



# Interim Evaluation of UNDP/GCF ‘Improving Adaptive Capacity and Risk Management of Rural Communities in Mongolia’ project.

## *Final Report*

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**Country:** Mongolia



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## Disclaimer

This report is the work of independent consultants, and doesn't necessarily represent the views, policy, or intentions of the GCF accredited agency (i.e UNDP), Government and project partners. The opinions and recommendations in the evaluation will be those of the Evaluators and do not necessarily reflect the position of UNDP, Government, or any of the Programme stakeholders.



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### 1.3 Acronyms and Abbreviations

GIS	Geographic Information System
GoM	Government of Mongolia
GRM	Grievance Redress Mechanism
HPOs	Herder Producer Organizations
HPC	High-Performance Computer
IBF	Impact-Based Forecasting
IE	Interim Evaluation
IRMF	Integrated Results Management Framework
IRBMPs	Integrated River Basin Management Plans
IWRM	Integrated Water Resources Management
IW	Inception Workshop
M&E	Monitoring and Evaluation
MECC	Ministry of Environment and Climate Change
MET	Ministry of Environment and Tourism
MoFALI	Ministry of Food, Agriculture and Light Industry
MSRM	Mongolian Society for Rangeland Management
MoU	Memorandum of Understanding
MWCA	Mongolian Wool and Cashmere Association
NAMEM	National Agency for Meteorology and Environmental Monitoring
NAPCC	National Action Program on Climate Change
NDA	National Development Agency
NDC	Nationally Determined Contribution
NEMA	National Emergency Management Agency
NGO	Non-Governmental Organization
NIM	National Implementation Modality
NWS	National Weather Service

OECD	Organization for Economic Cooperation and Development
PES	Payment for Ecosystem Services
PMU	Project Management Unit
PPCPs	Public-private-community partnerships
ProDoc	Project Document
RBA	River Basin Administration
RCMs	Regional Climate Models
RUAs	Resource User Agreements
RUGs	Resource User Groups
SEP	Stakeholder Engagement Plan
SESP	Social and Environmental Screening Procedure
SMART	Specific, Measurable, Achievable, Relevant, Time-bound
SLM	Sustainable Land Management
SME	Small and Medium-sized Enterprises
STDP	Soum Territorial Development Plan
TAG	Technical Advisory Group
TE	Terminal Evaluation
ToC	Theory of Change
TNA	Technology Needs Assessment
UNDP	United Nations Development Program

## 1.4 Project information table

Project Title		Improving Adaptive Capacity and Risk Management of Rural Communities in Mongolia	
<b>UNDP Project ID (PIMS #):</b>	5873	LPAC meeting Date:	Feb 25, 2021
<b>GCF Project ID:</b>	FP141	Project Document (ProDoc) Signature Date (date project began):	March 30, 2021
<b>ATLAS Business Unit, Award # Project. ID:</b>	0097281	Planned starting date:	Feb 09, 2021
<b>Country(ies):</b>	Mongolia	Date (latest) project manager hired:	29 August 2024
<b>Region:</b>	Asia	Inception Workshop date:	26 July 2021
<b>Focal Area:</b>	Climate Change Adaptation	Midterm Review completion date:	November 2024
<b>Focal Area Strategic Objective:</b>	Climate Change Adaptation (LDCF)	Planned closing date:	Feb 09, 2028
<b>Executing Agency/ GCF Executing Entity)::</b>	Mongolian Ministry of Environment and Climate Change (formerly known as the Ministry of Environment and Tourism).		
<b>Project Financing</b>	Planned - (US\$)	At IE (US\$) (spent as of August 2024)	
<b>[1] GCF financing:</b>	23,101,276 <sup>1</sup>	6,665,810	
<b>[2] UNDP contribution:</b>	00	00	
<b>[3] Government:</b>	56,200,000	41,025,313	
<b>[4] Other partners:</b>	000	00	
<b>[5] Total co-financing [2 + 3+ 4]:</b>	56,200,000	<b>41,025,313</b>	
<b>PROJECT TOTAL COSTS [1 + 5]</b>	79,301,276	47,691,123	

<sup>1</sup> Current total disbursement to UNDP from GCF is USD 13,188,703.00 (last disbursement of USD 6,871,736.00 was effective as of 2024/02/20).



## Executive summary

**Project Description:** The objective of the GCF ADAPT project is **to strengthen the resilience of resource-dependent herder communities in four aimags vulnerable to climate change**. The project seeks an integrated approach to address climate change impacts on herder livelihoods and on the natural resources on which they rely. The Mongolia ADAPT GCF project is being implemented by the Mongolian Ministry of Environment and Climate Change (formerly known as the Ministry of Environment and Tourism) following UNDP's National Implementation Modality (NIM). The project started on the 9<sup>th</sup> of February 2021 and spanning over a period of seven years until February 2028, currently in its third year of implementation. The project total allocated budget is US\$ 23,101,276 from GCF and expected to mobilize a total of US\$ 56,200,000 in co-financing. The project is implemented in Zavkhan, Khovd, Dornod, and Sukhbaatar aimags covering steppe, desert steppe, mountain, mountain steppe and forest steppe zones.

**Evaluation objectives, scope, and methods:** The purpose of this Interim Evaluation (IE) was at the mid-point of the implementation to assess progress and identify the necessary changes to be made to set the project on-track to achieve its intended results. With this in mind, the IE focused on the review the project's strategy and its risks to sustainability, assessment of project results against the targets, draw lessons that can both improve the sustainability of benefits from this project. The methodology of the IE encompassed a comprehensive desk review of project documentation, semi-structured interviews with key stakeholders, focus group discussions with project beneficiaries and field visits to significant project sites to collect firsthand evidence. Throughout the process, purposive sampling aimed to capture a diverse range of stakeholder perspectives, ensuring gender responsiveness and inclusivity in data collection and analysis.

### Progress Summary and main conclusions

The ADAPT project has made moderate progress toward its objectives, with 14 midterm targets achieved, 1 mostly achieved, and 4 with limited progress. Various operational challenges, including geographical remoteness, market inflation, and procurement delays, have hindered further progress. Despite these obstacles, the project has directly benefited 40,913 individuals and indirectly impacted over 169,560, enhancing the resilience and climate adaptation awareness of herder communities. Early successes include improved ecosystem health and increased community satisfaction, though it is too early to fully assess the project's long-term impacts. Stakeholders have reported significant improvements in their technical skills and understanding, particularly in risk assessments, data integration, and cross-sectoral planning, with nearly 90% of training participants agreeing that their newly acquired skills positively influenced policy reform and decision-making.

Under the project's components, substantial investments have been made in building institutional and individual capacities, though gaps remain, particularly in climate adaptation science and policymaking. The project has faced difficulties in fully implementing impact-based forecasting (IBF) due to challenges in procuring a High-Performance Computer (HPC) that is needed to undertake IBF modelling. Progress in integrating climate risk into planning and policymaking is ongoing, with more work needed to fully embed these efforts at local and national levels. While the project has made significant achievements, such as establishing Resource User Agreements, reforestation

riparian areas, and advancing public-private-community partnerships, it lags in key biophysical interventions like water harvesting. Additionally, efforts to improve market access and traceability for livestock products are still in progress, requiring further refinement and stakeholder engagement, especially concerning the Payment for Ecosystem Services (PES) mechanism.

The ADAPT project faces significant operational challenges that threaten its success, including the remoteness of project sites, leading to high travel costs and logistical difficulties, and recent inflation in Mongolia, which has increased the costs of goods and services and contributed to budget constraints. Additionally, the project has struggled with managing stakeholder expectations, frequent political leadership changes, and staff turnover, all of which have slowed implementation and required extra time and resources to address. Complex procurement processes through UNDP and the limited financial capacity of some local governments have further hindered progress, particularly in securing necessary equipment and meeting co-financing requirements.

The implementation of the Gender Action Plan (GAP) has faced significant challenges due to the absence of specific budget allocations, which has limited the effectiveness of gender-related activities. Although a gender specialist was recruited, the lack of dedicated funding resulted in minimal awareness and training on gender mainstreaming, and gender considerations have not been sufficiently integrated into the project's outputs. While the project has generally made efforts to collect gender-disaggregated data, there are notable gaps, particularly in training activities where data on male and female participants were not recorded all the time. Additionally, the project has not distinguished between cooperatives led by women and those led by men, missing critical opportunities to gain deeper insights into gender dynamics within the project's activities.

Expertise gaps in climate risk data analysis and business marketing have further hindered project activities, while the PMU's flat structure (with all 17 team members reporting directly to the project manager) limits the project manager's ability to focus on strategic issues. Although UNDP Mongolia has provided essential oversight, concerns remain about lengthy and complex procurement processes that have delayed project implementation. Additionally, MECC and MOFALI need to manage stakeholder expectations more effectively by clearly communicating the project's scope and limitations within the frameworks of the GCF and UNDP.

### IE Ratings and Achievement Summary Table

Measure	IE Rating	Achievement Description
<b>Project Strategy</b>	N/A	<ul style="list-style-type: none"> <li>• The ADAPT project is a transformative and comprehensive initiative aimed at enhancing the resilience of resource-dependent herder communities by integrating policy reforms, capacity building, and market access. However, several challenges exist.</li> <li>• Critical assumptions, such as herders' willingness to adopt climate resilience measures and reduce livestock, are not adequately addressed in the project's Theory of Change (ToC), leading to gaps in monitoring and evaluation.</li> <li>• The underestimation of implementation costs, especially in reforestation, and the exclusion of the Gender Action Plan from the multi-year budget plan pose a risk to the project's success. Addressing these issues is essential for ensuring the project's long-term impact and sustainability.</li> </ul>

		<ul style="list-style-type: none"> <li>• The ADAPT project is highly relevant to the needs of its target groups, and aligned with the national priorities as defined by NDC, NAPCC and other strategic plans and policies.</li> <li>• The project design effectively acknowledges the gender-specific impacts of climate change and integrates these considerations into its strategy.</li> <li>• The PRF includes a wide range of indicators at impact, outcome, and output levels, but has notable gaps and ambiguities. It lacks an indicator to track changes in herders' livestock size, the scorecard system is unclear, and key terms in the PRF are not well-defined, contributing to overall uncertainty in its implementation.</li> </ul>
<b>Project Effectiveness/ Progress Towards Results</b>	Objective Achievement Rating: Moderately Satisfactory (MS)	<ul style="list-style-type: none"> <li>• The project has made moderate progress toward its objectives, with 14 midterm targets achieved, 1 mostly achieved, and 4 with limited progress. Despite challenges, the project has benefited 40,913 individuals directly and over 169,560 indirectly, enhancing the herder community's resilience and awareness of climate adaptation.</li> <li>• The project has made progress in integrating climate risk into planning and policymaking, developing various tools and guidelines. However, fully embedding these into policy remains an ongoing effort, necessitating continued focus on policy reform and integration at local and national levels.</li> <li>• Early positive impacts include improved ecosystem health and community satisfaction. And Stakeholders reported significant improvements in their technical skills and understanding after the project's capacity-building programs. Key gains include better risk assessments, data integration, and cross-sectoral planning.</li> <li>• The project started recently to build PPCPs connecting herders' cooperatives with private sector companies for products supply.</li> </ul>
	Component 1 Achievement Rating: Satisfactory (S)	<ul style="list-style-type: none"> <li>• Most of the MTR targets achieved.</li> <li>• The project has significantly invested in building institutional and individual capacities, training 172 government officials in areas like climate resilience, land use planning, and impact-based forecasting (IBF). However, capacity gaps remain, hindering progress in climate adaptation science and policymaking. A more targeted approach to training needs assessment is required. Also, the project also faced challenges in procuring an HPC.</li> <li>• The project has made progress in integrating climate risk into planning and policymaking, developing various tools and guidelines. However, fully embedding these into policy remains an ongoing effort, necessitating continued focus on policy reform and integration at local and national levels.</li> </ul>
	Component 2 Achievement Rating: Moderately Satisfactory (MS)	<ul style="list-style-type: none"> <li>• The project is lagging behind its mid-term targets for biophysical interventions, particularly in water harvesting, well rehabilitation, and reforestation, due to procurement delays, co-financing challenges, and extended stakeholder consultations. Despite these setbacks, the project has made significant achievements. It established 63 Resource User Agreements (RUAs) across four aimags, reforested 1094 hectares with 537,440 trees, and built or repaired 42 emergency fodder storage facilities. Additionally, the project managed 587 hectares of pasture reserves, developed boreholes and wells to improve water access, and protected 47 natural springs, enhancing community resilience to climate extremes.</li> </ul>
	Component 3 Achievement Rating: Satisfactory (S)	<ul style="list-style-type: none"> <li>• The project started recently, despite delays, to establish public-private-community partnerships (PPCPs) with six new contracts have been signed between cooperatives and private companies for long-term cashmere supply, with more contracts expected for other products like meat and wool.</li> <li>• The project supported the formation of Herder Producer Organizations (HPOs), only 790 out of 53,111 herders have been organized.</li> </ul>

		<ul style="list-style-type: none"> <li>• The project facilitated the hosting of Mongolia’s first national investment fair, launching a pilot single-point service center in eight soums, and advancing sustainable livestock practices through the "Responsible Nomads" standard. This led to notable economic benefits, including the export of 100 tons of certified cashmere.</li> <li>• The project also developed a web-based accreditation system to enhance traceability, though its full implementation and integration into the market are still in progress, limiting its impact on market access and premium pricing.</li> <li>• Additionally, the project focused on raising awareness and building herder capacities through educational media, events, and forums, and supported herders with livestock management tools and the creation of nucleus herds.</li> </ul>
<p><b>Project Efficiency/ Implementation &amp; Adaptive Management</b></p>	<p>Moderately Satisfactory (MS)</p>	<ul style="list-style-type: none"> <li>• The project board has been effective in decision-making, however, there is lack of regular coordination has led to delays and inefficiencies.</li> <li>• The PMU is composed of 18 personnel, but experiencing instability due to short-term contracts, particularly among staff recruited by MECC. Additionally, gaps in expertise, particularly in climate risk data analysis and business marketing, have hindered project activities. The PMU’s flat structure is limiting the project manager focus on strategic issues.</li> <li>• Only 23% of the GCF funds have been spent by the midterm, indicating a low financial delivery rate. Output 3 shows particularly low spending at just 21%. PMU costs are already at 59% of their allocation.</li> <li>• The project is likely to face budget deficit due to underestimated costs during design, market inflation, and increased expenses for infrastructure and biophysical activities.</li> <li>• The project has secured 73% of its committed co-financing, amounting to \$41 million out of \$56.2 million, primarily from national ministries MECC, MOFALI, and NEMA.</li> <li>• The implementation of M&amp;E faced challenges, including a delayed activation of the project board, incorrect reporting on scorecard indicators, lack of monitoring for changes in livestock sizes, and the current reporting systems do not fully track annual progress for all indicators.</li> <li>• Local stakeholders have expressed concerns about limited consultations, feeling their specific needs have not been fully recognized.</li> <li>• The project team has faced challenges managing off-scope requests from stakeholders, which have complicated engagement strategies.</li> </ul>
<p><b>Sustainability</b></p>	<p>Institutional framework and governance: Moderately Likely (ML).</p> <p>Financial: Moderately Unlikely (MU).</p>	<ul style="list-style-type: none"> <li>• The installed capacities will be crucial for maintaining climate data services, informing policy, and ensuring the project's long-term impact.</li> <li>• Strong stakeholder ownership, as observed among national and local leaders, also supports sustainability.</li> <li>• However, several factors pose risks to sustainability. The full integration and approval of policy reforms developed by the project are still ongoing, which could hinder the long-term adoption of climate-resilient practices. Additionally, the lack of sufficient training for local offices and cooperatives on maintaining and using provided equipment, such as climate monitoring technologies, risks diminishing their effectiveness over time.</li> <li>• The financial sustainability of the project faces challenges, particularly in scaling up climate adaptation efforts and securing long-term funding. While the project has developed tools and guidelines for integrating climate change into risk planning, their practical application for sustainable financing remains uncertain.</li> <li>• Efforts to replicate the project’s successes in other regions (scaling out) and at the local level (scaling deep) are also hindered by financial constraints.</li> </ul>

	<p>Socio-economic: Likely (L)</p> <p>Environmental: Likely (L).</p>	<ul style="list-style-type: none"> <li>• High maintenance costs, especially for reforestation activities, further threaten sustainability.</li> <li>• The project has faced community resistance to activities like reforestation and water spring protection, as herders were concerned about restricted access to vital rangelands. In response, the project worked directly with herder communities, ensuring alternative resource access while emphasizing the importance of protecting these lands for extreme weather events.</li> <li>• By integrating environmental and social safeguards into construction contracts, the project has proactively addressed occupational health and safety risks.</li> <li>• The ADAPT project has effectively integrated environmental and social concerns into its construction contracts, addressing issues such as hazardous waste management and water contamination. Through the Resource User Agreements (RUAs), the project has set sustainable resource use levels and incentivized better management practices, including the prevention of contamination. In its reforestation efforts, the project has prioritized the use of indigenous, multi-use plant and tree species to regenerate degraded lands.</li> </ul>
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**Recommendations summary table:** The following are a mix of recommendations for corrective actions and forward-looking recommendations: more details on the recommendations available in section 4.2.

**Table 1: Recommendations table**

#	IE Recommendation	Entity Responsible	Timeframe
1	Shift the project's focus in the second half towards sustainability and scalability by developing and implementing an exit strategy.	PMU	Q 2 2025
2	Develop and implement an impact-based evaluation framework focused on assessing herders' behavioural changes, particularly in terms of trends in livestock size.	PMU	Q1 2025
3	Establish and maintain a partnership with the Asian Development Bank (ADB) in Mongolia, particularly with ADB's Aimags and Soums Green Regional Development Investment Program (ASDIP).	PMU	Q4 2024
4	Enhance project coordination with stakeholders by evolving the 'Technical Advisory Group' (TAG) to serve as a regular coordination platform besides its role for technical review of deliverables.	PMU	Q4 2024
5	Assess or reassess the training needs of participating stakeholders and expand capacity-building activities in a targeted and localized manner.	PMU	Q1 2025
6	Explore the technical and economic feasibility of integrating climate-smart irrigation technologies into reforestation projects to reduce maintenance burdens and costs.	PMU	Q1 2025
7	Investigate the possibilities and feasibility of mainstreaming climate risks and adaptation measures into regional development plans in targeted aimags and soums.	UNDP	Oct-Dec 2024
8	Conduct a thorough budget review and reassessment to accurately quantify the anticipated budget deficit.	PMU	ASAP

9	Develop and implement a resource mobilization plan to secure additional resources needed to fill the budget deficit.	UNDP	Dec 2024 – Dec 2025
10	Review the budget for the Gender Action Plan (GAP) and boost its implementation.	PMU	Aug-Dec 2024
11	Enhance data disaggregation by gender to differentiate between cooperatives led by women and those led by men.	PMU and M&E officer	Ongoing
12	Enhanced application and implementation of Socio-Environmental Standards by establishing and implementing clear procedures for tracking, responding to, and closing GRM complaints, and refining the Stakeholder Engagement Plan (SEP).	PMU and M&E officer	Q1 2025
13	Strengthen engagement and consultation with local authorities, particularly during the work planning and budgeting process.	PMU	Ongoing
14	Develop and implement a well-structured and targeted communication strategy to guide communication activities based on the identified needs of stakeholders.	PMU – Comm officer	Q2 2025
15	Enhance PMU human capacities by: <ul style="list-style-type: none"> <li>- Introducing two strategic roles: 1) a Chief Technical Advisor (CTA), and 2) a Business Marketing Specialist.</li> <li>- Reviewing and restructure the PMU to create a more balanced hierarchical framework.</li> <li>- Conducting Results-Based Management (RBM) training.</li> </ul>	UNDP	ASAP
16	Partner with an academic institution, such as the National University of Mongolia, to support impact-based forecasting and enhance its sustainability.	PMU	Ongoing
17	Assess the need for the project extension at no cost in 2027 (i.e one year before the planned project closing date) to determine the appropriate duration for any potential extension.	PMU and UNDP	February 2027

## 1. Introduction

### 1.1 Purpose, and scope

The purpose of the Interim Evaluation (IE) was to provide an in-depth assessment of the results against the three outcomes of the project and performance in terms of the relevance, effectiveness, efficiency, sustainability, inclusiveness, participation, accountability, and transparency. The IE assessed the achievement of project results against its targets and drew lessons that can both improve the sustainability of benefits from this project and assessed early signs of project success or failure with the goal of identifying the necessary changes to be made in order to set the project on-track to achieve its intended results. The IE reviewed the project's strategy and its risks to sustainability.

The IE process is meant to open essential learning space both for the UNDP and the implementing partner. This in turn will create an opportunity for possible re-alignment and refinement of some project actions to better embrace the ever-changing dynamics in community needs. Hence, the IE extracted lessons, mainly to support effective implementation of the project, looking forward. As a result of IE and its recommendations, Key action areas have been developed to ensure that the project implementer strategically re/aligns itself to meet project expectations over the second half of project implementation period.

The IE considered assessment of the project in line with the evaluation criteria defined in the [GCF IEU TOR](#) (GCF/B.06/06) and [GCF Evaluation Policy](#), along with [guidance](#) provided by the Organisation for Economic Co-operation and Development (OECD) Development Assistance Committee (DAC). The IE must assess the following aspects of the project:

- **Relevance** - to review the project alignment with national and UNDP priorities, as well as coherence in climate finance delivery with other multilateral entities.
- **Effectiveness** - to assess the appropriateness in terms of selection, implementation and achievement of project document results framework activities and expected results (outputs, outcomes and impacts).
- **Efficiency** – to assess implementation and adaptive management of the project and to identify challenges and propose additional measures to support more efficient and effective implementation.
- **Sustainability** –to assess the likelihood of continued benefits after the project ends. The assessment of sustainability at the Interim Evaluation stage considers the risks that are likely to affect the continuation of project outcomes.
- **Gender equity** – to ensure integration of understanding on how the impacts of climate change are differentiated by gender.

The IE provides evidence-based information that is credible, reliable, and useful and comply with the UNDP/GCF Evaluation Guidelines. The IE was undertaken in line with UNEG principles concerning independence, credibility, utility, impartiality, transparency, disclosure, ethical, participation, competencies, and capacities. The evaluation



process has been independent of UNDP and project partners. The opinions and recommendations in the evaluation are those of the Evaluators and do not necessarily reflect the position of any stakeholders.

