Development by Design as a Tool for Conservation Finance in Mongolia

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Second Dialogue Seminar on
Scaling up Finance for Biodiversity

Quito, Ecuador
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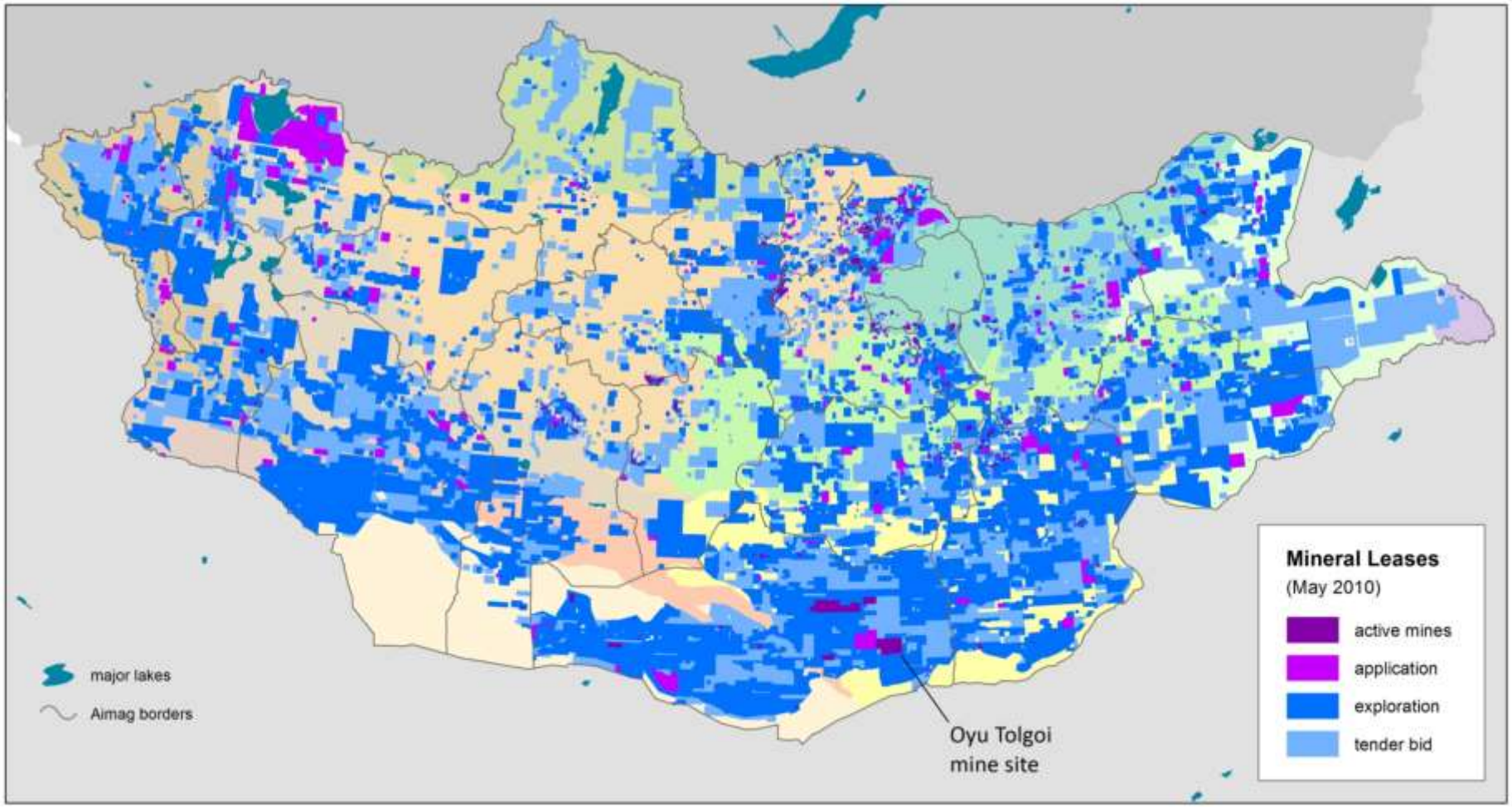
Mining Leases in Mongolia



> 30% GDP

> 85% exports

$ 0 for conservation

Mongolia's challenge:

How can a mining-focused economy support conservation & development objectives for people and nature?



New Mitigation Law

- Government modified its Environmental Impact law in 2012 requiring implementation of **mitigation hierarchy,** including **offsets**
- Regulations issued in February 2014 and out for public comment, pilot projects
- Offset investments in new protected areas defined through development of a conservation portfolio (ongoing)

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Development by Design Framework

1. **Setting Priorities**

   Conservation, ecosystem services, other values

2. **Projecting Impacts**

   Cumulative impacts, early warning, avoidance, opportunities for sustainable outcomes

