

Workshop “Strengthening national capacity in applying sustainable energy policies and practices based on the recommendations of the Environmental Performance Reviews”

30 June 2021, Online
09:00 a.m. – 12:00 p.m. (CEST)

Mongolia – 1st EPR

Report	No.	Topic	SDG	Recommendation (quote)	Implementation	Implementation Updated
Part I	3.1 (a) (b) (c)	Market mechanisms; Support to vulnerable groups, awareness, access		<i>The Government should: (a) Ensure that taxes on pollution provide effective incentives for changes in behaviour of polluting companies; (b) Adjust the duty rates on gasoline and diesel as well as the separate tax on these products so that they help promote fuel saving behaviour and the import and use of cleaner fuels; (c) Consider the reform of coal subsidies provided to industry and households</i>	<i>The "polluter pays" principle is not effectively applied in Mongolia. The air pollution tax is more symbolic, its main purpose being to generate government revenue. The implementation of this instrument has also been hindered by the lack of adequate measurement instruments for the emission of pollutants. The water pollution tax has been awaiting the adoption of the secondary legislation required for its implementation. Environment-related taxes such as excises on petrol and diesel have not served any environmental protection purpose. In addition, more recently, in anticipation of social pressure, these excises have not even generated significant government revenue, due to a near general zero-rate policy. More generally, Mongolia has been pursuing a policy of providing fossil-fuel subsidies, also covering the use of coal, which should be reformed in line with SDG Target 12.c to prevent wasteful consumption of these resources.</i>	
	3.3 (a) (d)	Market mechanisms; Support to		<i>The Government should:</i>	<i>The utility services sector in Mongolia faces the challenge of ensuring the financial sustainability of</i>	

		vulnerable groups, awareness, access		<p><i>(a) Develop and apply tariff methodologies that focus on cost recovery;</i></p> <p><i>(d) Develop targeted social support measures to address affordability constraints for poor persons.</i></p>	<p><i>its operations given that existing tariffs are not cost reflective. This makes the sector dependent on subsidies and transfers from local government and state budgets. The general feature is a lack of adequate funds for maintenance and renewal of the infrastructure. Tariffs for water supply and energy do not provide sufficient incentives for rational use of these resources. Tariffs that are insufficient for recovering costs are also a barrier for greater private sector involvement in the provision of these services.</i></p>	
Part II	7.4 (a) (b) (c)	Climate change; Legal, Policy and Institutional framework; Compliance with international laws, norms and standards	13.2	<p><i>The Government should:</i></p> <p><i>(a) Adopt a national adaptation plan and the Second Phase Implementation Plan of the National Action Programme for Climate Change, aligning them both with the most recent strategies and commitments taken internationally on climate change, namely, the Nationally Determined Contribution;</i></p> <p><i>(b) Establish a body specifically dedicated to coordination among line ministries relevant to climate policy, supported by a technical, permanent and sufficiently capacitated structure;</i></p> <p><i>(c) Take actions to reduce dependency on international financial resources, guaranteeing the conditions necessary to promote private investment and ensuring the sustainability of capacity-building activities.</i></p>	<p><i>The Government has undertaken efforts to develop and implement policies that can contribute to adaptation to the impacts of climate change and is aware of the importance of reducing GHG emissions. The National Action Programme for Climate Change 2011–2021 is an adequate policy framework; however, a national adaption plan is yet to be adopted. Preparation of such a plan is an important element for achievement of SDG Target 13.2 (Integrate climate change measures into national policies, strategies and planning). Mongolia was one of the frontrunners in ratifying the Paris Agreement. As described in the 2015 NDC, the country intends to mitigate GHG emissions by implementing measures in the energy, industry, agriculture and transport sectors, contingent upon the continuation of international support to complement domestic efforts. Measures are estimated to result in an annual reduction of 7,300 t CO2 eq of emissions in 2030, corresponding to a 14 per cent reduction compared with a business-as-usual (BAU) scenario, excluding LULUCF. The main challenges for the implementation of the policies and measures that will allow Mongolia to comply with its mitigation target and adapt the most vulnerable sectors to the impacts of climate change are having the necessary financial resources and an effective and sufficiently capacitated institutional framework. Mongolia has benefited extensively from the technical and financial support of the</i></p>	

					<p><i>international community and has been able to successfully access mechanisms such as the CDM, JCM and GCF. The second implementation phase of the National Action Programme for Climate Change is currently being prepared, in light of the commitments presented under the 2015 NDC. A domain so dependent on policy coordination as climate change requires effective institutional coordination mechanisms, which Mongolia currently does not have. Capacity and know-how on GHG emissions monitoring require strengthening. Efforts to improve human and institutional capacity on climate change would assist Mongolia in implementing SDG Target 13.3 (Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning).</i></p>	
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