The IE was carried out between June-August 2024 with a mix of face-to-face engagement in Mongolia and online engagement where needed.

## 1.2 IE Approach

The Interim Evaluation (IE) employed a collaborative, consultative, participatory, and utilization-focused approach to ensure relevance and maximize the usefulness of its findings. The evaluation utilized a **Participatory Evaluation (PE)** framework, engaging key stakeholders, including representatives from the Mongolian Government and UNDP, to jointly determine critical aspects of the process, such as the stakeholders to consult, timing and extent of fieldwork, and project documents to review. This collaborative approach facilitated a comprehensive understanding of the evaluation framework and ensured the process was tailored to uncover improvement opportunities within the project. Importantly, the consultant team emphasized inclusivity by involving primary stakeholders as active participants in the evaluation process, rather than merely sources of information. This included creating opportunities for both women and men community members to analyze, reflect, and contribute to decision-making and action.

Additionally, the evaluation followed a **utilization-focused approach**, which prioritizes the needs and expectations of the intended users of the evaluation from the very beginning. By addressing these needs, the evaluation ensured that its findings, lessons, and recommendations were actionable and valuable to stakeholders.

To assess achieved results, the evaluation applied a **Contribution Analysis** methodology. This involved three key steps: (1) assessing and reconstructing the Theory of Change (ToC) to evaluate its alignment with project outcomes, (2) gathering empirical evidence to determine the extent to which results aligned with the ToC, and (3) analyzing this evidence while accounting for other influencing factors to establish how the project contributed to its outcomes. This methodology ensured that the evaluation provided a clear and evidence-based understanding of the project's contributions to its intended objectives and results.

An important tool developed for the IE process was an Evaluation Question Matrix (Annex 4). This matrix defined evidence that will be used for each question, guided the data collection process, and used to display data obtained from various sources that relate to relevant evaluation criteria and questions. The matrix contains Evaluative Criteria Questions, i.e. sets of questions and sub questions, detailing each review criteria, indicators; sources; and methodology.

The IE adopted a systematic approach to analysis, ensuring validity and transparency in the relationship between findings, conclusions, and recommendations. Findings from diverse evidence streams were consolidated through an evaluation triangulation grid that cross-referenced the findings from various sources (interviews, documentation, etc.) against the questions in the evaluation matrix.

## 1.3 Phases of the IE



The primary phases of the IE Implementation included the development and presentation of the IE Inception Report, IE mission for primary data collection, presentation of initial IE findings to key stakeholders and reporting.

**IE inception phase:** The purpose of the inception report was to define the overall approach and set out the conceptual framework to be applied in the evaluation. The inception report included the understanding of the evaluation objectives, evaluation questions and possible evidence to be generated, defined the methodology, and provides information on data sources and collection, sampling, and key indicators. This phase included a review of project documentation, review of evaluation questions, and the establishment of criteria for assessing project outcomes. Stakeholder analysis has also been conducted to identify all parties relevant to the evaluation. The inception report has been crucial for ensuring that all parties have a clear understanding of the evaluation scope, methods, and expected deliverables.

**IE mission for collecting primary data:** The objective of this phase was to gather first-hand data from project sites, beneficiaries, and other stakeholders. The IE evaluation team conducted a field visit to key project sites including 4 aimags to observe work done on the ground and engage directly with the project beneficiaries. The data collected during this mission formed the backbone of the evaluation, providing essential insights into the project's implementation and effectiveness.

**Data analysis:** Data analysis was based on observed facts, evidence, and available data. Findings were specific, concise, and supported by quantitative and/or qualitative information that is reliable, valid and generalizable.

Information was analysed and consulted with project team or commissioning unit, and then an evaluation report draft was developed. All analysis has been based on observed facts, evidence and data. The broad range of data provided strong opportunities for triangulation and validation. This process is essential to ensure a comprehensive and coherent understanding of the data sets, which was generated by the evaluation.

**Presentation of initial IE findings:** This phase aimed to share preliminary findings with stakeholders to validate the information and gather additional feedback. A Mission wrap-up meeting & presentation of initial findings was conducted at the end of the IE mission to present preliminary findings, assessments, conclusions and emerging recommendations. Feedback from stakeholders during this phase was used to refine and finalize the evaluation report, ensuring it accurately reflects the project's outcomes and the perspectives of those involved.

**Drafting evaluation report:** The final phase involved compiling this comprehensive evaluation report which includes detailed findings, conclusions, and recommendations. The report integrates all data and analyses from the evaluation process and is crafted to provide clear evidence-based conclusions about the project's effectiveness and impact. The final report is essential for accountability and learning. It is used to inform future projects, improve ongoing strategies, and fulfill reporting obligations to donors or other key entities.

## 1.4 Methodology

### a. Data collection methods

To strengthen the robustness of the evaluation evidence, a mix method was used to generate qualitative and quantitative data to best describe project results based on the results framework as outlined in the project document. The evaluation used methods of document review and interviews for data collection to obtain answer all of the evaluation questions outlined in the TOR. The evaluation had three levels of data collection and validation of information:

- A desk review of project documentation where both qualitative and quantitative data have been collected.
- Semi-structured interviews with key stakeholders for qualitative data collection and field visit to key project sites and focus group discussion with beneficiaries (Annex 10 list of 81 persons engaged (Male - 43, Female- 38) – 47% females). Annexes 5 and 6 includes interview guide and focus group guide respectively.
- Survey targeting those who participated in capacity building activities. Total of 40 respondents. Annex 7 includes the survey design.

An evaluation matrix was developed as a base for gathering of qualitative inputs for analysis. The evaluation matrix defined the objective for gathering non-biased, valid, reliable, precise, and useful data with integrity to answer the evaluation questions.

**Desk review:** The initial stage involved the review of project documentation and associated documents. An information package was provided by the PROJECT management team to the IE team. The evaluators reviewed all relevant sources of information, such as the project document, project reports – including annual reports, progress reports, project files, previous evaluations, national strategic and policy documents, and any other materials that the evaluators considers useful for an evidence-based evaluation assessment. See annex 3 for list of documents reviewed.

The key output of the desktop review was to collect data and information as potential evidence that underpin evaluation and also help the evaluators to familiarize with the work context in details.

**Semi-structured interviews:** Engaging stakeholders has been critical for the success of the evaluation. The project involved multi-stakeholders and teams in different capacities and the IE engaged with various stakeholders to cover different perspectives taking into account the principle of gender responsiveness. The IE team has taken into account the geographical coverage, representative diversity, gender balance etc. and inclusivity of key stakeholders and beneficiaries in designing the interview schedule and locations that were visited. Engaging stakeholders was done mainly based on face-to-face interviews in Mongolia, and where face-to-face engagement was not possible, an online engagement has been organised.

The main purpose of the engagement was to collect evidence that support IE process and findings and gain sufficient understanding of their perspectives on the program successes and challenges. All interviews were undertaken in full confidentiality.

**Field visit:** The IE evaluation team conducted a field visit to key project sites including 4 Aimags. During the field visits, direct engagement with the beneficiaries took place using focus group discussions method to better understand their experiences in interacting with the project activities and impacts have these activities had on them.

**Survey:** A survey was designed to evaluate the outcomes of the capacity building activities that targeted government staff at the technical level and collect broader feedback on the project effectiveness and sustainability. The online survey component of this evaluation was designed to primarily collect **quantitative** data from the Government beneficiaries to answer the KEQs as well as open-ended questions to collect **qualitative** data on PROJECT delivery and outcomes. A targeted survey has been developed – see Annex 7.

**Sampling:** Purposive sampling was used to achieve the level of rigor that is required for a robust evaluation. The evaluation responded to the existing diversity across the project stakeholder groups. In essence, the purposive approach to sampling was used to identify the key informants who are best suited to provide detailed responses to the evaluation questions, to accurately reflect given elements of the work experience. This also allowed for additional data generation at any stage of the evaluation, to facilitate results reliability and completeness. The online survey specifically targeted those who participated in the capacity building activities and had no chance to be interviewed.

**Gender responsiveness** has been integrated throughout the evaluation process including gender balance during the engagement with stakeholders by ensuring both genders are engaged, and assessing the gender integration in the project design and delivery, and ensuring that data collection and analysis are gender sensitive. The evaluation used gender-disaggregated data of personnel engaged by the project to identify barriers and differentiate roles that may be more suited to each gender. The evaluation also checked whether all “people count” indicators are gender segregated and if the project had reported women ratio in related indicators.

#### **b. Data analysis methods**

The data analysis method involved:

**Descriptive analysis:** A descriptive analysis of the PROJECT was used to understand and describe its main components, including related activities; partnerships; modalities of delivery; etc. Descriptive analysis preceded more interpretative approaches during the evaluation.

**Content analysis:** A content analysis of relevant documents and the literature was conducted to identify common trends and themes, and patterns for each of the key evaluation issues (as the main units of analysis). Content analysis was used to flag diverging views and opposite trends and determine whether there was need for additional data generation.

**Thematic analysis:** Responses collected from semi-structured interviews and field visit observations were analyzed through thematic analysis, this is a method of analyzing qualitative data. The evaluators has closely

examined the data to identify common themes – topics, ideas and patterns of meaning that come up repeatedly from interviews and other sources.

**Quantitative analysis:** A simplified analysis was conducted on all quantitative measures (for example number of beneficiaries) by reviewing and validating project datasets on quantitative indicators. The generated statistics were used to develop emergent findings and inform the triangulation process.

**Triangulation:** In this evaluation, triangulation involved validation of data through cross verification from at least two sources, and evaluation findings and conclusions were synthesized based on triangulated evidence from the desktop review and interviews. This process was essential to ensure a comprehensive and coherent understanding of the data sets, which have been generated by the evaluation.

**Evaluation criteria and ratings:** The different scales for rating various criteria are shown in the table below in accordance with the Guidelines defined in the evaluation ToRs. See Annex 9 for Evaluation criteria and ratings.

**Evaluation Matrix:** An evaluation matrix was developed (refer to Annex 4), which outlines how each evaluation question is aligned with specific indicators and corresponding evidence. For each question, the matrix identifies relevant data sources, as well as the methods used for data collection and analysis. This structured approach ensured that evidence for each question was systematically gathered and categorized. Additionally, multiple sources of evidence were analyzed and triangulated to strengthen the reliability and validity of findings.

#### **a. Evaluation roles and responsibilities**

- The evaluation has been undertaken by a team of independent evaluators consisting of an international consultant (Mohammad Alatoom) and a national consultant (Bolormaa Purevjav). The team was contracted by UNDP to conduct the evaluation as per the ToR (Annex 1).
- The UNDP Mongolia CO is the commissioning unit for this evaluation, and has been responsible for liaising with stakeholders, collecting secondary data and providing logistical support for the evaluation team to conduct field visits and engage with stakeholders. The commissioning unit has also been consulted with along the process starting from the inception phase for identifying the stakeholders to be engaged, secondary data availability and accessibility, and reviewing the inception report. Later the commissioning unit played an important role in performing QA role on the evaluation report content.
- The Project Management Unit (PMU) has been the main source for the secondary data that was provided in a timely manner for the evaluation team. In addition, the PMU team has been also interviewed for primary data collection.
- The National Designated Authority (NDA) has been actively involved in the evaluation process, participating in all stages, including the project design, interviews, and review of the evaluation report. This engagement ensured that the NDA's perspectives and insights are fully integrated into the evaluation findings and recommendations.

## **1.5 Ethical Considerations**

The IE consultants were held to the highest ethical standards and were required to sign a code of conduct upon acceptance of the assignment. This evaluation was conducted in accordance with the principles outlined in the

UNEG 'Ethical Guidelines for Evaluation'<sup>2</sup>. The evaluators ensured to safeguard the rights and confidentiality of information providers, interviewees, and stakeholders through measures to ensure compliance with legal and other relevant codes governing collection of data and reporting on data. The evaluators also ensured security of collected information before and after the evaluation and protocols to ensure anonymity and confidentiality of sources of information where that is expected. The information knowledge and data gathered in the evaluation process has been solely used for the evaluation and not be used for other purposes without the express authorization of UNDP and partners.

## 1.6 Limitations

The evaluation faced several limitations, primarily related to the accessibility and remoteness of the project sites. The geographical dispersion of project activities and stakeholders across Mongolia posed logistical challenges, particularly given the limited transportation options available. Reaching certain local areas proved difficult, requiring the field mission to extend beyond the initially planned timeframe. To address this, the IE team adapted by allocating additional time for the field visits to ensure adequate coverage of project sites and stakeholders.

Another challenge encountered during the evaluation was coordinating with stakeholders to secure their availability for interviews. Scheduling conflicts occasionally arose, making it difficult to engage all intended participants. To overcome this, the project management team played a proactive role in facilitating engagement by coordinating with stakeholders to ensure their availability during the evaluation. For those unable to attend the scheduled interviews, the team worked to identify alternative arrangements, ensuring comprehensive input from all relevant parties. These adaptive measures helped to mitigate the limitations and ensured the evaluation process remained thorough and inclusive.

## 1.7 Structure of the Report

The IE report follows the format suggested by the IE ToR and guidelines, with a description of the methodology, a description of the project and findings organized around: Project Strategy, Progress towards results, Project Implementation and Adaptive Management, and Sustainability. Conclusions, Recommendations and Lessons Learnt complete the report. Consistently with requirements, certain aspects of the Project are rated, according to the rating scale of the Guidelines. Co-financing information is presented in the chapter under financial management.

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<sup>2</sup> UNEG Ethical Guidelines for Evaluation, 2020, available [here](#).

## 2. Project Description and Background Context

### 2.1 Development context

Observed climate change trends in Mongolia are evident since the 1940's, with impacts on traditional herder households (30% of the population) and on the natural resources upon which they rely. Overall, climate change is having a drying effect on Mongolia and is contributing to land degradation and desertification - 90% of the Mongolian territory is regarded as vulnerable to desertification<sup>3</sup>.

The country is also impacted by natural disasters, including harsh winters, drought, snow and dust storms, flash floods and both cold and heat waves, which take a heavy toll on livestock and thereby rural livelihoods. In Mongolia, in average disaster events occur 55 times a year. By mid-May 2024, the number of livestock loss reached 7.2 million, amounting to 11.6 percent of the total (UNICEF, 2024). 530 from snow and dust storms happened between March 2023-May 2024 resulted in losing 2,343 human lives (NSO, 2024). As resulted in large numbers of livestock killed and more than US\$165 million (526 billion MNT) of damage to the country and society, which takes 86% of the total damage. Drought and dzud are long lasting climate events that cause high damage to the socio-economics of the country. Since 2000, the frequently observed dzud conditions have been highly associated with drought conditions. Additionally, livestock mortality is one of the primary indicators of dzud conditions. About 30% of all livestock were lost during the most intensive dzud of 1943-1944. Moreover, 10% (15%) and 23% of total livestock were lost during dzud conditions (2000-2003 and 2009-2010). In the future, it is clear that the frequency of dzud and droughts will likely increase, negatively affecting Mongolia's national security and pastoralism<sup>4</sup>.

The impact of climate change is therefore two-fold and mutually compounding 1) climate change is having an overall drying effect on Mongolia, changing the availability or condition of land and water resources, and 2) the choices made by herders to protect their herds against extreme events (i.e. increasing herd size to save from total loss during dzud) are adding pressure to increasingly fragile land and water resources.

### 2.2 Problems that Project Seeks to Address

The Government of Mongolia seeks a long-term solution that ensures continued service of its ecosystems in the face of climate change, while also building resilience of its most climate-vulnerable group, herders. To do this, an integrated approach, which brings together a) climate-informed planning and disaster preparedness, b) cooperative approaches for protection of land and water resources and c) a forward-thinking approach to increase resilience and improve productivity for herder livelihoods, is needed.

#### ***Key barriers that must be addressed to achieve the long-term solution:***

- **Technical capacity and limited computing/storage capacity, prohibiting longer term climate-resilient planning:** Mongolia has a well-established hydro met system. Currently, hydrometeorological data are collected through a national monitoring network of 135 meteorology stations operating 24 hours with 5-6

<sup>3</sup> Desertification in Mongolia, Batjargal, Zambyn, RALA Report 200 (NEMA)

<sup>4</sup> Fourth National Communication (FNC) of Mongolia -UNFCCC. April 2024

employees and in 95 of them automatic data loggers are coupled with traditional (analog) data collection system. The network also includes 181 monitoring posts with 1-2 employees each. There are 7 upper-air, as well as 147 hydrological and 152 agrometeorological observation posts. The hydrometeorology agency employs 1,979 individuals at central and local (aimag and soum) levels. Complementing this are internationally available seasonal and monthly forecasts. Accuracy for these are, however, relatively low for seasonal and monthly forecasts.

- **Drying water sources due to climate change and drought condition presenting challenges for herders to access water for livestock:** Rivers, streams and ponds, and related ecosystems are facing increasing pressure by grazing animals due to droughts. The national IWRM plan indicates that between 1990 and 2000 the number of functioning livestock watering wells fell from 38,000 to 31,000 while the number of livestock has significantly increased. This drop in functioning wells was mainly due the collapse of the state systems to maintain and renovate livestock infrastructure.
- **Insufficient haymaking and storage are affecting livestock health and survival, leading to substantial economic losses for herders during winters and dzud events.** In nomadic livestock husbandry, animals are raised throughout the year in open pastures. However, the availability of forage is less in August because the grass starts to dry from late August-September. After October, feed is deficient in both quantity and quality. With the impact of climate change, winters are becoming harsher and the incidence of dzud is increasing, with corresponding increases in losses, particularly for subsistence herders who make up the majority. Just a few more centimeters of snow beyond the average locks the forage under a thick frozen layer, preventing animals from reaching it and causing high mortality among the livestock. The winter dzud of 1999, 2000 and 2001 reduced the national herd by about one-third. By mid-May 2024, the number of livestock loss reached 7.2 million, amounting to 11.6 percent of the total (UNICEF, 2024). Number of snow and dust storms: 530 from March 2023-May 2024. Number of people died: 2343 (NSO, 2024).
- **Policy, regulatory, or market factors that drive an increase in livestock numbers, thereby intensifying pressure on land and water resources:** Overpopulation of livestock degrades pasture and water resources resulting in substandard animal health and low quality of livestock products (i.e. cashmere, wool, milk, meat, leather, etc), which further compromises the ability to develop markets and ensure reliable income for herders. Breaking this cycle and promoting sustainable pasture management practices is key to protecting land and water resources, developing a climate resilient livestock industry and to reducing vulnerability of herder communities. The following are the main drivers inhibiting reduction of livestock numbers:
  - Lack of markets – with unrestricted access to pasture and lack of access to markets, the livestock off-take rate is below the replacement rate
  - Lack of individual or group land tenure – land is owned by the state therefore a non-exclusive and unregulated public good
  - Government subsidies – public transfer payments and commercial credits tied to number of livestock owned
  - Economic model for livestock value chains dominated by payments based on volume

Without intervention in the form of policy transformation towards an enabling environment for sustainable livestock products and away from incentives that favour a large number of animals, livestock numbers will continue to increase beyond carrying capacity of the land.



## 2.3 Project Description and Strategy

The objective of the GCF ADAPT project is **to strengthen the resilience of resource-dependent herder communities in four aimags vulnerable to climate change**. The project seeks an integrated approach to address climate change impacts on herder livelihoods and on the natural resources on which they rely. The project comprised three major outputs:

**Output 1: Integrate climate information into land and water use planning at the national and sub-national levels** (GCF grant: USD 5,236,744; Co-financing: USD 11,200,000)

Output 1 is focused on supporting the Government of Mongolia to move beyond short term preparedness and emergency response, and towards longer term climate-informed planning. This includes developing the technical capacity to forecast medium-to-long term climate change, then applying that information to predict related changes to water and land resources. Support is being provided at both the national and sub-national levels to effectively integrate this climate change and related impacts into climate-resilient planning. Importantly, GCF resources complement the Government of Mongolia's National Mongolian Livestock Programme, by bringing a climate lens to planned policy and regulatory reforms.

**Output 2: Scaling up climate-resilient water and soil management practices for enhanced small scale herder resource management** (GCF grant: USD 11,103,118, Co-financing: USD 26,200,000)

To address the challenges presented by climate change, there is an urgent need to conserve and rehabilitate the ecosystem services upon which Mongolia's rural economy, traditional culture, and rich biodiversity depend. This Output is focused on investments needed to protect land and water resources and the cooperation mechanisms necessary sustainable management of shared resources, using traditional community level agreements informed by best practices. The project also invests in infrastructure measures such as wells, community water harvesting ponds and tanks as well in land management measures such as fences and fodder cultivation to reduce the impact of prolonged dry spells and slow onset disasters. Building on best practices, the Output fosters sustainable use of land and water resources by herder communities, while making critical investments to protect catchment areas and overstressed land.

**Output 3: Build herder capacity to access markets for sustainably sourced, climate-resilient livestock products** (GCF grant: USD 5,645,864, Co-financing USD 15,800,000).

With climate change, most herders in the target aimags face the following challenges: 1) reduced grassland and water resources for livestock, resulting in undernourished or unhealth animals, and therefore decreased value of livestock products, 2) herders struggle to market livestock products, leaving them with neither the capital nor the incentive to invest in sound herd management focused on quality and manageable quantity, and 3) herders fail to insert themselves into value chains which would provide consistent off-take because they are unable/disincentivized to supply consistent, sustainably sourced products of high quality.



## 2.4 Project location, funding, and timeframe

### Project sites

The project is implemented in Zavkhan, Khovd, Dornod, and Sukhbaatar aimags covering steppe, desert steppe, mountain, mountain steppe and forest steppe zones. These sites were selected by government, not because they are the most degraded areas of Mongolia, but rather for the urgent need to protect critical watersheds in a drying environment.

### Project funding

The project total allocated budget is US\$ 23,101,276 from GCF and expected to mobilize a total of US\$ 56,200,000 in co-financing. The project activities are financed by the following sources: US\$ 23,101,276 from the Green Climate Fund (GCF), US\$20,000,000 from the Ministry of Environment (MET), US\$ 3,000,000 from the National Emergency Management Agency (NEMA), and US\$33,200,000 from Ministry of Food, Agriculture and Light Industry (MOFALI).