3. **Identifying Best Options**

   For impacts that do occur, opportunities for mitigation strategies and offsets

4. **Measuring Progress**

   Extent to which mitigation actions support conservation goals

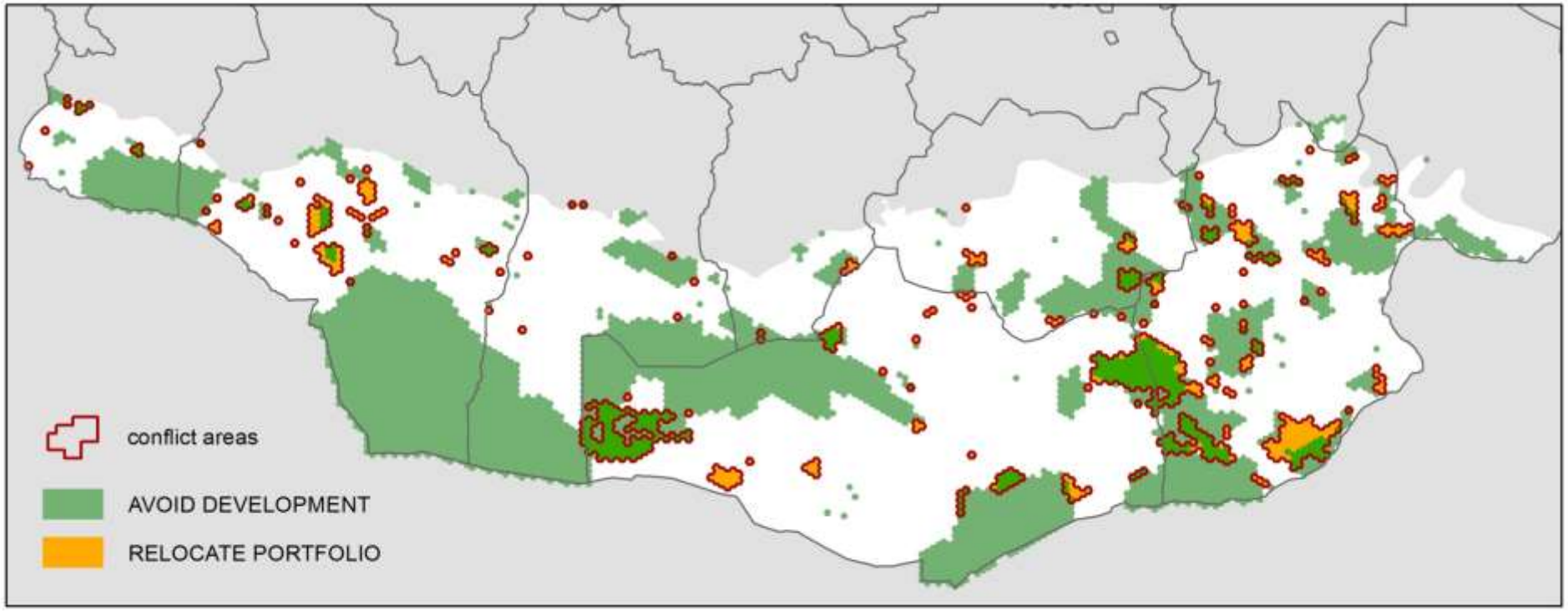
Region-Level Analysis

Project-Level Analysis

Mongolia's Mitigation Framework:
Use landscape–scale mitigation to help…

- Identify potential conflict before it happens
- AVOID impacts incompatible with conservation objectives
- REDUCE management costs associated with threats from outside protected areas

Development by Design identifies and reduces potential conflict between the conservation portfolio and current mining leases

