



Workshop

“Capacity Building in Sharing Forest and Market Information”

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Country statement

Mongolia

- Policies affecting forest land use and forest products markets -

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Forest Policy issues in Mongolia

1. Structure legal and policy framework

The total forest area of Mongolia is 17.5 million ha or 11.2 percent of the total land area. All forests and forest land in Mongolia are state owned.

During the planned economy system, until 1990, increased environmental degradation caused by common property for natural resources, which was reflected to use of resources without any charges, because it was as "nonmalleable natural gift" and all production incensement was subsidized by central Government.

In the transition period, since 1990, market relations makes serious reforms in forestry complex, as one of Natural Resources Based Sector. The forest resources management system was decentralized. Previously state-owned enterprises have been reorganized into joint stock companies ,and currently all of them are private companies, and free market price for forest products where was established.

Forest harvest volume was reduced to 2.5-3.0 times, and due to that forest production amount was subsequently decreased, as a result share of forestry sector to the GDP dropped from 4,7 percent in 1989 to 0,6 percent in 2002.

In the legal side there following laws have implications to forest management: i) Law on Environmental protection; ii) Forest Law; iii) Land law; iv) Law on Special Protected Areas; v) Law on Native Plants; vi) Law on Forest use payment; and vii) Law on "The rate of Environmental expenditure to the natural resources use payment income".

The Forest Law, enacted in 1995 and amended in 2000 and 2002, provides the basic framework for the protection, proper use and regeneration of Mongolia's forests.

According to the Forest law the state owned forest resources and forest land subject to the leasing or allocation to the economic units, organizations and to the group of citizens.

The law regulates the roles and responsibilities of government agencies and as well as citizens. But in the future it need more improvement for the clarifying the roles and responsibilities of all stakeholders.

There are also several international treaties with important implications for forest management, as Mongolia is signatory. The most significant of them are: Convention on Biodiversity and Convention to Combat Desertification.

At national level we have several programs and policies to protect forest resources according to above mentioned international and national treaties and laws.

A National Forest Policy was prepared in 1998. It focused on forest utilization, forestry resources, conservation and social welfare concerns.

The forest policy was revised in 2001 as the National Program on Forestry (NFP), and another important policy document, National "Green wall" Program, also was approved by Mongolian Government in 2005.

These policy documents clearly represented Mongolian government policy to shift its priorities away from utilization forest resources towards to conservation, protection and reforestation.

The NFP priorities are institutional restructuring, forest fire and pest management, reforestation and enhancing the quality and efficiency of timber processing.

The National "Green wall" priorities are building totally 3000 km long green zones between desert and steppe ecozones from western to eastern regions of Mongolia, with the aim to

combat Desertification and sand movement, which more severe now due to Global Climate Change, and ongoing forest resources depletion.

2. Major trends in societal demand towards forest land use

Mongolian forest serves mainly as a source : i) commercial wood and fuel wood at domestic demand, ii) habitat for wild animals, iii) grazing space for domestic animals, which is country economy is depend, and iv) watershed management in the highly dry zone of Central Asia and the collection medical and other NTFP.

Currently Mongolia facing rapid deforestation in the country due to fire, improper commercial and illegal logging, inadequate enforcement of forest rules and regulations, grazing and browsing of young trees by livestock, and insect infestations.

Forest cutting and heavy pastoral use that lead to the loss of ground vegetation cover, in the presence of climate change are causing a warming of the ground and melting of the permafrost.

Mongolian government encourages the reforestation and conservation of its forests, but its effectiveness is lower. Currently area successfully replanted represents only five percent of the total forest lost. At present, 150,000 ha of forest need to be restored; however, only 5,000 ha are being restored annually. Because of poor handling of the seedlings, inadequately-prepared ground, lack of the necessary fungal associations with the roots, and especially the difficulty of protecting the seedlings from the depredations of livestock, replanting has not yielded extensive young forests.

