

10 YEAR PROGRAMME ON SUSTAINABLE CONSUMPTION AND PRODUCTION (SCP)

PROGRESS AND ACHEIVEMENTS

Inclusion of SCP in policy papers

1. MDGs based Comprehensive National Development Policy a Fundamental policy paper of Mongolia set the following objectives: “ ...protect and strengthen Mongolia’s sovereignty; ensure sustainable development of science, technology and environment, strengthening intellectual development and human capacity; create knowledge based economy sustained by high technology; to develop the country to be a middle income country through prioritizing environmentally friendly production and services ...” “...ensure development of pure national and advanced technology through supporting scientific organizations and private sector through “...intensive development of export-oriented, private sector-led, high technology-driven manufacturing and services, with particular focus on information, communication development, promoting bio and nano-technology.

2. The policy of the Government action plan for 2008-2012 to support advanced technology was focused on waste minimization at all production cycle and promotion of efficient use of natural resources, especially raw materials, energy, water, and reduction additional costs of transportation as well as on the implementation of public awareness raising activities for sustainable consumption and production.

3. A policy is set to establish legal accountability for polluters in order to implement polluter-pay principle and to encourage environmentally friendly production through various incentives

4. The Government fully supports new initiatives of countries in the region on increasing eco benefits and resource efficiency, including Green Growth and Cool Earth Partnership programs and actively collaborates to benefit and to learn from these initiatives.

5. Mongolian Climate change vulnerability risk assessment was carried out and National climate change plan was revised and adaptation strategy is under the development. This will be the main strategy to promote green production and consumption.

6. Although the Government of Mongolia is making good efforts, heavy dependence on world’s economy and raw materials market as well as country’s weak economic capacity and absence of incentive mechanisms to promote sustainable consumption do not yield desired results.

Inclusion in the poverty alleviation strategies

7. *National Poverty Alleviation Program* (NPAP) between 1994 and 2000 had provided valuable support to local governments for developing social and economic infrastructure. Mongolia faced an economic crisis with 331% inflation in 1993, 70% in 1994 and that time the Government of Mongolian had no other mission except

providing support to the estimated 26% of total population living under poverty line and stabilizing domestic economy and continuing economic innovation. Nevertheless, NPAP has played an important role in ensuring economic growth, poverty alleviation, and policy and system reforms. The program continues to sustain and improve livelihoods of the people especially, rural herders, nowadays.

8. The Poverty Reduction Strategy Paper for 2000-2004 was focused more on rural development and aimed at poverty reduction of herders who lost their livestock in winter disaster through improving pasture use and pasture management. The Economic Growth Support and Poverty Reduction Strategy (EGSPRS) for 2003-2007 prioritized deepening of economic reforms, improving financial and banking sector, and develop national industries in order to reduce poverty especially in rural area while ensuring sustainable development and ecological balance, to mainstream nature conservation and environmental policies as priorities within regional socio-economic development. This paper later became a basis of Mongolia's National Development Strategy.

Inclusion in National and Local Development Planning, including Infrastructure Investment plan

9. *The Regional Development Concept* was endorsed by the State Great Khural in June 2001 and was followed by the Law on Regional Development Management and Coordination and the strategy paper “*Midterm Strategy on Regional Development for 2010*” (June 12, 2003).

10. As reflected to the Government's Action plan, it has an objective to reduce air pollution by reducing use of raw coal and improving engineering infrastructure of gher district, to decrease environmental pollution through gher district re-planning and producing clean coal. Intensive use of raw coal is very common in daily life of the people in our country which has unique cold climate features, especially in winter. The government supports investments in to developing production industry in rural areas, establishing railway infrastructure, which promotes the development of mining industry in the Gobi region.

11. With an aim to protect forest resources, a ban on application of timber as support stick for structure at construction sites was adopted and recommendation was given to use metallic or plastic support materials to replace inefficient and excessive use practice of timbers made through cutting young trees. It was an important decision to conserve forest resources.

12. In order to increase green spaces and open areas in urban planning, a standard on “Amount of Green Structure in Construction and Urban Planning” has been approved. It stipulates that no less than 15% of the construction area shall be covered with green structure.

13. The Government developed a Program on Healthy City, and is planning to organize urban planning and transportation policy in an environmentally friendly way.

14. A study on General Planning for Ulaanbaatar City Development was carried out and Master Plan 2030 has reflected objectives to develop Ulaanbaatar to be a densely

populated with environmentally friendly public transportation system to establish social infrastructure focused on energy efficiency and resources recycling system, providing cheaper apartments to improve urban environmental quality.