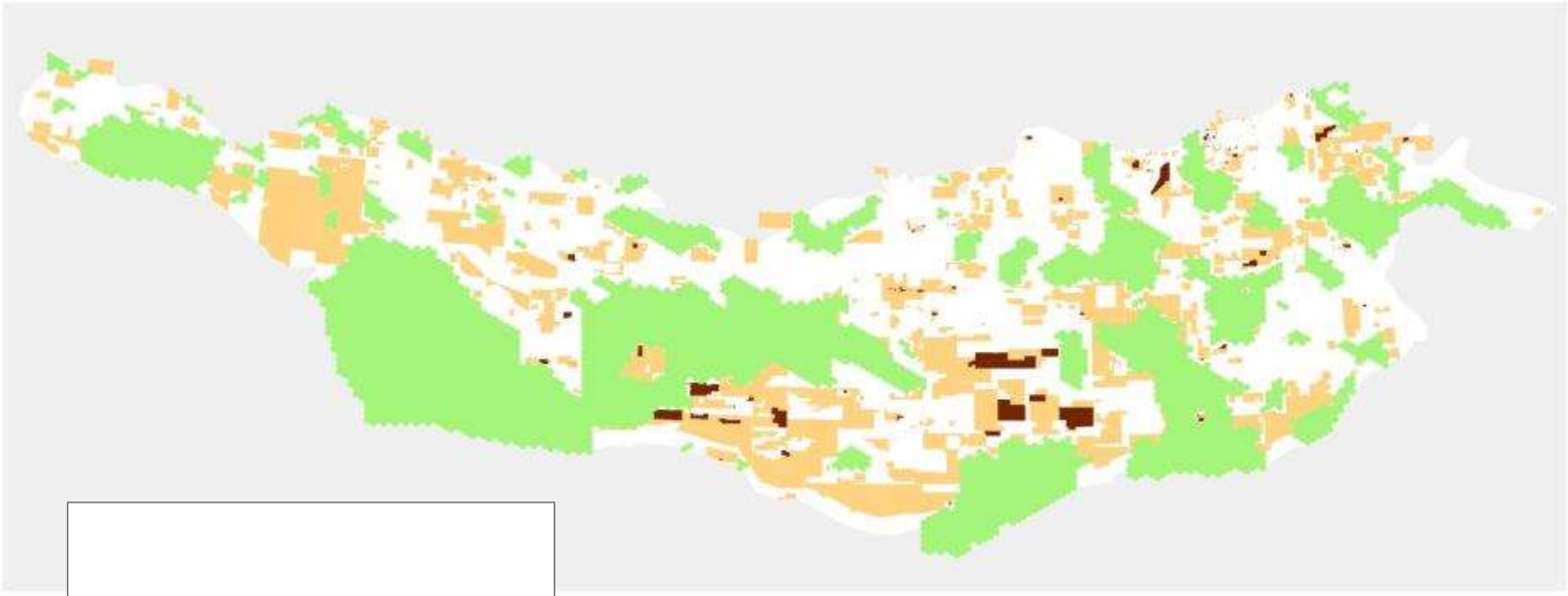


South Gobi region of Mongolia

Designate no-go zones and replace conflict areas whenever possible with sites of **similar or higher biodiversity value**

Mongolia's Mitigation Framework:
Use landscape–scale mitigation to help…

OFFSET in an ecologically sound manner that directs investments to high priority areas



