to plan for and carry out sustainable forest management. An investigation carried out to assess the effectiveness of FUGs as collective decision-making institutions concluded that most of them were functional, although some problems were identified (Fisher et al. 2010). A follow up study noted that the increase in collective action (empowerment) in most of the FUGs is a major achievement (Fisher et al. 2011).

All the technical building blocks (including procedures for management plan preparation, silvicultural guidelines, etc.) necessary to integrate PFM into rural development have been developed, tested and distilled into a PFM Implementation Manual. This has been endorsed by the Government for national use and distributed to all stakeholders. Key implementation partners (GIZ and WWF) have accepted the PFM approach developed with FAO's support as the best option for forest management (including management of protected areas).

An enabling regulatory framework has evolved during the life of the Project to legitimise PFM as a major forest management modality in Mongolia's forested Aimags. The framework is continuing to evolve as experience from PFM implementation is fed back to national, Aimag and Soum level decision makers.

A PFM Unit was formally established in the FA in July 2011 and staffed in September 2011 to oversee the nation-wide implementation of PFM. New organisational structures (particularly Forest Units) have been established at Aimag and Soum levels to support the implementation of PFM in pilot Aimags as well as more widely. These have yet to become fully functional.

At the heart of this Project is a fundamental re-structuring of state-community relationships. This necessitates the adoption of new institutional arrangements at both government and community levels and the adoption of different cultural norms. The physical changes can be easily documented, such as the creation of new organisational structures (PFM unit in the FA, Forest Units in Aimags and Soums and FUGs). Changes of internal culture in governments, and the associated changes in attitude and behaviour of individuals and the way they carry out their jobs are much more difficult to quantify. In spite of the relatively short time during which the Project has operated, it is evident that social relations between government officials and herders in the pilot sites have evolved in a positive direction. There is evidence of strong political support for PFM in most of the pilot sites and in the wider Government.

PFM (at least in the pilot areas) is showing signs of developing a "life of its own" and is moving in different directions in different places, with new and innovative approaches being tested by FUGs themselves, often in association with Soum authorities. To some extent PFM has moved beyond being totally dependent on the Project for ideas on how to solve problems and is becoming an integral part of normal forest management. It reflects well on the empowerment of the FUGs to take independent action.

Mongolians (Government and civil society) have proven to be very responsive to new approaches to managing forests, once their effectiveness has been demonstrated and an appropriate regulatory framework is in place to guide and direct implementation. This has been clearly demonstrated by the way that the Project's results have been assimilated into the thinking and actions of the various levels of Government and the herders who have formed the FUGs.

In summary, the PFM concept has been adopted by the Government of Mongolia as a national approach to forest management, and the implementation process as piloted and documented by the Project (distilled in the PFM Implementation Guidelines) has been accepted as a national process. It can be concluded that **the Project has, without qualification, achieved its immediate objective**

However, a cautionary note needs to be added. While solid progress has been made overall, PFM implementation in the pilot FUGs is only just into the three-year Foundation Phase of the much longer full PFM process. Many of the supportive organisational structures and institutional arrangements (both government and FUG) are new and fragile and have yet to be fully tested. This will take some time and they will certainly need on-going support to give them the capacity and confidence required to withstand the pressures that will inevitably confront them in the future.

### **Development objective**

The **development objective** of the Project is “*the maintenance and improvement of the existing forest cover of Mongolia in order to ensure the sustainable livelihoods of the rural population*”. The extent to which the Project’s activities have contributed to the achievement of the longer term development objective is more difficult to assess, although there are strong signs that the trends are in a positive direction.

It is still too early to judge whether the forest cover across the country can be sustained and improved by the forest management afforded by FUGs. The pilot FUGs have only had effective control of their forests since about 2009-2010. However, there is already anecdotal evidence (supported by some factual evidence) of substantial reduction in the incidence of illegal logging and destructive wild fires, the two most potent factors that contribute to forest degradation. FUG members themselves believe that their forests have improved under their management.

Four of the key asset classes that contribute to livelihoods have been enhanced by the Project’s activities. (i) **Human assets** have been improved by building the capacity of FUG members to develop and implement management plans. (ii) **Natural assets** have improved by the reduction of fires and illegal logging in FUG forests. (iii) **Social assets** have improved by empowering FUGs to operate as strong institutions with enhanced collective decision making ability and able to negotiate effectively with local government officials and outsiders who want to harvest products from FUG forests. (iv) **Financial assets** have increased from the sale of firewood and other products. Simple Forest Management Plans have only been operating since August 2010 and harvesting of firewood and NTFPs only commenced in mid-late 2011. To date, in excess of \$US 15,400 has been earned by 11 FUGs from the sale of firewood, and this is expected to increase substantially in the years ahead. (v) **Physical assets** (tools, equipment, etc.) have not been improved, but may need to be given attention as forest harvesting expands. This will depend on whether FUGs decide to become directly involved in active forest management or to contract out harvesting while retaining a supervisory oversight.

It can be concluded that **the Project has made a major contribution to the achievement of its development objective.**

### **Sustainability of results**

It is evident that PFM has been accepted as a major new modality for forest management in Mongolia, and there is no going back. However, in spite of the solid progress a major risk remains. The enthusiasm to expand the number of FUGs rapidly and develop management plans could overlook the need to carry out sufficient community extension work to build the FUGs as strong institutions sufficiently empowered to exercise their rights effectively. Management plans without empowered FUGs to implement them are highly likely to fail. So, while the early signs are promising, only time will tell if the progress achieved by the Project can be sustained.

### **Lessons learned**

The following points summarise the essential characteristics of the approach adopted by the Project that have contributed to its success and have relevance beyond Mongolia:

- The Project was **closely aligned with national priorities.**

- The Project built on an in-depth **knowledge of the country's context and development trajectory** developed during the previous TCP.
- A major focus of activities was on **capacity building** of key implementing **partners** (government, FUG members, Universities, etc.).
- A flexible, iterative approach was adopted with implementation (particularly in the pilot sites) rather than using a blanket blueprint (The Project **adopted an explicit action-learning *modus operandi*** with the pilot FUGs being used as learning sites).
- The Project adopted an explicit **focus on both local and national levels** and developed good linkages between the two to enhance feedback loops to inform policy and capacity building needs.
- There was a strong institutional **connection between the Project and the FA, the EPTAs and Soum governments** (Project offices were embedded within the FA in UB and in the Aimag EPTAs).
- The Project was an **active participant in policy dialogue** which was informed by field practice and was able to **influence** change.
- The Project was well connected to **technical and administrative support from FAO's global networks** (for capacity building, conflict management, MA&D, etc.).
- There was **strong donor and government support** for the Project.

In essence, the Project has been able to **learn** about PFM implementation by **direct engagement** in the process, and use that learning to **leverage** changes to policy and practice.

## Conclusions

The design and implementation of the Project was predicated on the belief that fundamental re-structuring of state-community relationships will lead to sustainable forest management and the enhancement of local livelihoods. Key aspects of the re-structuring facilitated by the Project focused on (i) changing the role of the state from centralised control to decentralised and participatory governance and (ii) strengthening the rights and abilities of local user groups to regulate access to, and use of, forests in their vicinity. These are not simple technical changes but represent fundamental changes to power relationships that surround the use of valuable natural resources. Because the resources are valuable such changes are highly contested and strong political commitment is needed to ensure that the changes can be sustained and the benefits coming from forest management are equitably distributed. This will be a major challenge in the years ahead.

## Recommendations

### *For the Government*

#### *For the PFM Unit in the FA*

1. Continue to support the strengthening and evolution of the PFM concept at all levels, in particular:
  - Continue the approach developed by the Project to advocate at all levels for the widespread acceptance of PFM as a major modality of forest management in Mongolia.
  - Ensure that focused participatory community development takes place at the FUG formation stage to develop strong and empowered institutions.
  - Scale up the approach developed with the pilot FUGs,
  - In scaling up, ensure that it is done in a step-wise fashion with a limited number of additional FUGs receiving participatory community development to build their capacity to function as effective institutions before further expansion.
  - Encourage the expansion of emerging innovative approaches that contribute to the more effective functioning of PFM such as: (i) building on FUG to FUG exchanges to share knowledge and experience, and (ii) development of FUG associations.
  - Ensure that FUGs can derive significant economic benefit from their forest management as soon as possible.

#### *For wider Government*

2. Ensure that PFM is embedded into the National Forest Policy as a major form of forest management in Mongolia.
3. Provide adequate financial and technical resources to:
  - The PFM unit in the FA to ensure that it can effectively plan for and oversee all aspects of national implementation of PFM, including capacity building, technical oversight, monitoring, evaluation and reporting.
  - The Forest Units in the Aimags and Soums to ensure that they can effectively respond to the mounting demand from herder communities to implement PFM.
4. Continue the process of evolving the regulatory framework to make it more **enabling** for PFM so that FUGs can become effective forest managers and derive significant economic benefits from forest utilization as they implement their management plans. Among the possible items to be considered are:
  - Incorporate a requirement into the regulatory framework for a percentage (perhaps 20%) of the permit fee paid by individuals and entities from outside the FUGs to harvest forest products to be transferred into the mutual fund of the FUG from whose forest the harvesting will take place.
  - Address distortions in the wood market that restrict the operating of a free and open market and reduce the potential income for FUGs to profit from the sale of forest product.
  - Address limitations that prevent FUGs from selling firewood in adjacent Aimags.
  - Harmonise overlapping, conflicting and confusing regulations and laws that inhibit the effective functioning of FUGs, such as the ambiguities that still exist regarding the requirement for professional organisations to be the only entities which can legally develop FUG management plans.
  - A regulation to require Soum authorities to support FUGs.
5. Seek innovative ways of retaining the existing Project field facilitators to support national scaling up of PFM in order to utilise their considerable knowledge and skills in implementing PFM. Options could include employing them in the PFM unit in the FA.

***For the Project***

6. Prepare and implement an explicit exit strategy as soon as possible (by mid December at the latest) to ensure a smooth transition from the Project to the Government (particularly the PFM unit) at the end of January 2011. The exit strategy should include the following specific recommendation.
7. Prepare recommendations for the Government aimed at identifying the regulatory and other issues that need to be addressed in the short, medium and long term to maintain the momentum in implementing PFM that has built up during recent years as a result of the Project operations.
8. Collect and collate all important publications and reports prepared by the Project and ensure that they are deposited in appropriate libraries in Mongolia and also in relevant FAO offices to inform a wide range of interested individuals and groups.
9. Explore options for retaining the Project facilitators to support national implementation of PFM, such as their employment in the PFM unit or their engagement with partner organisations.
10. Conduct an “end of Project” workshop with all stakeholders to highlight the achievement of the Project during the past five years. Soum governors of pilot FUGs should be invited to ensure that they are aware of the new role of the PFM unit in the FA in taking on the mandate previously carried by the Project.

***For FAO***

11. Speed up the internal FAO process to approve the TCP proposal to maintain essential support for PFM and to continue piloting the implementation of the PFM process through the Foundation Phase and in to the Implementation Phase to maximise learning and feedback.
12. Document and publicise the experiences of the Project in implementing PFM in Mongolia to ensure the lessons learned are widely shared.



## 1 Introduction

### 1.1 Background and purpose of the evaluation

The Project that is the subject of this evaluation is titled “Capacity Building and Institutional Development for Participatory Natural Resources Management and Conservation in Forest Areas of Mongolia” (GCP/MON/002/NET). It is a bilateral project between the Netherlands and Mongolian Governments, and is implemented by FAO over a five year period (13 February 2007 to 31 January 2012) with a budget of USD 4,686,686.

The purpose of this final evaluation, as stated in the Terms of Reference (ToR), is “*to provide recommendations to the Government, FAO and the donor on the further steps necessary to consolidate progress and ensure achievement of objectives*”. (p. 3) The Terms of Reference for the evaluation are shown in Annex 1. The evaluation team was in-country from November 28<sup>th</sup> to December 9<sup>th</sup>, 2011. A Mid Term Review (MTR) of the Project was carried out in August 2010 and this final evaluation builds on that Review. Much of the analysis carried out as part of the MTR is relevant to the final evaluation, and this report draws on relevant sections of the MTR report.

### 1.2 Methodology of the evaluation

The approach taken in conducting the evaluation included: desk review of documents prior to the mission; meetings and interviews with key groups and individuals in Mongolia, both in Ulaan Baatar and in the field; review of key Project products (such as progress, consultancy and research reports and training materials and manuals) and interrogation of Project databases. Discussions took place in the field with members of two FUGs (Altansumber in Sant Soum and Dundat-Urguu in Bugat Soum) in Selenge and Bulgan Aimags respectively. Discussion also took place with relevant Aimag and Soum officials during the field visits. Annex 2 shows the schedule followed during the evaluation. A set of open ended questions was prepared prior to the mission and these were used as background to the discussions that took place. These questions, categorised by stakeholder group, are given in Annex 3.

A participatory stakeholder workshop was held on December 3<sup>rd</sup> at Darkhan in order to give key stakeholders an opportunity to reflect on the impact of some of the major aspects of the project’s intervention. A total of 47 people, including representatives from each of the 16 pilot FUGs, two Government officials from each of the five pilot Aimags and Project facilitators, participated. The objectives of the workshop are shown in Box 1 and the workshop agenda and results are summarised in Annex 4.

#### **Box 1. Objectives of stakeholder workshop**

1. Obtain perspectives from FUG members and Government officials of key changes that have taken place as a result of the implementation of PFM in the Project pilot sites.
2. Identify the legal and technical constraints that still constrain FUG members from managing their forests sustainably and obtaining benefits from them to improve their livelihoods.

A participatory workshop was also held with key Project staff on 5<sup>th</sup> December to obtain their perspectives on (i) the issues that need to be addressed to ensure the long term sustainability of the Project's results and national uptake of PFM and (ii) the underlying reasons for the

Project's success (i.e. what lessons can be learned for wider application). The agenda and results of this workshop are summarised in Annex 5.

An effort was made to conduct the evaluation in a participatory manner in keeping with the underlying precepts of much of the Project's operational modality. The evaluation team did not want their efforts at information gathering to be purely extractive, so they attempted to engage the project members and others in a dialogue about all aspects of Participatory Forest Management (PFM), so that mutual learning could be maximised.

At the end of the mission a de-briefing presentation was made to representatives of the Ministry of Nature, Environment and Tourism (MNET), Forestry Agency (FA), The Royal Netherlands Embassy, FAO, the Project Team and partner agencies to present the key finding of the evaluation and to obtain feedback. The powerpoint presentation used at the de-briefing is included in Annex 6.

## 2 Context of the Project

In the mid-1980s the forest sector in Mongolia employed 12,000-13,000 people and contributed 10% of the country's GDP. The peak year of timber harvesting was 1985, when about 2 - 2.3 million m<sup>3</sup> of timber were harvested, of which about 500,000 m<sup>3</sup> was firewood. About 100,000 m<sup>3</sup> of logs were exported to Poland and Romania, with the remainder processed in Mongolia (Dorjtseden, pers. com.). The forest administration collapsed in the early 1990s and was reduced to a very small bureaucracy with no professional capacity for forest policy or planning. Forest management became largely ineffective, with the result that illegal logging was reported to be rampant and forest fires became common. The combination of these factors led to widespread forest destruction and deforestation, particularly in accessible areas. In spite of these problems, there are still extensive areas of high quality forest across the northern Aimags of the country.

In the 1990s the country aggressively embraced a transformative process of democratisation, decentralisation and devolution. The role of the state is changing in all sectors from one of managing a command and control economy to one of managing a market driven economy, and the changes in the forest sector need to be seen in this wider political economic context. In this new environment it is widely recognised that the government is unable to regulate access to and use of the country's forests using its own resources.