### Project timeframe

The project started on the 9<sup>th</sup> of February 2021 and spanning over a period of seven years until February 2028, currently in its third year of implementation.

## 2.5 Management arrangements

The project design outlines implementation arrangements and decision-making processes. The Executing Entity is the Ministry of Environment and Climate Change (MECC) formerly known as Ministry of Environment and Tourism (MET). The project is being implemented following UNDP's National Implementing Modality (NIM). MECC is required to implement the project in compliance with UNDP rules and regulations, policies and procedures, including NIM guidelines.

The Responsible Parties for this project are: Ministry of Food, Agriculture and Light Industry (MoFALI), National Emergency Management Agency (NEMA); and National Agency for Meteorology and Environmental Monitoring (NAMEM), an agency under the MECC.

UNDP is accountable to the GCF for the implementation of this project. This includes oversight of project execution to ensure that the project is being carried out in accordance with agreed standards and provisions. UNDP is responsible for delivering GCF project cycle management services comprising project approval and start-up, project supervision and oversight, and project completion and evaluation. UNDP is responsible for the Project Assurance role of the Project Board/Steering Committee. UNDP performs the quality assurance role and supports the Project Board and Project Management Unit by carrying out objective and independent project oversight and monitoring functions.

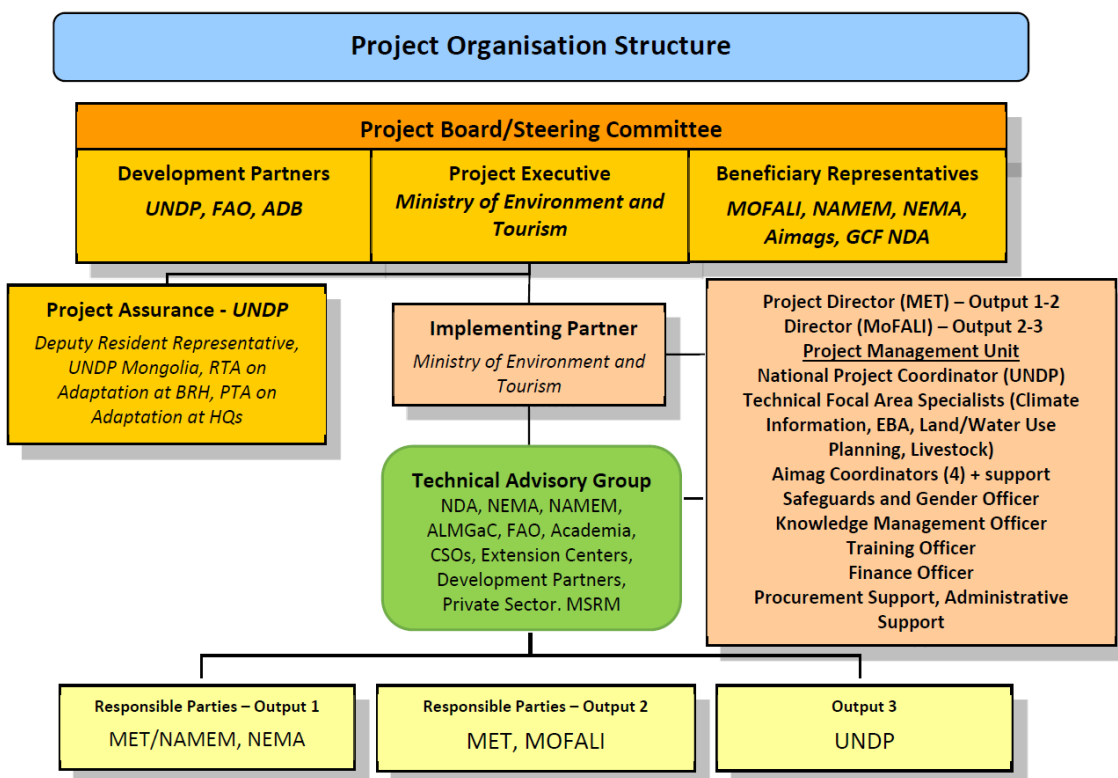
The Project Board (also called Project Steering Committee) is responsible for taking corrective action as needed to ensure the project achieves the desired results. The board provides overall guidance and direction to the project, ensuring it remains within any specified constraints; address project issues as raised by the project

manager; and provide guidance on new project risks, and agree on possible mitigation and management actions to address specific risks.

Project Management Unit (PMU) runs the project on a day-to-day basis on behalf of UNDP and MECC within the limits laid down by the Project Board. The PMU implements the project as per the work plan approved by the Project Board.

Given the complexity of partnerships envisaged under output 3 in particular where successful implementation of this output requires close collaboration and coordination of technical inputs from the MECC, MoFALI, local governments, FAO, domestic and international private sector companies, industry associations and cooperatives. It was decided that MECC leads the implementation for Outputs 1 and 2 and UNDP provides direct support services in both technical and operations support for Output 3.

Figure 1: Project organizational structure.



## 2.6 Main stakeholders

The national executing entity – also referred to as the national ‘Implementing Partner’ in UNDP terminology is the Mongolian Ministry of Environment and Climate Change (formerly known as the Ministry of Environment and Tourism). The Responsible Parties for this project are: Ministry of Food, Agriculture and Light Industry (MoFALI), National Emergency Management Agency (NEMA); and National Agency for Meteorology and Environmental Monitoring (NAMEM), an agency under the MECC.

The project is set to engage with wide spectrum of stakeholders at the national and local levels including:

Agency	Mandate	Relevant activities in the project
<b>Agency for Land Management, Geodesy and Cartography (ALMGaC)</b>	Responsible for managing land administration, geodesy, and cartographic activities	Integrate climate change adaptation measures into land use planning and zoning regulations. Scaling up climate-resilient water and soil management practices for enhanced small scale herder resources management.
<b>National Development Agency (NDA)</b>	Responsible for formulating and implementing national development policies and strategies. Planning, coordinating, and monitoring the country's socio-economic development initiatives.	Integrate climate information into land and water use planning at the national and sub-national levels. Output 1.2.I
<b>State Emergency Management Agency (NEMA)</b>	Responsible for country's disaster risk management and response	Integrate climate information into land and water use planning at the national and sub-national levels. Output 1.1.
<b>River Basin Administrations</b>	Responsible in managing water resources at the river basin level, aligning with the principles of Integrated Water Resources Management (IWRM).	Integration of Climate Adaptation in Water Management. Collaboration on Riparian and Watershed Protection. Monitoring and Evaluation of Project Outcomes. Output 1.2:
<b>Provincial and soum Government authorities, including Soum level Veterinary and animal breeding centers</b>	Responsible for coordinating and implementing national policies, providing administrative oversight, and ensuring that the province aligns with the broader national goals. Provincial Government: Policy Implementation, Coordination, Resource Allocation, Managing financial and logistical resources for climate adaptation interventions and ensuring their appropriate distribution to the soums, capacity building on climate-resilient agricultural practices, veterinary services, and animal health. Soum authorities: Local Planning & Monitoring, Community Engagement, Veterinary and Animal Breeding Center	These authorities are responsible for managing and delivering services related to livestock health, breeding, and adaptation to climate challenges at the local level. Integrate climate information into land and water use planning at the national and sub-national levels. Output 1.2:), Output 1.3, Output 2.1, Output 2.2, Output 2.3, Output 2.4, Output 3.1. Output 3.2. and Output 3.4.
<b>Forest Research and Development Center</b>	Responsible for forest conservation, sustainable management and restoration. Its main mandates include research, monitoring, policy support, and the implementation of forest-related projects.	Scaling up climate-resilient water and soil management practices for enhanced small scale herder resources management. Output 2.2.
Private sector – Commercial Banks,	The private sector plays a crucial role in contributing expertise, resources, and	Professional Forest Entities: Output 2.2. Reforestation of critical catchment areas

<p>Cashmere platform, Wool and cashmere association, Meat producer's association, Hydraulic engineering companies, professional forest entities, etc.</p>	<p>innovation to achieve long-term sustainability goals. Key initiatives include:                      1. Cashmere Platform:                      2. Wool and Cashmere Association: Advocates for policies that enhance industry growth, sustainability, and global competitiveness.                      3. Meat Producers' Association: Focuses on improving quality standards, boosting productivity, and expanding export markets.</p>	<p>to protect water resources and ecosystem services.                      Commercial Banks, Cashmere platform, Wool and cashmere association, Meat producer's association: Output 3.1.                      Cashmere platform, Wool and cashmere association, Meat producer's association: Output 3.3.</p>
<p><b>Ministry of Finance and SME Fund</b></p>	<p>Providing financial support to small and medium-sized enterprises, especially those that contribute to sustainable and climate-resilient economic activities.</p>	<p>Build herder capacity to access markets for sustainably sourced, climate-resilient livestock products.                      Output 3.1. and output 3.2.</p>
<p><b>Development partners and their projects</b></p>	<p>Promote sustainable development, economic growth, reduce poverty, and enhance resilience against environmental challenges through capacity building, infrastructure improvement, and sustainable resource management.</p>	<p>Integrate climate information into land and water use planning at the national and sub-national levels. Outut 1.2. Output 1.3.</p>
<p><b>NGOs/CSOs in areas of pastureland management, agricultural value chain development and natural resources management</b></p>	<p>Non-Governmental Organizations (NGOs) in Mongolia play a critical role in promoting social, economic, and environmental development. NGOs are vital partners, leveraging their local knowledge, experience, and community trust to enhance the project's effectiveness and sustainability.</p>	<p>Integrate climate information into land and water use planning at the national and sub-national levels. Output 1.3.</p>
<p><b>Herder communities in all 68 soums of four target provinces and Herder User Groups (HUGs), Producer organizations as key beneficiaries.</b></p>	<p>Herders groups focus on sustainable development, capacity building, and climate resilience. HUGs collaborate to manage shared resources, such as pastures and wells. Herders participate in training on sustainable herding practices, climate adaptation techniques, and innovative livestock management strategies to enhance resilience.</p>	<p>Herders are involved in climate change adaptation measures, such as pasture rotation, water source protection, and riparian reforestation to enhance ecosystem resilience.</p>

The evaluation report will be disseminated to key implementing partners and PMU for revisions, and once completed, it will be posted on UNDP public website and shared by email with project steering committee.

## 3. Findings

### 3.1 Project Strategy

#### a. Project Design

The IE team conducted a thorough assessment of the project design as outlined in the Project Document, Funding Proposal, and Funding Agreement (FAA). The primary focus was to evaluate the effectiveness of the design in achieving the intended outcomes.

**Overall**, the IE team found that the ADAPT project design is both transformative and comprehensive, offering a multifaceted and integrated approach to enhance the resilience of resource-dependent herder communities. The ADAPT project strategically addresses several critical components, including policy reforms, capacity building, and market access, which are essential for the sustainable adaptation of herder communities. By focusing on policy reforms and strategic planning, the project aims to create an enabling environment that supports and incentivizes effective adaptation practices. This includes the introduction of policies that encourage sustainable resource management and discourage maladaptive practices that could undermine long-term resilience.

Moreover, the ADAPT project emphasizes building the knowledge and capacities of herder communities, equipping them with best practices that are crucial for sustainable livelihoods in the face of climate change and dynamically changing environmental conditions. By integrating these practices with enhanced market access, the project ensures that herders can not only adapt to climate change but also thrive economically.

It might be argued that the CCA measures presented by the project are not necessarily new to Mongolia, however, it is certainly for the first time in Mongolia a project at such scale presents a holistic approach that not only addresses the immediate needs of herder communities but also lays the groundwork for long-term, sustainable climate resilience. The promotion of policy transformations, combined with practical solutions and market access, ensures that the project has the potential to significantly improve the adaptive capacities of herder communities while aligning with broader environmental and economic objectives.

On the other side, the ADAPT project document does not clearly define the consequence of activities in terms of which activity starts first and subsequent activities, particularly concerning the interaction between on-ground activities and policy reforms. This lack of clarity creates uncertainty in the project design regarding whether the intended approach is bottom-up—where solutions are tested on the ground and then upscaled to influence policy—or top-down, where a policy framework is developed first and then cascaded down to guide practical solutions and measures on the ground. It seems, as though, that it is a mix of both with hybrid bottom-up and up-bottom design, for example, testing the on-ground solutions (e.g incentives and disincentives for the size of the livestock), and if proven to be effective, then upscale through policy reforms. The IE team received feedback from the PMU that such ambiguity complicated planning and implementation processes, making it difficult for the project team to align activities with the overall project objectives. Without a clear understanding of the intended interaction between these two levels, there is a risk of misalignment between on-ground efforts and policy development, potentially leading to inefficiencies or missed opportunities for creating a cohesive impact. Clarifying this relationship in the project design would provide essential guidance for effectively integrating on-

ground activities with policy reforms, ensuring that both components work together to achieve the desired outcomes.

#### **b. Results framework, and ToC**

This section provides a critical assessment of the **Project Results Framework (PRF)** in terms of clarity, feasibility and logical sequence of the project outcomes/outputs and their links to the project objective. It also examines the specific indicators and their target values in terms of the SMART criteria.

The project PRF includes two indicators at the impact level that align closely with the GCF's core indicators #2 and #4, as outlined in the GCF's Integrated Results Management Framework<sup>5</sup>. Additionally, the PRF contains three indicators at the outcome level and five indicators at the output level. These indicators collectively are meant to provide a structured approach to measuring the project's progress and impact, ensuring alignment with both the project's objectives and the broader goals of the GCF.

Regarding the SMART criteria<sup>6</sup>, the indicators defined in the Project's PRF generally meet these standards to a certain degree. However, some indicators lack the necessary clarity, which affects their effectiveness in tracking progress.

- The first outcome indicator is intended to measure improvements in incentives for climate resilience within institutional and regulatory systems, which, at first glance, seems like a reasonable outcome to assess. However, upon closer examination, the associated scorecards focus entirely on the status of the policy transformation document within the formulation process. The scale ranges from 1 (drafted) to 4 (endorsed by the cabinet), but it measures process milestones rather than actual outcomes. Moreover, the policy transformation document itself is not specifically defined, leading to concerns that the indicator is tracking procedural progress rather than substantive improvements in climate resilience incentives.
- The second outcome indicator also uses a similar approach, employing a scale to measure the integration of climate information into policies, planning, and financing. However, this scale lacks specific details about what each level represents, leading to potential ambiguity and varying interpretations. This lack of clarity could undermine the effectiveness of the indicator in accurately assessing progress.
- The third outcome indicator, "Use by vulnerable households, communities, businesses, and public-sector services of Fund-supported tools, instruments, strategies, and activities to respond to climate change and variability," does not fully meet the SMART criteria. In particular, the measurability of this indicator is impractical within the project timeline. The indicator relies on a scorecard with a scale ranging from 4 (land severely degraded) to 1 (land not degraded). However, the scorecard lacks clear definitions for each category, and monitoring land degradation across 8 soums is neither a practical nor cost-effective approach. This lack of clarity and feasibility undermines the effectiveness of the indicator, making it challenging to accurately track progress and outcomes.

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<sup>5</sup> GCF's Integrated Results Management Framework - Available [here](#).

<sup>6</sup> Specific, Measurable, Achievable, Relevant, Time-bound

- Output 3's indicator is defined as the “% of HPO herders able to secure contracts with buyers for sustainably sourced livestock products, thereby enhancing livelihoods through improved market access.” While this wording implies the indicator measures the percentage of HPOs that successfully secure contracts with buyers, which would be a meaningful metric for assessing the success of Output 3, the actual scale used to measure this indicator takes a completely different direction. The scale, ranging from 4 to 1, starts by assessing whether herders received training or sensitization and then shifts to evaluating the adoption of climate-informed livestock herd sizes. There is no reference to the HPOs' ability to secure contracts with buyers. Furthermore, while the indicator and target are expressed as percentages, the scale fails to address percentages, revealing a clear inconsistency in the design of the indicator.
- The scorecards associated with indicators A5.1, A6.1, A7.1, the second and third indicators under output 2, and output 3's indicator, would have benefited from more detailed explanations of the scorecard system being applied. The lack of clear rubrics and guidance on how to report on these indicators has evidently caused confusion for the project team, leading to inconsistencies in reporting. Providing more comprehensive instructions, including clear criteria for each scorecard, would help ensure that the project team can consistently and accurately assess and report on progress. This elaboration would also reduce ambiguity and improve the reliability of the data collected, ultimately enhancing the quality of monitoring and evaluation. Going forward, it is recommended that any scorecard system used in the PRF be accompanied by thorough documentation, including examples, to guide the project team in its application.

A significant gap identified in the PRF is the absence of an indicator that measures changes in the size of livestock owned by the herders including those who participate as well as a comparison group of those who didn't participate in the project. This indicator is crucial for testing a key assumption underpinning the project's theory of change: that the project's integrated solutions—such as policy reforms, the development of biophysical assets, and the promotion of market linkages—will lead to behavioral changes among herders, encouraging them to own a smaller number of livestock herds. Including such an indicator would provide essential evidence on whether the project's interventions are effectively influencing herders to reduce their livestock numbers, which is a central goal for achieving long-term sustainability and resilience. Without this measurement, it is challenging to assess the impact of the project on one of its core objectives, thereby leaving a critical aspect of the project's effectiveness unverified.

The PRF has some additional areas that require attention, particularly regarding the clarity and precision of the terms used in the indicator statements. For example, the first outcome indicator, which reads 'Institutional and regulatory systems that improve incentives for climate resilience and their effective implementation,' lacks a clear definition of what is meant by 'systems.' This ambiguity can lead to varied interpretations, making it difficult to measure progress consistently and accurately. Moreover, the scorecards associated with this indicator use generic and vague terms, such as 'policy transformation document drafted,' without specifying what type of policy is expected. The lack of specificity in these terms can result in confusion among stakeholders and evaluators, undermining the effectiveness of the monitoring and evaluation process.

The PRF in the project document defines mid-term and end-of-project targets, but it does not include annual targets. The annual targets are crucial for providing clear guidance to the project team on planning, implementing,



and sequencing activities. Without annual targets, the project team lacks the detailed roadmap needed to track progress year by year.

The absence of annual targets along with the limited clarity regarding the scope of the indicators and the associated scorecards have negatively impacted the utility of these indicators within the PRF. This lack of clarity has led to confusion among the project team about what to report and when, which in turn has hindered the effective monitoring of the project's progress. Without a clear understanding of the indicators' scope and the detailed guidance necessary to apply the scorecards correctly, it becomes challenging to track and assess the project's achievements accurately.

The overall Project design and Project results framework were **Moderately Satisfactory** exhibiting clear linkages amongst activities, outputs, and outcomes, with a few shortcomings in indicators and budget estimations.

**The project's Theory of Change (ToC)** diagram adopts a straightforward and rather simplistic approach by mapping out the barriers, corresponding solutions, and expected outcomes and impacts. This visual representation is complemented by a narrative that elaborates on the mechanisms of change and outlines key assumptions that underline the project's success. However, a critical oversight in the ToC is the failure to explicitly acknowledge a crucial assumption: that herder communities will respond positively by adopting climate resilience measures and, more importantly, will be willing to reduce the size of their livestock herds.

This behavioral change is fundamental to the success of the project and is central to the ToC. Without this shift in mindset and practice among herder communities, the project's intended outcomes could be significantly undermined. Despite its importance, this assumption is not explicitly mentioned in the ToC, which raises concerns about the project's ability to effectively track and influence this critical aspect of community behavior.

Consequently, the results framework does not include specific measures to monitor this essential behavioral change. The omission of indicators to assess the herders' adoption of climate resilience practices and willingness to reduce livestock numbers represents a significant gap in the project's monitoring and evaluation strategy. Addressing this gap is crucial to ensuring that the project can accurately assess its impact and make necessary adjustments to achieve its long-term goals.

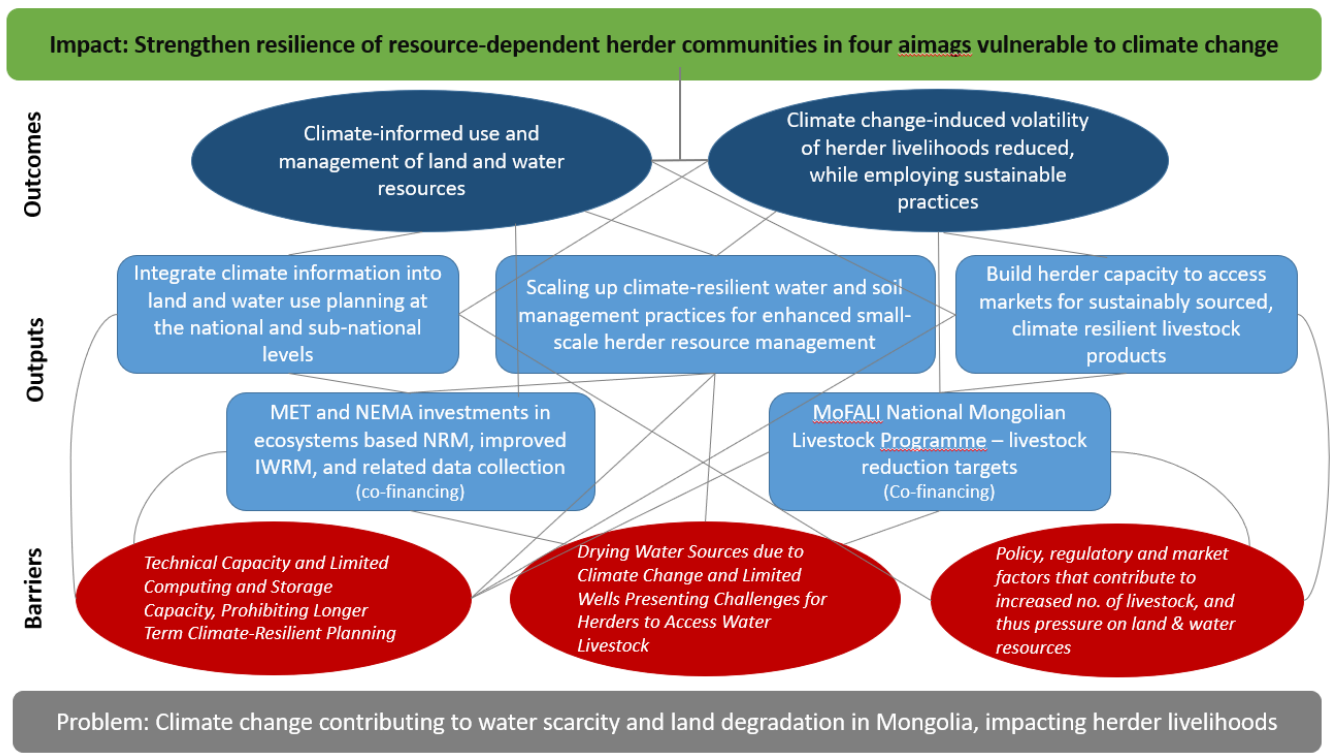
Another assumption underpinning the ToC that has not been adequately addressed in the project design pertains to the readiness and capacity of local authorities to set up and maintain the assets created or supported by the project. For instance, the project's reforestation efforts, while essential for enhancing climate resilience, demand significant resources and ongoing capacity for maintenance and sustainability. In many cases, local authorities lack the necessary resources, technical expertise, and institutional capacity to set it up and ensure the long-term success of such initiatives. This gap poses serious challenges to the sustainability of the assets and outcomes generated by the project. Without sufficient support and capacity-building efforts targeted at local authorities, there is a risk that the benefits of the project may be short-lived, with assets like reforested areas potentially deteriorating over time due to inadequate maintenance.