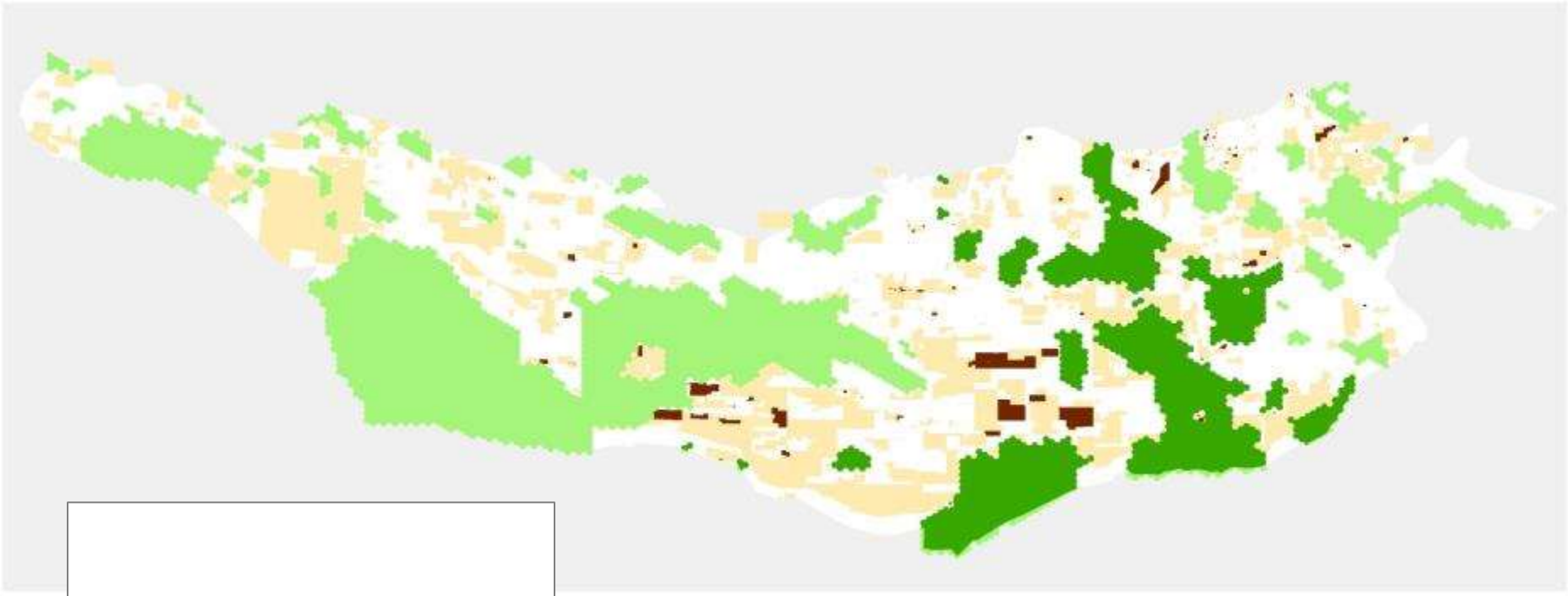
Conservation portfolio

Mining leases

active mines

application / exploration leases

Model of mining and conservation portfolio expansion in South Gobi 2014-2021



Conservation portfolio

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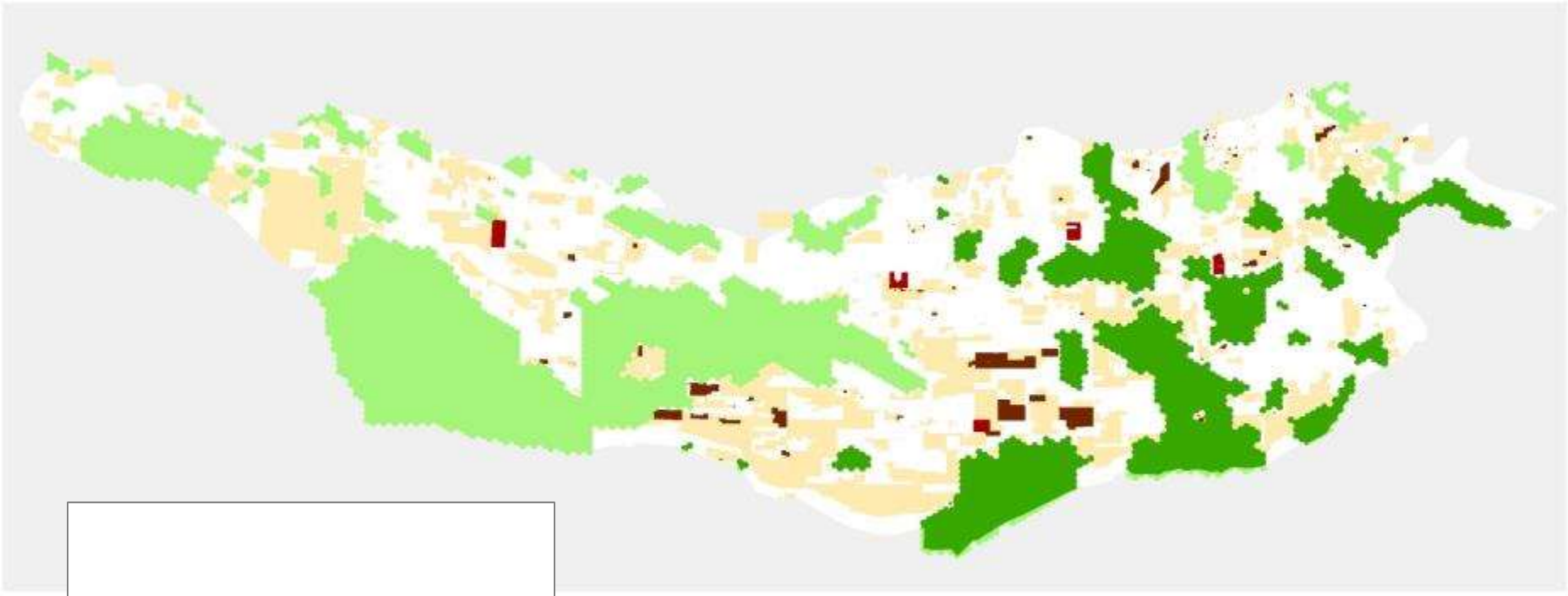
2014

existing mining leases: 607,000 ha

potential offsets: 6,070,000 ha



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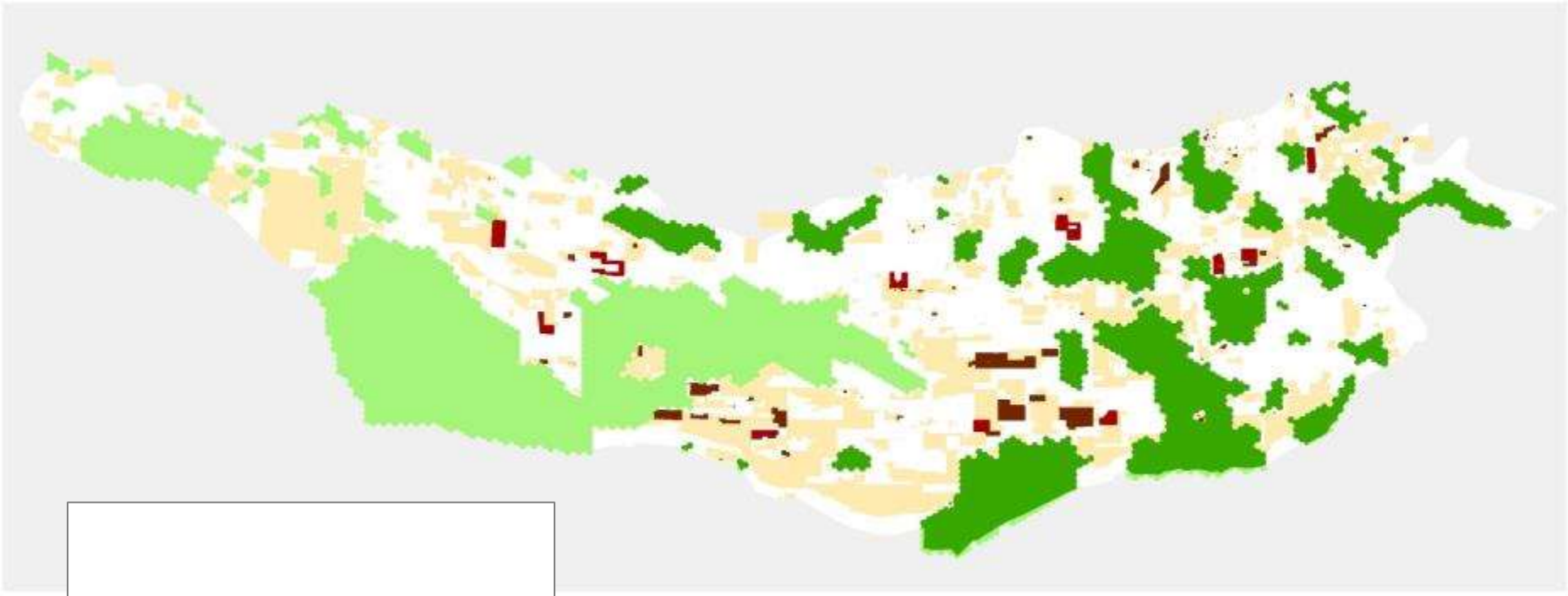
2015