A National Forest Policy was formulated in 1998 that focused on forest utilisation, conservation and social welfare concerns, with forest exploitation and utilisation being the major preoccupation (World Bank, 2004). This policy was revised in 2001 as the National Programme on Forestry, and this marked a shift in policy focus away from utilisation towards conservation and protection. This was in response to the widespread forest degradation that had become apparent. The World Bank (2004) concluded that: "...*though Mongolia has a credible body of forest legislation, regulations, policies and programs **the planning, management and control systems to achieve these on the ground do not presently exist***" (p. 87-emphasis in original). A new Forest Law was passed in 2007 (developed with GTZ and FAO support) which gave a more realistic focus to the forest sector for the first time since 1990. The Forestry Agency was established in 2008 to oversee the carriage of the new Law. There are now about 60 staff in the Agency and serious action is being taken to operationalise the intent of the Law by identifying appropriate forest management modalities and

establishing supporting organisational structures and institutional arrangements that best suit contemporary Mongolia.

A World Bank funded Forest Sector Review in 2004 (World Bank, 2004) identified community based forest management as one of the major strategies to resolve difficulties in the forest sector in Mongolia, and recommended the implementation of a pilot project to test and refine a suitable approach. A consequence of adopting such an approach is that the state needs to change from its previous role of policing and licensing to one of facilitation, to support the efforts of local community based forest managers. This requires a fundamental change of internal culture at all levels in the bureaucracy. Participatory Forest Management (PFM) is considered to be a useful and practical modality to operationalise this new approach and to assist in the overall transition.

A letter from the Minister of the MNET on 3-6-05 to the Director General of FAO drew attention to the fact that participatory forestry had been identified as a major option for the sustainable management of Mongolia's forests, and requested FAO assistance to formulate a suitable project and to seek donor support for its implementation. The Project being evaluated was designed and implemented in response to that request. A previous FAO Project (TCP/MON/2903: "Support to the Development of Participatory Forest Management") operated from 2004 to 2005 and laid the groundwork for the present Project by elaborating a concept for the implementation of participatory forestry in the country.

### **3 Concept and relevance**

#### **3.1 Design**

##### **3.1.1 Underlying philosophy of design**

Underpinning the design and implementation of the Project is the belief that it can:

- Support the re-defining and re-structuring of state-community relationships by changing the role of the state from centralised control to decentralised and participatory governance including the development of local user group institutions for the management of forests, and
- Strengthen the rights and abilities of local user groups to regulate access to, and use of, forests in their vicinity and to benefit from their own forest management.

The Project design elaborates these central tenets of PFM along with a focus on developing an enabling regulatory framework and providing capacity building for key stakeholders to carry out new functions. Both the design and the strategy for implementation are based on a sound understanding of the developmental situation and trends in Mongolia and build on the work of the previous FAO project and that of other development partners (particularly the World Bank, GTZ (now GIZ) and SDC).

##### **3.1.2 Project design structure**

As stated in the Project Document (FAO 2006) the problem to be addressed is: “ *...to stop and reverse the ongoing degradation of the forests of Mongolia and to contribute to poverty alleviation through the development of a model for local-level forest ecosystem management* ”

*at Soum level which can be replicated to other sites in the forested Aimags of Mongolia.” (p. 3)*

The **development objective** of the Project is “*the maintenance and improvement of the existing forest cover of Mongolia in order to ensure the sustainable livelihoods of the rural population*”.

The **immediate objective** is “*the implementation and integration of participatory forestry in rural development in pilot areas through capacity building of the main stakeholders and through the development of enabling institutional frameworks at local, regional and national levels*”.

The Project was designed to produce five major Outputs that collectively should lead to the achievement of the immediate objective and contribute towards the development objective:

- Output 1: Functional local organizations/entities (Nukhurlul) for forest management established in pilot sites.
- Output 2: Adapted management planning for local sustainable forest use, reforestation and conservation.
- Output 3: Adequate legislation and regulations for local level forest resources use, reforestation and conservation.
- Output 4: Adequate institutional framework at national level for local forest resources use and conservation.
- Output 5: Improved knowledge on integrated and sustainable natural resources utilization and conservation.

The Logical Framework Analysis (LFA), which is part of the original design, contains activities under each of the five Outputs. The activities were amended slightly during various Project planning meetings, which is good practise. They thus differ slightly from the ones indicated in the Project Document. The full LFA is shown in Annex 7.

The design is not over complicated, and has reasonably sound internal logic in the LFA with functional linkages between the various levels: objectives, outputs and activities. Viewed from close to the end of the Project’s five year life, the design has proven to have been realistic and has needed only relatively minor fine tuning as the Project has progressed to keep it relevant. It has also provided an effective basis for reporting to the Government, FAO and the donor. However, in spite of the reasonably sound structure, the LFA was found to have some weaknesses in logic, which prompted the evaluation team to suggest some amendments to it, mainly with a view to identifying indicators that help measure the Project milestones more effectively. These adjustments were made with due caution to remain faithful to the original spirit of the Project’s design. In most cases the reason for adjusting indicators was that the ones identified in the original LFA did not correspond with the results they were supposed to qualify; in other instances they were replaced by more measurable and specific pointers.

### **3.1.3 Project strategy**

A detailed strategy to guide implementation was included in the Project Document with the key aspects being:

- The project must be replicable. This applies also to (most of) its activities.
- The project results must be sustainable.
- The project must be fully integrated in the national, regional and local institutions.
- The conservation of the forest and other natural resources will be obtained through sustainable use of these resources (land, water, flora, and fauna).
- The project results should show the economic feasibility of people centred forest based resources management and conservation and specify investment opportunities for rural organisations in Mongolia.

The strategy has proved effective in providing overall guidance to the Project's implementation. Overall, the approach to implementation is based on a sound understanding of the developmental situation and trends in Mongolia. A major positive feature of the Project design was that it has recognised and built-in the considerable amount of time needed to build and strengthen new institutional arrangements and promote social change, which are necessary prerequisites to re-structuring state-community relations for managing forests.

### **3.1.4 Adequacy of the Project timeframe**

Transforming state-community relations for managing forests is at the heart of this Project, and this finds its expression through building new institutional arrangements with new mandates both in communities and in the Government. These new institutions have to perform very different functions from those that were required during the previous period of centralised control. This is not a simple technical process, but rather a social one with political connotations concerned with the exercise of power. It takes time to build new community level institutions and strengthen them to the stage where they can exercise functional collective decision making and be sufficiently empowered to interact effectively with external actors. Similarly, new institutions in Government also take considerable time and support in order to institutionalise different ways of working that emphasise the facilitation of community development processes rather than the exercise of top down technical decisions about forests (i.e. shifting from a forest centred approach to a people centred approach).

The considerable amount of time needed to build and strengthen new institutional arrangements is often ignored in the design and implementation of projects of this type, where the important task of institution building is frequently relegated to the establishment of new organisational structures, rather than their effective functioning. There is often implicit, and sometimes explicit, recognition that, subject to good progress, a further period of support could be expected to strengthen the new institutions so that the communities are sufficiently empowered to manage their forests sustainably and the new government institutions are sufficiently "re-oriented" and strengthened to support the communities. The five years set for this Project is a minimum to get this process underway, and this can be seen from the results, where it is only in the latter part of 2011 that the new FUGs have commenced making meaningful decisions about their forests by harvesting and selling firewood and some NTFPs. It would have been desirable to have had a follow on project to strengthen these new institutions and support them as they move further along the forest management road.

## **3.2 Relevance**

The adoption of PFM as a modality to address the problems in the forest sector in Mongolia is consistent with experience in other parts of the world. As noted by Gilmour (2011), the

control of forest management by scientifically trained officials working for governments remains the dominant forest management paradigm in most countries but, in many countries, this paradigm has been incapable of delivering sustainable forest management for a number of reasons. Some of these reasons include:

1. Recognition that state controlled forest management has in many situations contributed to forest degradation and in many cases to forest destruction—basically, in many countries, state control of forests has not worked.
2. State control of forests has frequently led to the exclusion of people living in and around forests who often depend on forests for livelihood support—their exclusion has often contributed to poverty.
3. Recognition that local communities do have the capacity to manage forests sustainably, and they frequently have a strong vested interest in ensuring that forests over which they have control are not degraded.
4. Increased recognition that local communities have basic human rights, which include rights to access and use forests over which they have often had customary use.
5. In some countries, particularly those in transition, there has been a massive reduction in the size and capacity of the forest bureaucracy, so that it no longer has any effective management ability. In such circumstances, alternate arrangements have to be sought, and community management offers one of the few viable options.

Several of these factors, but particularly point 5 in the list above, applied to the situation in Mongolia prior to the implementation of this Project, and contributed to the recommendation by the World Bank and others to pilot participatory forestry.

The Project's development objective seeks to protect the existing forest cover of Mongolia and ensure the sustainable livelihoods of the rural population, by adopting participatory forestry as a new paradigm for forestry management. This was found to be relevant to the challenges that Mongolia faces to protect its remaining forested areas despite the limited resources of the forest administration. As mentioned earlier, Mongolia's forest administration collapsed during the 1990s and was unable to maintain control over its forests through a traditional centralised forest management system. As a result, forest degradation increased rapidly as a result of illegal logging and fires. Protecting the remaining forested areas became an important challenge. Adopting a new approach relying on communities living close to forested areas to look after and manage the forest resource has been acknowledged by all stakeholders met by the evaluation team as the country's best and possibly only option in the short to medium term to save its forest resources. The Project approach was also consistent with that adopted by other organisations working in Mongolia promoting the sustainable management of natural resources in Mongolia. Most of these organisations have become partners with FAO and the Government through this Project.

GIZ (formally GTZ) had also promoted the formation of Forest User Groups (FUGs) but initially in a non participatory manner, with traditional technical management plans developed by outside experts. These were found to be largely non functional. Following dialogue with the Project and the development of a formal partnership, GIZ adopted the PFM approach piloted by the Project.

WWF has also been operating in the forest sector in Mongolia for many years and has also adopted PFM as an operational modality for protected area management. As with GIZ, WWF signed a MoU with the Project in 2010 to have their field facilitators trained by the project on

the PFM approach. The collaboration with these two key partners in the forest sector (GIZ and WWF) is a good sign for the wide spread adoption of PFM.

At the time of the evaluation, the FAO office in Mongolia was just developing its Country Programming Framework for 2012 onwards, for which the project team had already communicated forestry-related planned activities for the coming years. No National Mid-Term Priority Framework (NMTPF) has been designed to guide the overall strategy of FAO in the country. Project GCP/MON/002.NET therefore was not formally inserted into a country-wide strategic approach. There was no cross-programming with other FAO interventions. The Project commenced before the FAO office was established in the country, and from the outset was designed to function autonomously. No FAO activities have been initiated that have been directly relevant to the Project's focus. Funds from the NFP Facility were used to support the involvement of various stakeholders in study tours and conferences. Allocations from two TCP facilities were utilised by the Project to develop follow-up activities that will allow consolidation and expansion of the Project's results after it closes.

## **4 Implementation**

### **4.1 Project management**

#### **4.1.1 General management arrangements and structures**

Discussion of the use and effectiveness of annual workplans, progress reports, staffing (including the use of DED professionals) and monitoring mechanisms was covered at length in the report of the MTR, and nothing has changed in the intervening 15 months to alter the conclusions reached at that time. One point that is worth repeating is that there was a seven month period from April until October 2007 when there was a hiatus in project activities due to administrative difficulties between the MNET and FAO. Another hiatus occurred between the departure of the first CTA in June 2008 and the appointment of the second CTA in November 2008. These disruptions early in the life of the project resulted in a loss of about 12 months. Hence the effective length of the Project is only four years, and progress should be viewed from this perspective.

As noted in the MTR, the Project offices and staff are physically located within the organisational structure of the Forestry Agency of the Ministry of Nature, Environment and Tourism (MNET) in Ulaan Baatar, and the Aimag Environment Protection and Tourism Agency (EPTA) offices in the Project Aimags. Consequently, Project staff have day-to-day interactions with relevant government staff which enhances day-to-day communication with the key counterparts. This has helped to build trust and mutual understanding and was reported by the Project team as having contributed to the achievement of the Project's results.

Although the Project was *de facto* adequately staffed, the fact that no long-term staff were planned to take on the task of developing training material and overseeing capacity building of Government officials could be considered a design flaw. Indeed, the Project Document foresaw only one full time international staff member, the CTA, with other needed technical support coming from national and international consultants. Project management was able to mobilise additional long term technical support in the form of DED (now GIZ) professionals. This proved extremely valuable, particularly for capacity building and field technical support, and it is difficult to see how the Project could have achieved what it has if this support had not been available.



Managerial and work efficiency was good as reported by the Project team (good team work, good management, good directions provided to facilitators) as well as judging from the level of achievement in such a relatively short time frame and the satisfaction of Government, national and international partners. The ability of the Project to adapt to new situations and make the most of emerging opportunities is also an expression of the quality of management. The competence and extensive experience of the CTA, who also designed the project, contributed to the Project's efficiency. Good management was also evident among the Government counterparts who were instrumental in supporting the Project throughout its life. The rate of delivery was surprisingly high for such a Project that aims to foster fundamental institutional and behavioural changes. This was enhanced by the good institutional set-up as described above.

Project monitoring was done regularly and was sound. Implementation of field activities and follow-up was done through four trained facilitators, one in each of the four field offices, who regularly visited the FUGs they supervised. The CTA and other members of the project team also visited field sites on a regular basis. These arrangements all contributed to efficient functioning. The MTR provided an additional opportunity for Project staff to reflect on past implementation and to learn, and was effective in fostering action from the Project and the Government. This contributed to the successful results. The adoption of the main recommendations of the MTR by the Project and the Government highlights another positive managerial point.

#### **4.1.2 Steering mechanisms**

A Project Steering Committee (PSC) was mandated under a Government Resolution in October 2009 but has met only once, in October 2009, under the Chairmanship of the Secretary of the MNET. The agreed Terms of Reference for the PSC outline a general overview, supervisory, monitoring and support role. Particular emphasis is given in the TOR to the importance of ensuring that the Project is integrated into the national development agenda. The PSC has not carried out its mandated role because it was felt by the Project that good coordination with relevant Government agencies and other projects already occurred on a regular basis and the Project's close working arrangements with the FA, Aimag and Soum authorities ensured integration into the country's national development agenda. This integration was enhanced by the use of MoUs between the Project and other agencies.

A High Level Natural Resources Policy Steering Committee was also envisaged in the Project Document, but this was never convened because it was felt by the Project to be too unwieldy to perform any useful function.

#### **4.1.3 Exit strategy**

The Project had not prepared an explicit exit strategy at the time of the evaluation. However, the CTA outlined the key activities that will be included. These are focused on three levels:

##### *1. External*

- Advocate strongly for the approval of a TCP to continue many of the current pilot activities, maintain the level of momentum that has been built up in recent years and develop a concept for participatory wildlife management.

- Maintain support to progress the Project Preparation Grant for the proposed GEF project that will support national implementation of PFM and pilot participatory wildlife management.
- Facilitate the formulation of a project funded by Finland to support forest research in Mongolia.