According to the Law on “ The rate of Environmental expenditure to the natural resources use payment income “(2000) 85 % of Forest resources use Payment income should be spend annually for reforestation and forest conservation.

3. Contribution of forest land use to sustainable development

Mongolian government is accepting the principle of sustainable development as vision for its future development. This is more vital in the forestry sector. From one side the small number of population and less density of its territory may help for implementing sustainable forestry practices. In other hand ongoing desertification, climate changes and inadequate use of forest resources, explained in above section, making serious problems for future actions.

The importance of small-scale wood producers is high in a country like Mongolia with sparse population. The re-estimated size of Annual allowable cut (AAC) in utilization and some part of protection forests is around 0,9 -1,5 mln.m³., so Mongolia can not be supplier of wood products more than this level to domestic or international markets. Current total domestic demand (TDD) is about 1,8 mln. m³, where sawnwood products 0,1 mln. m³, and fuelwood 1,7 mln.m³.

In 2005 government quotas , issued on the base of utilization forest resources, was for sawn wood products - 0,04 mln.m³, and fuel wood - 0,6 mln.m³., but it represents approximately half of total timber harvesting in the country, and remaining as “illegal harvesting”.

According to some estimation a total illegal wood harvest, for which the Government receives no royalties or taxes, in the range of 345,000 to 1.0 million m³ per year.

In the view of the gap, between AAC and TDD, Mongolian Parliament (2005) adopts Law on

import and value added tax exception for round wood and limber.

Currently about 65 percent of total wood harvested is used by poor rural and urban households for both cooking and residential heating. The wood is a source of energy for which no realistic alternative exists at a time of serious, accelerating forest depletion. It is estimated that if no alternative sources of domestic fuel are developed and current levels of forest depletion continue unabated, serious fuel wood shortages will begin to be experienced in urban areas by the end of this decade.

4. Major policy issues with regard to further development

Major policy issues for further development of forestry sector are:

- i) Education: training for sustainable forest management; training of people for reforestation under "Green Wall" program; training on CBNRM; and improvement of skills for use of NTFP.
- ii) Research: Sound use of forest products; environmentally friendly forest harvesting methods for specific local condition; Community based Forest management options; selection of trees for replanting; forest zoning; and alternative sources of energy for local population.
- iii) Infrastructure: development of forest road network; sustainable management structure; and forest conservation network.
- iv) Economic incentives: taxation; economic valuation; and forest resources accounting at provincial level.

5. Law enforcement

Regulatory compliance and enforcement of forest legislation is the responsibility of environmental inspectors and the rangers at the province (aimak) and district (soum) levels. Under the recent reorganization, all inspectors belong to the State Inspection Bureau. The illegal cutting of forest is now one of major priority of forest law enforcement.

Government is currently undertaken following measures to reduce illegal forest harvesting in the country:

- i) Introduced Code of Certification (2004) for transporting commercial wood between aimaks and cities;
- ii) Revised the license system for commercial and fuel wood harvesting (2005)
- iii) Revised Forest Law Articles on the planning and permit system of forest harvesting;
- iv) Established Sectoral Inspection for illegal cutting;
- v) Involving NGO's and citizens for the monitoring of forest harvesting; and
- vi) Promoting Community Based Forest Management Approaches

The management of forest land through top-down enforcement of regulations has been ineffective and a two-prong strategy involving gradual expansion of community forest management and strengthening of the existing government enforcement regime offers the best alternative to minimize illegal harvesting.

This is based on the assumption that forest-dependent people, who directly and collectively benefit from the harvest of forest resources, have incentives to manage those resources sustainable and to prevent outsiders from using them illegally.

