



STeP EcoLab

switchasia
GRANTS PROGRAMME



Promoting Sustainable Textile Production and EcoLabelling in Mongolia (STeP EcoLab - Mongolia)

10 years
fine fibre
value chain
support
experience

Project duration: 2018-2022

ТӨСЛИЙН САНХҮҮЖҮҮЛЭГЧ



Funded by the
European Union

European Union has been a key donor supporting AVSF in fibre value chain development in Mongolia. Under this grant, European Commission is financing 80% of the total project budget



COORDINATOR - AVSF

Agronomes et Vétérinaires Sans Frontières NGO has been supporting semi-nomadic populations in Mongolia since 2004 in order to create environmentally and economically sustainable pastoral livestock farming. The organisation has also been striving to increase the resilience of livestock farmers facing climate changes. Together with his partners, AVSF works to improve animal health systems and animal husbandry practices to increase their productivity and the quality of livestock products. Since more than 15 years, AVSF and its partners have been active in organising the upstream of Mongolian fibre value-chains, with common focuses on improving the resilience of herds and fibre quality, organising herders into collectives (Pasture Users Group, cooperatives) for better pasture & natural resources management, improved market access and better income streams, via linkages built with domestic and foreign fibre processing industries, on specific market niches (environmentally friendly products following Fair Trade principles)

FOR TEXTILE PROCESSORS

Link to sustainable certified high quality sourcing

Sustainable, traceable and certified raw material sourcing options will be mainstreamed, consolidated and replicated by AVSF and NFPUG joint actions in three target aimags. The best practices on raw material sustainability, fiber quality improvement and traceability will be identified and an increased number of herders and cooperatives will be adequately trained. The creation of a multi-stakeholder platform will promote the convergence and extension of existing animal fibres ecolabelling schemes, and engage stakeholders in supporting herders sustainable practices.

Benefits

- ✓ Link to sustainable quality sourcing
- ✓ Improved E&S impacts
- ✓ Access to green finance
- ✓ Access to niche markets

Improved Environmental and Social Impacts (E&S)

Several governmental policies and namely the 'Cashmere programme', and the 'Government policy on Industrialization' highlight the need to introduce eco-friendly advanced technology in the production chain and to promote Mongolian sustainable textile products on export markets.

The limited availability of wool & cashmere sector specific studies and data is a constraint to the improvement of its environmental and social performance. Together with ESCM and CSCP, the project will assess the environmental and social impacts of the Mongolian wool and cashmere sector, recommend potential improvements and raise awareness about the benefits of switching to sustainable production practices.

The project will contribute to define a long-term roadmap for improving the environmental and social footprint of the Mongolian wool and cashmere sector. The data gathered on the main E&S impacts of the wool & cashmere industry, as well as a review of policies, programs and donor interventions in support of the sector, will serve as a basis for the definition of priority areas in order to pursue a progressive transformation of the industry.

A Voluntary Code of Practice (VCP) will be developed for Mongolian wool & cashmere processing MSMEs in order to continuously improve their E&S performance and to promote a set of credible commitments. CSCP will perform a stocktaking of relevant international standards in order to align the national commitments with existing best practices, and facilitate linkages for companies willing to pursue later third-party certification. A set of workshops will be conducted by ESCM and CSCP with MWCA members to review and update VCP draft. The implementation and respect of the VCP will in turn create a sound framework for monitoring MSMEs progresses, to assess key criteria allowing access to green finance and communicate positively with end-clients.

SYNERGIES WITH PREVIOUS AND OTHER ACTIONS

The project builds on results of the AVSF's Sustainable Cashmere Programme targeting the upstream of the value chain and access to markets.

Project in line with the Government of Mongolia 'Cashmere Programme' and 'Industrialization Programme 21 100'.

COORDINATION WITH ONGOING PROJECTS

The project will actively cooperate with:

- EU Trade Related Assistance to Mongolia (TRAM) on strengthening capacities and support Mongolian public and private institutions for effective trade policies.
- EU support for Employment Creation in Mongolia (SECIM) on facilitating analysis of value chains on light industries.
- SDC Green Gold Extension Phase for the consolidation of sourcing of raw materials and to provide support to processors.
- USAID REACH project on enhancing Mongolian MSMEs' access to credit.