## *2. National*

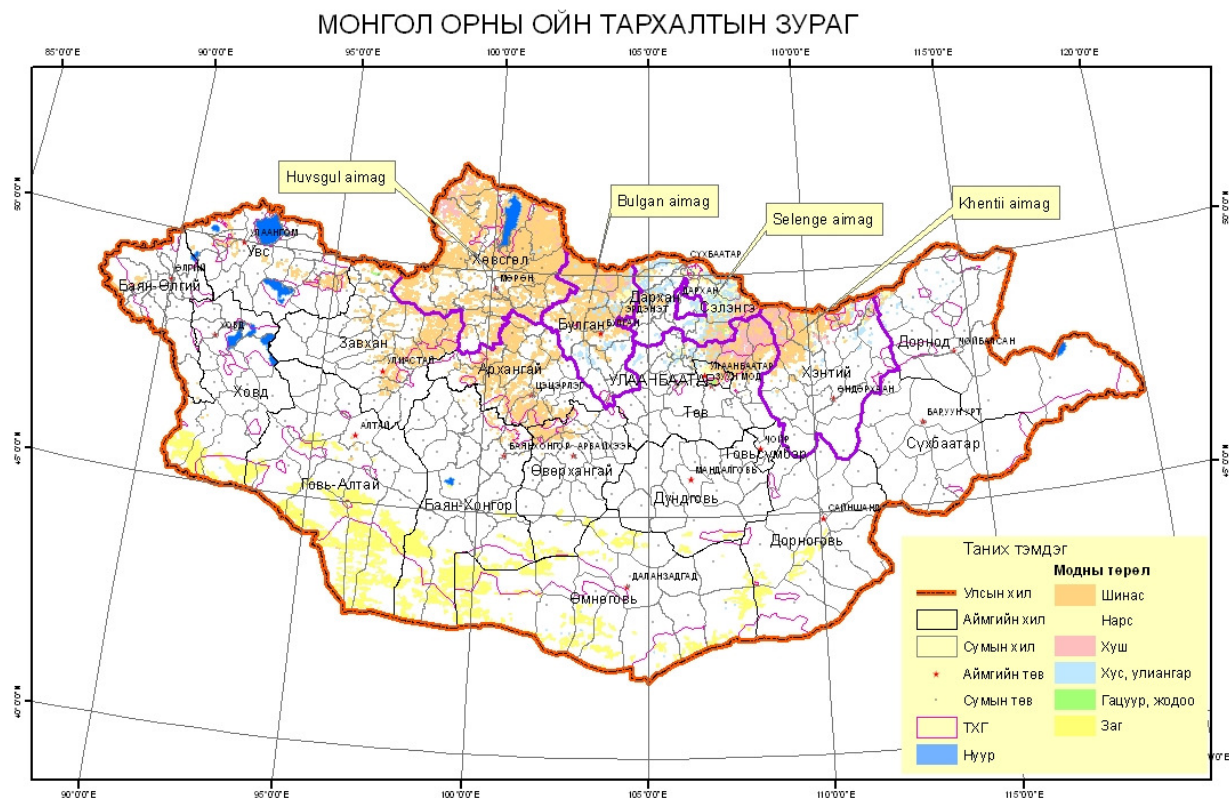
- Explore with the FA possibilities for sharing costs (between the Government and the TCP) to retain key Project staff (particularly the Project facilitators) so that they can support the work of the new PFM Unit in the FA.
- Assist to formulate a workshop in January 2012 to identify the technical aspects of FUG forest management that can benefit from research support.
- In consultation with the FA and the PFM Unit, develop a workplan for the Unit to clarify support for PFM after the Project closes (including donor coordination to ensure that all donors continue to conform to the PFM concept).
- In consultation with the FA and the PFM Unit, develop a strategy for national scaling-up of PFM, involving a graduated step-wise approach and the incorporation of innovative approaches such as FUG to FUG support.
- Update the Forester's Guide, the "Green Book" to incorporate changes that have taken place since its original publication.
- Contribute to the formulation of the national forest policy.
- Collect the major publications that have emanated from the Project's activities and distribute them to key libraries inside Mongolia and beyond (FAO and RECOFTC).
- Conduct an "end of Project workshop" to hand over key documents to the Government and expose the major results of the Project's activities to a wide range of stakeholders.

## *3. Local*

- Ensure that general assemblies are held for all pilot FUGs by mid-January 2012 to conduct elections, audit financial accounts and develop workplans for 2012.

## **4.2 Project's approach to implementation**

Forests occur in 14 Aimags in Mongolia, but more than 94% of the total area of forest occurs in only seven Aimags in the centre and north of the country (Khuvsgul, Selenge, Khentii, Bulgan, Zavkhan, Arkhangai, and Tuv). From these the Project selected four in which to locate the pilot sites (Khuvsgul, Selenge, Khentii and Bulgan) using criteria set out in the Project Document. About 67% of the country's forests occur in these four Aimags. They are not clustered close to the capital (as often occurs with projects for the convenience of project staff), but are spread across the country (see Map). Darkhan Aimag was added to the original four in late 2010 when an additional FUG was selected from that Aimag for intensive piloting.



**Map showing location of Aimags across northern Mongolia where the Project had its pilot FUGs.**

Twelve areas were selected for piloting implementation in mid-2009, again following criteria outlined in the Project Document. The Project established offices in association with the EPTA offices in Khuvsgul, Khentii and Bulgan. Selenge Aimag is serviced from a Project office associated with the EPTA office in Darkhan Aimag. This is partly because the FUGs in Selenge Aimag are close to the Darkhan Aimag centre and partly because of political pressures at the beginning of the Project to locate an office in Darkhan. Darkhan Aimag is relatively small in area and is an enclave within the much larger Selenge Aimag. Because of its location, the Project office in Darkhan EPTA has had a considerable influence on operations in Darkhan aimag. This approach has proven effective, and the Project has had a high visibility in these five key Aimags. In late 2010 four additional FUGs were selected for piloting in three of the field offices. This was done to give the field facilitators an opportunity of going through another round of institution building to consolidate the skills they had developed during the previous years.

Implementation of PFM was envisaged in the Project Document as being carried out in three phases. A detailed flow chart of each step in the process is shown in Annex 8 and a summary of each of the three phases is given below.

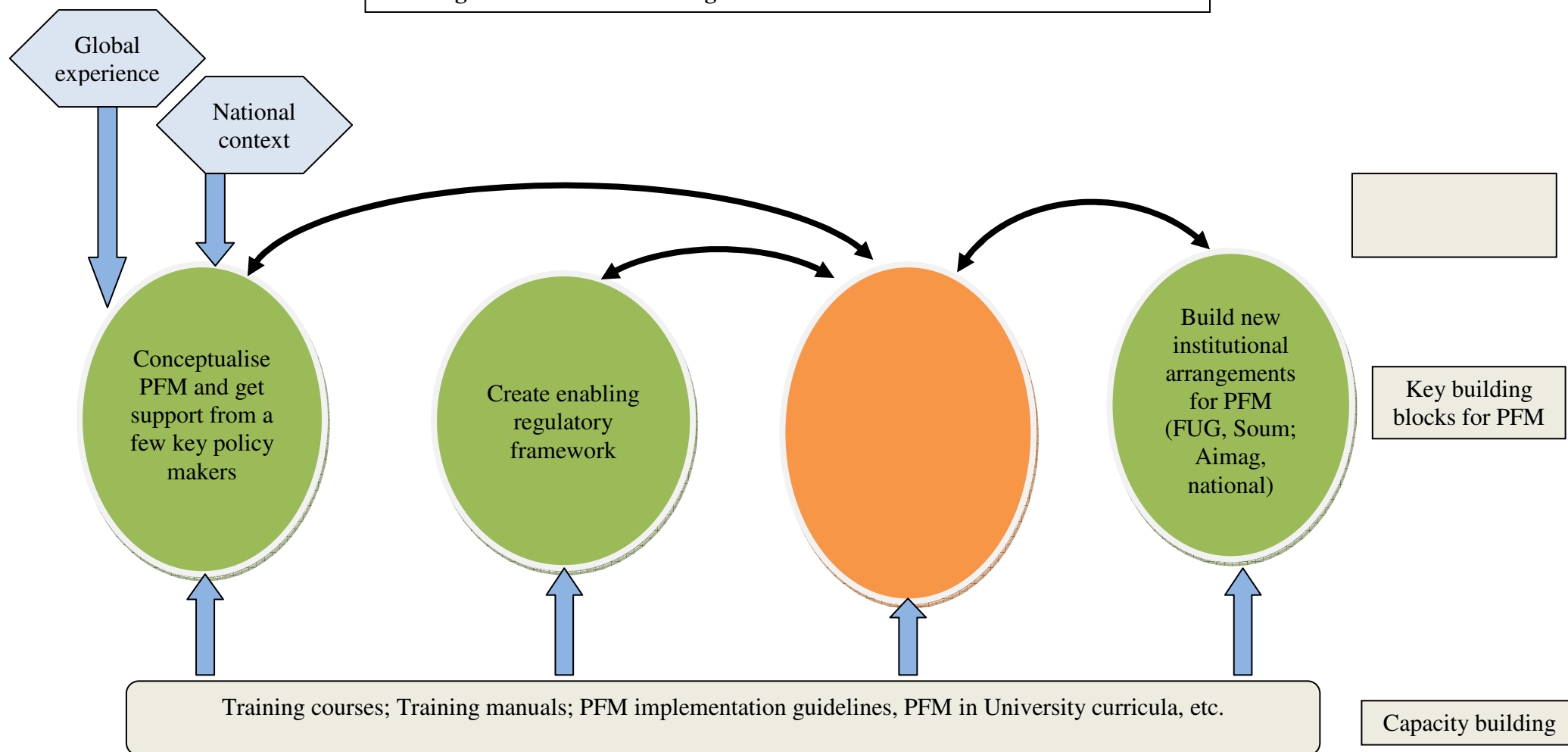
- An **Establishment Phase** of one year during which time local residents interested in managing their surrounding forests are informed of the policy and process related to PFM. If they are interested in proceeding, a formal partnership is established with the government. This is also the time when mutual trust and understanding is developed

between FUGs and the government and a sense of ownership of the forest resources is gradually developed by the FUGs. During this period the FUGs complete the key legal instruments that give them the mandate to manage their forests (including FUG constitution, simple forest assessment, market analysis for forest products and management plan).

- A **Foundation Phase** with a three year duration. This is the period when the management plan is implemented and revised based on experience. During this time it is proposed that commercial harvesting be limited to NTFPs, dead wood and thinnings in order to build the capacity of the FUGs and demonstrate their ability to function effectively. It is also a time for government partners to build confidence that the FUGs have the capacity and interest to manage their forests sustainably.
- An **Implementation Phase** of 10 year increments up to 60 years, during which time the FUGs are empowered to carry out the full spectrum of active forest management, including harvesting of commercial timber, and share the benefits.

The Project was designed as a pilot project to “...test the potential and constraints for local level forest-based resource management based on the participatory forestry concept” (FAO 2006, p. 29). In essence, it had to introduce, test and institutionalise a radically different approach to forest management. This is not a simple technical process, but one that has significant political and social overtones involving major changes to power relationships surrounding the management of valuable natural resources. This is a huge challenge, so the approach taken by the Project staff in implementation was always going to be difficult. Existing power relationships had to be challenged and new relationships proposed and tested in a sensitive and non threatening manner. The approach taken by the Project is shown in Figure 1. This figure is somewhat reductionist in that it compresses many complex institutional, social and technical issues to a minimum, but it does highlight an important factor that has contributed to success and is worthy of special mention. The Project adopted a flexible, iterative approach to implementation using the pilot FUGs as learning sites. This amounted to using an explicit action-learning *modus operandi* with feedback loops, whereby the results of actions were explicitly reflected on, learnt from and used to refine various parts of the context (such as the regulatory framework, institutional arrangements and the overall PFM concept). Other factors have also contributed to the results achieved by the Project and these are discussed later in this report.

**Figure 1. Conceptual outline of the Project's approach emphasising the use of action learning as a fundamental and on-going aspect of refining the key building blocks of PFM in Mongolia**



### **Strategic partnerships**

The development of formal partnerships was a critical part of the approach adopted by the Project. During its life the Project entered into 14 formal partnerships with many government and non government entities, and a full list of these is given in Annex 9. These were intended to: clarify the basis of the interactions between the partners, obtain commitment from the partners, and avoid raising unrealistic expectations of what the Project might provide to local partners.

These partnerships have helped spread the influence of the Project and have proven to be effective instruments to improve collaboration and cooperation with key groups. In particular, they have enhanced the possibility of the wide take-up of the PFM approaches developed and tested by the Project and of enhancing sustainability. In the absence of formal donor coordination in Ulaan Baatar the partnerships have also served as vehicles to enhance coordination at the national level, as was witnessed by the collaboration between different donor groups in supporting the First National Forestry Forum (on PFM) in February 2010 and the Second National Forestry Forum (on Forest Policy Reform) in 2011. Another aspect of the partnerships is that they have given the Forestry Agency the opportunity of requiring all organisations working on natural resource management to comply with the official PFM approach pioneered by the Project and endorsed by the government as a national approach. This will assist the national adoption of the PFM concept and the long term sustainability of the institutional mechanisms that underpin its implementation.

### **Quality of project inputs**

**Training:** Beneficiaries confirmed their satisfaction with the quality and appropriateness of training quality and could clearly explain what they had learnt from the various training events (forest assessment, management plans, business plans, silviculture, problem solving, priority setting, working together, etc). The feedback from the ultimate beneficiaries is a positive reflection on the PFM approach developed by the Project, as well as of the quality of staff who carried out the training.

**Communications:** Efforts by the project team to communicate continuously on the Project's approach, underlying principles and necessary action to be taken, with a wide range of stakeholders and decision makers was also a positive factor of the Project's ultimate success, as it contributed to the buy-in from key people and allowed for a steady shift in attitudes and approaches. Most of the experts contracted to provide specific inputs produced useful material and this is a reflection of one of FAO's strengths as an internationally recognised organisation in the forestry sector.

Very few adjustments were made to the initially planned strategic approach, which by-and-large improved the overall success of the Project. The management team was open to emerging opportunities and took advantage of them to advance the Project's agenda. These included the work on developing new curricula for three universities (see effectiveness section for more details) and orientation training of Government staff on PFM. One planned activity, related to developing a concept of Soum forestry with a focus on poverty alleviation, was abandoned due to the potential confusion an additional concept may represent to stakeholders already largely challenged with the adoption of PFM.

### **4.3 Technical Backstopping**

The Project had a relatively small team of long term international advisors and relied heavily on national and international consultants to provide focused advice on topics as the need arose. This proved to be a sound approach, and probably much more cost effective than having a larger team of long term international advisors. A list of the various consultancy reports is given in Annex 10. The project thus made the most of FAO's convening power to facilitate the intervention of qualified professionals who could contribute to the Project (and related forest sector needs) with specific inputs when required.

The FAO office in Mongolia is backstopped by the Regional Office for Asia and the Pacific (RAP) in Bangkok. The project therefore reported to and was supported by the Senior Forestry Officer in the FAO RAP office who has visited the Project four times since its inception, mainly to provide administrative support. The first intervention of the backstopping RAP forestry officers, along with the Lead Technical Officer, in August 2007, was instrumental in helping to mediate the disagreement that arose at the onset of the project between the project management and the Government. The clarifications offered regarding FAO's usual operational procedures, in support of the CTA's position, contributed to the eventual resolution of the situation. The RAP forestry officer also supported the Project's final evaluation and participated in some of the initial meetings organised with the evaluation team, sharing useful insights on the Project's progress and achievements.

No major technical support was provided to the project team from either the RAP backstopping Office or FAO headquarters, as none was necessary due to the high technical qualification of the CTA, recognized as FAO's main specialist in the field of participatory forestry. The proficiency of the project CTA in the subject matter was reportedly highly valued by national counterparts met by the evaluation team. The active support provided to the Project by Government decision makers was partly derived from the trust they reported having in his expert counselling and advice. The Project management team had very little interaction with FAO HQ and the policy guidelines (FAO Forestry Paper 161) was the main product developed in HQ that was used for the benefit of this project. This was translated and shared with stakeholders.