The objective of the project is **to strengthen the resilience of resource-dependent herder communities in four aimags vulnerable to climate change**. The project seeks an integrated approach to address climate change



impacts on herder livelihoods and on the natural resources on which they rely. This will require strengthening capacity to generate climate models for longer term climate resilient planning, while reconciling the ambitious economic development goals of livestock sector with the limits of increasingly fragile land and water sources due to climate change. To do this, the project complements significant investment from the Government of Mongolia related to the livestock sector and natural resources management, while addressing the key barriers through strengthening the computing and capacity needs for long term climate-informed planning, investments in water access points, and support to the policy transformations needed to remove incentives for maladaptive herder practices.

Figure 2: Project theory of change diagram.



The project budget appears to have underestimated the costs associated with certain activities, particularly those related to the implementation of CCA measures on the ground, such as reforestation efforts. These activities often require significant financial resources, especially when considering the remoteness of the targeted areas and complexities and challenges involved in their execution. For example, the actual cost of reforestation has been found to be 3,200\$ per 1 ha, however, the project design only allocated 1,014 \$ for each ha leaving a significant funding gap.

The situation has been further exacerbated by the unprecedented market inflation that has occurred since the project's inception, leading to increased costs for materials, labor, and other essential inputs. This

underestimation, combined with rising inflation, presents a substantial risk of a budget deficit, which could hinder the project's ability to achieve its intended targets.

An additional complexity to the project budget arises from the handling of the Gender Action Plan (GAP). Although GAP was appropriately costed, it was not incorporated into the multi-year budget plan, and no specific financial allocations were made to implement the activities outlined in the GAP. This oversight has posed a significant challenge in executing the gender-related activities, leading to delays and difficulties in advancing the project's gender objectives. The lack of dedicated funding for the GAP has created a gap between the project's commitments to gender equity and its actual capacity to deliver on those commitments. Without earmarked resources, the activities defined in the GAP have struggled to move forward.

## 3.2 Relevance

### a. Relevance to the needs of the beneficiaries

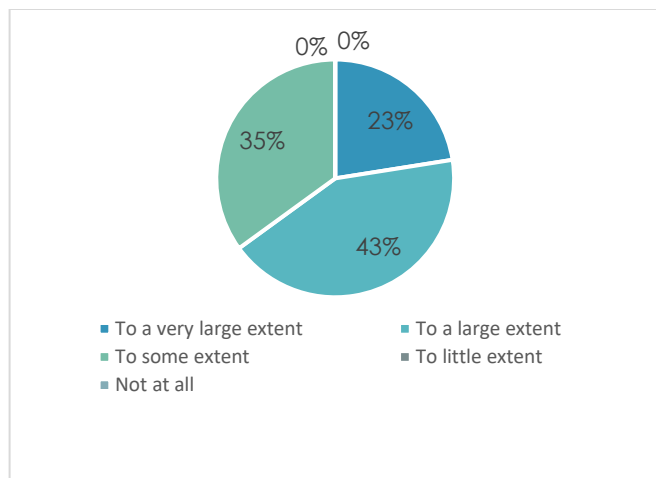
Based on the IE team's direct engagement with the beneficiaries, it is clear that the project is highly relevant to the needs of its target groups, particularly the herder communities. These communities have received crucial support to sustain their livelihoods while adapting to climate change and strengthening their resilience to extreme climate events, such as dzuds. For instance, improvements in haymaking and storage practices have been particularly beneficial. The beneficiaries have expressed that this support was not only necessary but has also positively impacted their daily lives by enabling them to sustain their livestock sustainably and generate income. They have consistently voiced a strong desire for continued assistance in the same manner, addressing the same critical needs.

The local authorities at the community level have echoed these sentiments, affirming the high relevance of the support provided. They specifically highlighted the importance of direct assistance to herders, which has enabled them to maintain their livestock sustainably.

Similarly, beneficiaries who participated in capacity-building activities have expressed strong appreciation for the support received. These activities focused on developing technical capacities to forecast medium- to long-term climate change and applying that information to predict related impacts on water and land resources. This training, along with the provision of necessary equipment, has been highly relevant to the beneficiaries' needs and has significantly enhanced their ability to engage in long-term climate-informed planning.

Respondents to the evaluation survey confirmed that the support in these technical areas has been instrumental in building their capacities, further validating the project's alignment with the beneficiaries' priorities and needs. According to the survey respondents, the project is largely relevant to its participants with over 65% (n=40) of the respondents assessing the project to be relevant to a large extent or to a very large extent, though there is room for improvement in making the support more targeted and directly applicable to all respondents. The absence of responses indicating irrelevance ("To little extent" or "Not at all") is a positive sign, suggesting that the project is not completely missing the mark for any group.

**Figure 3: Survey responses assessing the relevance of the training and capacity building activities to their needs. N= 40.**



**b. Relevance to the National Determined Contribution (NDC)**

The project is directly relevant, and contributes, to the Mongolian National Determined Contribution (NDC) which highlights animal husbandry, water resources management and natural disaster management among its key priorities. For livestock management, the NDC states the need to “maintain ecosystem balance through improving pasture management”. It suggests doing so by; reducing rate of pasture degradation, regulating headcounts to match with pasture carrying capacities, regulating pasture use, increasing community participation in proper use of pastures, their monitoring and conservation, and by building early warning systems for drought and dzuds to prevent animal loss.

**c. Relevance to the National Action Programme on Climate Change (NAPCC)**

The project is directly relevant to the NAPCC’s objectives and activities. High priority adaptation measures that could be undertaken by the Government have been identified by NAPCC. These adaptation measures were focused mainly on: public awareness and education of herdsman; development of rangeland and livestock management systems based on pastoral practice and modern technology; improvement of an forage production systems; use of modern pasture water supply systems; establishment of appropriate risk management system; strengthening of the early warning system within the National Meteorological and Hydrological Services for extreme climate events and weather conditions; development of an insurance system for livestock and crops with respect to natural disasters; improvement of the marketing system of livestock and crop products in coordination with long-term weather forecasts and market signals; improvement of the health care system both for people and animals, etc.

In 2019, Mongolia started refining its adaptation planning process at the national level to strengthen the government's institutional and technical capacity and advance the process of formulating and implementing a National Adaptation Plan for future climate resilience. One measure connected with the NDC action plan was to develop and approve the National Adaptation Plan (NAP) under the target “Improvement of Climate Change legislations, policies, regulations, and overall implementation systems and framework.” As part of this work, the "National Adaptation Plan of Mongolia" was completed between 2019-2024. According to the summary of the

approved version of Mongolia's climate change adaptation plan, it consists of 3 main sections with 10 overarching Targets, 27 goals to facilitate their achievement, and a comprehensive set of 107 specific measures identified in the 8 high-priority vulnerable sectors for the period 2023-2030, including emphasize on reforming livestock policies and support climate resilience of the herder communities in Mongolia.

The project is also relevant to the **Vision 2050** where it aims to provide up to 75 percent of herders and farmers with sufficient power sources, equipment and technology, and other financial support to enable them to run family business, and create an optimal scheme to distribute their products to markets.

The project is also aligned with the following policies of Mongolia:

- **State policy on food and agriculture sector 2015-2025:** Overall objective is to develop self-sustaining and high production livestock subsector that is resilient to climate change. Specific interventions include incentivizing the use of long-distance and underutilized pastures, planting fodder plants, establishing water sources, as well as fencing of reserve pastures by herders and herder user groups. It also incorporates actions to increase the pastureland carrying capacity by promoting sustainable management and rehabilitation of pasture and applying pasture user agreements with local communities. Furthermore, the interventions include overall increased productivity of animals through enhanced animal breeding services, animal disease control, as well as increased coverage of vaccination and vaccine production.
- **White Gold Program:** the project aligns with the recently launched program called 'White Gold Program' which was introduced in May 2024 by the Office of the President of Mongolia. This program aims to boost industries that process animal's raw materials. The program is designed to run for three years and requires MNT 2.2 trillion in funding (President's Office, 2024)<sup>7</sup>. The "White Gold" National Program aims to raise herders' incomes, encourage manufacturers to upgrade their equipment, and increase the number of light industries, to which the GCF project has direct contribution.
- **New Cooperative Initiative:** The project is also aligned with the recently launched 'New Cooperative' initiative by the Government of Mongolia to support herder families by strengthening cooperatives. This initiative aims to stabilize cash flow from animal and animal-derived raw materials and products. To date, soft loans amounting to MNT 502.3 billion have been granted to 14,688 members of 4,466 cooperatives. Although the GCF project doesn't provide loans, but it offers wide tested solutions for replication through different schemes including loans.
- **Mongolian Agenda for Sustainable Livestock (MASL):** The MASL action plan seeks to support the sustainable development of the Mongolian livestock sector as economically efficient while implementing sustainable pastureland management, enhancing food security and safety and social inclusiveness, and strengthening stakeholder partnerships and participation.

#### d. Relevance to Recently Approved Laws:

- "Reducing the Negative Impacts of Climate Change on Traditional Livestock" Law passed on 19 April 2024. The purpose of this law is to regulate the relationships related to protecting the traditional livestock farming sector from the negative impacts of climate change and addressing the risks faced by herders through special measures.
- The "Herder Law" (passed on 05 June 2024) is to define the legal status of herders and to create favourable conditions for them to work, live, enhance their knowledge and education, and engage in production. It aims to develop a competitive livestock industry that is resilient to climate change.

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<sup>7</sup> <https://president.mn/29467/>

- June 05, 2024: Law on the “Legal Status of the Association of Herders' Households” has been passed. The purpose of this law is to preserve the traditional culture of pastoral livestock breeding, which is based on the interdependence of herders, livestock, and pastures.

#### **e. Relevance to SDGs**

The ADAPT project aligns with multiple Sustainable Development Goals (SDGs) by addressing climate resilience, sustainable resource management, and inclusive economic development. It contributes to SDG 1 (No Poverty) and SDG 2 (Zero Hunger) by improving herder livelihoods, enhancing pasture management, and securing livestock productivity during extreme climatic events, thus reducing economic vulnerability and food insecurity. Through its Gender Action Plan (GAP), the project promotes SDG 5 (Gender Equality) by empowering women in decision-making and economic activities, while SDG 6 (Clean Water and Sanitation) is addressed through improved water resource management, including well rehabilitation and spring protection.

In support of SDG 13 (Climate Action) and SDG 15 (Life on Land), the project integrates climate risk into planning, fosters ecosystem-based adaptation, and restores degraded lands through reforestation. It advances SDG 8 (Decent Work and Economic Growth) and SDG 12 (Responsible Consumption and Production) by building sustainable livestock value chains, market access, and traceability systems for environmentally responsible products. Partnerships with government, international organizations, and local communities align with SDG 17 (Partnerships for the Goals), enabling collaboration and scaling of successful interventions. Together, these efforts reflect a comprehensive approach to sustainable development, addressing economic, social, and environmental dimensions in Mongolia.

#### **f. Relevance to UNDP CPD**

The ADAPT project aligns closely with the United Nations Development Programme (UNDP) Mongolia's Country Programme Document (CPD) for 2023–2027<sup>8</sup>, particularly in its focus on promoting a diversified, inclusive, and green economic transition. By enhancing the resilience of herder communities through policy reforms, capacity building, and improved market access, the project supports the CPD's objective of strengthening capacities for sustainable livelihoods and employment. This alignment is evident in the project's efforts to integrate climate risk into planning and policy-making, develop biophysical assets, and promote market linkages, all of which contribute to a low-carbon, climate-resilient economy as outlined in the CPD.

Additionally, the ADAPT project's emphasis on gender-sensitive interventions and the development of a Gender Action Plan (GAP) reflects the CPD's commitment to inclusive and accountable, gender-responsive governance mechanisms. By addressing gender-specific impacts of climate change and promoting women's leadership and participation, the project contributes to the CPD's goal of fostering inclusive development that benefits all segments of society. Furthermore, the project's focus on building institutional and individual capacities aligns with the CPD's priority of enhancing governance mechanisms to support sustainable development and resilience in Mongolia.

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<sup>8</sup> UNDP Mongolia's Country Programme Document (CPD) for 2023–2027. Available [here](#).

#### **g. Relevance to United Nations Sustainable Development Cooperation Framework (UNSDCF) for Mongolia (2023-2027)**

The ADAPT project aligns closely with the United Nations Sustainable Development Cooperation Framework (UNSDCF) for Mongolia (2023-2027) by addressing key strategic priorities outlined in the framework. The UNSDCF emphasizes human development and well-being, green, inclusive, and sustainable growth, and people-centered governance, rule of law, and human rights. The ADAPT project's focus on enhancing the resilience of herder communities through policy reforms, capacity building, and market access directly contributes to these priorities. By promoting sustainable pastoral practices and improving livelihoods, the project supports Mongolia's progress toward achieving the Sustainable Development Goals (SDGs) as outlined in the UNSDCF<sup>9</sup>.

#### **h. Coherence with other multilateral entities:**

The project document references several relevant projects identified during the design phase, along with their alignment strategy, aiming to build on and complement these initiatives. For instance, the project work on ensuring that climate risk informed planning is paired with the necessary finance and support is critical and the development of methodologies towards forecast based financing (FBF) has been built on and informed by the best practices and lessons learned of the IFRC's Forecast-based Financing for Vulnerable Herders in Mongolia pilot project, which developed an FBF module for dzud as well as related cost benefit analyses. Also, the project design acknowledges and intends to replicate the water harvesting in high altitudes through best practices established by the EbA UNDP project.

Also, the project design build on already existing user groups established through the past interventions, particularly through the Green Gold project which has successfully established and capacitated user groups in Khovd and Zavkhan and initiated activities in Dornod in 2016 – three of the four target aimags for this project. Based on lessons learned from the Green Gold and IFAD projects, the project develops incentives to discourage overgrazing and encourage sustainable use and finance community investments. This includes supporting the establishment of a risk management facility, cost-shared between herders and the local government, for disaster preparedness and response, and to further finance pasture and water management activities, and to establish or rehabilitate wells.

Further, ADB's Aimags and Soums Green Regional Development Investment Program (ASDIP) just started recently and it aims to promote low-carbon, climate-resilient territorial development, and more efficient urban-rural linkages, as well as climate finance and private sector investment mechanisms designed for sustainability and replicability across the country. This program would be important opportunity for replicating the ADAPT project solutions and scaling them out to other areas in Mongolia. A partnership between the ADAPT project and the ADB initiative would create a mutually beneficial relationship where ADB can build on the climate adaptation solutions tested by the ADAPT project, while the ADAPT project benefits by promoting its solutions for potential replication

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<sup>9</sup> United Nations Sustainable Development Cooperation Framework (UNSDCF) for Mongolia (2023-2027). Available [here](#).

and funding. During the evaluation mission, the IE team engaged with ADB, and ADB showed genuine interest in establishing this partnership.

In recent years, there has been significant progress in expanding knowledge on herders' institutions for pasture management and income generation, as well as on apex organizations involved in processing and marketing. These advancements have been supported by various initiatives, including projects led by UNDP, the World Bank (Sustainable Livelihoods Project, now in Phase III), SDC (Green Gold Project), and IFAD (Project for Market and Pasture Management Development). All these projects share a common focus on promoting collective action among herders. Additionally, the government's Herder Policy and the Law on Cooperatives aim to foster collective action and community organization.

A major milestone was achieved in May 2016 when the Government approved the concept of the Law on Pastureland, following nearly a decade of deliberations. This law introduces provisions for pasture user groups to obtain possession rights over the land they inhabit, marking a significant step toward empowering herder communities and enhancing sustainable pastureland management.

### 3.3 Effectiveness

Effectiveness is the extent to which the project achieved, or is expected to achieve, its objectives and its results, including any differential results across groups. Therefore, this section focuses on the progress towards results.

#### a. Progress towards outcomes analysis

Overall, the project has been progressing in a moderately satisfactory manner towards its objectives and outcomes with a mix of 14 achieved, 1 mostly achieved, 4 limited progress midterm targets (1 target cannot be measured).

Despite progress in enhancing climate resilience and resource management, significant barriers identified in the project design continue to persist for resource-dependent herder communities in Mongolia including limited technical capacities, inadequate water and forage resources, and the pressures of unsustainable livestock numbers driven by existing policies and market demands. While the project has made investments in improving technical capacities and data integration for climate-resilient planning, institutional capacities, particularly in technical expertise and computing capabilities, remain underdeveloped. Efforts to improve herders' access to water and forage have been made, but on a limited scale, leaving broader challenges such as drying water sources and insufficient haymaking capabilities unaddressed. Additionally, despite preparatory work on climate risk planning and policy guidelines, tangible reforms in livestock policies and subsidy mechanisms have yet to materialize.

Operational challenges have also hindered project implementation. The geographical remoteness of project sites has resulted in high travel costs and logistical complexities, while unprecedented market inflation has strained the project's budget. Managing stakeholder expectations, navigating political changes, and coping with staff turnover have further complicated progress. Procurement delays, particularly for essential equipment like computing resources, and the limited capacity of local governments have posed additional barriers.



On the positive side, despite not fully achieving the midterm target for the number of beneficiaries, a total of 40,913 individuals (49.6% female) have directly benefited from the project's support. This support focused on promoting the sustainable management of shared resources and utilizing traditional community-level agreements informed by best practices. As a result, the herder community has been able to strengthen the resilience of their core livestock to withstand extreme cold and adapt to climate change, which is expected to improve their economic status.

Additionally, the project developed a methodology for creating Integrated River Basin Management Plans (IRBMPs) and successfully updated eight IRBMPs. These updates incorporated climate change considerations, risk and vulnerability assessments, and adaptation measures such as reforestation along riparian areas of rivers and the protection of springs.

Table 2: Status of impact level indicators and targets

Impact:	Indicators	Baseline	Mid -term target	End target	Progress
Increased resilience and enhanced livelihoods of the most vulnerable people, communities and regions <sup>10</sup> .	Number of males and females benefiting from the adoption of diversified, climate resilient livelihood options (including fisheries, agriculture, tourism, etc.)	0	65,000 people (32,500 male, 32,500 female)	Direct: 130,000 people (65,000 m, 65,000 f) Indirect: 800,000 people (400,000 m, 400,000 f)	40913 (49.6% female)
Improved resilience of ecosystems and ecosystem services	Coverage/scale of ecosystems protected and strengthened in response to climate variability and change	0	7 watersheds and 18.22M ha	14 watersheds and 36.44M ha	8 watersheds and 20.82M ha

The project reported that over 169,560 individuals (30% female) have indirectly benefited from the project activities representing the overall populations where the project is being implemented.

Table 3: Number of beneficiaries broken down by aimag

Aimags	# of direct beneficiaries		# of indirect beneficiaries		Total	
	Male	Female	Male	Female	Male	Female
<b>Khovd</b>	7,500	7409	40600	17400	48,100	24,809

<sup>10</sup> As per the project document, the most vulnerable groups are defined to be herders communities, and most vulnerable regions are the four aimags targeted by this project Zavkhan, Khovd, Dornod, and Sukhbaatar aimags.



<b>Zavkhan</b>	7,300	7,203	29100	12460	36,400	19,663
<b>Sukhbaatar</b>	2400	2338	31,800	13,600	34,200	15,938
<b>Dornod</b>	3400	3,363	17100	7300	20,500	10,663
<b>Total</b>	<b>20,600</b>	<b>20313</b>	<b>118,800</b>	<b>50,760</b>	<b>139,200</b>	<b>71,073</b>

It is still too early to fully assess the breadth of the project's impacts, as it is only at the midpoint of its cycle. Impact-level results are still premature at this stage, and more time is needed to evaluate the long-term effects of the project's interventions. However, the IE team observed that key impacts are beginning to materialize on the ground, especially in the awareness and capacity of herder who are directly engaged by the project. The herder communities have shown a high level of satisfaction and strong ownership over the project activities, and reported improvement in level of awareness about understanding and dealing with extreme climate events. Moreover, early signs of improving ecosystem health and services are evident, including increased vegetation inside protected pastures and a higher flow of water from springs. The IE team captured a photo at one of the reforestation project sites, which illustrates the noticeable difference in vegetation abundance inside the fenced area compared to outside.