new mining leases:	121,400 ha
potential offsets:	1,214,000 ha



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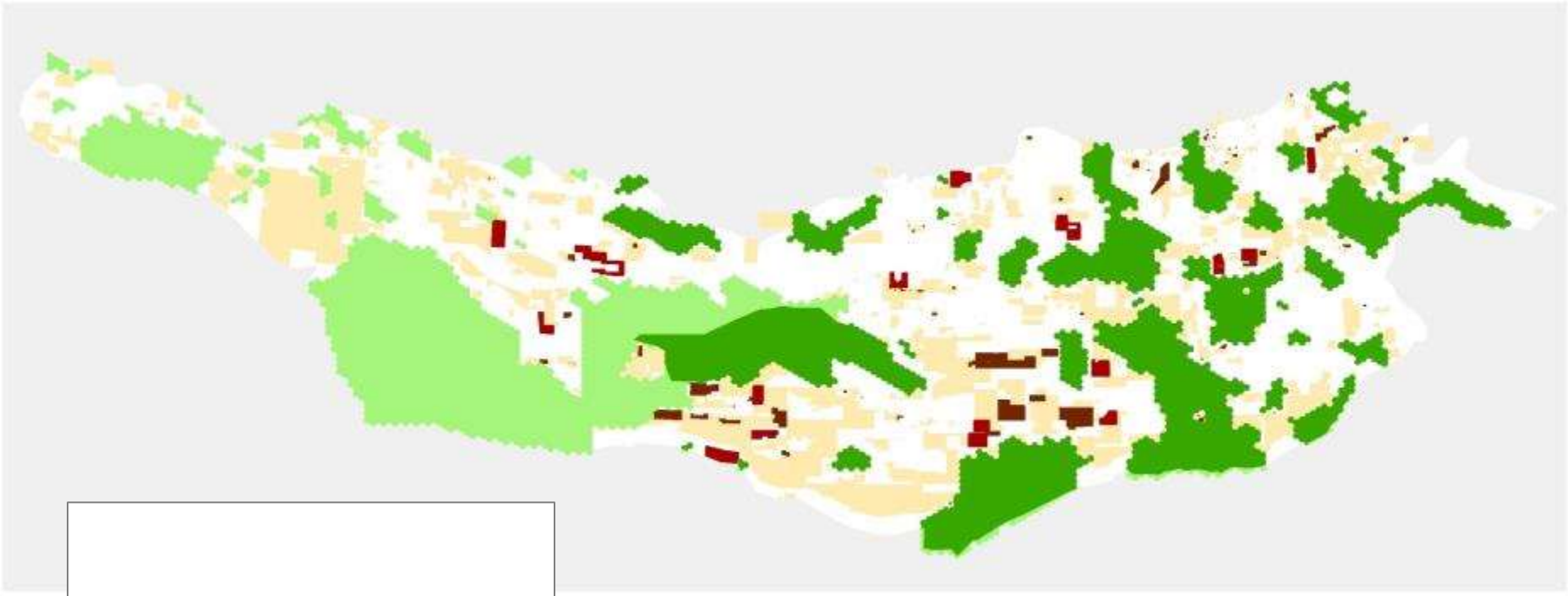
2016

new mining leases:	145,700 ha
potential offsets:	1,457,000 ha



Conservation portfolio

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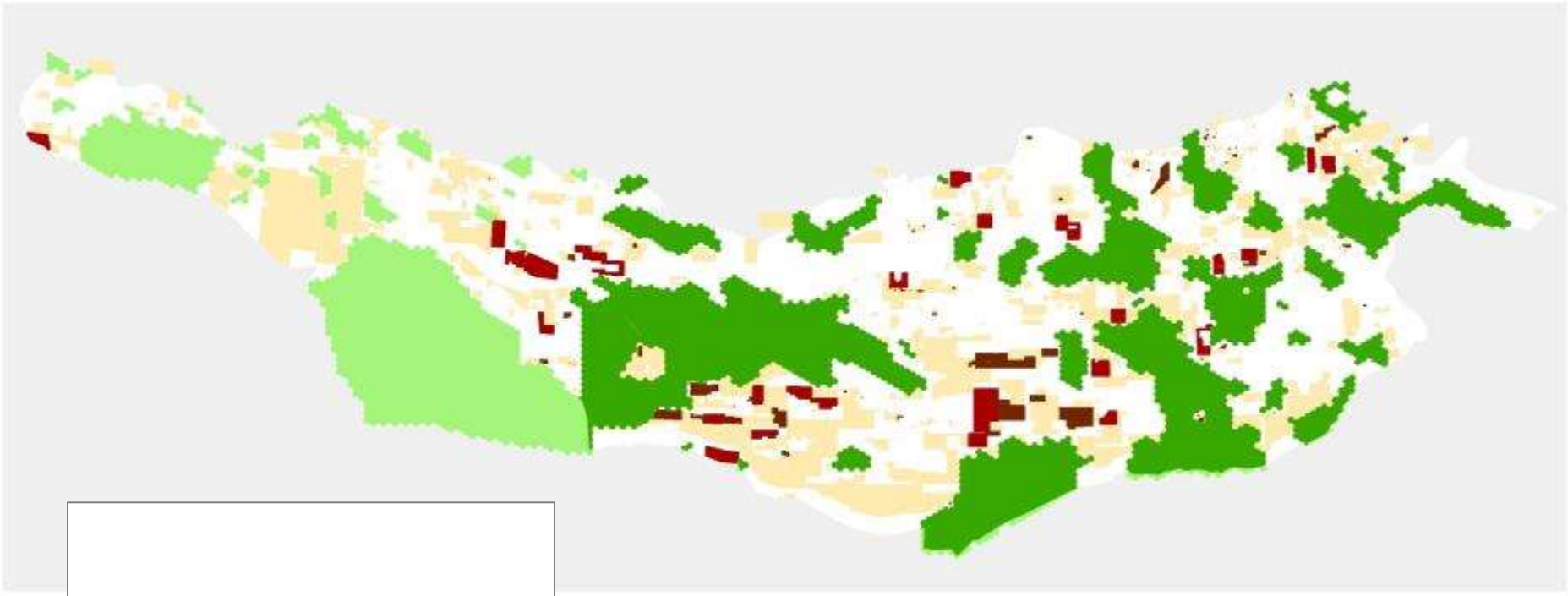
2017