### **4.4 Government support**

Government support for the Project has been strong throughout its life, perhaps because PFM seemed to be the last best chance of saving the country's forests from on-going loss and degradation. Once the Project was able to demonstrate that the PFM concept had practical relevance for the situation in Mongolia, Government support increased and key people at all levels (national, Aimag and Soum) began to commit themselves to the process and provide tangible support. Several of these have become PFM champions and advocate strongly for its adoption and expansion.

Some of the buy-in received for PFM can be attributed to the project approach of inviting key Government decision makers and others to participate in study tours, where they had an opportunity to reflect on the relevance of external experiences to the Mongolian situation. The two forest fora, where PFM was promoted, also contributed to a growing commitment by government officials to support PFM. The positive feedback received from experiences with pilot FUGs also contributed to convincing Government authorities to fully support PFM.



Government interest has steadily broadened from support for the pilot FUGs to support for wider national implementation. This can be illustrated from the following points:

- The Government budget of the FA earmarked for PFM has increased during the past few years (Table 1). In addition, the Minister of the MNET announced in mid November 2011 a commitment to provide MNT 124 million (about USD 100,000) in 2012 specifically targeted to support FUGs to complete the development of their management plans. This is a three-fold increase in the regular operational 2011 budget for PFM. The money will be channelled through the PFM Unit in the FA, which will help to give the unit a higher profile.

**Table 1. Forest sector budget 2005-2011 showing key items  
(Figures in million MNT)**

| Item                                  | 2005       | 2006       | 2007       | 2008        | 2009        | 2010        | 2011        |
|---------------------------------------|------------|------------|------------|-------------|-------------|-------------|-------------|
| Afforestation                         | 230        | 160        | 160        | 897         | 805         | 638         | 1522        |
| Inventory                             | 56         | 90         | 90         | 144         | 228         | 289         | 465         |
| Pest control                          | 340        | 100        | 100        | 685         | 685         | 2985        | 1328        |
| Nurseries                             | 0          | 17         | 10         | 20          | 30          | 100         | 122         |
| Training (including public awareness) | 0          | 0          | 0          | 0           | 26          | 40          | 50          |
| <b>Support for FUGs (i.e. PFM)</b>    | <b>0</b>   | <b>0</b>   | <b>24</b>  | <b>0</b>    | <b>20</b>   | <b>20</b>   | <b>40</b>   |
| Other items                           | 277        | 536        | 479        | 831         | 523         | 920         | 1465        |
| <b>TOTAL</b>                          | <b>903</b> | <b>903</b> | <b>863</b> | <b>2577</b> | <b>2460</b> | <b>4992</b> | <b>4992</b> |

- The Government has made significant changes to the regulatory framework (Law, sub-decrees and administrative orders) to make it more enabling for PFM.
- The PFM concept piloted and refined by the Project has been endorsed as a relevant modality for mainstream forest management in Mongolia.
- The PFM implementation manual developed by the Project has been endorsed as the national standard for implementation.
- A PFM unit has been established in the FA to plan for and oversee the national implementation of PFM.
- Five inter-Soum Forest Units and seven Soum Forest Units have been established in the project pilot Aimags (as well as others in non pilot Aimags) to facilitate the implementation of PFM. The Project has trained six people for positions in these Units.
- PFM modules have been incorporated into the curricula of three universities.

Collectively, these changes that have taken place during the past five years show a strong commitment by the Government to learn from the Project's piloting experience and embrace PFM as a major form of forest management in the country.

#### 4.5 Timeline of key events

The evolution of the Project has been marked by many significant milestones. These are given in detail in Annex 11 with the most significant ones shown in the following table.

**Table 2. Timeline of key events in the life of the project**

| Date          | Event  |
|---------------|--|
| 13/02/2007    | Official commencement of project   |
| 27/05/2007    | Approval of new Forest Law   |
| 02/06/2008    | Establishment of Forestry Agency   |
| 11/06/2008    | Departure of first CTA   |
| 01/11/2008    | Arrival of new CTA Mr. Dominique Reeb  |
| 16-31/03/2009 | Nepal study tour   |
| 02-09/2009    | Selection of 12 pilot Forest User Groups   |
| 25/06/2009    | Approval by Forestry Agency of FUG constitution, SFA and SFMP  |
| 05-09/2009    | Approval by MNET of PFM related sub-decrees  |
| 27/01/2010    | Publication and wide dissemination of “Guidelines for foresters” - legal framework for PFM (2000 copies + 2000 copies April 2010)  |
| 02/02/2010    | Launching of forest policy formulation   |
| 07/04/2010    | TOR for Forestry Agency PFM Officer officially approved by Ministerial resolution #86  |
| 18-19/05/2010 | Training on SFMP and preparation of 1 <sup>st</sup> SFMP with Dundat-Urguu FUG, Bulgan   |
| 09/08/2010    | Award ceremony at Parliament for first 11 FUGs to have developed SFMP themselves   |
| 11-30/08/2010 | Mid Term Review  |
| 05/11/2010    | Forestry Agency Board of Directors approved the revised PFM concept  |
| 22/02/2011    | The Dutch Embassy in Beijing informed the project that the no-cost extension is not approved   |
| 04/03/2011    | Meeting with Minister MNET and teams of three groups in charge of forest policy formulation. Minister stressed the need to change vision about Mongolian forests: it is not wrong to cut trees. It enables keeping younger and healthier forests |
| 04/03/2011    | Official handing over of “Curricular Guidelines for Undergraduate Study in Participatory Forest Management” with Forestry Agency, Eco Asia University and Eco-Asia Institute.  |
| 9/05/2011     | Curricula for BSc and MSc programs on PFM for the National University of Mongolia completed.   |
| 4/07/2011     | Official endorsement of GEF National Focal Point to commit 2 million USD from Biodiversity, 1 million USD from Land Degradation and 1 million USD from SFM/REDD+ to support countrywide scaling-up of PFM  |
| 7/07/2011     | Establishment by Ministerial order of a PFM Unit within the Forestry Agency  |
| 7/09/2011     | Publication of PFM guidelines (300 copies)   |
| 26/09/2011    | Appointment of project field facilitator in Khentii as Head of the newly established PFM unit within the Forestry Agency   |
| 27/09/2011    | Publication of guidelines for Soum authorities on how to support PFM (500 copies)  |
| Aug/Sept 2011 | Harvesting and sale of firewood by 11 of the 12 original pilot FUGs  |
| 26/10/2011    | Silvicultural guidelines published (280 copies)  |
| 31/1/2012     | Project scheduled to finish  |

## 4.6 Budget and expenditure

Availability of funds was generally OK, but some delays occurred in disbursement from the donor late in 2011 and these caused a few difficulties for FAO accounting. No budget revisions were necessary. However, the Project was hoping to obtain the donor’s agreement

to a no-cost extension in view of the hiatus early in the life of the Project and the donor's and Government's satisfaction with the results achieved at the time of the MTR. This was nonetheless rejected in early 2011 because of the Netherlands Government's re-orientation of its development assistance programs.

Overall, the rate of budget delivery was high for a project of this type. However, the development and strengthening of new institutions required to implement PFM, which are at the heart of the Project's focus, require time, as do the associated behavioural changes.

The total budget of the Project is USD 4,686,685, and the following table shows the actual expenditure by major line item to the end of November 2011 along with projected expenditure to the end of the Project period (31 January 2012).

**Table 3. Summary of budget and expenditure (all amounts in USD)**

| Budget item                | Total project budget (from Project Document) | Budget spent up to end of November 2011 | Expected total expenditure up to end of January 2012 | Expected budget unspent by end of January 2011 |
|----------------------------|--|---|--|--|
| Salaries, Professional     | 960,000                                      | 981,062                                 | 1,023,362  | -63,362  |
| Salaries, General Service  | 432,500                                      | 136,802                                 | 144,502  | 287,998  |
| Consultants                | 372,000                                      | 422,631                                 | 456,691  | -84,691  |
| Contracts                  | 250,000                                      | 192,251                                 | 201,651  | 48,349   |
| Locally contracted labour  | 0  | 4,476                                   | 4,476  | -4,476   |
| Travel                     | 401,610                                      | 428,835                                 | 459,835  | -58,225  |
| Training                   | 285,000                                      | 206,954                                 | 223,954  | 61,046   |
| Expendable Procurement     | 738,000                                      | 122,978                                 | 129,178  | 608,822  |
| Non Expendable Procurement | 360,700                                      | 212,557                                 | 212,557  | 148,143  |
| Technical Support Services | 167,960                                      | 19,286                                  | 44,286   | 123,674  |
| General Operating Expenses | 199,856                                      | 312,733                                 | 327,333  | -127,477                                       |
| Support costs              | 519,059                                      | 394,947                                 | 419,291  | 99,768   |
| General Overhead Expenses  | 0  | 468                                     | 468  | -468   |
| <b>Total</b>               | <b>4,686,685</b>                             | <b>3,435,981</b>                        | <b>3,647,584</b>                                     | <b>1,039,101</b>                               |
| <b>% of total budget</b>   | <b>100</b>                                   | <b>73</b>                               | <b>78</b>  | <b>22</b>                                      |

Expenditure has been less than expected for several reasons. There was a hiatus in the Project in 2007-2008 during which time activities were severely curtailed. This resulted in a loss of about 12 months, so the effective Project period was only four years. In addition, the cost of some staff positions and contracts as well as the cost of some expendable items was overestimated. Expenditure has run at between USD 800,000 and 900,000 per year which is in line with or slightly higher than the planned annual expenditure as projected in the Project Document. It is projected that there will be a budget surplus of a little more the USD 1 million at the end of January 2012 when the Project is scheduled to close. This amounts to about 22% of the total budget.

## 5 Results and contribution to objectives

### 5.1 Outputs

Activities for each Output were identified in the LFA and these formed the basis of developing annual workplans and budgets. While activities are important in their own right, they are particularly important in contributing to the higher level Project Outputs and, if the internal logic of the LFA is sound, to the Immediate and Development Objectives. Annex 7 gives details of the progress achieved in carrying out the activities listed in the LFA, and the following Box summarises progress in producing the five Outputs as judged against the success indicators in the LFA and those re-formulated by the evaluation team.

#### **Box 2. Summary of progress to November 2011 in producing Outputs**

**Output 1: Functional local organizations/entities (Nukhurlul) for forest management established in pilot sites.**

**Success indicators (from LFA in Project Document):**

At least 10 Nukhurluls/entities operate sustainably, livelihoods improved: increased wealth of participating stakeholders by at least 20%, illegal logging in participatory forests stopped.

**Success indicators (re-formulated by evaluation team):**

- At least 10 Nukhurluls/entities (FUGs) operate sustainably, i.e. with formal organisational norms and social capital to empower independent action.
- Forest management activities commenced by FUGs.
- Forest-based income generating activities initiated by FUGs.

***Progress:***

FUGs have been established in 16 pilot sites. All have approved management plans that include details of decision making arrangements, by-laws and constitution. An independent analysis of their functionality in terms of collective decision-making was carried out in June 2010. This concluded that the basic sociology underpinning the implementation process is sound and that, by and large, the FUG governance arrangements are functioning effectively. Recommendations from the study were integrated in the support provided by the project. A follow up study in November 2011 on the effectiveness of FUGs as institutions noted that the increase in collective action (empowerment) in most of the FUGs is a major achievement.

FUGs are able to exercise effective control over their territory through a specific sub-decree. Independent actions have been reported that indicate that FUGs are becoming increasingly empowered, often with strong support from Soum governors. One example is the appointment in pilot FUGs of one or two voluntary rangers with delegated authority to issue permits to outsiders to harvest firewood in FUG forests. FUGs themselves feel that they are now more empowered and are able to negotiate effectively with Soum officials (see Section 5.11.2 and Annex 4).

Eleven of the pilot FUGs have commenced forest cleaning operations and selling the resulting material—in excess of US\$ 15,400 has been generated from the sale of firewood, and more sales are pending (details are given in Annex 12). This indicates that the FUGs are capable of taking independent action, even though the amount of money generated is not large.

**Output 2: Adapted management planning for local sustainable forest use, reforestation and**

**conservation.**

**Success indicators (from LFA in Project Document):**

Management plans implemented in at least 20,000 ha, forest condition improved, timber exploitation wastes eliminated, reduced forest fire occurrence, overuse of NWFP resources stopped.

**Success indicators (re-formulated by evaluation team):**

- Simple Forest Management Plans prepared in a participatory manner for each pilot FUG.
- Forest management practices improved with respect to firewood collection/forest cleaning.

**Progress:**

Simple Forest Management Plans have been developed in a participatory manner in 16 pilot FUGs and approved by the relevant Aimag EPTA Directors. The area of forest covered by the pilot FUGs is 75,868 ha.

Forest cleaning operations and removal of dead trees and waste materials in FUG areas are current in most of the pilot FUGs with the support of Soum authorities, and provided a significant amount of firewood for use by FUG members and for sale to outside entities.

**Output 3: Adequate legislation and regulations for local level forest resources use, reforestation and conservation.**

**Success indicators (from LFA in Project Document):**

Participatory natural resources management implemented, security of forest tenure enforced (no or few conflicts between Nukhurlul and Government), at least 20 new requests for the establishment of Nukhurlul outside project areas.

**Success indicators (re-formulated by evaluation team):**

- Regulatory framework (law, sub-decrees, administrative orders, etc.) supportive of PFM.
- Regulatory framework recognised and supported by FUGs and government officials.

**Progress:**

The Project has used its influence to facilitate major changes to the regulatory framework to make it more enabling for PFM (Annex 13 gives details of the changes that have occurred during the life of the Project). A national forest policy process is underway that will recognise PFM as a major form of forest management in Mongolia.

Pilot FUGs are well aware of their rights under the new regulatory regime, including the secure tenure of their forest areas. This is respected by local government authorities and outsiders. Soum governors are fully supportive of the management rights of pilot FUGs and no conflicts between the government authorities and FUGs were reported. In spite of the good progress, numerous overlapping, conflicting and confusing regulations and laws inhibit the effective functioning of FUGs, such as the ambiguities that still exist regarding the requirement for professional organisations to be the only entities which can legally develop FUG management plans.

**Output 4: Adequate institutional framework at national level for local forest resources use and conservation.**

**Success indicators (from LFA in Project Document):**

Participatory natural resources management supported and mainstreamed at national level. Participatory forestry widely accepted as one of the main forestry orientation for the country. Data available on participatory forestry.

**Success indicators (re-formulated by evaluation team):**

- Participatory Forest Management supported and mainstreamed at national level.
- Participatory forestry widely accepted as one of the main forestry orientations for the country.
- Institutional home for PFM established in the Forestry Agency.

**Progress:**

The key components of a management planning system for FUGs have been developed (detailed in the PFM Guidelines) and approved for national use.

While the institutionalization of participatory forestry into organisational structures remained weak during most of the project life, it was significantly strengthened with the establishment and staffing of a PFM unit in the Forestry Agency in September 2011. It has a mandate to oversee the national scaling up of PFM. This unit consists of only two people, is still in its infancy and will take some time to become fully operational.

Five “inter-Soum” Forest Units and seven “Soum” Forest Units have been established in the project pilot Aimags and 19 “inter-Soum” Forest Units and seven “Soum” Forest Units are now established in all seven of the forested Aimags. Six people have been trained by the Project to support the implementation of PFM and these people have joined various Forest Units. Many other Forest Unit staff have received training from the Project on PFM. As with the PFM unit in the FA, most Forest Units are in their infancy and have yet to become fully operational.