Figure 4: Picture of reforested and fenced area



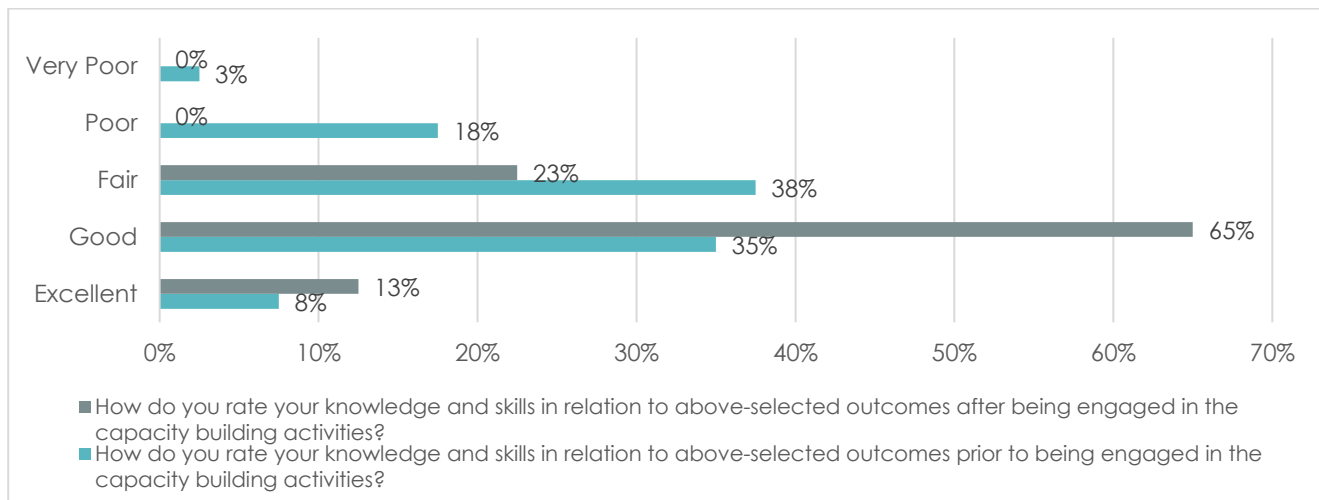
Stakeholders who participated in the capacity building programs from national and local authorities reported impacts related to increase in their level of understanding in multiple technical areas including:

- Improved skills to undertake vulnerability and risk assessments
- Improved data and forecasting abilities

- Ability to integrate climate change and the results of vulnerability and risk assessments into planning.
- Improved knowledge and skills in cross-sectoral planning approaches by including environmental, land and agricultural
- Improved knowledge and skills in contingency planning for projected extreme weather events.
- The use of the geographic information system for the day-to-day work

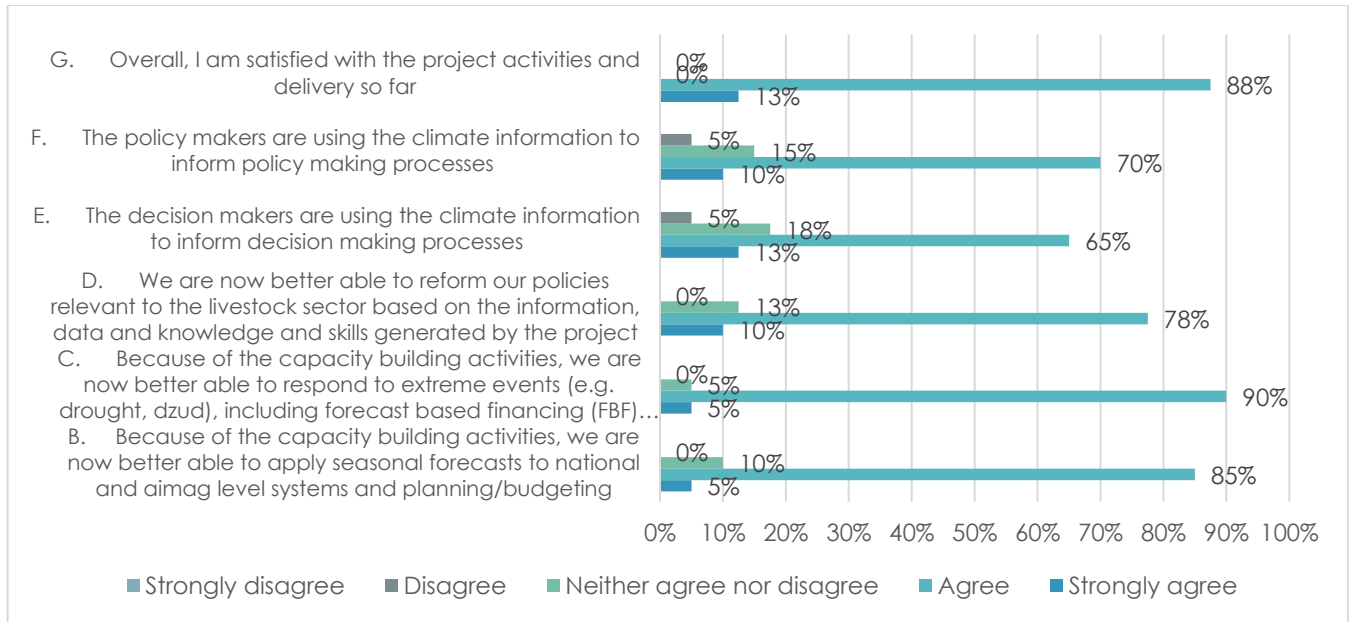
In a response to the survey question, participants in the training workshops have reported significant improvement in their self-assessed knowledge and skills after the capacity-building activities. The proportion of participants rating their skills as "Good" or "Excellent" increased from 43% before the training to 78% after the training, while those rating themselves as "Poor" or "Very Poor" dropped to 0% (n=40).

Figure 5 – Survey responses on the level of change in knowledge and skills before and after the training workshops. N-40.



Also, stakeholders who participated in capacity building workshops have reported that the gained knowledge and skills had a positive impact of capacity-building activities on policy reform and decision-making. Most respondents are satisfied with the project, and there is consensus that climate information is being effectively used. However, there are small pockets of uncertainty or disagreement, particularly regarding policymakers' and decision-makers' use of climate information which is understandable in light of the progress towards policy development at this point in time. On average, nearly 90% of the survey respondents have 'agreed' or 'strongly agreed' that the gained capacities helped in improved abilities to incorporate and apply climate data, along with strong overall satisfaction, indicate that the project's capacity-building activities are achieving their intended outcomes.

Figure 6 – Survey responses on the impacts on the capacity building activities. N-40.



**Under component 1**

The project has made substantial investments in building both institutional and individual capacities. A training program was implemented to enhance the technical skills of 172 government officials and staff in areas related to climate resilience and planning. The training topics included meteorological forecasting, climate adaptation, land use planning, river basin management, and impact-based forecasting (IBF). Despite these efforts, significant capacity gaps persist, posing a key barrier to advancing climate adaptation science and policymaking. To address this, the project needs to adopt a more targeted approach to identify and assess the training needs of stakeholders and expand its capacity-building activities accordingly.

The project also encountered procurement-related challenges in acquiring a High-Performance Computer (HPC), which is essential for implementing IBF theories and generating accurate climate forecasts. The absence of this HPC is currently limiting the project's ability to fully realize its climate forecasting objectives.

In terms of policy reforms, the project has achieved notable progress by establishing the groundwork for integrating climate risk into planning and policymaking. This includes the development of IBF tools, climate risk guidelines, a Climate Risk Index (CRI), updated methodologies for aimag and soum territorial plans and Integrated River Basin Management Plans (IRBMPs) to incorporate climate change risks and vulnerabilities, and a comprehensive analysis of Mongolia's livestock sector's legal frameworks to support climate resilience. However, the full integration of these tools and guidelines into policymaking is an ongoing process. The project shall continue to identify policy and planning avenues to incorporate climate risk considerations into, such as regional development plans, expedite the aimag adaptation plan development and advocate for further policy reforms at both the local and national levels.

**Under component 2**

Despite the progress made, the project is currently falling behind its mid-term targets for biophysical interventions, particularly in the areas of setting up water harvesting structures, rehabilitating water wells, and reforestation. The delays are primarily due to several challenges, including procurement delays, difficulties in securing the necessary co-financing, and the lengthy process of consultations with relevant stakeholders and communities. These challenges have collectively slowed down the implementation of these critical interventions.

The project, however, succeeded in establishing 63 Resource User Agreements (RUAs) across four aimags to formalize cooperation among herders for sustainable resource management, and reforesting 1094 hectares with 537,440 trees in 16 soums within the four aimags to protect water resources and ecosystem services. The project also built and repaired 42 emergency fodder storage facilities each with a capacity to store 21,120m<sup>3</sup> of fodder, improving community resilience to climate-induced extreme events by ensuring a reliable supply of fodder. Additionally, 587 hectares of pasture reserves were managed, further supporting herders during harsh seasons. Water access improvements included the development of 16 boreholes in Dornod, the construction of 6 new wells in Sukhbaatar, and the establishment of water infrastructure in 7 soums in Khovd. Furthermore, 47 natural springs were protected, and reforestation activities were conducted to support these water resources.

### Under component 3

The project aimed to establish public-private-community partnerships (PPCPs) to promote sustainably sourced livestock products, the progress was constrained by the delayed formalization of these partnerships, but recently (at the time of drafting this report) 6 new contracts have been signed between cooperatives and private sector companies agreeing on long term supply of cashmere, and more contracts are expected to be delivered soon to cover more products such as meat, wool and others. These were triggered by the investment fairs and single point models supported by the project.

The project helped with the formation of Herder Producer Organizations (HPOs), but only a small percentage of herders across the target aimags have been organized into such groups (790 out of 53,111 herders). The HPO development has been slower than anticipated.

The project held Mongolia's first national investment fair, which led to the launch of a pilot single-point service center<sup>11</sup> in eight soums, supported by the purchase of refrigerated containers. Additionally, herders were trained on the "Responsible Nomads" standard, enhancing sustainable sourcing and certification of livestock products, which resulted in significant economic benefits, such as the successful export of 100 tons of certified cashmere.

The project also advanced traceability efforts through the development of a web-based accreditation system that enables herder cooperatives with their own warehouses to obtain electronic credentials and certification, however, the implementation of the traceability system remains incomplete. Full-scale deployment and integration of the traceability systems into the market value chain are still evolving, limiting the impact on market access and premium pricing for sustainably sourced products.

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<sup>11</sup> A single-point service refers to a centralized hub where herders can access a range of essential services such as veterinary care, vaccinations, animal health monitoring, and breeding services, all available at one physical location.

At the policy level, the project conducted a study on ecosystem services and developed policy alternatives for ecosystem-based livestock management, proposing incentive mechanisms to promote sustainable pastoral practices despite existing legal challenges. However, the final shape and structure of the Payment for Ecosystem Services (PES) mechanism are not yet fully developed, indicating the need for further refinement and stakeholder engagement to finalize the approach.

Further efforts included knowledge dissemination through various media and communication strategies, aimed at raising awareness about climate change and nature conservation. The project produced educational TV programs, short videos, and hosted events to engage different demographics and promote sustainable practices. It also facilitated local exhibitions and forums to empower herder communities and establish HPOs. The creation of nucleus herds and provision of livestock management tools further supported herder capacity building.

Table 4: Status of outcome level indicators and targets

Outcomes:	Indicators:	Baseline	Mid-term target	End target	Progress towards outcomes
<b>1. Strengthened institutional and regulatory systems for climate-responsive planning and development</b>	Institutional and regulatory systems that improve incentives for climate resilience and their effective implementation	0	3	3	<b>3</b> According to the scorecards defined in the prodoc, 3 means policy transformation document reviewed by stakeholders and comments integrated to the extent possible <sup>12</sup>
<b>2. Increased generation and use of climate information in decision-making</b>	Use of climate information products/services in decision-making in climate sensitive sector	0	4	1	<b>4</b> According to the scorecards defined in the prodoc, 4 means climate information tailored to MECC and MoFALI and related adaptation guidelines available <sup>13</sup>

<sup>12</sup> Indicator scorecards as follows: 4 policy transformation document drafted, 3 policy transformation document reviewed by stakeholders and comments integrated to the extent possible, 2 stakeholders endorse policy transformation and documents presented for approval by Cabinet/Parliament, 1 policy transformations approved by Cabinet/Parliament (Note: endorsement and approval of policy transformations will be supported by the project, but are outside the control of the project).

<sup>13</sup> Indicator scorecards as follows: 4 climate information tailored to MECC and MoFALI and related adaptation guidelines available, 3 evidence of climate information integrated into strategies and policies, 2 evidence of climate information integrated into approved planning with corresponding financing allocated, 1 adaptation investments ongoing.

<b>3. Strengthened adaptive capacity and reduced exposure to climate risks</b>	Use by vulnerable households, communities, businesses and public-sector services of Fund-supported tools instruments, strategies and activities to respond to climate change and variability	0	0	Improvement of score for 30% of rangeland covered by project	This indicator can not be measured within available data. According to the scorecards defined in the prodoc, this measures the changes in land degradation and improvement in rangeland cover <sup>14</sup>
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Table 5: Status of output 1 indicators and targets

Outputs:	Indicators:	Baseline	Mid-term target	End target	Progress towards outputs
<b>Output 1: Integrate climate information into land and water use planning at the national and sub-national levels</b>	Number of tailored products and plans applying climate information	0	2 tailored climate products for natural resources management (MET) and the livestock sector (MoFALI)	2 tailored climates products for natural resources management (MET) and the livestock sector (MoFALI)	2 guidelines developed: - Climate-resilient planning in the land, water, and livestock sectors - Methodology, tools and guidelines on impact-based forecasting (IBF) and forecast-based financin.
			1 analytical document to guide development of a national programme as a successor to the Mongolian Livestock Programme, detailing climate informed livestock herd size and herd structure targets	1 analytical document to guide development of a national programme as a successor to the Mongolian Livestock Programme, detailing climate informed livestock herd size and herd structure targets	Analysis of the implementation and results of the existing legal frameworks related to the livestock industry in Mongolia and policy solutions and alternatives
	Number of tailored products and plans	0	3 policy transformation		2 methodologies were developed: 1)

<sup>14</sup> Indicator scorecards as follows: 4 land severely degraded, 3 land moderately degraded, 2 land slightly degraded, 1 land not degraded. Note: It could take several years for degraded land to improve, therefore a conservative target within the project duration has been selected.

	applying climate information		documents informed by climate change impact on land and water resources		Methodology for developing aimag land use plan and soum territorial development plan (STDP) 2) Methodology for developing IRBMP and integrating climate change – this one is adopted by MECC.
			2 aimag plans	4 aimag plans	1 aimag plan
			34 soum plans	68 soum plans	37 soum territorial plans developed and approved.
			6 climate risk and adaptation profiles for river/lake basins in project area	12 climate risk and adaptation profiles for river/lake basins in project area	8 climate risk and adaptation profiles for river/lake basins in the project area

Table 6: Status of output 2 indicators and targets

Outputs:	Indicators:	Baseline	Mid -term target	End target	Progress towards outputs
<b>Output 2: Scaling up climate-resilient water and soil management practices for enhanced small scale herder resource management</b>	Number of structures built and/or rehabilitated	0	1000 ha catchment reforestation	2500 ha catchment reforestation	1094 ha
			44 natural springs protected	88 natural springs protected	47
			143 wells rehabilitated or constructed	285 wells rehabilitated or constructed	99
			9 water harvesting structures	18 water harvesting structures	0
			1445 ha of haymaking or pasture reserve areas	2890 ha of haymaking or pasture reserve areas	587 ha



	Herders apply adaptive practices to use of natural resources (e.g. rotational herding practices, RUAs)	0	4	1	<b>4</b> According to the scorecard defined in the project document 4 means that majority of herders not engaged in cooperatives <sup>15</sup>
	RUAs include targets for climate informed livestock herd size and herd structure targets.	0	4	1	<b>4</b> According to the scorecard defined in the project document 4 means that Herders have received sensitization/training pressure on natural resources dues to climate change and livestock <sup>16</sup>

Table 7: Status of output 3 indicators and targets

Outputs:	Indicators:	Baseline	Mid -term target	End target	Progress towards outputs
<b>Output 3: Build herder capacity to access markets for sustainably sourced, climate-resilient livestock products</b>	% of HPO herders able to secure contracts with buyers for sustainably sourced livestock products, thereby enhancing livelihoods through improved market access	0	0	50%	<i>The midterm target is 0, however it can be reported that 8 HPOs established and 6 cooperatives have secured contracts</i>
Detailed analysis of progress towards outputs and activities is available in <a href="#">Annex 2</a> of this document.					

### b. Remaining barriers to achieving the project objectives

Despite the progress made on various fronts, the key barriers to strengthening the resilience of resource-dependent herder communities vulnerable to climate change remain significant. These communities continue to

<sup>15</sup> Indicator scorecards as follows: 4 majority of herders not engaged in cooperatives, 3 majority of herders engaged in cooperatives, 2 majority of herders sign on to RUAs, 1 majority of herders applying RUA

<sup>16</sup> Indicator scorecard as follows: 4 -Herders have received sensitization/training pressure on natural resources dues to climate change and livestock, 3 - RUAs include climate informed livestock herd size and herd structure targets, 2 – support provided to herders to incentive progress towards targets (Outputs 1, 3), 1 – measurable progress made towards livestock herd size and herd structure targets

face challenges such as limited technical capacities, inadequate access to resources like water and forage, and the ongoing pressure of unsustainable livestock numbers driven by policy and market factors.

In the first half of the project, significant investments were made to advance technical capacities for long-term climate-resilient planning. This included efforts to improve data collection, forecasting abilities, and the integration of climate change considerations and vulnerability and risk assessments into planning processes. However, based on the evidence gathered during the Interim Evaluation, it is clear that institutional capacities remain underdeveloped, particularly regarding technical expertise and computing/storage capabilities.

The necessary upgrades to computing capacities have not yet been completed, leaving these capacities at a premature level. Additionally, further investment is required to enhance the accuracy of monthly and seasonal forecasts and to develop the models needed for effective long-term climate-informed planning.

The project has made notable progress in improving herders' access to water for their livestock by implementing IWRM planning and biophysical solutions aimed at protecting water springs and enhancing their functionality. However, these efforts have been limited in scale, with only a small number of water springs being protected. As a result, the broader challenge of drying water sources continues to pose a significant barrier to sustainable water access for herder communities. Moreover, the capacities for IWRM planning remain underdeveloped, indicating a need for further strengthening in this area.

Similarly, the project has supported haymaking, the establishment of pasture reserves, and related storage to help livestock survive increasingly harsh winters and to reduce losses among subsistence herders. However, these initiatives have also been implemented on a limited scale, leaving the broader herder communities with insufficient haymaking and storage capabilities. This limitation continues to affect livestock health and survival during winter seasons, particularly during dzud events, leading to significant economic losses for the herders.

At the policy level, the project has made progress by developing preparatory policy materials, guidelines, and methodologies aimed at influencing livestock policies. These include advancements in climate risk planning and financing, the creation of a Climate Risk Index, and the development of methodologies for the River Basin Management Plan (RBMP). However, despite these efforts, there has been no direct impact on reforming the existing livestock policy and subsidy mechanisms yet, nor on advancing climate risks planning and financing. The gap between the preparatory work and tangible policy reforms highlights the need for further efforts to translate these foundational materials into actionable changes within the policy landscape. This will be crucial for achieving the long-term objectives of the project.

Limited progress has been made in advancing herder access to markets, with the economic model for livestock value chains still largely dominated by payments based on volume. This system incentivizes the maintenance of large herds, aligning with a policy landscape that favours higher livestock numbers. As a result, livestock populations are expected to continue growing beyond the carrying capacity of the land, exacerbating environmental degradation and undermining efforts to promote sustainable livestock management.

At the project operation front, the IE has found the following barriers that could influence the proper achievement of the project objectives have been identified throughout the detailed analysis of the documentation and missions carried out in the country:

- **Accessibility and remoteness of project's sites:** The accessibility and remoteness of the project's sites in Mongolia have presented significant challenges for implementation. The project spans four aimags across the country, with these areas being geographically dispersed across both the eastern and western regions. The remoteness of these sites has made accessibility difficult for the project team, often requiring long off-road drives to reach the locations. This has resulted in exceptionally high travel costs, consuming a significant portion of the budget, and has complicated the logistics of supplying goods and services to these remote areas. Additionally, the project has faced difficulties due to a lack of vehicles in some areas for the project staff and local coordinator, further hindering the team's ability to move efficiently and carry out their work. These challenges highlight the need for additional resources and planning to address the logistical complexities of operating in such remote and dispersed locations.
- **Market inflation and prices:** Mongolia has recently experienced unprecedented market inflation, significantly impacting the project's financial capacities. Mongolia has experienced unprecedented market inflation recently. The Mongolia Consumer Price Index (CPI) has shown a consistent upward trend since 2020, rising from 98 points in 2020 to 145 points in 2024<sup>17</sup>. This increase reflects underlying inflationary pressures in the Mongolian economy, leading to substantial rises in the prices of goods and services. As a result, the cost of procuring goods, services, and implementing project activities has become much higher than anticipated during the project's design phase. This inflationary trend is a key contributing factor to the budget deficit that the project is expected to face, further complicating its implementation.
- **Managing expectations:** the project team has frequently encountered requests from stakeholders to fund activities that fall outside the project's scope and objectives. This has created instability in the stakeholder engagement strategies and has posed significant challenges in managing expectations. The team has had to navigate the delicate task of clarifying what the project is designed to achieve within the boundaries set by the GCF and UNDP. These off-scope requests have complicated the engagement process, requiring careful communication to ensure that stakeholders understand the project's focus and limitations.
- **Changes in political leadership at both national and local levels** have significantly impacted the pace of progress in the project's implementation. The project team has had to invest considerable time and effort in advocating for project activities whenever new political leaders take office. For instance, at the local government level, the election of a new mayor has often led to delays in project delivery, as the team must wait for the new mayor to settle into the role and become informed about the project's activities and scope. Additionally, internal political dynamics between parties have affected decision-making, particularly regarding the 30% cash contributions required for biophysical activities at the local level. These political shifts and internal political differences have introduced challenges that have slowed down the overall project implementation.
- **Staff turnover in PMU and government counterparts:** The project has experienced considerable staff turnover within both the PMU and among government counterparts. This turnover has led to a

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<sup>17</sup> Trading Economics, available [here](#).

slowdown in progress, as significant time and resources were needed to onboard new staff and familiarize them with the project's goals, processes, and activities. The frequent changes in personnel have disrupted continuity and posed challenges to maintaining momentum in project implementation.

- The project has faced challenges with **lengthy and sometimes complex procurement processes**, particularly when local suppliers failed to meet UNDP procurement standards. These issues have led to delays in securing necessary goods and services, further complicating the timely implementation of project activities. The project entails purchasing sophisticated equipment such as the supercomputer for climate data modelling, and this has been particularly challenging for the project team and still until now not processed. Key difficulties stemmed from:
  - o The time it took to hire an external HPC expert to support the procurement. The process of engaging the HPC expert extended over a period of three months. It was only in October 2022 that a consultant possessing the relevant experience was identified and engaged.
  - o The solicitation had to be extended due to slow response from bidders: The solicitation time of the ITB took longer than expected. Summary of timeline First deadline = 0 Bids, first extension = 2 submissions, and second deadline extension resulted in 6 companies submitted bids.
  - o Several clarifications were required during the evaluation process: The evaluation panel had several evaluation meetings. The evaluation process involved several clarifications from bidders related to the technical specifications of the proposed HPC solutions, particularly to make sure that the bids addressed an integral part of the ITB namely, the processing capacity of the HPC solution, the after-sales support (maintenance & spare parts) and warranty.