	new mining leases:	174,800 ha
	potential offsets:	1,174,000 ha



Conservation portfolio

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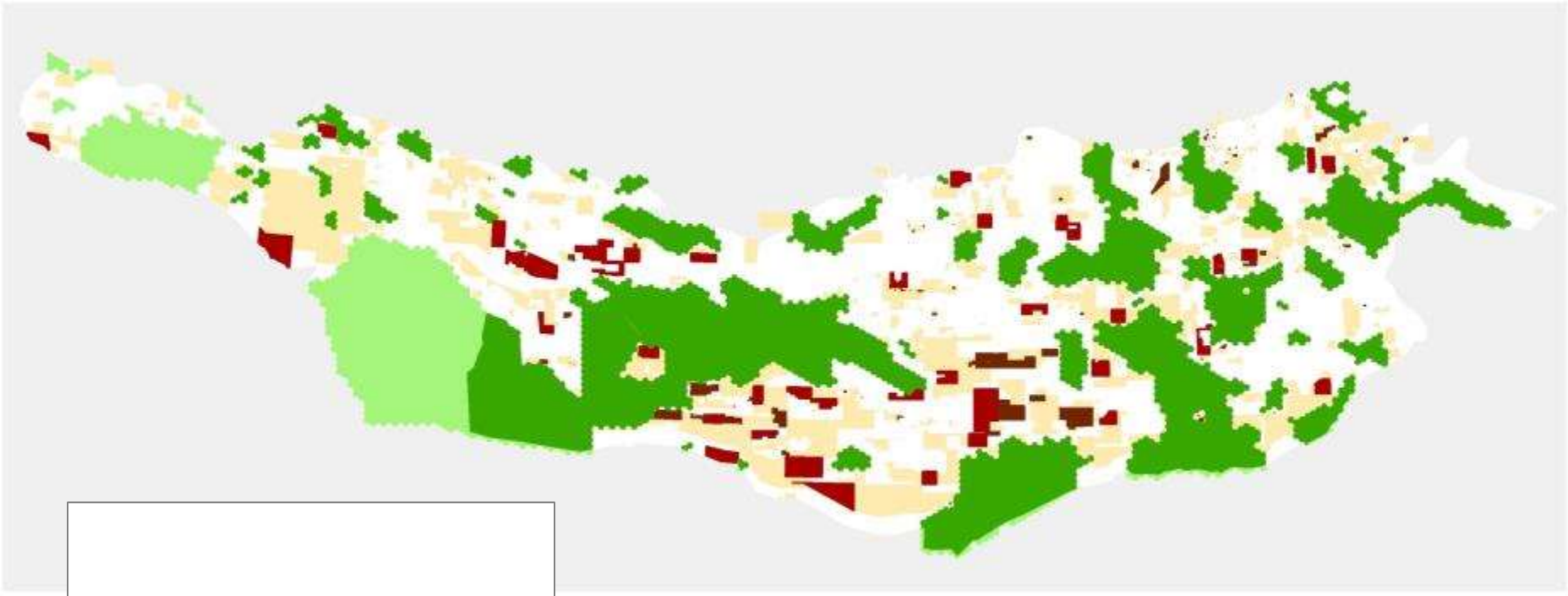
2018