A database has been developed to monitor implementation of PFM at national and local levels, along with a guide (in Mongolian) for its use. This has been transferred to the FA and pilot Aimags. It is functional and up to date in the pilot Aimags and is currently being updated in the FA.

**Output 5: Improved knowledge on integrated and sustainable natural resources utilization and conservation.**

**Success indicators (from LFA in Project Document):**

Sustainability of natural resources management is improved, new and demonstrated silvicultural and utilization techniques available. Number of Nukhurlul using this knowledge. Markets for forest products developed or created.

**Success indicators (re-formulated by evaluation team):**

- Thematic breadth and usefulness of publications and other material prepared by the project.
- A majority and variety of Mongolian forestry sector stakeholders receive these publications and other material.
- All pilot FUGs received relevant PFM guidelines and manuals.
- Several representatives of each pilot FUG received training on essential elements of PFM.
- Number and diversity of people who attended study tours in Nepal or Finland.
- Number of university students who studied modules on PFM.

**Progress:**

More than 30 reports, publications and videos were produced by national and international consultants, researchers and Project staff during the life of the Project (see Annexes 10 and 14 for details). Production of: Guide for Foresters (the “green book”), Forest Fire Management guidelines, Silvicultural guidelines, Market Analysis and Development guidelines and PFM implementation guidelines provides a comprehensive set of reference materials to improve knowledge and general awareness of the potential of PFM to deliver sustainable forest management and improved livelihoods. These are highly valued by their intended audiences. Reports and documents from

completed studies have been widely circulated to all stakeholders. Among the studies, several stand out as contributing significantly to knowledge about PFM and related topics in Mongolia and the wider world. A list of the most significant items is given in Table 5.

The National University of Mongolia (NUM) Eco-Asia Environmental University and Eco-Asia Institute have incorporated PFM modules (developed by the Project) into their undergraduate courses. PFM is a compulsory subject for undergraduate forestry students at the NUM and for all students at the Eco-Asia Universities. Twenty-four undergraduate students at NUM and 120 students at one of the Eco-Asia universities will take the subject in 2012. MSc and PhD students at the NUM are also offered PFM as an option (three post graduate students at NUM are currently taking the PFM subject).

Study tours to Nepal and Finland included a wide range of stakeholders from national, Aimag and Soum levels.

Through project initiatives, a cooperation project between a Finnish forest institute, METLA, the Forestry Agency and the National University of Mongolia has been approved to support the strengthening of basic forest research in Mongolia.

Several films were completed following a study tour to Nepal in February 2009 and were shown on national TV to raise awareness of the potential of PFM in Mongolia to deliver both forest conservation and community benefits.

**Table 5. Reports, publications and videos produced by the Project that contribute significantly to the knowledge of PFM in Mongolia and the wider world.**

| Author/Year  | Report   | Language               | No. Pages |
|--|--|------------------------|-----------|
| <b>Reports, publications and videos with a particular relevance for Mongolia</b> |  |                        |           |
| D. Enkhsaikhan (2008)  | Evaluation report on existing FUGs of 10 forested Aimags   | English                | 34        |
| R. Triraganon and K. Sovann (2008)   | Introductory training on community forestry development  | English                | 12        |
| D. Enkhsaikhan (2009)  | (i) Report of study tour on Nepal experience<br>(ii) 30 years of experience in Nepal since establishment of FUGs       | Mongolian<br>Mongolian | 65<br>57  |
| D. Enkhsaikhan (2009)  | Booklet on “Trees and shrubs of Mongolia”  | Mongolian              | 96        |
| E. Dorjtsuren (2009)   | Guidelines for training on community-based fire management   | Mongolian<br>English   | 37        |
| B. Sambuu (2009)   | Volume tables for FUGs: Report on the calculation of volume based on tree height, diameter and basal area in 1 ha area | Mongolian              | 38        |
| D. Enkhbileg (2009)  | Guidelines for demarcating allocated areas by FUGs   | Mongolian<br>English   | 35        |
| I. Lecup (2009)  | Community-based tree and forest Enterprise Development using the MA&D approach (Phases 1 and 2)                        | English                | 56        |
| I. Lecup (2010)  | Community-based tree and forest Enterprise Development using the MA&D approach (Phase 3)                               | English                | 50        |
| Forestry Agency (date)   | Foresters’ handbook - Comprehensive compilation of forestry legal framework  | Mongolian              | 304       |



|  |  |                                   |                   |
|--|--|-----------------------------------|-------------------|
|  | (including PFM concept)  |                                   |                   |
| D. Gilmour (2010)  | Participatory Forest Management in Mongolia: Organisational and Institutional Issues | English                           | 11                |
| D. Gilmour (2010)  | Project Mid-term Review  | English                           | 112               |
| B. Sambuu (2011)   | Silvicultural guidelines   | Mongolian                         | 19                |
| J. Sved (2011)   | Silvicultural guidelines   | English                           | 19                |
| FAO (date)   | Mongolian translation of “Developing effective forest policy”                        | English                           | 69                |
| N. Dashdorj and S. Tuguldur (2011)   | Short guidelines for local governments and soum governors to support PFM             | Mongolian                         | 15                |
| T. Steinsberger, E. Oyuka (2011)   | MA&D Facilitators guidelines Phase I, II, III  | Mongolian                         | 127               |
| T. Steinsberger, E. Oyundelger (2011)  | Example of business plan for FUGs  | Mongolian                         | 36                |
| T. Steinsberger, E. Oyundelger (2011)  | MA&D quick references guidelines Phase I, II, III                                    | Mongolian                         | 24                |
| E. Fontein, E. Oyundelger (2011)   | Practical Microcredit Guidance for FUGs  | Mongolian                         | 28                |
| Project team (2011)  | Service providers for FUGs’ small scale enterprises                                  | Mongolian                         | 24                |
| D. Sunderdgusem (2011)   | Video on PFM in Mongolia   | Mongolian                         | 23 min.           |
| <b>Reports, publications and videos with a relevance for the wider world (as well as Mongolia)</b> |  |                                   |                   |
| Lisa Knur, Dominique Reeb and Purevdash Dudlii (2011)  | Participatory Forest Management in Mongolia (An implementation manual)               | English and Mongolian             | 236               |
| S. Nettleton (2011)  | Video: “Protecting Mongolia’s forests”   | English, French, Spanish, Chinese | 3 min. and 8 min. |
| R. Fisher (2010)   | Study of local institutions for PFM in Mongolia                                      | English                           | 29                |
| Joost Foppes (2011)  | Documentation of the PFM process in Mongolia (in preparation)                        | English                           |                   |
| R. Fisher (2011)   | Follow-up study of local institutions for PFM in Mongolia (in preparation)           | English                           |                   |

The Project has produced all of the Outputs originally planned and, with one important exception, has carried out all of the Activities originally planned. The exception is the development of an approach for the management of forests close to Soum centres specifically aimed at addressing the poverty endured by many Soum centre residents. A consultancy was carried out in an attempt to define a suitable approach, but this was not conclusive. It was subsequently decided to concentrate resources on the FUG aspects of Project implementation rather than disperse scarce resources, particularly manpower, on this activity. In addition, it was felt that it would be confusing to introduce another forest management concept (Soum forestry) before the PFM concept with its focus on FUGs was fully piloted and understood.

## 5.2 Outcomes

The **immediate objective** of the Project is “*the implementation and integration of participatory forestry in rural development in pilot areas through capacity building of the main stakeholders and through the development of enabling institutional frameworks at local, regional and national levels*”.

The evaluation team decided to reformulate the immediate objective to make it more explicit and for ease of reporting progress:

*Participatory Forest Management integrated into rural development in pilot areas and supported by an enabling regulatory framework and empowered institutions at national, regional and local levels.*

The LFA in the Project Document does not include indicators against which to judge progress in achieving the immediate objective, but the following ones can be inferred:

- FUGs functioning sustainably in selected pilot areas.
- Building blocks in place and functioning for sustainable forest management in pilot areas.
- Regulatory framework to support the implementation of PFM.
- Strong institutions at national, Aimag and Soum levels to support PFM implementation.

Mongolians (Government and civil society) have proven to be very responsive to new approaches to managing forests, once their effectiveness has been demonstrated and an appropriate regulatory framework is in place to guide and direct implementation. This has been clearly demonstrated by the way that the Project's results have been assimilated into the thinking and actions of the various levels of Government and the herders who have formed the FUGs. The production of the five Outputs by the Project (as described in the previous section) has contributed to the achievement of the immediate objective in several ways. The following discussion describes this progress.

Sixteen FUGs have been established in all five pilot Aimags with functional institutional arrangements that can operate effectively to plan for and carry out sustainable forest management. An investigation carried out to assess the effectiveness of FUGs as collective decision-making institutions concluded that most of them were functional, although some problems were identified (Fisher et al. 2010). A follow up study noted that the increase in collective action (empowerment) in most of the FUGs is a major achievement (Fisher et al. 2011).

FUGs report that they feel more confident and empowered and able to operate together for the collective good (see Box 3 for an example) and negotiate effectively with the Government (both politicians and bureaucrats). Government officials and local Government politicians report that there has been a substantial increase in trust and understanding now that they realise that FUGs have a vested interest in, and the capability of, managing their local forests. This has led to mutual support, accountability and information sharing.

**Box 3. Effectiveness of FUGs as empowered institutions that can engage in collective decision making**

The Chairman of Altensumber FUG in Sant Soum, Selenge Aimag commented that before their involvement with the Project, they had functioned as individual households with no experience of working together for the common good. They now have good relationships with their neighbouring households and have made decisions together not just for forest management but also for activities such as vegetable growing, harvesting and marketing.

All the technical building blocks (including procedures for management plan preparation, silvicultural guidelines, etc.) necessary to integrate PFM into rural development have been developed, tested and distilled into a PFM Implementation Manual (see Table 6 for a complete list). The Manual has been endorsed by the Government for national use and distributed to all stakeholders. Key implementation partners (GIZ and WWF) have accepted PFM as the best option for forest management (including management of protected areas). This increases the evidence that PFM has been officially recognised as an appropriate modality for forest management across the country, independent of the Project, and integrated into overall development thinking and practice. The Darkhan Aimag EPTA Director reported that about 75% of the forest in the Aimag is now under FUG management (although many of these FUGs were only recently formed and without the use of participatory procedures, so it is unclear whether they will be sustainable).

**Table 6. List of reports, guidelines and manuals for use by FUGs and government officials in implementing PFM.**

| <b>Title</b>   | <b>Date prepared</b> |
|--|----------------------|
| Manual on participatory forest thinning (unpublished)                              | 2008-09              |
| Approach to participatory forest inventory (unpublished)                           | 2008-09              |
| Volume tables for FUGs (unpublished)   | 2009                 |
| Guidelines for Community Based Fire Management                                     | 2009                 |
| Guidelines for forest demarcation  | 2009-10              |
| Guidelines for Soum Governors  | 2011                 |
| Silvicultural guidelines   | 2011                 |
| Simplified guidelines for Market Analysis and Development for FUGs                 | 2011                 |
| <b>PFM Implementation Manual (incorporates key elements from all of the above)</b> | 2011                 |

An enabling regulatory framework has evolved during the life of the Project to legitimise PFM as a major forest management modality in Mongolia's forested Aimags. Annex 13 shows the changes that have occurred. The framework is continuing to evolve as experience from PFM implementation is fed back to national, Aimag and Soum level decision makers.

A PFM Unit was formally established in the FA in July 2011 and staffed in September 2011 to oversee the nation-wide implementation of PFM. New organisational structures (particularly Forest Units) have been established at Aimag and Soum levels to support the implementation of PFM in pilot Aimags as well as more widely. These have yet to become fully functional.

### **Re-structuring state-community relations**

As mentioned earlier, at the heart of this Project is a fundamental re-structuring of state-community relationships. This necessitates the adoption of new institutional arrangements at both government and community levels and the adoption of different cultural norms. The physical changes can be easily documented, such as the creation of new organisational structures (PFM unit in the FA, Forest Units in Aimags and Soums and FUGs). Changes of internal culture in governments, and the associated changes in attitude and behaviour of individuals and the way they carry out their jobs are much more difficult to quantify.

In spite of the relatively short time during which the Project has operated, it is evident that social relations between government officials and herders in the pilot sites have evolved in a

positive direction. There is evidence of strong political support for PFM in most of the pilot sites and in the wider Government. For example:

- The Governor of Sant Soum has: (i) allocated 100% of the firewood market to FUGs in the Soum, and (ii) delegated his authority to issue firewood permits for the forests under the management of the Altensumber FUG to the FUG voluntary ranger. 20% of the fees from permits she issues will go to the FUG mutual fund and 70% to the Soum government.
- The FA administration staff are discussing ways of formalising incentive schemes to ensure FUG interest remains high.

These examples represent significant changes in attitude and behaviour compared with the situation that prevailed at the commencement of the Project. While these are positive signs of change, there is bound to be some internal resistance to the radical changes in power relations that are implicit in adopting PFM and making the transition from a forest-centred approach to forest management to a people-centred approach.

### **PFM as an entry point to wider natural resource management**

While the explicit focus of PFM is on the sustainable management of forests, herder communities do not necessarily view the natural resources in their area of influence in terms of governmental sectoral categories that segment forests, pastures and water. The example in Box 4 illustrates how PFM can be seen by herders as an effective entry point to address integrated and holistic management of a range of natural resources.

#### **Box 4. An example of the application of PFM approaches to the sustainable management of all natural resources in FUG areas.**

An interesting observation that came from the mid-term review in 2010 is that many FUGs take a holistic view of resource management in their territory. Commercial timber harvesting is not necessarily the main driving force behind their interest in FUG formation, but rather a mix of objectives including environmental protection, water conservation, pasture management, reduction in illegal activities, and forest product harvesting for local and market needs. The PFM approach responds well to this multitude of FUG interests which are fundamentally aimed at exercising control and exclusion rights over their territory. For example, during discussions with herders in the Dundat-Urguu FUG in Bugat Soum, Bulgan Aimag, it was revealed that since FUG formation the group members had cooperated to build fences round three springs to protect their water sources. The FUG members emphasised that such collective decision making was not possible prior to FUG formation.

Source: Gilmour and Dorjtseden (2010)

The sentiments expressed in the example shown in Box 4 were repeated several times during discussions with FUG members during this evaluation.

### **The continuing evolution of PFM**

PFM (at least in the pilot areas) is showing signs of developing a “life of its own” and is moving in different directions in different places, with new and innovative approaches being tested by FUGs themselves, often in association with Soum authorities. To some extent PFM has moved beyond being totally dependent on the Project for ideas on how to solve problems and is becoming an integral part of normal forest management. It reflects well on the empowerment of the FUGs to take independent action. Some examples are given in Box 5.

**Box 5. Examples of continuing evolution of the PFM process independent of the Project**

*Example 1: Spontaneous FUG to FUG interactions to enhance mutual learning.*

Several of the pilot FUGs reported that they had been requested by adjacent communities (some of whom had formed FUGs) for assistance in establishing themselves properly so that they can function effectively.

*Example 2: Soum governors requesting pilot FUGs to assist non pilot FUGs to develop management plans.*

The Soum governor of Bugat Soum asked the Dundat-Urguu FUG (a Project pilot FUG in Bulgan Aimag) to assist some of the other 13 FUGs in the Soum to become more effectively established and to begin the task of preparing management plans. People from three FUGs have already visited Dundat-Urguu to begin the process. Similar requests have been made to a pilot FUG by the Soum Governor in Sant Soum, Selenge Aimag.