The procurement difficulties underline the need for improved supplier engagement and capacity-building efforts to align local providers with the required standards.

- The project has encountered challenges related to the **limited cash co-financing capacity** of local authorities in Mongolia. To address the issue of cash shortfalls, one of the key actions taken by the government as part of adaptive management is to unlock local government budgets. The financial capacity of local governments varies significantly from one soum to another. The co-financing challenges from local governments pertain to project's adaptive management that is outside of the FAA financing framework. However, according to the 2022 and 2023 APRs, the Government is now seeking finance contributions of 30% of investment costs from local governments, and to date, \$1,625,917 have been realized as local government co-financing.
- The project's implementation has been challenged by **limited public awareness** regarding climate risks and related matters. For example, some activities, such as reforestation and pasture protection, have met resistance from the herder community due to concerns about restricted access to the land. This resistance is largely driven by a lack of awareness about the long-term benefits of these activities. The absence of a comprehensive understanding of climate risks and the potential positive outcomes of such interventions has made it difficult to gain community support, thereby delaying the progress of these critical initiatives.

### 3.4 Efficiency

Efficiency is the extent to which the intervention delivers, or is likely to deliver, results in an economic and timely way. This section covers issues related to project implementation and adaptive management.

### a. Management Arrangements

The project management arrangements do not clearly differentiate between decision-making and coordination roles, which has created challenges in project implementation. The project design assumes that the project board will serve a dual purpose, handling both decision-making and coordination. However, the IE team has observed that while the project board has effectively fulfilled its decision-making responsibilities, it is not suited for, nor has it delivered, effective coordination. The board meets only once per year, which is insufficient for the level of coordination required, as effective coordination demands a more regular and consistent platform for engagement.

The project is being implemented following UNDP's National Implementing Modality (NIM) where UNDP is accountable to the GCF for the implementation of this project including oversight of project execution, and the Ministry of Environment and Climate Change (MECC) formerly known as Ministry of Environment and Tourism (MET) is the main Executing Entity. MoFALI, NEMA and NAMEM are the Responsible Parties for this project.

As pointed in section 3.1 of this report, the project management arrangements do not clearly differentiate between decision-making and coordination roles, which has created challenges in project implementation. The project design assumes that the project board will serve the dual purposes, handling both decision-making and coordination. However, the IE team has observed that while the project board has effectively fulfilled its decision-making responsibilities, it is not suited for, nor has it delivered, effective coordination. The board meets only once per year, which is insufficient for the level of coordination required, as effective coordination demands a more regular and consistent platform for engagement.

The project board, in its current settings and frequencies, doesn't achieve the coordination purpose, and accordingly the project faced a significant coordination gap during the implementation. The Technical Advisory Group (TAG), which has been slightly referenced in the management arrangement, has been activated to only serve as a technical group that validate technical deliverables submitted by consultants, but the group doesn't convene regularly and doesn't involve coordination. This lack of an active coordination mechanism has likely contributed to delays and inefficiencies, emphasizing the need for a more structured and dedicated approach to coordination within the project. Evolving the TAG as a regular coordination platform beside the technical input with defined roles and regular engagement, would be essential for improving overall project management and ensuring the smooth execution of project activities.

The PMU implements the project on a day-by-day basis according to the work plan approved by the Project Board and is composed of 18 personnel. This team includes a project manager, three technical experts who lead the delivery of each project component, eight local officers (two for each aimag), a gender specialist, communication officer, procurement officer, M&E officer, Admin and Finance officer, and a driver.

The recruitment for these positions was split between UNDP and the MECC. Specifically, the project manager, Admin and Finance officer, and procurement officer were recruited by UNDP, while the remaining staff were recruited by MECC. However, there is growing concern among the personnel contracted by MECC due to the short-term nature of their contracts, which has led to an environment of staff instability. These staff members are

increasingly seeking longer-term and more stable contracts to ensure job security, which is crucial for maintaining continuity and focus within the project team.

The project has identified a gap in the team's expertise, particularly in technical areas related to climate risks data analysis and business marketing. This lack of specialized knowledge has impacted the ability to provide the necessary technical and strategic support for market development activities under component 3 of the project. To address this, the project has recently initiated the recruitment process for a Chief Technical Advisor (CTA) who will offer strategic guidance. Additionally, there is a need to begin a similar recruitment process for a business marketing specialist to strengthen the team's capacity and ensure the effective implementation of market-related activities.

The current structure of the PMU is flat, with all 17 team members reporting directly to the project manager in a linear, hierarchical manner. This setup has made people management a significant burden for the project manager, consuming much of her time and effort and limiting her capacity to focus on strategic matters critical to the project's success. To address this issue, it is essential to review and restructure the PMU to establish a more balanced hierarchical framework. This revised structure should clearly define roles, responsibilities, and reporting lines including fitting in the new positions for CTA and business marketing specialist.

The IE team understands that the project manager role is currently filled up on a temporary basis, and a new project manager started on August 29<sup>th</sup> 2024 (concurrently as this IE is taking place). The new PMU structure should define the relationship clearly between the CTA and project manager to avoid any confusions. Generally speaking, the IE team envisages that the CTA would be mainly dedicated to providing technical backstopping for the technical specialists while the project manager would focus on the strategic engagement with stakeholders and lead the project operation on a daily basis.

**Quality of UNDP implementation/oversight:** UNDP Mongolia has been responsible for the overall supervision and monitoring of the project and has been providing project assurance through the country office and the UNDP-GCF and through active participation in the project board. UNDP has provided direct project services to lead the IE in addition to procurement services related to the purchase of the goods and service such as the supercomputer.

The UNDP CO has been actively supporting the project by monitoring its financial transactions, focusing on delivery, meeting targets, and expenditure. In 2021, UNDP conducted a financial spot-check and subsequently commissioned two audits for the years 2022 and 2023. Additionally, UNDP carried out a Quality Assurance Monitoring mission, during which the UNDP Program Support Unit team assessed the project's risk management practices, verified the accuracy of financial records for cash transfers, reviewed the program's status, and examined any significant changes to applicable internal controls. These efforts have been essential in ensuring the financial integrity and effective management of the project.

The project's PMU and stakeholders have expressed concerns regarding the lengthy and complex procurement processes associated with UNDP. Local suppliers have struggled to meet the high standards required by UNDP procurement, leading to significant delays. These procurement delays have been identified by stakeholders as one

of the key factors contributing to the overall delay in project activities. Addressing these procurement challenges is essential to ensuring timely implementation and achieving the project's objectives.

Strategically, UNDP is well-positioned to link the GCF ADAPT project with other initiatives within its climate change portfolio. Leveraging these connections could be vital for replicating and upscaling the project's on-ground interventions in the future. To maximize this potential, UNDP is expected to actively pursue and identify complementarities between the GCF ADAPT project and other related initiatives. Additionally, the UNDP CO needs to play a more prominent role in communicating consistent messages to government counterparts regarding the rules and procedures governing UNDP and GCF project implementation. This includes providing clear guidance on how to address requests for activities that fall outside the project's scope and do not comply with GCF and UNDP regulations. By doing so, UNDP CO can help ensure that the project remains focused on its objectives and adheres to the established rules, thereby supporting more effective implementation and alignment with strategic goals.

**Quality of Implementing Partner Execution:** The Ministry of Environment and Climate Change (MECC) serves as the main Executing Entity for the project, holding responsibility and accountability for managing the project. This includes monitoring project interventions, achieving the desired outcomes, and ensuring the effective use of UNDP/GCF resources. The PMU, though hosted in a separate office, works closely with the National Project Directors appointed by MECC and the MOFALI. These directors are responsible for overseeing the implementation of Output 1 and Output 2, respectively. Their roles include ensuring coordination, mobilizing support for project implementation from their respective ministries and partner organizations, and managing the inter-sectoral coordination necessary for successful project execution.

The project's executing agencies have shown a high level of ownership over the activities and outcomes, effectively leveraging existing government structures to facilitate access to a broader range of stakeholders and beneficiaries. This strong ownership and strategic use of governmental resources have been critical in ensuring the successful implementation and outreach of the project, enhancing its overall impact and alignment with national priorities. However, MECC and MOFALI are encouraged to promote the project activities with broader stakeholders and help to manage expectation as to what the project is expected to do within the GCF and UNDP boundaries.

#### **b. Work planning**

The project document was signed on March 30, 2021, but the project witnessed delays in recruitment of project management unit, resulting in slight delay in implementation of project activities. The project manager recruited in 2021 followed by other team members.

Project planning is primarily conducted through a consultative approach involving national ministries. However, at the local level, consultations have been more limited, focusing mainly on the Governor's office to ensure allocations for cash co-financing. Other local authorities have had limited involvement in the work planning process, as noted earlier.

The PMU leads the development of the annual work plan each November, strategically timed ahead of the budgeting process in government agencies to facilitate proper planning for cash co-financing. Once the annual



plan and budget are drafted, they are submitted to the project board for approval. This approach aims to align project planning with both national and local financial cycles, though broader local consultations could further enhance the effectiveness of the planning process.

A key lesson learned from the project planning process involves the design and implementation of construction activities. Given that construction work is not feasible during the harsh Mongolian winter due to extreme cold, an effective planning practice would be to complete the design work during winter, allowing construction to proceed in the summer. Unfortunately, the project encountered delays of up to one year in some activities because the design work was conducted during the summer, pushing construction into the following year. This lesson underlines the importance of aligning design and construction timelines with seasonal constraints to avoid unnecessary delays.

Given the current progress toward project targets, there is a strong likelihood that a no-cost extension may be necessary. However, the PMU and the project board will be in a better position to assess this need early in 2027, one year ahead of the formal project closing date, to determine the appropriate duration for any potential extension. This timeline allows for a thorough evaluation of progress and ensures that any extension is well-justified and aligned with the project's overall goals.

### **c. Finance and co-finance**

The total cost of the project is *USD* 79,301,276. This is financed through a GCF grant of *USD* 23,101,276 and *USD* 56,200,000 in other parallel co-financing mainly from Government institutions (MECC, NEMA and MOFALI).

To date, only \$6,665,810 has been spent from the GCF resources, representing just 23% of the total GCF allocation. This is a relatively low financial delivery rate, particularly given that the project is now at the midterm point of its lifecycle. A closer examination of expenditures at the output level reveals significant variation, with output 3 showing the lowest financial delivery rate at 21%.

A combination of reasons underlying the low financial delivery rate including delays in implanting activities, lengthy procurement processes and difficulties in finding competent suppliers for the goods and services.

A notable area of concern is the PMU costs, where the financial delivery has already reached 59% ahead of the project's midpoint. If PMU costs continue at this rate, a budget deficit in this budget line is likely, which could create challenges for the project's financial management and overall implementation. Addressing this potential issue will require careful monitoring and possibly adjusting the budget to ensure sustainability and avoid disruptions in project activities.

Despite the current low financial delivery rate, the project is likely to face a budget deficit due to a combination of factors: underestimation of costs during the design stage (for example, the actual cost of reforestation has been found to be 3,200\$ per 1 ha, however, the project design only allocated 1,014\$ for each ha leaving a significant funding gap), significant market price inflation, and a substantial increase in the costs associated with implementing infrastructure construction and biophysical activities. Given these challenges, it is crucial for the PMU to conduct a thorough assessment of the project's resources and budget planning. Currently, the project team, under the guidance of the Project Board, is assessing scenarios with various mitigation measures to cut

down on the costs of interventions while minimizing the impact on the overall project targets, and the results will be shared with the GCF Secretariat once a better clarity on the overall impact on the project is obtained. This assessment should aim to quantify the potential budget deficit and develop a comprehensive plan focused on two key themes: cost savings and resource mobilization. By proactively addressing these financial challenges, the project can better position itself to meet its targets and avoid disruptions caused by budget shortfalls.

The project has maintained budgetary control within the established financial parameters, despite the challenges faced. To date, there has been no over-expenditure beyond the available GCF grant amount, and no budget reallocation among the outputs has resulted in a variation of more than 10% of the agreed GCF budget.

In terms of the project financial management and controls, UNDP has undertaken a financial spot-check in 2021 and commissioned 2 independent audits for financial years of 2022 and 2023. Generally, there has been no major findings that raise red flags from the audit, and the following are key findings from 2022 and 2023 audits:

The 2022 audit report for the project highlights several key findings:

- Financial Performance: The project had a delivery rate of 31% for 2022, with total expenditure of \$1,335,520.12, of which \$972,264.49 was audited.
- Operational Challenges: The report noted low budget utilization and the need for more realistic budget planning.
- Audit Opinion: The audit provided an unqualified opinion on financial statements, assets, and cash position, confirming compliance with UNDP regulations and procedures.

The major findings from the 2023 audit report for the project include:

- Financial Performance: The audit provides an unqualified opinion on the Statement of Expenditure, Assets, and Cash Position, indicating that the financial statements present a fair view of the project's financial position.
- Budget Utilization: The project had a delivery rate of 81.94% against the revised budget, but significant variances were found between the budgeted and actual expenditures, suggesting a need for improved budget management.
- Operational Challenges: There were challenges in achieving planned activities as per the work plan, with some significant over and under-utilization of funds across different activities.
- Audit Recommendations: The audit emphasizes the need to streamline project activities according to the work plan, improve financial oversight, and ensure better alignment between budget allocations and actual expenditures to enhance project delivery.

The audit also covered key areas such as procurement, cash management, and asset management, all of which received satisfactory reviews, though some areas for improvement were noted.

The 2021 Spot Check by UNDP highlights several observations about the financial management and operational controls of the project. The report focuses on the adequacy of financial management, including documentation, transaction recording, and compliance with procedures. The spot check revealed some areas for improvement in internal controls and adherence to UNDP guidelines, including:

- Internal Controls: Strengthening internal control systems to ensure more effective financial management and compliance with UNDP regulations.

- Documentation and Record-Keeping: Enhancing the accuracy and completeness of financial records and supporting documentation to align with UNDP standards.

Table 8: Mongolia GCF ADAPT project expenditures overview by activity

Output	Sub-activity	Budget (from ProDoc) USD	Actual Expenditures by year - USD				Total Disbursed USD	Total remaining USD	Financial Delivery %
			2021	2022	2023	As of August 14, 2024			
Output 1	1.1	3,303,744	52,643	189,285	471,020	136,015	848,964	2,454,780	26%
	1.2	1,590,000	0	179,407	411,536	136,067	727,011	862,989	46%
	1.3	343,000	0	40,030	147,261	27,326	214,617	128,383	63%
Output 2	2.1	2,424,242	35,198	289,074	213,031	163,135	700,438	1,723,804	29%
	2.2	2,826,700	0	103,383	760,191	45,802	909,377	1,917,323	32%
	2.3	3,759,531	9,666	103,190	691,888	273,009	1,077,752	2,681,779	29%
	2.4	2,092,645	0	19,326	250,246	49,149	318,721	1,773,924	15%
Output 3	3.1	2,080,864	29,864	98,935	310,433	326,820	766,052	1,314,812	37%
	3.2	2,100,000	0	78,830	100,853	138,065	317,748	1,782,252	15%
	3.3	965,000	0	3,490	99,439	10,401	113,331	851,669	12%
	3.4	500,000	0	783	12,060	0	12,842	487,158	3%
PMU	4	1,115,550	80,396	229,787	191,858	156,918	658,959	456,591	59%
<b>Total (Actual)</b>		<b>23,101,276</b>	<b>207,767</b>	<b>1,335,520</b>	<b>3,659,815</b>	<b>1,462,708</b>	<b>6,665,810</b>	<b>16,435,466</b>	<b>29%</b>

Table 9: Mongolia GCF ADAPT project expenditures overview by output

Output	Allocated budget US\$	Expenditure up to Aug 2024 US\$	Delivery rate
Output 1	5,236,744	1,790,592	34%
Output 2	11,103,118	3,006,287	27%
Output 3	5,645,864	1,209,973	21%
PMU	1,115,550	658,959	59%
<b>Total</b>	<b>23,101,276</b>	<b>6,665,810</b>	<b>29%</b>

### Co-finance

The project co-financing has largely come from national ministries MECC, MOFALI and NEMA. The project reported that 73% of the total committed co-financing has been secured by the end of 2023. Co-financing \$41 million is total materialized/delivered amount from MET, MOFALI, NEMA according to the ProDoc. Generally, the reason for having large co-financing is due to the capital-intensive nature of the activities.

Only cash co-financing for the project has been reported annually through official letters from the co-financing agencies, which are submitted ahead of the Annual Performance Report (APR). These letters typically include an annex with a breakdown of contributions at the activity level under each project output. However, the reports

lack itemized expenses, making it unclear exactly what has been spent and how the reported figures have been calculated. In-kind contributions have not been tracked throughout the project.

For example, the MECC reported a total contribution of \$3.2 million over three years for the “Improvement of policy and regulatory framework for climate-resilient development planning and ecosystem-based natural resources management”. The basis for this figure is unclear, as no detailed cost breakdown or explanation is provided. Additionally, the reported co-financing amount appears to be somewhat overestimated, particularly given that this policy improvement area is still evolving within the project and has not yet been fully developed. Also, MECC reported \$3.3 million for “capacity development for hydro-meteorology service professionals” over three years, and such a big number on capacity building is not explained.

The process of documenting and validating co-financing data could be significantly improved by expanding it to include both in-kind contributions from national ministries, and both in-kind and cash contributions from local authorities. Strengthening this process would provide a more comprehensive and accurate picture of the total resources committed to the project. By capturing and validating these additional contributions, the project can better demonstrate the full extent of local support and ensure that all financial inputs are appropriately recognized and leveraged.

Key activities reported by the co-financing agencies and their cash contributions include the following:

#### MECC:

- Capacity development for hydro-meteorology service professionals - \$3.3 million
- Implementation of Integrated Water Resources Management Plans through 14 River Basin Administrations in four target provinces - \$1.6
- Improvement of policy and regulatory framework for climate resilient development planning and ecosystem based natural resources management – \$3.2 million
- Water catchment protection and reforestation and natural spring protection - \$1.6 mil
- Financing of climate change adaptation measures through Environment and Climate Change fund - \$882K
- Establishment of hydro-meteorological stations in target provinces – \$304K

#### MOFALI

- 12 million livestock vaccination program – \$35.7 million
- SME financing support to agriculture producers - \$11.5 million
- Establishment of ground water wells for improved pastureland management – \$1.3 million.
- Animal breeding services through 68 centres in four aimags - \$261K
- Pastureland improvement and rodent control measures – \$733K
- Livestock fodder production – \$207K
- Establishment of hay and fodder reserves - \$591K
- Livestock traceability – ear tagging and database - \$37 K

#### NEMA

- Implementation of capacity improvement for the central and local level NEMA to coordinate and plan responses to slow onset natural hazards, and financing for early warning systems - \$3.4 million
- Establishment of emergency supply storage facilities in targeted provinces - \$196K

Table 10: Aggregate summary data of achieved co-financing by output at the IE stage

Output	Budget (from ProDoc)			Total committed	Total secured	Percentage
	MET	MOFALI	NEMA			
Output 1	6,500,000.00	2,500,000.00	2,200,000.00	11,200,000	8,314,321	74%
Output 2	11,500,000.00	13,900,000.00	800,000.00	26,200,000	14,913,538	57%
Output 3	1,000,000.00	14,800,000.00	-	15,800,000	16,559,038	105%
Project management	1,000,000.00	2,000,000.00	-	3,000,000	1,238,416	41%
<b>Total (Actual)</b>	<b>20,000,000.00</b>	<b>33,200,000.00</b>	<b>3,000,000.00</b>	<b>56,200,000</b>	<b>41,025,313</b>	<b>73%</b>

Table 11: Aggregate summary data of achieved co-financing by agency at the IE stage

Ministry	Total committed	Contributed	percentage
MECC	20,000,000	10,271,882	51%
MOFALI	33,200,000	28,357,161	85%
NEMA	3,000,000	2,396,270	80%
<b>Total</b>	<b>56,200,000</b>	<b>41,025,313</b>	<b>73%</b>

The local (provincial) governments have contributed \$1,625,917 for reforestation activities (Sub-activity 2.2), pasture management measures (Sub-activity 2.3), and water infrastructure construction (Sub-activity 2.4). The financing contributions from local governments were not originally part of the project design, and thus the FAA. But these are additional cash contributions towards the achievement of the project Outcomes and results.

#### d. Project-level monitoring and evaluation systems

##### M&E design

The M&E framework comprises standard M&E items for UNDP-GCF project such as the Inception Workshop (IW), GCF Annual Performance Report (APR), Independent Interim Evaluation, Terminal Evaluation (TE) and final report. Annex O includes detailed monitoring framework for the indicators defined in the PRF in terms of data sources, frequency of collection, responsibilities, means of verification and assumptions.

The M&E makes no mention of the exit strategy, although it is not a standard UNDP-GCF requirement, it is however, greatly needed to demonstrate continuity between projects ending and the post project period, especially to formally confirm post project arrangements with GoM to continue delivering on the CCA solutions.

Nonetheless, the overall design of M&E framework meets the standard M&E template for projects of this size and complexity. Overall, the IE team found the M&E design adequate for monitoring the project results and tracking the progress toward achieving the objectives. The M&E design is backed with adequate resources (a total of US\$

629,200 including USD\$ 479,200 allocated for monitoring activities and \$ 150,000 for IE and TE evaluations, and it clearly defined roles and responsibilities.

The IE team has identified discrepancies in the M&E budget. Specifically, section 6 of the UNDP project document lists the total M&E budget as \$629,200, while the M&E plan in Annex 11 of the GCF submission package shows a budget of \$985,200. Furthermore, the distribution of the M&E budget is unusual, with funds allocated across technical components. For instance, evaluation activities are budgeted under activity 2.1, which focuses on "Enhancing cooperation among herders on sustainable use and stewardship of shared land and water resources." This distribution raises concerns about the clarity and alignment of the M&E budget within the overall project framework.