6. Assistance provided by international organizations

In the forestry sector following international assistance projects was or being implemented in last 5-10 years, by the support and the technical assistance of UNDP, JICA, ADB, FAO, FINNIDA, GTZ, World vision, IDRC Canada, and KOICA :

- i) Forest resources Management study in Selenge aimak, 1999-2001
- ii) Forestry sector development plan, 1997-1999
- iii) Reform policy exchange project by, 1997-1999
- iv) Forest Management in Protected areas and National Parks, from 2000
- v) Participatory Forest Management , from 2004
- vi) Community based forest management , from 2000
- vii) Sustainable Management of Common Natural resources, from 2000, and
- viii) Forestry Sector Review , 2004; and
- ix) Others.

Recognizing the ecological importance and fragility of Mongolia's forests and the critical role they play in energy security the World Bank and FAO currently in the process of implementing sustainable forest management approaches with involving all stakeholders for future development.

In the view of existing illegal cutting of timber and weakness of central and local forest management system donor assistance will be addressed for Participatory forest management and Technological innovations. Currently community based forest resources management system being tested in different locations by various international donor projects (World vision, IDRC-Canada, GTZ, FAO)

7. Management structure

In 1987, due in part perhaps to increasing alarm at the rate of forest exploitation, a decision was made to establish a single government ministry responsible for inter-sectoral integration and coordination of natural resource and environmental policies and programs at the national level. The Ministry of Nature and Environmental Protection was established in that year by merging the Ministry of Forestry and Wood Industry (where established in 1974) with the Department of Meteorology and Hydrology. In 1990, the Ministry was amalgamated with other agencies into a State Committee for Environmental Control, and responsibility for the wood industry was transferred to the Ministry of Commerce and Industry.

In 1992, the State Committee for Environmental Control was re-organized into a new Ministry of Nature and Environment (MNE).

Currently the Ministry of Nature and Environment (Forest policy and coordination Division is one 7 units in MNE structure), and the Aimak, city Governors has the main responsibility for the management of forests.

The list of governmental institutions, which are responsible for law enforcement on forests is shown in the Table 1.

The list of governmental institutions (Ministries) which have responsibilities for the administration of state-owned forests shown in the Table 2-3.

The list of governmental institutions on major governing levels (state, regional, local), which are responsible for law enforcement on forest land and the institution responsible for the management of state owned forests and the name of major stakeholders related to forestry, including NGO's, research and environmental organizations, educational institutions is shown in the Table 4.

8. Major changes for the effective forest policy

In the future forests as a common pool resource, with weak central and local management system, may be sustainably managed by Co-management system. This however requires the participation of all stakeholders, facilitated through community based and co-management agreements that are supported by appropriate policies interlinked at national and local levels.

Other changes for effective policy settings will include:

- i) Improvement of regulatory enforcement
- ii) Improvement of effectiveness reforestation, including “Green wall” Program
- iii) Use of market instruments and incentives for sound use of resources
- iv) Increasing investment to wood processing , and
- v) Improvement of capacity of forest management at local and national levels

9. International network on forest policy information

Mongolia interested to take part on the forestry policy information sharing network among the countries and regions. We need to study more market oriented forest management policy experiences, where ecological and social aspects forest management underlined. There are none any obstacles for such networking and experience sharing in case of Mongolia.

We want to share information on:

- i) Forest policy and forest legal issues
- ii) Community based forest Management
- iii) Economic incentives and instruments
- iv) Criteria and Indicators of SFM,
- v) Reforestation and nursery development , and
- vi) Forest products marketing, pricing

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g) Please list the governmental institutions, which are responsible for law enforcement on forests, their objectives with regards to forest land use and their main instrument used