*Example 3: Development of FUG associations.*

FUG associations have developed in both Darkhan and Khentii Aimags independent of the Project. The association in Darkhan (called Khongor Oi) consists of all 45 FUGs in one Soum (Khongor) which contains 93% of the forest in the Aimag. The association was established in October 2010 and is officially registered as an NGO, has a mutual fund and a stamp. It was initiated because it was felt by some key individuals that FUGs were not well organised, had limited capacity to do paper work and limited knowledge about how to go about addressing issues of concern and who to approach. Their establishment was supported by the Local Authority and the Soum's Citizen's Meeting. Each member FUG makes donations to the association's mutual fund, but the amount is not fixed. The **vision** of the association is: To improve all FUGs to bring them to an equal level of development, and their **purpose** is: To protect the rights of FUGs, conduct activities on reforestation and nature conservation, and support FUGs with administration and institution building. Current activities are focused on improving the organisation of the member FUGs, organising training and seeking financial and other support.

Two FUG associations were established in Khentii Aimag in November 2011 along similar lines to the one in Darkhan. One in Binder Soum has representatives from 19 FUGs in the Soum and the other in Dadal Soum has representatives from 15 FUGs in the Soum.

Source of the Darkhan example: D. Ganbold, Project Facilitator, Selenge and Darkhan Aimags.

Source of the Khentii examples: N. Damchaadorj, Project Facilitator, Khentii Aimag.

None of the innovations described in Box 5 was initiated by the Project, but emerged to meet a perceived local need, although Project facilitators have supported the activities. This is a healthy development and is to be encouraged as it indicates that PFM is rapidly becoming embedded more firmly within the fabric of Mongolian forest management and the wider civil society.

**Achievement in the context of the overall PFM process**

While the Project has produced its planned Outputs and achieved its immediate Objective, it is important to view this progress in light of the overall PFM process (as shown in Annex 8). Table 7 shows that, while solid progress has been made, PFM implementation is only just into the three-year Foundation Phase. Many of the supportive organisational structures and institutional arrangements (both government and FUG) are new and fragile and have yet to be fully tested. This will take some time and they will certainly need on-going support to give them the capacity and confidence required to withstand the pressures that will inevitably confront them in the future. This is particularly so for the PFM Unit in the FA, which was only formally established in July 2011 and staffed in September 2011.

**Table 7. Progress with implementation of PFM in the pilot sites in the context of the entire PFM process**

| Implementation step   | Progress (no. of FUGs) | Comments   |
|---|------------------------|--|
| Phase 1: Establishment Phase (1 year):  |                        |  |
| Establishment of FUGs   | 12+4                   | 12 original pilot FUGs + 4 new FUGs taken on in early 2011.  |
| FUG constitution signed   | 12+4                   |  |
| Forest Management Planning  | 12+4                   |  |
| Three year certificate  | 12+4                   |  |
| Phase 2: Foundation Phase (3 years)   |                        |  |
| Implementation of SFMP (Year 1)   | 12                     | 12 FUG implementing year 2 and have reported on year 1 activities; 4 new FUG implementing year 1 activities. |
| Harvesting and sale of NTFPs and firewood   | 11                     | 11 FUGs have started selling forest products (firewood and NTFPs).   |
| Preparation of 10 year SFMP   | 0                      |  |
| Assessment of performance   | 0                      |  |
| Issue of long term use rights   | 0                      |  |
| Phase 3: Implementation Phase (60 years)  |                        |  |
| Implementation of 10 year SFMP (harvesting and sale of NTFPs, firewood and commercial timber) | 0                      |  |

In summary, PFM is well integrated into the regular operations of the Aimags and Soums where the Project is working (as well as more widely in some instances) and is accepted as an essential modality that will contribute to sustainable forest management in the country. A scrutiny of the information in the previous paragraphs, in conjunction with the more detailed material in the supporting Annexes, leads to the situation where it can be stated with some confidence that **the Project has, without qualification, achieved its immediate objective.**

### 5.3 Gender issues

The Project Document noted that the Project design was “*gender neutral*” and that “*(a)ctive involvement of women in planning, decision-making, implementation and control will be pursued*” (FAO, 2006, p. 26). In its implementation, the Project has recognized that women play important roles, particularly in herder communities, and this is reflected in explicit efforts to ensure that women are included as beneficiaries in Project activities. Two of the four Project field facilitators are women, and among the 16 pilot FUGs, two of them are chaired by women. Following a recommendation of the FAO Lead Technical Officer in October 2009, the project commenced maintaining records of people who participated in formal training activities, according to gender, to help quantify the Project’s contributions to capacity building of both men and women. Since that time, of the 1,127 people who attended orientation training, 29% have been women and 71% men (see Table 3 in Annex 15).

## 5.4 Capacity development

Capacity building has been a major focus of the Project throughout its life, and has consumed a considerable amount of the Project's resources. The capacity building activities are guided by a strategy (FAO 2009) which sets out the approach to be taken and the target audience. This work is embedded within the Training and Extension Unit of the FA and is supported by a dedicated GIZ (originally DED) expert. The strategy includes a logical framework and a workplan for implementation and it uses the Mongolian PFM concept as its organising framework. This has ensured that the capacity building has been well targeted.

A series of training modules was developed aimed at orientation towards PFM of government rangers and inspectors at the Aimag and Soum levels in the four pilot Aimags. The trainees were not restricted to government staff and FUG members working directly with the project, and some NGOs attended. Table 8 shows the content of each module and Annex 15, Table 1 shows the training courses carried out. Twenty-eight individual orientation events took place and in excess of 500 people participated in one or more of the modules. The strategy envisages that the training material for each module will be consolidated into a package and will form the foundation of a national approach to PFM training that will be institutionalised into the normal operational activities of the FA within the mandate of the PFM Unit. This is still pending.

**Table 8. PFM Training modules developed for use primarily with EPTA rangers and inspectors.**

| Module No. | Title   | Description   |
|------------|---|---|
| 1          | Introduction to PFM, basic approaches and tools | Overview of the history of participation in natural resource management in Mongolia as well as worldwide trends. Principles of participatory training and facilitation. Forms of participation. Basic PRA tools for assessment and planning of PFM. |
| 2          | Stakeholder analysis and group development      | Introduction to stakeholder analysis. Theory of group dynamics and team work  |
| 3          | Problem and solution analysis                   | Problem and solution tree tool. Management plan development.  |
| 4          | Legal framework for Forest User Groups          | Constitution and by-laws  |
| 5          | Logical framework approach                      | Logframe tool to develop forest management activities   |
| 6          | Conflict management                             | Theory of conflict management. Stepwise approach with PRA tools to address conflicts in natural resource management   |

In addition to the re-orientation training targeting mainly government officials in the Aimags and Soums, capacity building activities have been a constant and regular feature of the Project's activities, initially focused on the Project facilitators and then more widely. Annex 15, Table 2 details the scope of the general capacity building activities and the groups targeted. This indicates that, up to the end of October 2011, a total of 54 formal events have been conducted involving about 1,600 people. This excludes the training that has been carried out by the four field offices. Project field office staff have trained a large number of people, mostly FUG members, in various aspects of PFM, particularly those associated with

management plan preparation. There is now a large pool of people at all levels who have been exposed to various aspects of PFM.

A start was made on developing an implementation manual for PFM several years ago but it was not finalised at that time as it was felt that additional implementation experience was needed. A manual has now been completed, translated into Mongolian and published (Knur et al. (2011)). It provides detailed guidelines for implementation of PFM and has been endorsed by the FA for application nation-wide. This is one of the major products produced by the Project as it distils the experiences of the past five years into one manual. It will be a valuable national resource for the future.

The capacity building strategy indicated that, in the longer term, a national NGO could deliver training activities to the FUGs, with the FA limiting its own training programmes to government staff. However, this will probably be some way in the future because of limited capacity among national NGOs. The likely short to medium term option will be for the Government, perhaps with support from a project, to take the lead in delivering in-service training to its officials to give them the skills needed to implement PFM. This will be one of the major activities of the new PFM unit in the FA, and it will contribute to the institutionalisation of the modular approach to training developed and tested by the Project.

The Project sponsored the development of curriculum material and a teaching manual for a PFM module for three academic institutions: the National University of Mongolia, Eco-Asia University and Eco-Asia Institute. The material was tested and refined during 2011 and has now been formally endorsed by all institutions and will be offered to students for the first time in 2012. PFM is a compulsory module for all NUM forestry students in their third year (24 students in 2012) and is offered as an optional module for other science students. It is also available to post graduate students (MSc and PhD). It is a compulsory module for the two Eco-Asia institutes in second year, and 120 students will take the module at the Eco-Asia University in 2012, with a similar number at the Eco-Asia Institute. About 50% of the students at the two Eco-Asia institutions are rangers and inspectors, who are studying part time. This work with the higher education institutions is likely to pay huge dividends in the future, as it exposes the next generation of natural resource managers to PFM at an early stage of their career.

The Project has sponsored several research projects by universities and colleges (included in the list shown in Annex 14). In addition to the immediate benefit of the knowledge gained in carrying out this research, there is the added value of building the capacity of participating individuals and organisations to conceptualise and carry through such projects associated with PFM.

## **5.5 Sustainability**

### **5.5.1 General discussion of sustainability**

The sustainability of results achieved by pilot projects and their wider uptake is always a concern in development, and the world is littered with examples where activities and outputs which looked so promising while a project was operating, disappeared within a short time of the project closing. This applies particularly to new institutional arrangements established at both community and government levels to manage natural resources such as forests. There is reason to hope that this Project will not suffer the same fate.



Before going on to assess the sustainability of the Project's results it is worth clarifying what sustainability means in the context of this Project and posing the question—precisely what is to be sustained? At the risk of over-simplifying a complex set of factors, perhaps it is useful to focus on the fundamentals. There are four entities that need to be sustained, and these are:

1. Community institutions that manage forests (FUGs),
2. Institutions that are necessary to support FUGs to manage their forests (at national, Aimag and Soum levels)
3. Forests, and
4. Livelihoods of FUG members

If the community and government institutions (i.e. 1 and 2 above) can be sustained then there is a good chance that Mongolia's forests that fall within the ambit of FUG management will be managed sustainably in the long term and that the benefits from their management will contribute to the livelihood of FUG members and others.

### **5.5.2 Sustaining community institutions that manage forests (FUGs)**

The Project has put a substantial effort into building the pilot FUGs as empowered institutions that can make collective decisions about how to manage their forests. The chairman of the Altansumber FUG commented that prior to their involvement with the Project they tended to work as individual households. They are now able to work effectively as a group and address a range of issues that affect all households in a way that was not previously possible.

An investigation carried out by Fisher et al. (2010) assessed the effectiveness of FUGs as collective decision-making institutions, and they concluded that most of them were functional, although some problems were identified. A follow up study by Fisher et al. (2011) noted that the increase in collective action (empowerment) in most of the FUGs is a major achievement. However, they also noted that some FUGs that were functioning well in 2010 were functioning less well in 2011, and that conflict had arisen in some FUGs that remained unresolved. They concluded that the most effective FUGs seem to have three characteristics in common:

- They are composed of households which have been living in the same area for some time, thus allowing sufficient time to develop social relationships and social capital.
- There is a close connection between the membership of the FUG and the user group territory and boundaries.
- There is good two-way communication (between the FUG committee and members).

The differences in effectiveness reported between 2010 and 2011 are not surprising and reflect the dynamic nature of the institutions. The 2010 study emphasised the importance of intensive extension and community development work aimed at institution building and strengthening rather than focusing primarily on establishing formal organisations. A continuation of this focus on building strong institutions will be a real challenge for the PFM Unit in the FA as well as for Aimag and Soum Forest Units.

### **5.5.3 Sustaining Government institutions necessary to support FUGs**

As was noted in the MTR report (Gilmour and Dorjtseden, 2010) “A key aspect of sustainability is the extent to which Project activities are integrated into the normal planning and activity cycles of the government”. (p. 36) The following observations made in the MTR report are still relevant and are repeated here because of the importance of the sustainability issue. “The Project has done what it can to avoid the possibility of becoming yet another enclave project that will become irrelevant after it concludes. The location of the Project’s offices within the relevant agencies in the bureaucracy at national, Aimag and Soum levels enhances the possibility of the take-up of the strategic and operational approaches developed and tested, and this can already be seen. This approach helps to create local ownership of the process and assists with institutionalising Project results”. (p. 36)

An earlier section on Government support for the Project listed key actions that demonstrate strong Government commitment and support for continuing and expanding PFM as an important forest management modality. Other actions related to sustainability are discussed in the following paragraphs.

#### **Allocation of national budget to PFM**

It was noted earlier that the Government budget allocated to PFM has increased during the past several years, and this bodes well for sustaining and expanding the initiatives. However, the budget will need to increase substantially to continue the essential training, extension, community development and other activities once the financial and technical support from the Project cease.

#### **Capacity of government staff to continue and scale up PFM initiatives**

For most of the past five years the Project staff have taken the lead in implementing PFM, as Government organisational structures were not equipped to take on this role. In fact, most Aimag EPTAs and Soum governments did not have Forest Units or forest specialists to do any type of forest management work—their role was largely one of policing and licensing using inspectors. As a result, there were few government staff available who understood or could implement PFM. This situation is now steadily changing.

Five inter-Soum Forest Units and seven Soum Forest Units were established in the project pilot Aimags (as well as others in non pilot Aimags) in 2010-2011. This represents a significant contribution to sustainability as it has created an organisational home for PFM at the Aimag and Soum levels, staffed by trained officers with the capacity to continue the implementation process. The Project has trained six people in the skills needed to support FUGs and several of these have been employed in the new Forest Units.

The Project facilitator from Khentii Aimag was appointed in late 2011 to head the PFM unit in the FA in Ulaan Baatar. This is an important appointment as it ensures that a very experienced and committed person, who has been with the Project since its inception, will be in a position to oversee and guide national implementation.

#### **Regulatory framework**

While there have been substantial improvements to the regulatory framework during the past five years to make it more enabling for PFM, there are still some outstanding issues that act as stumbling blocks and inhibit the effective management of forests by FUGs. The major inhibiting regulatory and administrative issues were identified during the MTR in August

2010. Several of these have been addressed in the intervening 15 months, but some remain and these are likely to cause problems in terms of sustainability unless they are addressed. Table 9 and Annex 5 give details of the major impediments. A key role for the PFM unit in the FA will be to maintain pressure to address these and other emerging issues in the future.

**Table 9. Regulatory and administrative constraints that inhibit effective forest management by FUGs**

| <b>Constraint</b>   | <b>Action needed</b>   |
|---|--|
| Some EPTA staff think that FUG activities such as utilization require separate approval, even when such activities are included in approved management plans.   | Ministerial resolution stating that utilization activities approved in the SFMP do not need to be re-approved.<br>This issue has been included in the TOR for the PFM Unit Head.   |
| Ministerial Resolution 114 was passed in 2005 and a new forest law was enacted in 2007 with a related sub-decree in 2009. Resolution 114 is therefore obsolete for the forestry sector and not in agreement with the new forestry legal framework. Many people still refer to Resolution 114 thus creating confusion.   | Repeal Ministerial Resolution 114 for forest products.   |
| Quotas for firewood and timber are set by the Forestry Agency based on recommendations from Soum and Aimag level. To date, quotas are then distributed by Aimag and Soum officials without consideration of approved management plans. (Some Soum governors now exclusively procure firewood from FUGs).  | Administrative direction from the Forestry Agency to ensure that national/Aimag quotas for timber and firewood harvesting do not include products harvested from FUG forests under approved management plans or quotas that are issued should be allocated to FUGs as a first priority.  |
| To date, harvesting licenses are the same for everybody (including FUGs), so there is no incentive for any entities (including FUGs) to sustainably use forest resources. (It is probably still too early to address this issue in the regulatory regime, but it will become more important in the future. Exclusive rights given to FUGs for firewood production is going in the right direction.) | Ministerial Resolution to set tax incentives for any forest managers (including FUGs and economic entities) with approved forest management plans. The Resolution could include reduced fees for timber and no fees for firewood, with sales tax being paid only on commercialized forest products. Loggers who are not required to manage forests sustainably should be required to pay higher taxes. |
| There is uncertainty about security of tenure rights for FUGs, (even though tenure security is steadily improving as PFM is becoming better understood).  | Sub-decree to strengthen rights of FUGs to ensure full rights to control access, and the right to compensation in case of land use change by government.   |

### **Partnerships and sustainability**

As mentioned in an earlier section, the Project entered into 14 formal partnerships with many government and non government agencies (see Annex 9 for details). These have given the Forestry Agency the opportunity of requiring all organisations working on natural resource management to comply with the official PFM approach pioneered by the Project and endorsed by the government as a national approach. This will improve the possibility of the wide take-up of PFM and of enhancing sustainability.