### **M&E implementation**

The activation of the project board/steering committee was delayed, with its first meeting taking place in May 2022, approximately 14 months after the project commenced. This delay raises concerns about the approval status of the 2021 work plan and budget.

Although the project document originally stipulated that the project board would meet annually, the board convened twice in both 2022 and 2023. The IE team commends the increased frequency of these meetings, given the scale of issues that the board needs to address, and recommends maintaining this twice-yearly schedule moving forward to ensure timely decision-making and oversight. However, there are no board meetings yet done in 2024 until the time of drafting this report (i.e August 2024).

The project board has been effective in providing strategic guidance and decision-making, particularly in relation to approving the annual work plan and budget. The board also offered strategic guidance to the PMU in terms of site selection and approving the GRM mechanism.

The IE team identified number of minor shortcomings in the monitoring and reporting on the project indicators, including:

- The project reported incorrect values for indicators associated with scorecards, particularly for indicators A5.1, A6.1, A7.1, the second and third indicators under Output 2, and Output 3's indicator. These indicators should have been reported using the scale provided in the project document, but instead, the project misinterpreted them and reported progress on key deliverables. The confusion stems from the unclear design of these indicators, which even the IE team found difficult to interpret and understand. See 'the project results framework' heading under section 3.1 for the critical analysis of the indicators.
- The existing project M&E systems don't monitor the changes and trends in the size of the livestock at the beneficiary level. The project design is partly to blame for this as the PRF doesn't include specific metric on this. The IE recommends establishing a baseline for an impact evaluation around this metric, which also require collecting data from a control group.
- The exiting reporting protocols doesn't include specific update on the status of activities defined in the gender action plan
- The APRs didn't include data on each indicator as part of the progress update on the logical framework which left a gap in tracking annual progress

- The IE team has had access to all reports presented to date, data and information. However, the format in which data and information are currently presented highlights the need for a more structured documentation format of evidence across all levels, including impact, outcome, output, and activity levels.

An inception workshop was organized on 26 July 2021, following a Pre-Inception Internal Workshop on 21 July 2021. During the inception workshop, participants confirmed that the project remains highly relevant to the country context, with no significant changes suggested regarding target areas/aimags, activities, or expected results. The inception phase was thoroughly documented in a detailed report, which included recommendations for key priority actions for the PMU, such as updating the Environmental and Social Management Framework (ESMF) as necessary and developing Indigenous Peoples Plans and other Safeguard documents. However, the inception phase was not fully utilized as a key adaptive measure to review the project's results framework. This review could have been crucial for identifying weaknesses and providing early corrections from the start.

#### **e. Reporting**

The project submitted 3 APRs to date, the first one was in 2021, second in 2022 and third in 2023. Generally, the APRs had presented appropriate level of details on what has been achieved and the scope of key deliverables and their impacts, however, the indicator component of the APRs was fully completed and lacked data on the annual delivery. Other parts of the APRs were generally fairly detailed to monitor the performance of the project, with gender disaggregated data available for beneficiaries-count indicators.

The project also delivered two annual reports documenting key achievements at the output level. The audience for these reports are key stakeholders and UNDP. The project also delivers annual financial reports keeping track at each budget line.

The PMU has been regularly collecting data related to the project's indicators and progress. Project teams on the ground gather basic data and report their findings and progress to the central PMU on a quarterly basis. The PMU then validates and consolidates this data to meet regular reporting requirements. To ensure data consistency and robustness, the IE team recommends training project teams at the local level on Results-Based Management (RBM) and indicator monitoring protocols.

#### **f. Stakeholder engagement**

The stakeholder consultation process during the project formulation was instrumental in identifying key stakeholders and gathering valuable inputs through a series of consultations. This process informed the development of the project design and the creation of a Stakeholder Engagement Plan (SEP). The SEP provides an indicative list of stakeholders associated with each output and activity throughout the project's lifespan. It also maps out stakeholders at the activity level, ensuring that their involvement is aligned with the project's objectives.

However, the SEP has some notable gaps. While it identifies relevant stakeholders for various activities, it was not based on detailed stakeholders analysis, and it does not clearly define how each stakeholder will be engaged. Specifically, the plan lacks details on the roles stakeholders will play, including who will be actively consulted, who will be informed, and how these interactions will be managed throughout the project's implementation. To address these shortcomings, it would be beneficial to refine the SEP by specifying the engagement strategies for each stakeholder group. This would include defining who needs to be consulted for decision-making processes,



who should be kept informed about project progress, and what communication methods will be used to engage each group. By enhancing these aspects, the project can ensure more effective and meaningful stakeholder participation, ultimately leading to better project outcomes and stronger community buy-in.

Also, the project document mentions the establishment of a Technical Advisory Group (TAG) intended to serve as a key platform for engaging stakeholders and providing strategic coordination and guidance throughout the project's implementation. However, the document provides very limited details about the TAG's structure, roles, and responsibilities. However, the project has established this group to serve as stakeholders' platform to review and validate project deliverables particularly those submitted by the consultants. The project acknowledged that the original Stakeholder Engagement Plan (SEP) developed during the design stage was insufficient, as it lacked a detailed stakeholder analysis and did not clearly define engagement approaches. Given the moderate risk rating identified in the SESP, there was a recognized need for a more comprehensive SEP. In response, the project developed a more robust SEP in 2023. This updated plan provides a clear roadmap for when, how, and with whom consultations and exchanges should be conducted throughout the life of the project, ensuring effective stakeholder engagement and more structured interactions between stakeholders and project implementers.

The project has actively engaged various stakeholders both before and after the development of the 2023 SEP. Based on the feedback gathered from stakeholders by the IE team, it can be concluded that stakeholder engagement has been a critical element of the Mongolia ADAPT project. Given the project's scope, which spans a wide spectrum of agencies and regions, inclusive and effective stakeholder engagement has been essential for its success. From the design phase onward, the project has maintained a generally healthy level of inclusion of stakeholders and beneficiaries. However, some shortcomings have been noted, indicating areas where stakeholder engagement could be further strengthened, including:

Local authorities engaged in the IE process have expressed concerns regarding the limited consultations conducted directly with them by the PMU. It appears that the PMU's efforts to define priorities and needs have been primarily focused on national stakeholders, which has led to a sense of being "left behind" among local authorities. These local stakeholders feel that their specific needs have not been fully recognized due to the insufficient consultations. For instance, a local office of the NAMEM reported that they received equipment that did not align with their top priority needs. They believe that more effective outcomes could have been achieved if they had been directly consulted about their requirements. This feedback highlights the need for more inclusive and localized consultation processes to ensure that the project effectively addresses the needs of all relevant stakeholders.

As noted earlier, the SESP for the project included a significant gap regarding the recognition of Indigenous Peoples in Mongolia, particularly in relation to the development of an Indigenous People Plan and the requirement for Free, Prior, and Informed Consent (FPIC). This was crucial to comply with Clause 10.02(j) of the GCF FFA Agreement. During the Inception Workshop held in July 2021, ethnic minorities in the project area were officially recognized as Indigenous Peoples under the UNDP SES. It was agreed that four Indigenous Peoples Plans (which have since been renamed Social Inclusion Plans (SIPs)) would be developed, and that FPIC would be sought from these communities before any project activities that might affect them were initiated. However, during the

preparation of the 2022 GCF Annual Performance Report (APR), the BPPS oversight team observed that some activities had already taken place in areas where ethnic minorities reside, without the required SIPs or the consent of the communities. This situation was non-compliant with both the UNDP SES policy and the GCF Funding Agreement.

To address this issue and avoid further delays in implementation, the project took corrective actions in 2023. These actions included: 1) assessing whether any harm had occurred to ethnic minorities as a result of activities completed to date; 2) seeking consent from the ethnic minorities before commencing the scheduled activities for 2023; and 3) working to develop the necessary SIPs. These steps were essential to ensure compliance and to maintain the integrity and inclusivity of the project moving forward. Four Social Inclusion Plans (SIP)s for four aimags have been prepared to assist in the assessment of potential social and environmental impacts on Indigenous Peoples, as identified under the ESMF and the UNDP's SESP. The SIP constitutes the necessary content and structural requirements of a management plan as required under the UNDP SES, for projects triggering UNDP SES Standard 6.

The project developed FPIC methodology to outline the process to be undertaken to determine the requirement of the FPIC process, and the procedure for undertaking the FPIC process. The FPIC process was implemented across different soums. This was followed by a spot-check aiming at identifying whether the implemented activities are compliance with the UNDP's FPIC requirement and assess whether negative impacts have occurred a total of 8 soums have been visited for the target provinces of Khovd, Zavkhan, Dornod and Sukhbaatar. Based on the spot-check results, it is concluded that the FPIC requirements as well as the overall requirements for the project implementation have been fulfilled at varying levels. For the case of Western Provinces, it is seen that the stakeholders indicated they possess a higher amount of general knowledge regarding the ADAPT project, and the FPIC requirements are fulfilled. On the other hand, stakeholders in the Eastern provinces indicate they possess a lower degree of knowledge regarding the ADAPT project compared to the western provinces and the participants of the Eastern province also indicate that the FPIC requirements are fulfilled only to a limited extent.

The project engaged various organizations in training activities, such as those focused on Impact-Based Forecasting (IBF). In an effort to be inclusive, the project invited participants from multiple organizations. However, given the highly technical nature of these trainings, they were more suitable for trainees with specific educational backgrounds and relevant experience. The inclusion of participants with diverse backgrounds and varying levels of understanding of such complex topics resulted in some trainees struggling to keep up with the material. Moving forward, it would be more effective to target these highly technical trainings to stakeholders who are most relevant and possess the necessary foundational knowledge, ensuring that the training is both impactful and appropriately tailored to the participants' expertise.

Also, the 'Remaining barriers to achieve the project objective' heading under section 3.2 of this report highlighted stakeholders engagement challenges related to changes in the political leaderships and staff turnover of stakeholders which has led to a slowdown in progress, as significant time and resources were needed to onboard new political leaders/staff and familiarize them with the project's goals, processes, and activities.

Also, the project team has frequently encountered requests from stakeholders to fund activities that fall outside the project's scope and objectives. This has created instability in the stakeholder engagement strategies and posed significant challenges in managing expectations. The team has had to carefully navigate the task of clarifying the project's design and objectives within the boundaries established by the GCF and UNDP. These off-scope requests have complicated the engagement process, necessitating careful communication to ensure that stakeholders clearly understand the project's focus and limitations. The need to continuously manage and realign stakeholder expectations has added a layer of complexity to the project's implementation.

The project has been engaging with the civil society organizations effectively, particularly Herder Producer organizations and Cooperatives and local SMEs. For example, herders' cooperatives have been supported by providing them with containers equipped with cooling/freezing facility to enable the herders communities to store their meat safely. Also, under output 3, efforts were made to improve the capacity of Herder producer organizations (HPOs), creating public-private-community partnerships (PPCP), and organizing investment fairs".

In terms of partnerships with the private sector, which are crucial for the success of output 3, engagement has been quite basic to date. This has primarily occurred through the application of the single-point service centre concept, which was proposed at the Investment Fair in June 2023 and subsequently agreed upon with implementing partners (IPs) and the private sector. For the market access approach to be truly effective, it is essential to engage the private sector not only as service providers but also as long-term partners who can play a significant role in marketing and sustaining the project's objectives. Expanding this engagement model will be vital to leveraging the private sector's full potential and ensuring the project's success in building sustainable market linkages.

Neither the project document nor the Stakeholder Engagement Plan (SEP) includes any mention of potential partnerships with the academic sector. The IE team believes that engaging the academic sector, particularly in delivering output 1, could significantly enhance the project's effectiveness. By leveraging the academic sector's capabilities in research and data science, the project could enrich the robustness of Impact-Based Forecasting and climate modelling. The IE team suggests that the project explore possible partnerships with a reputable Mongolian university. Such partnerships could bring valuable technical expertise and, more importantly, help ensure that the capacities developed through the project are maintained in the long term in a cost-effective manner, establishing the academic sector as a sustainable partner in these efforts.

#### **g. Communications**

Activity 3.4 in the project is dedicated to communication, which allows for well-resourced communication activities. The project has developed its own website and established a Facebook page as primary communication channels, while also leveraging UNDP and MECC's communication channels to publish materials and expand outreach. Through multiple communication initiatives, the project has aimed to raise awareness, promote practical solutions, and encourage community engagement. The media and communication efforts undertaken by the project demonstrate a comprehensive approach to educating diverse audiences about climate change and nature conservation in Mongolia. However, it is essential that these efforts are guided by a well-structured and targeted communication strategy rather than relying on randomly selected activities. Additionally, a clear

approach should be established to measure how these initiatives influence or stimulate private sector engagement in climate-resilient and sustainable production. This will help ensure that the communication efforts are both effective and aligned with the broader goals of the project.

Key communication activities implemented so far include:

- The development and broadcast of the full TV/video program "Noyon Uuliin Sahiul"
- The production of high-quality children's TV series focusing on catchment forestation and natural spring protection.
- The 2023 short videos showcasing best practices among herder communities illustrate actionable insights and real-life examples of resilience in the face of climate challenges.
- A leaflet has been prepared and disseminated through social channels to raise awareness about the crucial role and participation of women herders among public and supporting the activities of herder organizations, ensuring sustainable production, and the proper use and protection of natural resources.

The dissemination of project knowledge is being shared through [www.gcf-rural.mn](http://www.gcf-rural.mn), the ADAPT PROJECT Facebook page, and various social channels of stakeholders. The ADAPT PROJECT Facebook page boasts a following of 2.6K, with posts reaching 11 056, post engagement 2727. Over the past 3 months, a total of 70 posts have been published and distributed on the page.

The IE team found that the PMU has been regularly communicating with stakeholders at both national and local levels. Stakeholders engaged in the IE process seemed to be well-informed about the project details including activities, delivery approaches and outcomes. Project board and bilateral communications have been the main effective regular communication channels, in addition to the ongoing engagement with project stakeholders.

### 3.5 Sustainability

Sustainability of the project is judged by the commitment of the project benefits to continue and replicate beyond the project completion date. At this point in the project cycle, it is premature to fully assess the sustainability of the project given the level of maturity of the project outcomes and benefits, however, the IE in this section identifies key risks to sustainability and explains how these risks may affect continuation of the project benefits after the project closes. The assessment covers institutional/governance risks, financial, socio-political, and environmental risks.

#### A. Institutional framework and governance risks to sustainability

The sustainability of the project from institutional and governance perspective depends on a combination of multiple factors:

- The institutional and individual capacities built through training, skill development, and the acquisition of software and hardware assets (notwithstanding that the supercomputer is still pending) will be crucial for sustainability after the project concludes. In the first half of the project implementation, significant investments were made to enhance both institutional and individual capacities, resulting in 172 government staff being trained in areas such as climate resilience and planning, meteorological forecasting, climate adaptation, land use planning, river basin management, and impact-based forecasting (IBF). Once the supercomputer is installed, these capacities will play a vital role in maintaining climate

information and data services for a variety of users, including government agencies and communities to inform policy and decision making ultimately contributing to the project's long-term impact and sustainability.

- Project stakeholders have shown a strong sense of ownership over the activities and outcomes, which is a critical factor for sustainability. The IE team observed this ownership among national and local stakeholders, as well as within the communities and cooperatives involved in the project. For example, during a field visit, the IE team engaged with the mayor of Zavkhani, who demonstrated genuine interest and ownership by not only championing the project activities but also advocating for them within local politics and communities. Identifying and empowering such champions will be essential for further advocating for the project's activities.

On the other hand, the following are considered as limiting factors for the institutional sustainability

- Final approval of the policies and regulatory reforms remains pending. The project has made important progress in laying the foundation for integrating climate risk into planning and policy-making frameworks by developing tools, guidelines and legal assessments. However, the complete integration of these tools and guidelines into the formal policy-making process is still underway. This ongoing nature of integration poses a moderate risk to the future implementation and enforcement of these policy tools. Without full approval and adoption, there is a potential that the policy tools may not be effectively utilized, which could hinder the project's long-term objectives of fostering climate-resilient development. Therefore, continuous advocacy, stakeholder engagement, and strategic support are essential to ensure these reforms are finalized and embedded within the relevant institutional frameworks.
- The project has made important investments in providing equipment to stakeholders and beneficiaries, including advanced climate technologies for data collection at local NAMEM offices and storage containers with freezers for local cooperatives. These resources are designed to enhance local capacity in climate monitoring and sustainable production. However, a key challenge remains: the local NAMEM offices and cooperatives have not received sufficient training on the maintenance and proper use of these technologies. This lack of training poses a moderate risk to the sustainability and long-term functionality of the equipment, especially after the project concludes. Without adequate knowledge and skills to maintain and operate the technologies, there is a potential for these investments to lose their effectiveness over time, undermining the project's intended outcomes. To mitigate this risk, it is crucial to implement comprehensive training programs that ensure stakeholders are fully equipped to manage and sustain these technologies independently in the future.
- Changes in political leadership at both national and local levels could impact the future sustainability of the project outcomes, particularly in areas such as policy endorsement at the national level and the maintaining the biophysical investments at the local level. As previously noted in this report, internal political dynamics between parties have already influenced decision-making, especially concerning the 30% cash contributions required for biophysical activities at the local level. These political shifts and internal political difference may pose challenges to sustaining the project's achievements in the future, potentially undermining ownership and long-term commitment to the project's goals.

Based on the combination of the above factors, the institutional framework and governance sustainability is **rated Moderately Likely (ML)**.

## **B. Financial sustainability**

Assessing the financial sustainability of the project involves evaluating the available financial capacities to scale the project in various directions: scaling up, out, and deep. Scaling up specifically focuses on integrating climate

change considerations into risk planning and financing. Although the project has made progress in developing guidelines and tools, particularly for applying the Climate Risk Index (CRI), the practical application of these guidelines and tools for securing sustainable future financing remains uncertain. This uncertainty poses a challenge for the long-term financial sustainability of the project outcomes and ability to expand and maintain its impact over time.

At the policy level, specifically regarding the Payment for Ecosystem Services (PES), the project has taken initial steps by studying ecosystem services and developing policy alternatives for ecosystem-based livestock management. These efforts include proposing incentive mechanisms to encourage sustainable pastoral practices, even in the face of existing legal challenges. However, the final shape and structure of the PES mechanism are not yet fully developed. This incomplete development poses a sustainability risk and highlights the need for further refinement and extensive stakeholder engagement to finalize and implement the approach effectively.

In terms of scaling out, which involves replicating successful climate adaptation solutions beyond the project's targeted aimags and soums, this has not yet been implemented or investigated at this early stage of the project cycle. To date, there have been no activities specifically aimed at demonstrating successes to other aimags and soums in a way that promotes replication at scale. While the focus in the first half of the project has understandably been on the targeted areas, a more strategic approach will be necessary in the second half to promote broader replication, extending beyond the four aimags. This will be crucial for maximizing the project's impact and ensuring its benefits reach a wider influence.

Regarding scaling deep, which involves replicating climate adaptation measures at the local level, local authorities have shown positive feedback and a willingness to replicate these measures. However, there is currently no clear path for securing the necessary funding. In fact, many local authorities have already struggled to meet the 30% cash contribution required for these solutions, making it likely that covering 100% of the costs without GCF funding would be even more challenging. This financial constraint poses a barrier to the widespread replication of these climate adaptation measures at the local level.

ADB's Aimags and Soums Green Regional Development Investment Program (ASDIP) just started few weeks ago and it aims to promote low-carbon, climate-resilient territorial development, and more efficient urban-rural linkages, as well as climate finance and private sector investment mechanisms designed for sustainability and replicability across the country. This program would be important opportunity for replicating the ADAPT project solutions and scaling them out to other areas in Mongolia. A partnership between the ADAPT project and the ADB initiative would create a mutually beneficial relationship where ADB can build on the climate adaptation solutions tested by the ADAPT project, while the ADAPT project benefits by promoting its solutions for potential replication and funding. During the evaluation mission, the IE team engaged with ADB, and ADB showed genuine interest in establishing this partnership.

Regarding the financial sustainability of the supported measures, maintenance costs pose a sustainability concern, particularly for reforestation activities where manual irrigation is being used. These high costs raise questions about the ability of local governments to sustain these efforts over the long term. The IE team recommends



exploring the integration of climate-smart irrigation technologies into reforestation projects to reduce maintenance costs and enhance their sustainability.

In summary, despite the genuine interest from stakeholders and communities in scaling the project, the pathway for doing so has not been clearly defined, and the financial instruments needed to scale the climate adaptation solutions are not fully developed. Consequently, the IE) has rated the financial sustainability of the project as **Moderately Unlikely (MU)**.

### C. Socio-economic risks to sustainability

Effective community consultation is a fundamental element in identifying and addressing social risks. The ADAPT project has prioritized this by implementing an effective consultation process with communities from the early design stage. During the proposal development process, regular consultations were conducted with the intended primary beneficiaries from the target provinces. This consultation process has continued throughout the implementation phase to define site-level interventions, ensuring that activities are context-sensitive, have community buy-in, and are sustainable over the long term.

The creation of Resource User Agreements (RUAs) involves determining how land is used and by whom, and these were done based on extensive community consultations to ensure full buy-in. The RUAs are primarily design to combat and avoid conflicts, however, there is always a residual risk that some herders may not adhere to the agreements, which could lead to conflicts over resources, particularly water. To mitigate this risk, the project needs to closely monitor the implementation of the RUAs and ensure that this monitoring is institutionalized for the long term, extending beyond the project timeline.

One of the notable risks identified by the SESP relates to basic human right issues, specifically changes in the use of lands and resources, which could impact the livelihoods of local communities. During the IE, stakeholders reported community resistance to certain project activities, particularly those related to reforestation, water spring protection, and pasture rehabilitation. This resistance largely stemmed from concerns among herders about restricted access to these lands, which they rely on for their livelihoods. In response to this challenge, the project took proactive measures to work directly with herder communities. The project ensured that herders continued to have access to alternative resources and simultaneously advocated for the protection of these critical lands. The rationale presented to the herders emphasized the importance of safeguarding these resources for use during extreme winter climate events, such as dzuds. This approach helped to address the concerns of the herders while promoting the long-term sustainability and resilience of the resources they depend on.

