

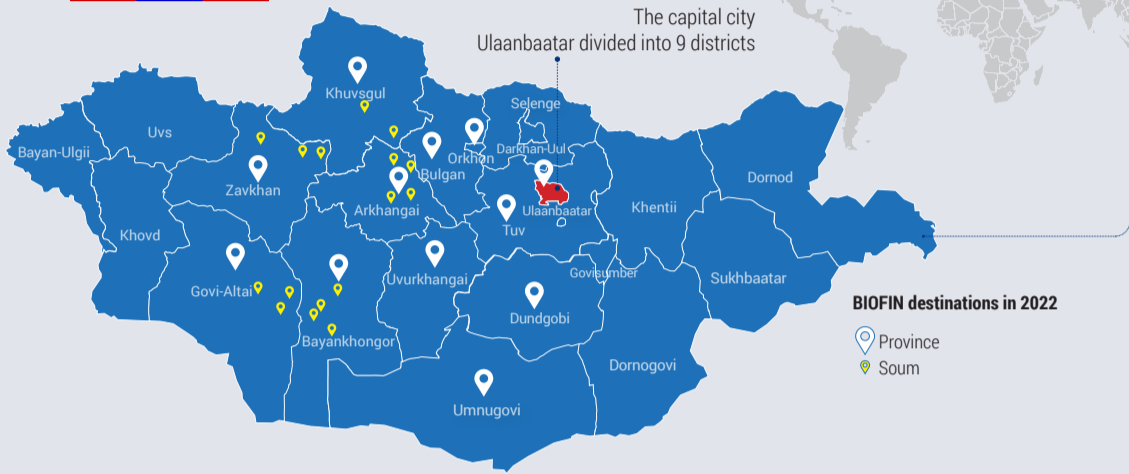
FINANCING OF BIODIVERSITY IN MONGOLIA

FINANCE SOLUTION: Enforcement of Natural Resource Use Fee Law implementation

BACKGROUND



1.56 million km² divided into 21 provinces further divided into 330 soums (local administrative units)
The capital city Ulaanbaatar divided into 9 districts



2011 Integrated Budget law fiscal decentralization (revenues collected from fees for the use of natural resources are allocated to local governments)

2012 Mongolian Law on Natural Resource Use Fees Regulated under the same law; minimum share of revenues to be spent on the conservation and restoration purposes