### **Public awareness**

The Project understood the importance of exposing the wider Mongolian society to the contribution that PFM can make to the management of the country's forests and adopted a pro-active approach of advocacy and dissemination of public information. Over the course of its life the Project produced a considerable amount of material for this purpose, including publications that were widely distributed and videos that were widely shown on national TV. A complete listing is given in Annex 16. In addition to these items many more public awareness activities have been carried out at the Aimag level by the Project facilitators. These have included TV reports and workshops.

### **5.5.4 Sustainability of the forests**

While strong, empowered community institutions and supportive government institutions are critical for ensuring sustainability of the social/institutional processes, they need to be supplemented with appropriate technical approaches to ensure that the forests are managed sustainably. The Project has invested considerable resources in developing a range of technical tools and guidelines (including Simple Forest Management Plans, fire management and silvicultural guidelines) and in training FUG members and government staff in their application. The various tools and guidelines are listed in Table 6. The efficient application of these tools by empowered FUGs, supported by local Soum authorities, should ensure that the FUG forests are managed sustainably.

### **5.5.5 Sustaining livelihoods**

Four of the five asset classes that are generally considered to constitute livelihoods have shown improvement as a result of the Project's implementation. While financial assets have only just begun to improve in 11 of the 16 pilot FUGs through the sale of firewood and NTFPs, it should be acknowledged that any improvement is remarkable given the short time in which the Project has operated and the significant obstacles that had to be overcome. However, the actual increase in financial assets to date is relatively small and not yet significant among herders whose main income is derived from livestock herding. There is little doubt that financial flows will increase during the coming years as the FUG management plans are implemented, but it will be 2014 before valuable commercial timber will be harvested. Physical assets (such as appropriate tools and equipment needed to manage forests) have not improved, and they may not need to. This will depend on whether FUGs decide to manage their forests directly or contract out operations and only maintain a supervisory oversight. Sustainability of the livelihood assets derived from forest management will depend on further evolution in the regulatory framework (as noted above) and continued Governmental support.

### **5.5.6 Stakeholder perceptions of sustainability**

At the stakeholder workshop held during the evaluation, representatives of pilot FUGs, Government officials and the Project team identified several factors that need to be addressed to ensure the sustainability of Project results. While there are some overlaps between the different categories shown below, they are all retained to provide an accurate reflection of the results of the workshop:

**Forest policy, law, regulations:**

- Some conflicting regulations impede the smooth implementation of PFM. Need clarification and better coherence of existing laws and regulations. Continue on-going evolution of regulations to support PFM, in particular:
  - Support a free local wood market, by getting rid of the quota system and give the power to the Soum Governor to approve FUG management plans.
  - Develop a system to certify wood origin to open up market options for FUGs.
  - Provide opportunities for FUGs to sell timber.
  - Coordinate laws and regulations on forests and pasture.
  - Protected areas are still not covered by the Forest Law.
  - Establish a tax / fee-sharing system as an incentive for FUGs.

**Financial issues:**

- Potential financial difficulties for FUGs: need to increase market opportunities for forest products by improving the regulatory framework and to creating incentives for FUGs.
- Need to increase financial resources dedicated to PFM.
- Regulations are needed to support/increase value/price for forest products.
- Create incentives to reward FUGs for protecting the forests.

**Public-awareness, training and continued support to PFM:**

- In the past people expected saw log quality timber to be available for firewood. Current perceptions of the quality of timber that is suitable for firewood limit selling opportunities. Public awareness campaigns are needed to help change public attitudes about firewood standards and to accept lower standards than people have expected in the past.
- Soum and Aimag officials need to be trained on PFM and informed about laws and regulations.
- NGO capacities to understand and help implement PFM should improved and they should be involved in PFM.
- Conflicts arise between FUG and non FUG herders.

**Capacity building, structure:**

- Capacity to scale-up PFM should be ensured; a specialist on PFM in EPTA of Aimag would be good and rangers at Soum level should be trained in PFM implementation.
- Forest Units still to be established and have their capacities built to implement PFM.
- Encourage FUGs to train other FUGs.

**5.5.7 Future financial and technical support for PFM**

The Project has recognised that there will be a need for on-going support to FUGs, and to the fledgling organisational structures in the Government, for some time in order to consolidate the gains that have been made. The Project was able to mobilise TCP funds to prepare a Project Identification Form (PIF) for a follow up project using GEF funds to support national implementation of PFM in all seven forested Aimags in Mongolia and to test participatory wildlife management. However, this is not likely to be operational before 2013. In the interim, The Project is developing another TCP proposal for funds to support the continuing development of the pilot FUGs as well as national scaling up of PFM and the development of a concept for participatory wildlife management. If successful, this will enable the retention of most of the Project facilitators and other key staff which will be essential to support the new, still fragile, institutions. If there is a substantial gap between the close of the present

Project and the commencement of the TCP project there is likely to be a loss of key staff and thus continuity. This could put in jeopardy some of the gains that have been made by the Project.

### 5.5.8 Summary of sustainability

Sustainability of the Project's results in integrating PFM as an accepted modality for forest management in Mongolia will be influenced by the following factors:

1. Re-structuring state-community relationships from central control to decentralised management involves challenging existing power structures and is inherently political. The fundamental change is from a forest-centred to people-centred approach. Problems can be expected in the future.
2. Building new institutions to manage the new relationships involves complex social processes and **takes time**—simply setting up new organisations is not sufficient.
3. All institutions whose formation has been facilitated by the Project's intervention (at national, Aimag, Soum and community levels) are new and are still relatively weak. Substantial support is needed to strengthen them, and this involves on-going extension and community development work.

Long term sustainability will depend on the Government, with support from donor funded Projects such as those implemented by GIZ and WWF, providing the financial and human resources needed to: (i) continue the evolution of the PFM concept by encouraging on-going dialogue between all implementing partners and other stakeholders, (ii) support field implementation by increasing the number and capacity of trained field officers, and (iii) continue to evolve the regulatory framework, using feedback from the field to make it more enabling for PFM. Clearly, the PFM Unit in the FA will be a key player in ensuring that these activities become part of its core functions.

In summary, it is evident that PFM has been accepted as a major new modality for forest management in Mongolia, and there is no going back. However, there is a danger of stagnation and even reversal unless pressure is maintained by the Government and others to continue the evolution of the whole process. In this regard, political will and the role of the PFM champions who have emerged during the last few years will be critical in maintaining the momentum.

## 5.6 Impact

### 5.6.1 Progress towards achieving development objective

The **development objective** of the Project is “*the maintenance and improvement of the existing forest cover of Mongolia in order to ensure the sustainable livelihoods of the rural population*”. The extent to which the Project has contributed to the achievement of the longer term development objective is more difficult to assess, although there are strong signs that the trends are in a positive direction, as shown in the following table.

As with the immediate objective, the Project Document does not contain indicators against which to judge the contribution the Project has made towards achieving the longer term development objective. The following indicators can be inferred.

- Forests under the control of FUGs sustainably managed, with illegal logging and forest fires substantially reduced.
- Improved livelihood of FUG members through increase of human, natural, social, financial and physical assets.

It is still too early to judge whether the forest cover across the country can be sustained and improved by the forest management afforded by FUGs. The pilot FUGs have only had effective control of their forests since about 2009-2010. However, there is already anecdotal evidence (supported by some factual evidence) of substantial reduction in the incidence of illegal logging and destructive wild fires, the two most potent factors that contribute to forest degradation (see Box 6 and Table 10). FUG members themselves believe that their forests have improved under their management.

**Box 6. Example of reduction in illegal logging since the establishment of FUGs**

The Chairman of Dundat-Urguu FUG in Bugat Soum, Bulgan Aimag recounted that before the establishment of the FUG there had been about 400 trucks collecting firewood illegally from their forest during one autumn season—there were no controls. Now that they have effective control over the forest, there is no illegal logging. This control over their territory is the major benefit they see from their involvement in PFM.

**Table 10. Reduction of forest fires in Darkhan Aimag since 2007**

| Year | Number of forest fires | Area covered by forest fires (ha) |
|------|------------------------|-----------------------------------|
| 2007 | 2                      | 14,317                            |
| 2008 | 2                      | 2,020                             |
| 2009 | 0                      | 0                                 |
| 2010 | 0                      | 0                                 |

Similar patterns of reduced illegal logging and forest fires following the establishment of FUGs in the pilot sites were reported by FUG members and government officials in the other Aimags where the Project has worked.

Four of the key asset classes that contribute to livelihoods (DFID 1999) have been enhanced by the Project's activities. (i) **Human assets** have been improved by building the capacity of FUG members to develop and implement management plans. (ii) **Natural assets** have improved by the reduction of fires and illegal logging in FUG forests. (iii) **Social assets** have improved by empowering FUGs to operate as strong institutions with enhanced collective decision making ability and able to negotiate effectively with local government officials and outsiders who want to harvest products from FUG forests. (iv) **Financial assets** have increased from the sale of firewood and other products. Simple Forest Management Plans have only been operating since August 2010 and harvesting of firewood and NTFPs only commenced in mid-late 2011. To date, in excess of \$US 15,400 has been earned by 11 FUGs from the sale of firewood, and this is expected to increase substantially in the years ahead. Under the terms of the PFM process harvesting trees for commercial purposes is only permitted during the third phase, i.e. from about 2014. After this time, assuming continuing positive performance, significant income can be generated by FUGs that can be used to improve the livelihood of their members. (v) **Physical assets** (tools, equipment, etc.) have not been improved, but may need to be given attention as forest harvesting expands. This will depend on whether FUGs decide to become directly involved in active forest management or to contract out harvesting and retain a supervisory oversight.

### 5.6.2 Stakeholder perceptions of impact

During the stakeholder workshop in Darkhan with representatives from all pilot FUGs, Government officials and the Project facilitators (see details in Annex 4), the following were identified as the project's key results:

#### **Redefinition of FUG status and opportunities:**

- FUGs have ownership of the forest, a recognized responsibility to clean forests and to give permission to outsiders to enter the forest.
- FUG income options have increased.

#### **Interactions between FUGs and the state have changed:**

- FUG skills and status are better recognized; Government officials have begun consulting with and supporting FUGs while FUGs seek their advice and share information with them, leading to increased mutual trust and easier and more efficient work.
- Mentalities have changed: FUG members are working together within the community and becoming more active and empowered and have gained more confidence.

#### **Knowledge has increased:**

- About relevant law, regulations and professional forest management practices.
- Public awareness about the new regulatory setting enabling PFM has increased.

#### **Natural resources preserved:**

- Forests have rehabilitated resulting in rivers and pasture conditions improving.
- Illegal logging and forest fires have decreased dramatically.

### 5.6.3 Contribution of Project to human rights approach endorsed by FAO

FAO has not endorsed an explicit human rights approach, but supports the internationally accepted human rights agenda. Human rights are frequently cited as a rationale for demanding action to change national regulatory frameworks as well as for more fundamental societal changes.

Sikor and Stahl (2011) argue that forest rights differ from more widely applied rights-based approaches in international development. They point out that the contemporary forest rights agenda brings together three distinct threads: (i) calls for redistribution of forest tenure, (ii) indigenous peoples' rights of self-determination, and (iii) basic human rights. Sikor and Stahl also note that: "*forest rights activists attend to people's individual rights as well as peoples' collective rights.*" (p. 2).

The work of the Project has contributed to the redistribution of forest tenure by facilitating changes to the regulatory regime to recognise the rights of FUGs to access and use forests in their vicinity. The Project has also improved peoples' collective rights by facilitating the establishment of empowered FUGs. Contributions have also been made to the basic human rights of FUG members by giving them the skills to market forest products from which they can enhance their livelihoods.



## **5.6.4 Contribution of Project to FAO’s strategic objectives, core functions and organisational results**

The project contributes to FAO’s Strategic Objective E: “Sustainable management of forests and trees” and more specifically, some of the specific Operational Results (ORs) included in SOE are addressed through this project, namely: (i) OR 3 on strengthening of forest institutions; (ii) OR 4 on promoting sustainable forest management; (iii) OR 5 on supporting the social and economic values and livelihood benefits of forests and (iv) OR 6 covering the realization of forests’ environmental values<sup>1</sup>. It is also consistent with FAO’s intended core functions, as presented in its Strategic Framework for 2010-2019, in particular those referring to policy, standards and norms setting, providing direct assistance to member countries and to coordinating and partnering.

## **5.6.5 Summary of the Project’s impact**

Overall, **the Project has made a significant contribution to achieving its long term development objective as well as to human rights and FAO’s strategic objectives.**

# **6 Conclusions and Recommendations**

## **6.1 Conclusions**

### **6.1.1 Overall impressions of evaluation team**

Towards the end of the mission the evaluation team reflected on their overall impressions of the Project and its operations within the Mongolian context. The key points from those reflections are shown in the following Box.

#### **Box 7. Summary of impressions of the evaluation team on the Project’s achievements**

1. It is widely accepted in Mongolia that when the forest has an “owner”, negative effects (such as illegal logging, fires, hunting) are almost completely stopped. The PFM concept operationalises this basic tenet that, in part, distinguishes open access from common property resources.
2. The Project turned the intent stated in the 2007 Forest Law of legitimising the transfer of management rights to local communities into a practical reality by conceptualising the PFM concept and piloting the concept in a small number of FUGs.
3. The Project has demonstrated a high level of achievement—it is an overall success that has been

<sup>1</sup> OR3: Institutions governing forests are strengthened and decision-making improved, including involvement of forest stakeholders in the development of forest policies and legislation, thereby enhancing an enabling environment for investment in forestry and forest industries. Forestry is better integrated into national development plans and processes, considering interfaces between forests and other land uses

OR4: Sustainable management of forests and trees is more broadly adopted, leading to reductions in deforestation and forest degradation and increased contributions of forests and trees to improve livelihoods and mitigate climate change.

OR5: Social and economic values and livelihood benefits of forests and trees are enhanced, and markets for forest products and services contribute to making forestry a more economically viable land-use option.

OR6: Environmental values of forests and forestry are better realized; strategies for conserving forest biodiversity, adapting to climate change, rehabilitating degraded lands, and managing water and wildlife resources are effectively implemented.