new mining leases:	209,800 ha
potential offsets:	2,098,000 ha



Conservation portfolio

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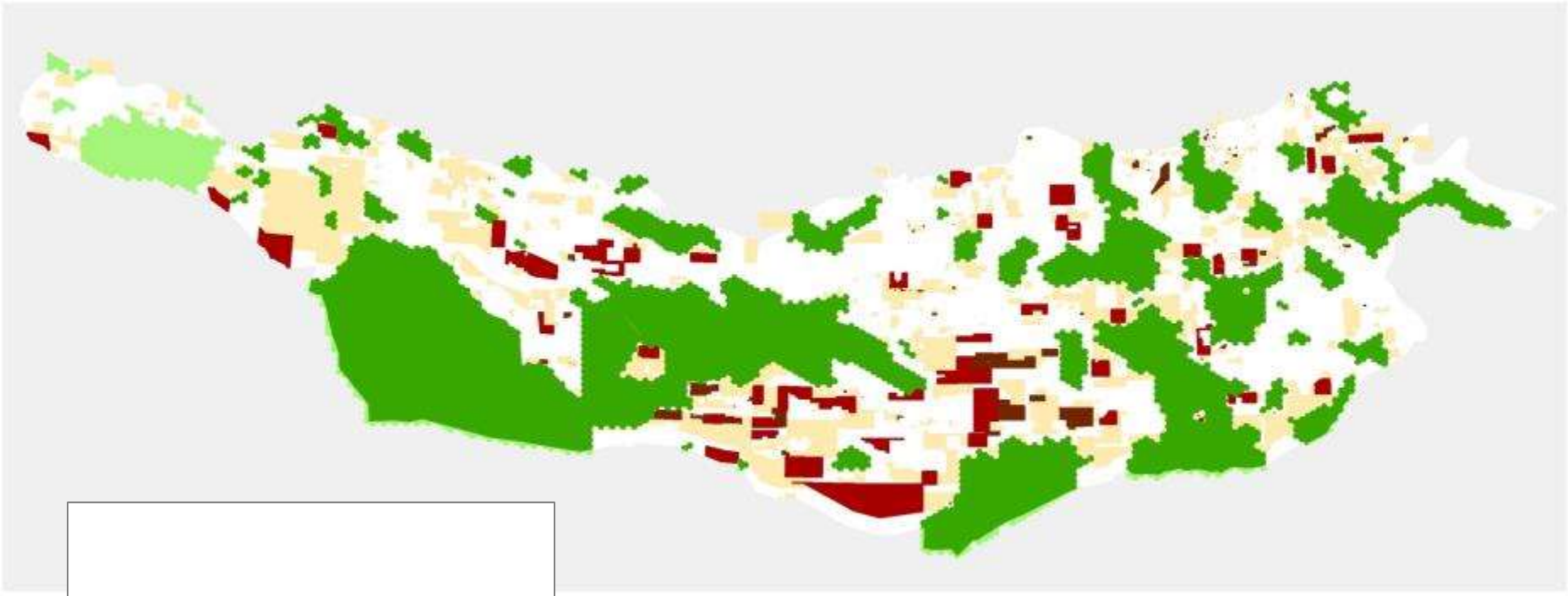
2019

new mining leases:	251,800 ha
potential offsets:	2,518,000 ha



Conservation portfolio

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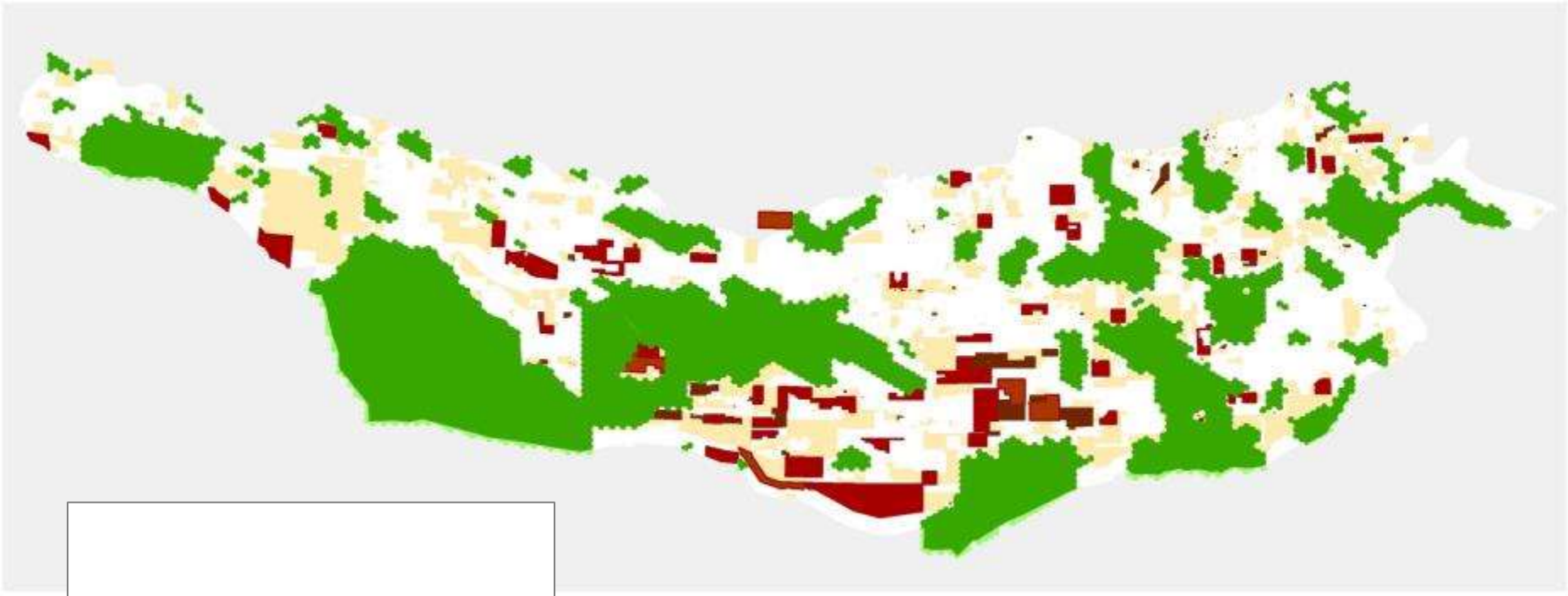
2020

	new mining leases:	302,100 ha
	potential offsets:	3,021,000 ha



Conservation portfolio

Mining leases

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2021

new mining leases:	362,500 ha
potential offsets:	3,625,000 ha

Can this be translated into monetary terms?