The construction work for delivering the biophysical activities may pose potential risks related to occupational health and safety, the project has been taking a proactive approach by integrating the environmental and social concerns including safety into the construction contracts signed with suppliers. By embedding these considerations into contractual agreements, the project has ensured that the mitigation measures are actively implemented on the ground. This practice has proven to be instrumental in addressing potential risks and safeguarding both environmental and social interests during the construction.



The project is expected to have positive economic impacts on the participating communities, not only by promoting adaptive and cooperative models for climate change adaptation, but also by embracing business-oriented collective actions and producer groupings that contribute to economic development and enhance the well-being of herder households. Economic benefits, such as increased income, have begun to materialize for the beneficiaries. For instance, with the support received to store meat in freezers, the quality of the meat has improved, enabling beneficiaries to sell it to nearby restaurants and make more income than before.

The socio-economic sustainability is rated **Likely (L)**.

#### **D. Environmental risks to sustainability**

As said earlier, the project management has integrated the environmental and social concerns into the construction contracts signed with suppliers, this includes the consideration of generating hazardous waste and or contamination of ground or surface water. The RUAs have also been used to set sustainable levels of resource use and to incentivize improved resource use and management including prevention of contamination.

For its plantation and reforestation efforts, the project actively promoted the regeneration of degraded land by prioritizing the use of indigenous, multi-use plant and tree species. These species were carefully selected for their ability to thrive in local conditions, support biodiversity, and provide multiple benefits to the community, such as fodder, and other resources. By focusing on native species that are well-adapted to the local environment, the project aimed to restore ecological balance, improve soil quality, and enhance the resilience of the landscape to climate change.

In principle, the project contributes positively to the environmental sustainability, the core of the project is to improve the resiliency of the livestock sector through ecosystems based adaptation principles to manage rangeland resources in an ecologically sustained manner sustainable manner. The project helps to restore the ecosystems and communities that are able to withstand economic and climate shocks through conserved ecosystem services, enhanced social capital and increased economic and livelihood security. The project reduces pressure on rivers, streams and ponds, and related ecosystems from over grazing animals.

The environmental sustainability is rated **Likely (L)**.

Taking a composite view of the rankings for financial, socio – political, institutional as well as environmental sustainability probabilities, the overall likelihood of sustainability is ranked as Moderately Unlikely (MU).

### **3.6 Gender Equity**

The IE also reviewed the project Gender Action Plan and Gender Analysis to assess delivery against its activities and addressing the identified gender gaps and ensure that the project has done efforts to address gender dimensions within the whole project cycle including design, implementation, monitoring and evaluation and reporting. It also assessed the extent to which the project has addressed vulnerability to ensure equal participation of men, women, children and youth, people with disability and other marginalized groups as well as benefits from the project investments.

The project acknowledges that climate change impacts are not gender-neutral, and recognizes that socio-cultural norms, gender stereotypes and control over productive assets and resources are affecting the response strategy for climate risks. The project design involved a detailed gender gap analysis that provided an overview of gender concerns in Mongolia, with a specific focus on Climate Change and Risk Management in Mongolia. This analysis has then informed the Gender Action Plan (GAP), which recommended practical and feasible gender-sensitive and specific interventions for incorporation into the project design and monitoring framework. The gender action plan for the project was also built on the lessons generated through the previous interventions in the field of Community-based Natural Resources Management, Climate change adaptation and Disaster risk reduction.

The action plan defined activities such as:

- Ensuring gender-balanced participation in project activities;
- Ensuring balanced inclusion of both men and women members of households to the RUGs and HPOs and other governance mechanisms;
- Mainstreaming gender into local level policies, i.e., PPCP agreements; Soum Level Development Plans; Resource Use Agreements (RUA); Watershed Plans; and
- Reviewing the core documents produced by the project to ensure their gender sensitivity.

The GAP recommends recruitment of a gender specialist, and allocating budget for implementation of the GAP activities, however, as pointed earlier, the GAP was costed but not reflected in the project budget.

The implementation of the Gender Action Plan (GAP) was significantly hindered by the lack of specific budget allocations for GAP activities. Although a gender specialist was recruited as part of the PMU team, their ability to carry out the necessary activities was limited due to the absence of dedicated funding.

As a result of the lack of budget allocations, there has been limited awareness and training on gender mainstreaming issues, and no systematic integration of gender considerations into the project outputs based on a robust assessment. Recognizing these shortcomings, the project team has scheduled the first training on gender mainstreaming for herder communities in October 2024. The IE team strongly recommends reviewing the budget allocations to ensure that the GAP is adequately resourced to achieve its objectives, particularly for training and procuring a consultant to help with assessing the gender sensitivity of the project produced deliverables to date and provide recommendations for improvement.

Regarding gender-disaggregated data, the project has generally collected data in a gender-disaggregated manner. However, there were a few exceptions, particularly in some training activities where data representing the number of female and male participants were not available. Additionally, data related to the cooperatives engaged by the project do not differentiate between those led by women and those led by men, missing an opportunity to gain more nuanced insights into the gender dynamics within the project's activities.

### 3.7 Social and Environmental Standards (SES)

The project design integrated both Social and Environmental Screening Procedure (SESP) and the Environmental and Social Management Framework (ESMF) to ensure comprehensive risk management. Through the SESP, eight social and environmental risks were identified as potential challenges for the project. Among these, four risks were classified as having a 'moderate' level of significance, while the remaining four were deemed 'low' risk. None of the identified risks were categorized as 'high' risk, resulting in an overall project risk categorization of 'Moderate.' The SESP also identified risk mitigation strategies for each risk.

The SESP for the project included a significant gap regarding the recognition of Indigenous Peoples in Mongolia, particularly in relation to the development of an Indigenous People Plan and the requirement for Free, Prior, and Informed Consent (FPIC). This was crucial to comply with Clause 10.02(j) of the GCF FFA Agreement. See section 3.3 for project response strategy on this shortcoming.

The Grievance Redress Mechanism (GRM) has been designed to be problem-solving mechanism with voluntary good-faith efforts. Through the mechanism, all complaints regarding social and environmental issues can be received either orally (to the field staff), by phone, in complaints box or in writing to the UNDP, MET and MoFA or the construction contractor. A complaints register has been established as part of the project to record any concerns raised by the community during construction.

The IE team has assessed the design of the Grievance Redress Mechanism (GRM) to be adequate and robust in its structure. However, the implementation of the GRM has faced significant shortcomings, particularly in the areas of follow-through and accountability. A key issue identified is the failure to "close the loop" on recorded complaints, meaning that while complaints are logged, there is insufficient evidence to confirm that they have been fully addressed and resolved. The absence of records documenting the resolution of complaints in the project database is a critical gap, raising concerns about the effectiveness and transparency of the GRM process. This lack of documentation not only undermines the credibility of the GRM but also hampers the ability to assess the mechanism's overall impact and effectiveness in addressing stakeholders' concerns.

The project has effectively monitored and managed the SESP risks and associated management plans. This proactive approach includes the integration of environmental and social concerns into the construction contracts signed with suppliers. By embedding these considerations into contractual agreements, the project has ensured that the mitigation measures are actively implemented on the ground. This practice has proven to be instrumental in addressing potential risks and safeguarding both environmental and social interests during the project's implementation, thereby contributing to more sustainable and responsible project outcomes.

## 4. Conclusions, Lessons Learned, Recommendations

### 4.1 Main conclusions

1. The ADAPT project has made moderate progress toward achieving its objectives, with 14 midterm targets achieved, 1 mostly achieved, and 4 showing limited progress. While operational challenges such as geographical remoteness, market inflation, and procurement delays have hindered progress, the project has directly benefited 40,913 individuals and indirectly impacted 169,560, enhancing resilience and climate adaptation awareness among herder communities.
2. Significant achievements include improved ecosystem health, community satisfaction, and substantial capacity building in technical skills such as risk assessments and cross-sectoral planning. However, gaps remain in climate adaptation science and policy-making, with challenges in fully implementing impact-based forecasting (IBF) due to delays in procuring a High-Performance Computer (HPC). Progress in embedding climate risk considerations into planning and policy-making requires further effort at both local and national levels.
3. The project is lagging behind its mid-term targets under component 2 for biophysical interventions, particularly in water harvesting, well rehabilitation, spring protection, and reforestation, due to procurement delays, co-financing challenges, and extended stakeholder consultations. Nevertheless, the project has made some progress, including reforesting riparian areas and establishing Resource User Agreements, but lags in critical areas such as water harvesting and market access for livestock products. The Payment for Ecosystem Services (PES) mechanism and traceability systems for livestock products require further refinement and stakeholder engagement to maximize their impact.
4. Operational challenges, including remoteness of project sites, inflation, stakeholder management, and staff turnover, have delayed implementation and strained resources. Complex procurement processes through UNDP and limited co-financing capacities of local governments have further complicated progress, particularly in securing equipment and supporting infrastructure.
5. The implementation of the Gender Action Plan (GAP) has been constrained by the absence of specific budget allocations, resulting in limited gender mainstreaming activities and minimal integration of gender considerations into project outputs. Data collection efforts, while generally gender-disaggregated, have notable gaps, missing opportunities to fully understand gender dynamics in the project's activities. The Gender Action Plan (GAP) requires a dedicated budget to support gender mainstreaming, training, and the procurement of a consultant to assess project deliverables' gender sensitivity.

6. Expertise gaps in critical areas, such as climate risk data analysis and business marketing, along with the PMU's flat structure, have hindered the project manager's ability to focus on strategic issues. While UNDP has provided essential oversight, procurement delays and inadequate management of stakeholder expectations by MECC and MOFALI have contributed to inefficiencies, emphasizing the need for clearer communication and stronger governance.
7. The financial sustainability of the project faces challenges, particularly in scaling up climate adaptation efforts and securing long-term funding. Efforts to replicate the project's successes in other regions (scaling out) and at the local level (scaling deep) are also hindered by financial constraints.
8. The project is likely to face budget deficit due to underestimated costs during design, market inflation, and increased expenses for infrastructure and biophysical activities. The project should reassess its budget and financial needs, considering underestimations and inflationary pressures, and implement a resource mobilization plan to secure additional funding and identify cost-saving measures. Renovating existing infrastructure instead of developing new assets could optimize available resources.
9. The ADAPT project should shift its focus in the second half towards sustainability and scalability by developing an exit strategy that emphasizes policy reforms, creates a replication atlas for climate change adaptation (CCA) solutions, and identifies avenues for scaling. Partnerships, such as with the Asian Development Bank's (ADB) new Aimags and Soums Green Regional Development Investment Program (ASDIP), present an opportunity to promote and replicate ADAPT's tested solutions at scale while securing potential future funding.

## 4.2 Lessons Learned

- **The impact of climate change is multifaceted, necessitating a holistic, transformative and integrated adaptation.** The Mongolia GCF ADAPT project offers a comprehensive and integrated approach to tackling a complex challenge. It stands as the first project in Mongolia to implement an end-to-end strategy that spans from climate forecasting and climate-informed planning to the implementation of ecosystem-based adaptation for land and water, value chain development, market access, and policy reform. Unlike previous initiatives that addressed these components in isolation, this project targets all the critical aspects needed to transform the sector from its current state to one of climate resiliency.
- **The project impact evaluation is essential for understanding the effectiveness of a project, validating its theory of change, ensuring that it meets its goals, and providing lessons for future initiatives.** Experience from the Mongolia GCF ADAPT project demonstrate the need for investigating impact level indicators, such as trends in the size of the livestock and associated behavioural changes in herders communities. Without proper evaluation, it is challenging to measure success, justify funding, or ensure that the project's outcomes are sustainable and beneficial in the long term. In the GCF ADAPT project needed to set up the baseline
- **Merging project governance and coordination together into one platform is not necessarily effective arrangements.** The current management arrangements of the ADAPT project blur the lines between governance settings—decision-making and strategic guidance—and coordination mechanisms among stakeholders involved in project implementation. Although these two platforms can be linked for exchanging decisions and ideas, there is a need to separate decision-making from coordination to ensure each function is effectively fulfilled. The project board, in its current structure and frequency, fails to serve

the coordination purpose, leading to a significant coordination gap during implementation. Moreover, the Technical Advisory Group (TAG), which is mentioned in the management arrangement, has not been activated as a coordination platform, but just technical input for the technical deliverables. This lack of an active coordination mechanism has likely contributed to delays and inefficiencies, underscoring the need for a more structured and dedicated approach to coordination within the project.

- **The role of the private sector in Climate Change Adaptation should not be undermined.** The private sector plays a crucial role in climate change adaptation, not limited to service supplier, but more strategically by investing in sustainable practices, developing adaptive technologies, offering risk management services, fostering collaborations, and integrating climate resilience into corporate social responsibility (CSR) strategies. By leveraging their resources and expertise, communities can make significant progress in building resilience. As climate change continues to present substantial risks, the active involvement of the private sector in adaptation efforts is essential for achieving sustainable and inclusive growth. The ADAPT project needs to investigate the role of private sector more strategically beyond the classical service provider role but as a partner in the successful implementation of component 3.
- **Clear definitions of the concepts used in indicators and targets are vital for fostering a common understanding among all stakeholders involved in a project.** When these concepts are well-defined, it eliminates ambiguity and ensures that everyone—from project managers to field teams, beneficiaries, and external evaluators—shares a consistent interpretation of what is being measured and aimed for. This clarity is crucial for effective monitoring and evaluation, as it allows for accurate tracking of progress, identification of gaps, and timely adjustments to strategies. Moreover, clear definitions facilitate smoother implementation, as project teams can align their activities with the agreed-upon goals and metrics, reducing the risk of miscommunication and misalignment. Ultimately, this shared understanding enhances the project's overall effectiveness, driving it towards successful outcomes and sustainable impact.
- **Women's involvement in climate change adaptation is not just beneficial but essential for the resilience and sustainability of communities.** Their unique perspectives and knowledge play a critical role in developing effective climate adaptation strategies. Therefore, promoting gender equality and empowering women to actively participate in all aspects of climate change adaptation is imperative for achieving long-term success.
- **Agile and adaptive project management as a key to success:** In today's rapidly changing environments, implementing agile and adaptive project management methodologies is crucial for successful project execution and delivery. Agile project management focuses on flexibility, continuous improvement, and responsiveness to change, allowing teams to adapt to new challenges and requirements throughout the project lifecycle. Adaptive management further emphasizes the importance of modifying strategies based on real-time feedback and evolving circumstances. By adopting agile and adaptive approaches, projects can better align with stakeholders' needs, improve team collaboration, and enhance the ability to deliver value incrementally. This approach contrasts with traditional project management methods, which may struggle to accommodate changes and uncertainties. Agile methodologies facilitate frequent reassessment of project priorities and foster a culture of innovation and problem-solving. Implementing agile and adaptive management practices is essential for projects to remain on track while responsive in dynamic environments.

### 4.3 Recommendations

Below recommendations are focused on corrective actions in the second half of the project and forward-looking recommendations/lesson learned focussed on future programming:

#	IE Recommendation	Entity Responsible	Priority	Timeframe
1	<b>Shift the project's focus in the second half towards sustainability and scalability</b> by developing and implementing an exit strategy. This strategy should emphasize policy reforms, develop replication Atlas for CCA solutions, identifying avenues for replication and scaling (such as through ADB's new project), and broadly demonstrating success beyond the four aimags targeted in this project.	PMU	High	Q 2 2025
2	<b>Develop and implement an impact-based evaluation framework</b> focused on assessing herders' behavioural changes, particularly in terms of trends in livestock size resulting from the project activities. This framework should include establishing a baseline and regularly collecting data from both those participating in the project and a control/comparison group representing those who did not participate. Such an approach will help the impact evaluation establish a clear attribution line of sight, providing robust evidence of the project's effects and test a key assumption underpinning the project's theory of change: that the project's integrated solutions—such as policy reforms, the development of biophysical assets, and the promotion of market linkages—will lead to behavioural changes among herders, encouraging them to own a smaller number of livestock herds.	PMU	Medium	Q1 2025
3	<b>Establish and maintain a partnership with the Asian Development Bank (ADB) in Mongolia</b> , particularly with ADB's Aimags and Soums Green Regional Development Investment Program (ASDIP). ASDIP just started few weeks ago and it aims to promote low-carbon, climate-resilient territorial development, and more efficient urban-rural linkages, as well as climate finance and private sector investment mechanisms designed for sustainability and replicability across the country. This partnership could create a mutually beneficial relationship where ADB can build on the climate adaptation solutions tested by the ADAPT project, while the ADAPT project benefits by promoting its solutions for potential replication and funding. During the evaluation mission, the IE team engaged with ADB, and ADB showed genuine interest in establishing this partnership.	PMU	High	Q4 2024
4	<b>Enhance project coordination with stakeholders by evolving the 'Technical Advisory Group' (TAG) to serve as a regular coordination platform besides its role for technical review of deliverables.</b> This will require updating the existing term of	PMU	High	Q4 2024



	reference with a clear engagement strategy, specific operational guidelines and initiating immediate and regular engagements, with a suggested frequency of quarterly meetings. By doing so, the project can ensure that the TAG fulfils its intended role as a central mechanism for stakeholder engagement and technical advice.			
5	<b>Assess or reassess the training needs of participating stakeholders and expand capacity-building activities in a targeted and localized manner.</b> Particular attention should be given to training on the maintenance of equipment, GIS, and data management to enhance the technical capabilities of participants across all sectors. This approach will help ensure that stakeholders have the skills they need to support the project's long-term objectives.	PMU	Medium	Q1 2025
6	<b>Explore the technical and economic feasibility of integrating climate-smart irrigation technologies</b> into reforestation projects to reduce maintenance burdens and costs, thereby enhancing the long-term sustainability of these initiatives.	PMU	Medium	Q1 2025
7	<b>Investigate the possibilities and feasibility of mainstreaming climate risks and adaptation measures into regional development plans</b> in targeted aimags and soums. These regional plans would provide a crucial avenue for embedding climate change adaptation into broader development strategies and for promoting the upscaling and replication of the project's adaptation measures.	UNDP	Medium	Oct-Dec 2024
8	<b>Conduct a thorough budget review and reassessment to accurately quantify the anticipated budget deficit.</b> This process should consider budget under estimations, the current economic conditions in Mongolia, including inflated prices of goods and services, and the actual costs required to achieve the targets defined in the project document for implementing adaptation measures. This will ensure that the project has a clear understanding of its financial needs and can make informed decisions moving forward.	PMU	High	ASAP
9	Informed by the budget reassessment, <b>develop and implement a resource mobilization plan to secure additional resources needed to fill the budget deficit.</b> This plan should also focus on identifying and implementing resource-saving opportunities, such as renovating existing infrastructure instead of developing entirely new ones. This approach will help optimize the use of available resources and ensure the project's financial sustainability.	UNDP	High	Dec 2024 – Dec 2025
10	<b>Review the budget for the Gender Action Plan (GAP) and boost its implementation.</b> This process should involve identifying the necessary resources and ensuring that gender activities are prioritized within the broader project framework. Key priorities should include funding for gender mainstreaming training and the procurement of a consultant to assess the gender sensitivity of the project's deliverables to date and provide recommendations for	PMU	High	Aug-Dec 2024

	improvement. This will help ensure that gender considerations are effectively integrated into all aspects of the project.			
11	<b>Enhance data disaggregation by gender to differentiate between cooperatives led by women and those led by men.</b> Additionally, ensure that data for all individual beneficiaries are disaggregated by gender to provide more nuanced insights into the gender dynamics within the project's activities. This approach will help to better understand and address gender-related issues in the project.	PMU and M&E officer	Low	Ongoing
12	<b>Enhanced application and implementation of Socio-Environmental Standards by:</b> <ul style="list-style-type: none"> <li>- Establishing and implementing clear procedures for tracking, responding to, and closing GRM complaints, as well as ensuring that detailed records of all resolved complaints are systematically maintained and easily accessible.</li> <li>- Refining the Stakeholder Engagement Plan (SEP) by specifying the engagement strategies for each stakeholder group. This would include defining who needs to be consulted for decision-making processes, who should be kept informed about project progress, and what communication methods will be used to engage each group. By enhancing these aspects, the project can ensure more effective and meaningful stakeholder participation, ultimately leading to better project outcomes and stronger community buy-in.</li> </ul>	PMU and M&E officer	Medium	Q1 2025
13	<b>Strengthen engagement and consultation with local authorities, particularly during the work planning and budgeting process,</b> to ensure that the project aligns with their specific needs. The PMU is also encouraged to engage directly with local authorities and establish regular engagement platforms to foster continuous collaboration and support.	PMU	Low	Ongoing
14	<b>Develop and implement a well-structured and targeted communication strategy</b> to guide communication activities based on the identified needs of stakeholders. The strategy should include targeted, fit-for-purpose activities tailored to each stakeholder group and ensure consistent messaging regarding the project's scope and expectations. This approach will enhance engagement and alignment across all involved parties.	PMU – Communication officer	Low	Q2 2025
15	<b>Enhance PMU human capacities by:</b> <ul style="list-style-type: none"> <li>- <b>Introducing two strategic roles: 1) a Chief Technical Advisor (CTA) to offer strategic guidance and technical backstopping, and 2) a Business Marketing Specialist</b> to provide the necessary technical and strategic support for market development activities under component 3 of the project.</li> </ul>	UNDP	Medium	ASAP

	<ul style="list-style-type: none"> <li>- <b>Reviewing and restructure the PMU to create a more balanced hierarchical framework.</b> This revised structure should clearly define roles, responsibilities, and reporting lines, ensuring the new positions for the CTA and Business Marketing Specialist are effectively integrated.</li> <li>- <b>Conducting Results-Based Management (RBM) training</b> for project teams at both the local and central levels to improve results planning and strengthen the team's ability to effectively track progress and achieve project outcomes.</li> </ul>			
16	<b>Partner with an academic institution, such as the National University of Mongolia, to support impact-based forecasting and enhance its sustainability.</b> This collaboration would help mitigate challenges related to turnover and the loss of capacities within NAMEM, ensuring that expertise and knowledge are retained and further developed.	PMU	LOW	Ongoing
17	<b>Assess the need for the project extension at no cost in 2027 (i.e one year before the planned project closing date) to determine the appropriate duration for any potential extension.</b> This timeline allows for a thorough evaluation of progress and ensures that any extension is well-justified and aligned with the project's overall goals, and work with the project board and GCF to obtain formal approval.	PMU and UNDP	High	February 2027

Annexes are available in a separate document.