- due in part to good design, a well managed approach and an ability to respond to opportunities and challenges as they arose.
4. The Project has used the influence it gained from a multitude of activities to facilitate major changes to the regulatory framework to make it more enabling for PFM. Among the factors that have contributed to the Project gaining influence are:
    - Feedback from the pilot FUGs;
    - Regular interaction between Project facilitators and Soum and Aimag authorities;
    - Regular interaction between the Project team and national authorities;
    - Recognised expertise of the CTA and Project Coordinator.
  5. There are encouraging signs that PFM has developed a “life of its own” and that progress will continue through initiatives of national and other stakeholders, independent of the Project. For example: (i) the Project’s perceived success has already contributed to the initiation of many hundreds of additional FUGs across the country, (ii) re-structured relationships between FUGs and Soum authorities have stimulated new and innovative approaches to resolving emerging problems, and (iii) FUG associations have emerged in two Aimags through independent initiatives from FUGs themselves.
  6. The PFM process is still at an early stage of implementation and is not firmly embedded in the Mongolian institutional setting. Results must be considered fragile at this stage. There are several risks that are likely to endanger long term sustainability:
    - Expanding FUG formation rapidly and focusing on the rapid development of management plans is likely to be at the expense of building strong and empowered FUG institutions. Management plans without strong institutions (FUGs) to implement them will probably fail.
    - Loss of momentum from the Project closing could lead to stagnation or decline in the evolution of the PFM process at all levels.
    - Reduced budget for PFM activities when the Project closes could constrain effective PFM implementation, particularly if sufficient resources are unavailable from Government sources to devote to community development activities needed to build strong and empowered FUGs.

### 6.1.2 General conclusions

It was mentioned in an earlier section of this report that the design and implementation of the Project was predicated on the belief that fundamental re-structuring of state-community relationships will lead to sustainable forest management and the enhancement of local livelihoods. Key aspects of the re-structuring facilitated by the Project focused on (i) changing the role of the state from centralised control to decentralised and participatory governance and (ii) strengthening the rights and abilities of local user groups to regulate access to, and use of, forests in their vicinity. These are not simple technical changes but represent fundamental changes to power relationships pertaining to the management of valuable natural resources. Because the resources are valuable such changes are highly contested and strong political commitment is needed to ensure that the changes can be sustained and the benefits coming from forest management are equitably distributed.

A final conclusion of this evaluation is that the Project has been an outstanding success. It has fully achieved its immediate objective and contributed significantly to the achievement of its long term development objective. This is particularly noteworthy in view of the relatively short period during which the Project has operated and the fundamental nature of the changes to institutional culture and practices it had to facilitate. In spite of these obvious successes, the “PFM modality” in Mongolia must be considered fragile, as the new institutional arrangements are in their infancy, and they have yet to be fully tested. So, while the early signs are promising, only time will tell if the progress achieved by the Project can be sustained. This good progress can be attributed to several factors.

- The Project addressed a real need in Mongolia.
- There was good support at all levels in Government and among the targeted rural populations.
- The Project design was appropriate to the political, economic and social situation in the country.
- The implementation of the Project was efficient and effective.

It is evident that PFM is becoming a major, if not the major, form of active forest management in Mongolia, with demand for support increasing rapidly from both herder communities and government officials at Aimag and Soum levels. It clearly requires a comparable policy response from central Government to give a high priority to the strategic allocation of adequate resources (manpower and budget) to manage a national PFM programme.

### **6.1.3 Summary of Project's achievements**

Some of the conclusions reached during the MTR in August 2010 are relevant 15 months later and, with some modifications, are repeated here. During the past five years (of which only four have been effective) the Project has systematically identified, tested and put in place most of the key building blocks needed to conceptualise and operationalise PFM in Mongolia's unique context, so that it can become a national programme. These building blocks include:

- An enabling regulatory framework for PFM;
- Field modalities to develop fully functioning FUGs;
- Organisational arrangements for the Forestry Agency to oversee and manage a national PFM programme;
- Organisational arrangements at the Aimag and Soum levels to facilitate the establishment and empowerment of FUGs to manage forests sustainably;
- Capacity at all levels to plan for and implement PFM;
- A Government endorsed approach (distilled into a PFM Implementation Manual) for all stakeholders to plan for and implement a national PFM programme;
- A monitoring and evaluation system for PFM nationwide.

Collectively, these building blocks have led to the attainment of the Project's Immediate Objective and have contributed to the attainment of the Development Objective. This is a significant achievement, particularly given the non-enabling nature of the regulatory framework that prevailed at the start of the Project and the fundamental shift that has taken place from centralised state control over forests to decentralised FUG governance of local forests in the pilot areas.

### **6.1.4 FAO's role as implementing agency**

Support for field projects is an opportunity for FAO to disseminate the knowledge produced by the Organization, and conversely to test and refine it based on the feedback received from field experiences. This project offers a good example of how normative and field work can mutually support each other, as they have within the Project ambit. On the one hand the normative work developed by the Project (or by FAO more widely) was directly used by the project's addressees in the field, as a basis for building their capacity and empowering them.

In turn the Project's presence at the FUG and Soum levels generated experience that provided a basis to adjust the approach initially developed, and was documented for future learning.

The efforts made by the team to document its approach (following a recommendation in that direction in the MTR) to allow for future projects to be able to benefit from the positive experience of this one, should be noted as a positive additional accomplishment. Taking "normative work" in a more narrowly "legalistic" sense, the Project has also effectively developed an iterative and mutually supportive approach which has proved to be instrumental to its general success. The Project encouraged national level regulatory developments related to the forest sector, which became enabling factors for field level empowerment to take place. The Project's presence at field level to support institutional and social change in turn provided a basis for advocating for adjustments to the regulatory framework to make it more enabling.

Conversely, there seems to have been a lost opportunity in using Mongolia's experience with respect to forest policy development to feed into the corporate knowledge in this area of work: a proposal by the Project team to present their experience as a case study to integrate in FAO's document on developing forestry policy (FAO, 2010) was left unaddressed. Amongst the large number of publications and reports produced by the project, the PFM implementation guidelines and the forest fire management guidelines were translated into English and could also be used to feed into the organization's normative work. There is no evidence that this has been done.

## 6.2 Recommendations

### *For the Government*

#### *For the PFM Unit in the FA*

1. Continue to support the strengthening and evolution of the PFM concept at all levels, in particular:
  - Continue the approach developed by the Project to advocate at all levels for the widespread acceptance of PFM as a major modality of forest management in Mongolia.
  - Ensure that focused participatory community development takes place at the FUG formation stage to develop strong and empowered institutions.
  - Scale up the approach developed with the pilot FUGs,
  - In scaling up, ensure that it is done in a step-wise fashion with a limited number of additional FUGs receiving participatory community development to build their capacity to function as effective institutions before further expansion.
  - Encourage the expansion of emerging innovative approaches that contribute to the more effective functioning of PFM such as: (i) building on FUG to FUG exchanges to share knowledge and experience, and (ii) development of FUG associations.
  - Ensure that FUGs can derive significant economic benefit from their forest management as soon as possible.

#### *For wider Government*

2. Ensure that PFM is embedded into the National Forest Policy as a major form of forest management in Mongolia.
3. Provide adequate financial and technical resources to:

- The PFM unit in the FA to ensure that it can effectively plan for and oversee all aspects of national implementation of PFM, including capacity building, technical oversight, monitoring, evaluation and reporting.
- The Forest Units in the Aimags and Soums to ensure that they can effectively respond to the mounting demand from herder communities to implement PFM.
- 4. Continue the process of evolving the regulatory framework to make it more **enabling** for PFM so that FUGs can become effective forest managers and derive significant economic benefits from forest utilization as they implement their management plans. Among the possible items to be considered are:
  - Incorporate a requirement into the regulatory framework for a percentage (perhaps 20%) of the permit fee paid by individuals and entities from outside the FUGs to harvest forest products to be transferred into the mutual fund of the FUG from whose forest the harvesting will take place.
  - Address distortions in the wood market that restrict the operating of a free and open market and reduce the potential income for FUGs to profit from the sale of forest product.
  - Address limitations that prevent FUGs from selling firewood in adjacent Aimags.
  - Harmonise overlapping, conflicting and confusing regulations and laws that inhibit the effective functioning of FUGs, such as the ambiguities that still exist regarding the requirement for professional organisations to be the only entities which can legally develop FUG management plans.
  - A regulation to require Soum authorities to support FUGs.
- 5. Seek innovative ways of retaining the existing Project field facilitators to support national scaling up of PFM in order to utilise their considerable knowledge and skills in implementing PFM. Options could include employing them in the PFM unit in the FA.

### ***For the Project***

6. Prepare and implement an explicit exit strategy as soon as possible (by mid December at the latest) to ensure a smooth transition from the Project to the Government (particularly the PFM unit) at the end of January 2011. The exit strategy should include the following specific recommendation.
7. Prepare recommendations for the Government aimed at identifying the regulatory and other issues that need to be addressed in the short, medium and long term to maintain the momentum in implementing PFM that has built up during recent years as a result of the Project operations.
8. Collect and collate all important publications and reports prepared by the Project and ensure that they are deposited in appropriate libraries in Mongolia and also in relevant FAO offices to inform a wide range of interested individuals and groups.
9. Explore options for retaining the Project facilitators to support national implementation of PFM, such as their employment in the PFM unit or their engagement with partner organisations.
10. Conduct an “end of Project” workshop with all stakeholders to highlight the achievement of the Project during the past five years. Soum governors of pilot FUGs should be invited to ensure that they are aware of the new role of the PFM unit in the FA in taking on the mandate previously carried by the Project.

### ***For FAO***

11. Speed up the internal FAO process to approve the TCP proposal to maintain essential support for PFM and to continue piloting the implementation of the PFM process through

the Foundation Phase and in to the Implementation Phase to maximise learning and feedback.

12. Document and publicise the experiences of the Project in implementing PFM in Mongolia to ensure the lessons learned are widely shared.

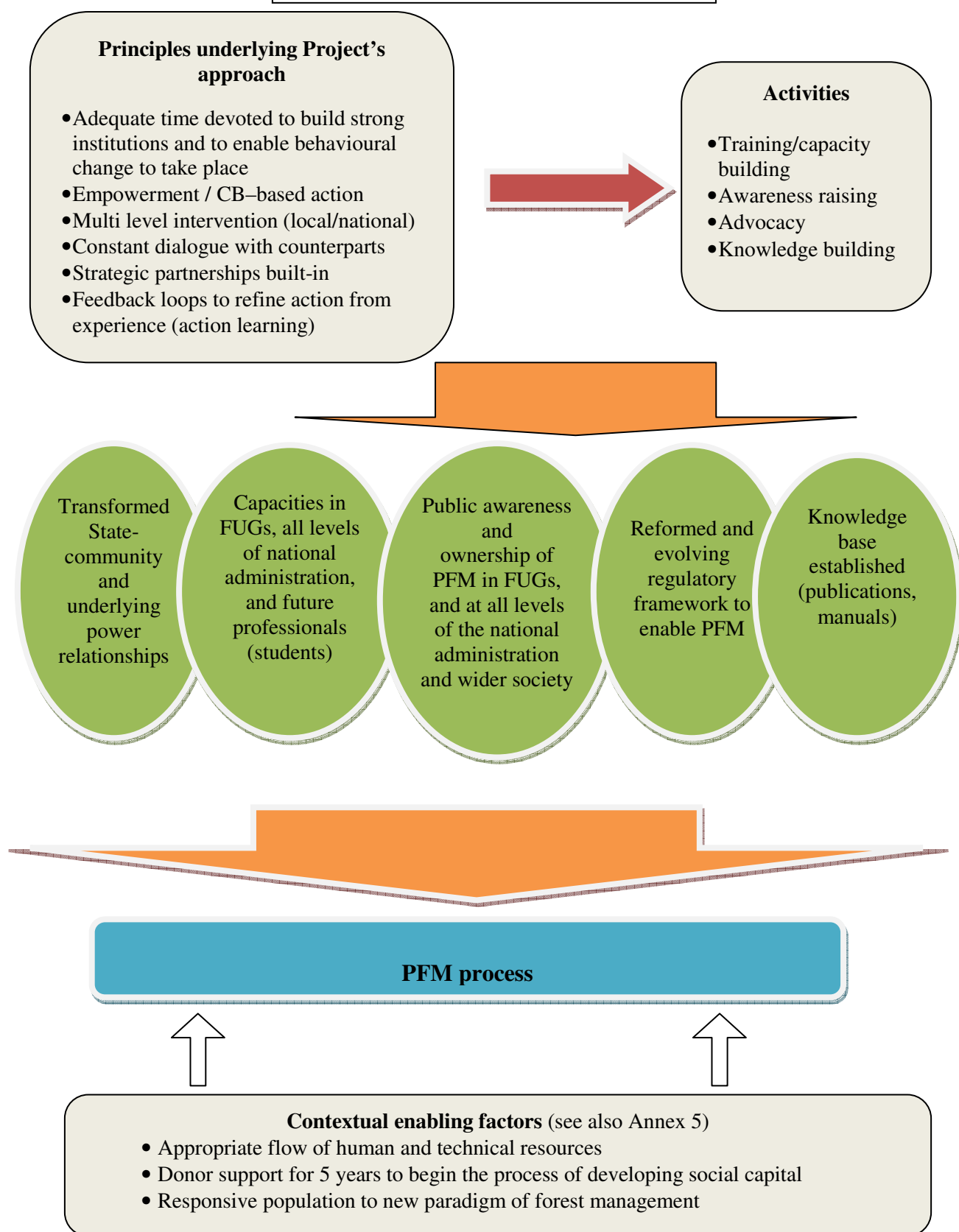
## 7 Lessons Learned

The discussion in the previous sections leads to the conclusion that the Project has been an outstanding success, but it is useful to pose the question: why is this so? The answer lies in an analysis not just of the realism and relevance of the Project design and the effectiveness of its implementation (as discussed above), but with other less easily quantified factors. Many of these factors are of relevance to development initiatives outside Mongolia so could be of wide interest. The following points summarise the essential characteristics of the approach adopted by the Project that have contributed to its success (as perceived by the evaluation team and key Project staff during a workshop—see Annex 5 for details):

- The Project was **closely aligned with national priorities**.
- The Project built on an in-depth **knowledge of the country's context and development trajectory** developed during the previous TCP.
- A major focus of activities was on **capacity building** of key implementing **partners** (government, FUG members, Universities, etc.).
- A flexible, iterative approach was adopted with implementation (particularly in the pilot sites) rather than using a blanket blueprint—the Project **adopted an explicit action-learning *modus operandi*** with the pilot FUGs being used as learning sites.
- The Project adopted an explicit **focus on both local and national levels** and developed good linkages between the two to enhance feedback loops to inform policy and capacity building needs.
- There was a strong institutional **connection between the Project and the FA, the EPTAs and Soum governments** (Project offices were embedded within the FA in UB and in the Aimag EPTAs).
- The Project was an **active participant in policy dialogue** which was informed by field practice and was able to **influence** change.
- The Project was well connected to **technical and administrative support from FAO's global networks** (for capacity building, conflict management, MA&D, etc.).
- There was **strong donor and government support** for the Project.

In essence, the Project was able to **learn** about PFM implementation by **direct engagement** in the process, and use that learning to **leverage** changes in implementation policy and practice. The following figure conceptualises the key elements that have contributed to the Project's success.

**Figure 2. Factors leading to success**



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## **9 Annexes**

**Annex 1. Terms of Reference for evaluation**

**Annex 2. Schedule of activities and people met during evaluation**

**Annex 3. Questions to guide evaluation**

**Annex 4. Agenda and results of stakeholder workshop**

**Annex 5. Agenda and results of staff workshop**

**Annex 6. Presentation at final de-brief**

**Annex 7. LFA and progress to October 2011**

**Annex 8. PFM concept**

**Annex 9. Strategic partnerships**

**Annex 10. Technical backstopping, consultancies and reports**

**Annex 11. Project timeline**

**Annex 12. Income generated by FUGs**

**Annex 13. Changes to regulatory framework for PFM**

**Annex 14. Project supported research**

**Annex 15. Capacity building activities**

**Annex 16. Awareness raising products**