Policy to support green purchasing

15. In 2005, the Law on Public Procurement (LPP) of 2000 was replaced by the Law on Public Procurement of Goods and Works. To complement the law, Mongolia adopted the General Guidelines for Procurement of Goods and Works and General Guidelines for the Use of Consultant, setup bidding committees and revised sample documents for bidding and other relevant regulations that were came up since 2000. There are no direct articles or provisions on SCP principle however, it is possible to make a reference to relevant standards suitable for SCP principle during the development stage of bidding.

16. With an aim to implement a policy to support green growth, the Government incorporated the activities to promote SCP principle among public into its action plan and National Productivity Development Center NGO is in charge of organization of training and promotional activities to support green production.

17. The National Statistical Office, with an aim to set up the economic costs of natural resources deprivation and environmental degradation, has developed concept, theory, methodologies on definition of indicators in the framework of the environmental account which is a part of national system account.

Instruments to implement SCP principles Awareness-raising campaign (on SCP, including water conservation, energy efficiency, waste minimization and recycling)

18. National Chamber of Commerce and Industry is focusing on improving ecological education of business sector players through publishing new and reliable information on clean production.

19. Human Development Report 2010, is being prepared under the theme “Environmental Challenges and Human Development”, and environmental issues that are included in the report were analyzed using human development trends, which assessed as an effective way to assess human development, and multi-party stakeholders are involved to review current report status.

20. Actions to install water saving and efficiency technologies and water meters are ongoing in order to ensure efficient water consumption in the industry.

21. The General Requirements (MNS 5480-2005) on tanneries, wool processing factories; and standard of acceptable level of pollution of technological wastewater (MNS) are in force.

22. World Bank together with the program “Policy and Human Resource Improvement Fund of Japan” supports the “Capacity building on developing and implementation of carbon funding project”. 2 project proposals on hydropower station and a project proposal on replacing non-centralized heating boilers have been submitted to the UNFCCC Executive Committee. 2 seminars on “Phases of CDM

projects” in cooperation with the Business Development Center and “involvement into CDM projects” in cooperation with the Golomt bank have been organized.

23. In order to ensure the funding resources for environmental restoration and conservation, it is planned to create a legal background for establishing Environmental Integrated Fund, which accumulates its fund from natural resources and minerals use fees.

24. With an aim to implement polluter –pays principle, draft laws on “Payment for air pollution”, and “Procedure on Payment for Negative Impact on Environment” have also been developed.

25. Legal basis for water meter requirements in industries has been established. In connection with this, initiatives on introducing water efficient technologies are being encouraged. In order to establish economic incentives for efficient water use, the water use fee for those sectors that have negative impact on environment has been increased within the limits stated by law. To increase energy efficiency, time difference based meter system has been introduced to some places.

SCP principle in national priority areas

26. Composition of the National Bureau on Clean Development Mechanism projects, the procedure on approving CDM projects, sustainable development indicators to evaluate CDM projects have been approved by the Resolution No.211 of the Ministry for Nature, Environment and Tourism and the Bureau functions well.

27. In recent years, with aim to restore natural resources and ensure sustainable, proper and environmentally friendly utilization of natural resources, the following regulations such as “Encouraging citizens, economic entities and organizations that introduced environmentally friendly technology”, “Procedures on analysis of detailed EIA”, as well as standards “Restoration of sites damaged by mining activities” and “Plantation in damaged sites” have been developed to improve the legal environment for business sector.

Policy and measures to improve environmental and social impact of products

28. Mongolian Chamber of Commerce and Industry, in cooperation with the European Commission, is implementing the project “Development of green products and eco- labeling” with an aim to provide support in improving current green labeling system in compliance with international standards, and to jointly develop criteria on granting eco-labeling in accordance with modern requirements.

29. Mongolian Chamber of Commerce and Industry, in conjunction with GTZ, has been implementing “Eco-profit” programmer to provide private sector enterprises with training and information on wool processing and energy efficiency since 2008.

30. With an aim to distribute equal share to the citizens from the mining and mineral sector revenues, the Human Development Fund has been established and a draft law is being elaborated on funding for activities to ensure human development.

31. The Ministry of Nature, Environment and Tourism has developed a National program on education for sustainable development and is working to expand awareness on sustainable development to all level of educational organizations, industry and entertainment sectors.

Participation of general public and private sector

32. MNET has signed Partnership Memorandum of Understanding and co-working with Mongolian Chamber of Commerce and Industry with an aim to cooperate with the private sector in order to expand clean production.

33. In the scope of the Year to Support Industrialization, and in accordance with the law on “Customs tax and import VAT removal of equipment and spare replacements for small and medium scale factories until 31 December, 2012”, a decision was made to exempt the import tax and VAT on equipment and replacement spare parts for bio-gas, bio-fertilizer production and half coked coal production.

34. In the scope of the project “Development of Green Production and Eco-Labeling” which is being implemented in cooperation with European Union, there is a plan to organize trainings for domestic enterprises on life cycle analysis methodology on wool, wood processing and tannery as well small scale food production.