Table 1

Policy area	National Ministries	Objective	Main policy instrument used (please mark with an X)			Year	Source of data/ link
			Legal/ Regulatory	Financial/ Economic	Inform- ational		
Production of wood	MTal , MNE		+		+	1987	GOM
Short term plantations	MNE	To improve reforestation	+	Financial	+	1987	GOM
Health and vitality of forests	MNE	To improve forest health		+	+	1995	Forest law
NWFP	MNE , local government	Utilizise resources	+		+	1995	Forest law
Hunting	MNE , local government		+		+	1995	Hunting Law
Water cycles (forests)	MNE	Ecosystem management	+	+	+	1995	Forest law
Air cycles (forests)	MNE, Ministry of Health	Reduce air pollution	+		+	1998	L AA
Carbon issues (forests)	MNE, Ministry of Health		+		+	1995	Forest law
Biodiversity (forests)	MNE	Biodiversity conservation	+	+	+		
Erosion prevention (forests)	MNE. MFAA		+	+	+	2000	NPCD
Tourism	MI ,MNE		+		+		
Public awareness and participation	MSE , MNE		+	+	+		
Research, Training and Education	MSE , MNE		+	+	+		
Cultural and spiritual values	MSE , MNE		+		+	1995	Forest law
National Parks/Conservation	MNE	Increase protected areas	+	+	+	1994	SPAL

h.) Please list the governmental institutions (Ministries) which have responsibilities for the administration of state owned forests and indicate who is carrying out the management in these areas.

Table 2

Ministry/ Ministries	Forests and other wooded land (ha)	Management is carried out by (%)			Year	Source of data
		State financed management	Outsourced to commercial enterprises	Total		
				100		
Ministry of Nature & Environment	Forest conservation and reforest.	95	5	100		
Ministry of Nature & Environment	Forest inventory and Annual cut plan	90	10	100		
Ministry of Nature & Environment	Protected areas forest management	100		100		
Ministry of Trade & Industry	Timber & Wood processing		100	100		
...				100		
...				100		
Total state owned				100		

i.) Please list the governmental institutions on major governing levels, which are responsible for law enforcement on forest land- and the institution responsible for the management of state owned forests.

Table 3

	Institution responsible for law enforcement			Institution responsible for state forest management			Year/Source of data
	Name of Institution	Number of entities	average forest area /entity (ha)	Name of Institution	Number of entities	average forest area /entity (ha)	
National Level (1 ministry)	State Inspection Committee	1		Ministry Nature & Environment	1	17 mln.ha	
Regional -2 (second highest)	Province (Aimak) Inspection Department	21		Province (Aimak) Governor Environment Department	21		
Regional -3 (third highest)	District (Soum) Environment Inspector	508		District(Soum) Governor	302		
Regional -4 (fourth highest)	Environmantal Ranger	521		Sub-District (Bag) Governor	1110		
...							
...							

j) Please name and list the major stakeholders related to forestry, including NGO's, research and environmental organizations, educational institutions (exclude state administration, see questions g) and h) !).

Table 4

Type of organization	Name of organization	Objective	URL/ address
State forest enterprises	Forest & Water Research Centre	Forerst Inventory & Forest Insect Serevice& Nursery Development	Tel: 327269
	Wood Research Centre	Design of Wood & Furniture	Tel: 321083
	Disaster Department	Forest and Steppe Fire	Tel: 326879, 99262510
Private owners and industry associations	Forestry & Hunters Assosiation	To protect rigths of foresters and wood industry workers	Tel: 321863
EnvNGOs	Union of Environment Protection Assosiations	To support citizens iniatives for Nature and environment protection	Tel:99754621
	Green Gold Assosiation	To support reforestation and Mining	Tel: 456293
	Green Movement	To support green peace activities	Tel: 325681
Reaserch/Education	Institute of Botany	Research on forestry	Tel: 451014, 451837
	Institute of Geoecology	Applied study on forestry	Tel: 458851, 450268
	National University	Forest engineers	E-mail: num.edu.mn, Tel: 320185
	Agriculture University	Agroforestry education	E-mail: msua.edu.mn, Tel:
Others	Technological University	Wood prosessing education	E-mail: must.edu.mn, Tel: 320185
	Enveronmental Consortium	Environment protection	E-mail: mnic@magicnet.mn , Tel: 99199276