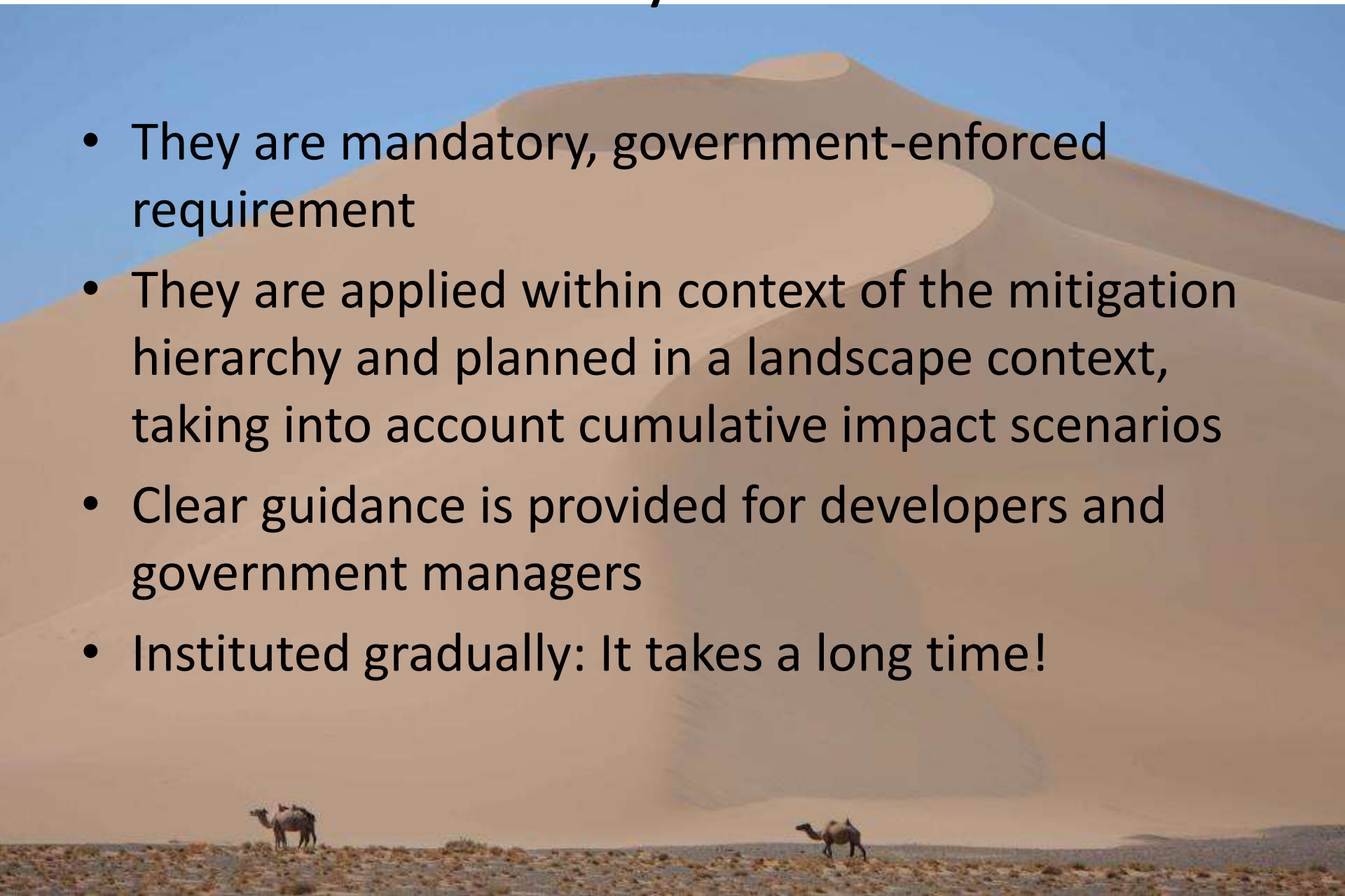
- Offsets are chosen for ecological equivalence to what is harmed by mining impacts and conservation priority, so costs will vary.

- PA management costs in Mongolia are relatively low in global terms (<$5/ha/year), so most offsets likely to be inexpensive from developers' point of view.

A Green Future for Mongolia?

- Need for new PA classification system that allows for traditional use and allows benefits to flow to traditional use managers
- Determining additionality of funding to protected areas
- Building institutions and capacity for effective implementation

Offsets most likely to succeed when:



- They are mandatory, government-enforced requirement
- They are applied within context of the mitigation hierarchy and planned in a landscape context, taking into account cumulative impact scenarios
- Clear guidance is provided for developers and government managers
- Instituted gradually: It takes a long time!