CURRENT EMERGING ISSUES, CHALLENGES AND TRENDS

35. There is a lack of knowledge, limited access to information and low public awareness on improving legal framework for developing clean production and service, enhancing system for liability to polluters, reducing pollution and waste and using life cycle analysis methodologies on products.

36. Heat and power stations that use out of dated technologies and raw coal, traditional gher stoves, non-centralized heating boilers are the main source of pollution in urban areas. There is lack of investment and funding resources for establishing sustainable source of energy and renewable energy that can provide necessary energy supply.

37. Trees and bushes in Gobi desert and steppe areas extensively being used as fuel for heating and cooking by rural population and this facilitates intensification of desertification process. This is a huge challenge to change fuel types of local households and especially to meet herder families` energy needs in an environmentally friendly way.

38. It is almost impossible for a least developed country to produce products and export to the world market.

39. Mineral exploitation and exporting of raw minerals are becoming the main source of the country’s economy, which in turn forces over exploitation of natural resources and puts heavy pressure on environment.

40. There is a lack of a proper economic incentives and mechanisms to attract investment from private sector and public organizations into clean production and

green products, and financial capacity of the private sector is quite low. Also, private companies get banking loans with a high interest rate. Because of these facts, the green investment activities are not being encouraged well among the private and public sectors.

41. There is a weak urban planning, which should have been focused on creating sustainable lifestyle and inadequate infrastructure intended to support reduction of automobiles use through improving the access to public transportation service. A weak economic condition discourages improving the situation.

42. Current poor legal framework does not help promotion of programs on eco-profit, eco-design and green products and there is limited choice for green products. Coordination and management of consumption demand for green products is weak. Entities that issue eco-badges do not have a common strategy and there is no integrated standard criterion for awarding eco-badge. Therefore, the public still not trust for this kind of activities.

43. Although some private organizations started initiatives on natural resources conservation, improving natural resources use efficiency, there is no established corporate social responsibility mechanism in all sectors, especially in intensive resource utilization sectors.

44. Due to lack of information on technology, technology transfer and limited access to the world's advanced technology, local businessmen have weak knowledge and limited capacity.

45. A system to develop standard and regulation on improving efficiency of natural resources use, reducing amount of raw materials used to produce per product, and to ensure and monitor the implementation of these regulation and standard is not well developed.

46. There is a lack of managerial, organizational and financial mechanisms to direct state investments, which have been spent for scientific research, into developing green production and national consumption technology.

47. Product distribution networks, transportation and storage measures have not been considered in the regional, local and urban development policies and land use planning.

Potential ways for improvement

48. The SCP principle is a relatively new concept in Mongolia, it should be publically accepted as a main factor to ensure green growth of economy and society. Public awareness raising campaign and promotion to increase the knowledge and awareness among population on SCP principle is a joint responsibility of all stakeholders.

49. Policy reform should focus more on creating processing factories rather than direct export of raw materials and supporting the investment for best techniques and technologies that reduce negative impact on environment, and on improving pollution prevention management and coordination.

50. It needs to create a system and capacity to carry out life cycle research on products with involvement of private sector, to encourage environmentally harmless and resource efficient practices and to conduct production process evaluation in compliance with the SCP principle.
51. It needs to implement waste reduction, re-use and recycling management throughout the industrial and service sectors, and increase awareness raising activities to guide consumers` choice to environmentally friendly green products.
52. It needs to ensure favorable condition for mining industries to introduce environmentally friendly, resources efficient and waste-free technologies, and to transfer technology for minerals processing factories.
53. Improve the efficiency of current energy use, and build renewable energy stations and resources, and direct donors investment into this sector.
54. It requires support in order to reduce green house gas emissions in the energy sector and to reduce methane emissions in agriculture sector through adoption of best practices on utilization of biomass as an energy source.
55. There is a need to incorporate environmental policy into the urban development planning, which is a main source for green products growth. Revise construction norms and codes to make them environmentally friendly.
56. Establish a system that is adapted to climate change through provision of soft loans, which tied to support green products and establishment of green production favorable tax system and create legal framework to support state and local budget customers to buy green products made by national enterprises.
57. Follow the 3-R principle in all stages of industry process on raw materials input, production, use and recycling. Apply systematic approach for managing recycling process, and create an incentive mechanism to reduce waste in its source, and implement promotional and awareness raising activities among population through support of international organizations and donors.
58. Establish legal and economic incentives to introduce proper management on water saving and water resources increase as well maximizing water use effectiveness per product.
59. Increase awareness of citizens and communities on improved land use policy and management, decreasing pasture degradation, alleviating desertification process, use of soil conservation and environmentally friendly crop production methods and introduce traditional and best practices.
60. Encourage green production and service to ensure green economy growth, and build a capacity to mainstream it into the national account systems.