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| <b>13. Type of financing</b> | <b>Indirect management</b> with the entity(ies) to be selected in accordance with the criteria set out in section 4.3.1 |
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## 1.2 Summary of the Action

Mongolia is facing an unabated degradation of its key-ecosystems (rangelands and forests), caused primarily by a combination of excessive livestock numbers and non-sustainable natural resource management, and exacerbated with concerning effects of climate change (with alarming rates of desertification, change in weather patterns affecting the permafrost and frequency of dzuds). Although having significant potential, agriculture and forestry sectors do not add the value needed for the country to diversify its economy from its dependency on extractive industry, and reduce the socioeconomic and climate-induced rural exodus.

The Action intends to strengthen Mongolia's capacity to transition to a greener economy based on sustainable and resilient ecosystem and agricultural management, while at the same time, bring direct and sustainable benefits to local communities from both existing and newly developed productive sectors. This may be achieved by (1) improving regulatory and/or policy framework enabling integrated, sustainable and inclusive management of forests and agricultural areas, improved Technical, Vocational, Education and Training (TVET) sector and reduced disaster risk; (2) Introducing integrated landscape management with focus on agriculture and forestry to address food system challenges and climate stresses; (3) Enhancing sustainable agriculture and forestry value chains; (4) Enhancing capacity of human resources in agriculture and forestry sectors in line with labour market needs.

In addition, the Action will support the achievements of some objectives of the **Forest Partnership (FP)**, signed at the highest level in November 2022 during the COP 27, in accordance with the corresponding FP roadmap that will be formally endorsed in May 2023: (1) Improved governance and sustainable use and management of forests, (2) Sustainable forest management and forest-based value chains, and (3) Reduction of deforestation and forest degradation.

It is important to note that the proposed Action will also support the presidential National Movements on the **"Billion Tree"**, the **"Food Security and Food Supply"**, the **"Healthy Mongolian"**, as well as Mongolia's efforts on digital transformation. The contribution to the presidential initiatives ensures enhanced alignment with Mongolia's most recent development aspirations and priorities, including those stated in its updated National Determined Contributions (NDC).

The Action contributes to Priority Area 1 "Green Sustainable Development" of the **MIP 2021 – 2027**, and its underlying three specific objectives (DAC codes - 113, 114, 311, 312), which aim at promoting sustainable, resilient and inclusive agriculture and forestry value chains in order to reduce poverty in rural areas and accelerate green regional and rural development whilst providing equal opportunities to all genders, youth and persons with disabilities. In doing so the action is also aligned with a recently expressed vision of the Government of Mongolia to slow down the urban migration in Mongolia. This Action is in line with and contributes prominently to the roll-out of the Global Gateway strategy in Mongolia via its defined flagship.

The Action contributes to the **Team Europe Initiative (TEI)** on "Green Economic Growth" - which is also Mongolia's national Global Gateway Flagship - and its following objectives: (1) increasing green, sustainable and climate resilient agriculture and forestry value chains; (2) strengthening sustainable forest and integrated landscape management, restoration and protection of forests and biodiversity. It has been informed by the outcomes of the ongoing "Sustainable and Resilient Eco-system and Agriculture Management in Mongolia" (STREAM) project which is co-financed by the EU and Germany and is also part of the TEI. While Member States' contributions to the present Action are not yet confirmed, several Member States are involved in the forestry sector, including the Czech Republic (through the University of Mendel) for the mobilisation of research expertise with Mongolian universities, or through the provision by France of technical expertise to the National Forest Agency on water management related matters. Other EU Member States are considering investing in the forestry sector whose importance has been stressed by the recent launch of the "EU-Mongolia Forest Partnership", while the European Investment Bank is exploring with the EU Delegation in Mongolia to engage as from 2025 in EFSD+ operations (blending and guarantees) in sustainable forest management.

The scope of the Action encompasses several SDGs. Whilst SDG 15 (sustainable use of terrestrial ecosystems, forest) figures prominently, other SDG achievement in Mongolia will benefit from the implementation of the Action: SDG 2 (food security, improved nutrition and sustainable agriculture, SDG 4 (inclusive and equitable quality education), SDG 5 (gender equality and empowerment), SDG 8 (inclusive and sustainable economic