Aimags /Capital budget

35% ≥



Industrial and service water fee
Drinking and household water supply fee

Soum / District budget

50% ≤



Hunting fee, application process fee

15% ≤



Natural plant use fee

85% ≤



Forest use fee

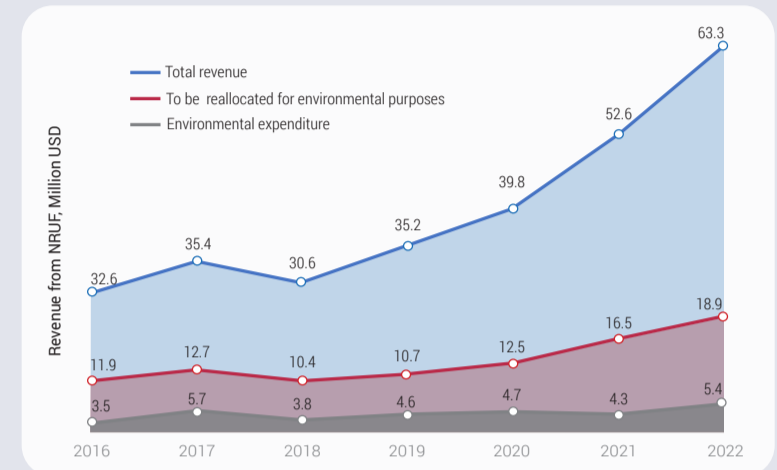
15% ≤



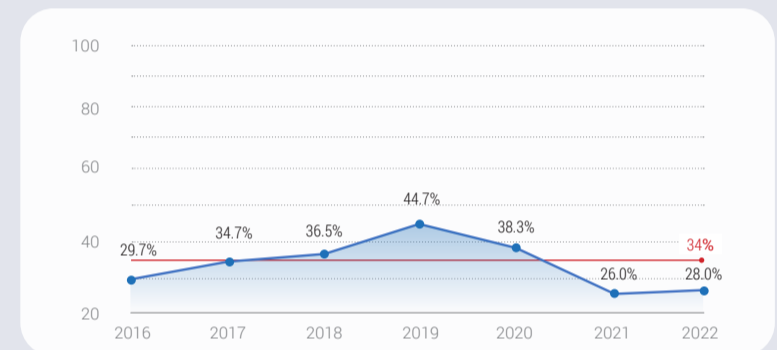
Land fee

IMPLEMENTATION until 2022

Revenue from natural resource use fee and its environmental expenditure during 2016-2022



Implementation rate of NRUF law during 2016-2022



Main bottlenecks

- Lack of transparency (database) for environmental planning, budgeting and reporting;
- Revenue for land protection and restoration measures generated only from the land use within protected areas;
- Environmental planning and budgeting do not relate to fiscal planning and timelines;
- No environmental expenditure from outperformed revenue.

ACHIEVEMENTS WITH BIOFIN EFFORTS

- Revised bylaw on Regulating revenue generation from use fees, expenditure, and reporting on local measures for nature protection and rehabilitation;
- Database on environmental planning and budgeting (operational since May 2022);
- Full-scale remote training (46 local trainers);
- Awareness raising and training field missions (through 12 aimags and 16 soums);
- Awareness raising contents;
- Weekly speech in collaboration with Mongolian Association of Local Administration;
- Consultations with each aimags

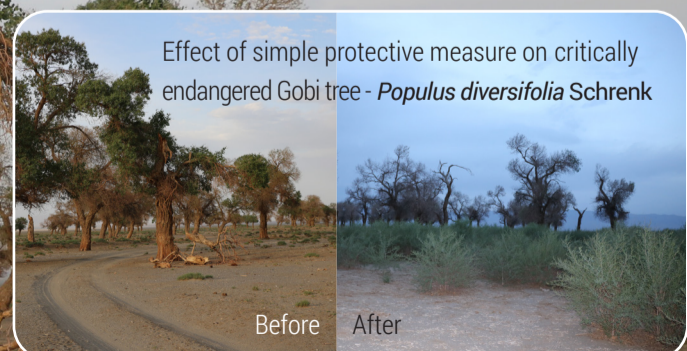
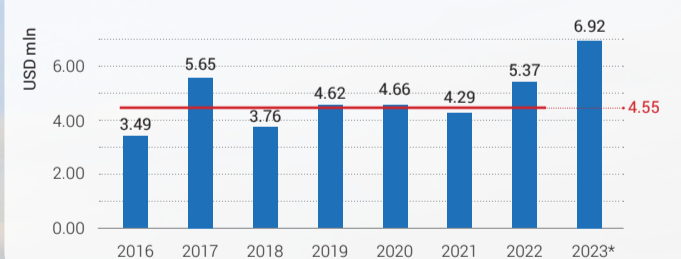
2023 approved budgets from 14 aimags and 256 soums delivered to BIOFIN country team:

- At least US\$ 29.0 mln as NRUF revenue;
- At least US\$ 5.87 mln as environmental expenditure compared to historic average of USD 4.55 mln;
- US\$ 1.04 mln planned from 2022 outperformed revenue;

> US\$ 2.37 mln increase for the environment from the historic average of US\$ 4.55 mln

74.7% of implementation rate of the Natural Resource Use Fee law compared to previous state average of 34%

Environmental expenditure



Other finance solutions of BIOFIN II Mongolia: • Creation of a National Conservation Trust Fund; • Re-purposing biodiversity harmful subsidies