FOR TEXTILE PROCESSORS

Support on access to green finance

Inadequate loan offers and limited capacity to manage E&S impacts of Mongolian cashmere & wool processors weakens the opportunity for green financing. 'STeP EcoLab Mongolia' project will focus on building the capacity of financial institutions to assess the specific E&S risks of textile sector. Project experts will collaborate with MWCA's members for preparing and submitting bankable loan application for projects improving their social and environmental performance. MBA will conduct a green finance demand market study specific to textile sector and will develop a mapping of funding resources. Based on the result, it will identify ways to leverage international and domestic green finance. MSMEs will be linked to current green financing options and international green funding opportunities will be mapped and sought for.

Access to niche markets to increase competitiveness

Supporting growth of the Mongolian textile sector could help the country generate more added value & diversify its economy away from the extractive industry. A growing number of Mongolian textile industries have started exploring eco-friendly and sustainable product lines and are willing to further access international niche markets. European processors, brands and consumers have started the switch to more sustainable textile supply chains and show a growing interest for sustainable textile initiatives from Mongolia.

With a adequate expert services, the project will develop promotional materials including brochures, dedicated website, etc. to enhance the visibility of sustainable initiatives on the domestic and export market. To represent and promote Mongolian sustainable textile initiatives towards brands, European industries, luxury groups and relevant medias outlets in Europe, a series of events will be organized in Italy and Germany A further perception survey on sustainability of wool & cashmere products will be conducted in Mongolia in order to identify key drivers and facilitate the possible launch of sustainable textile product ranges on the domestic market.



PROJECT PARTNERS



**MONGOLIAN WOOL & CASHMERE
ASSOCIATION**



**COLLABORATING CENTRE ON SUSTAINABLE
CONSUMPTION AND PRODUCTION**



**NATIONAL FEDERATION
OF PASTURE USER
GROUPS OF HERDERS**



OVERALL GOAL OF STEP ECOLAB MONGOLIA

SWITCH STeP EcoLab Mongolia project aims at establishing the conditions for sustainable textile production & consumption in Mongolia with a focus on wool and cashmere, by leveraging the key drivers of Sustainable Production and Consumption:

1. Consolidating sustainable and certified raw material sourcing options meeting markets expectations;
2. Developing a conducive environment for textile processing MSMEs to switch to sustainable production practices and raising customers and consumers awareness of Mongolian sustainable textile related initiatives.



Wool & Cashemire processors have the potential to increase their productivity by strengthening the capacity of engineers and workers. The project will collaborate with MUST to train teachers on sustainable production modules and develop new curricula in the university programs. With the support of CSCP, a series of capacity building workshops on E&S impact assessment will be organized for engineers and workers of processors members of MWCA.

The project supports

- ✓ **Traceability**
- ✓ **Sustainability**
- ✓ **Certification**

FOR POLICY MAKERS AND STATE INSTITUTIONS

The project will identify via dedicated meetings the role of ALAGAC, NAMEM, NAPU and other stakeholders in the validation & monitoring of indicators for sustainable rangeland management practices. These state institutions and business intermediaries could be integrated as an essential participant to the sustainable raw material certification schema. The MET and MoFALI will be closely involved.

The Mongolian Parliament adopted a comprehensive revision of Mongolian environmental laws to better control the activities potentially damaging the environment. With the adoption of the National Green Development Policy, a complementary focus has been put on providing incentives to ease the switch to more sustainable practices. CSCP and ESCM, will carry out a gap analysis of the legislative framework regulating environmental and social impacts in the Mongolian wool and cashmere industry. This will be done through a set of interviews and meetings with experts from Ministries, industry, academia and civil society. The result will be published and disseminated to the relevant stakeholders. The gap analysis, the actual assessment of E&S impacts in Mongolian textile sector, a long term sectorial roadmap including definition of priority areas will be the strong support to state institutions and policy makers for transforming traditional production to the energy and water efficient, sustainable practices

FOR HERDER HOUSEHOLDS AND HERDERS' COOPERATIVES

Mongolian herder households and herders' organisations (Cooperatives, Pasture User Groups) are considered as a key target group since they establish the possibility of the whole system. While a growing number of PUGs and cooperatives are already actively involved in sustainable raw materials initiatives, their role further needs to be strengthened in order to achieve positive environmental impact, economical worthiness for households and reaching a critical mass of production able to satisfy a larger number of customers. AVSF and NFPUG will promote the adaptation of best practices on raw material sustainability, quality improvement and appropriate certification to the upstream actors of the value chain by organizing training and dissemination workshops and by initiating a "Mongolian cooperation platform on sustainable textile production". More than 3.000 herders and 30 cooperatives in 3 target provinces (Bayankhongor, Gobi-Altai and Arkhangai) will be further trained to implement a set of good practices on sustainability, quality management and traceability. As a consequence, the sustainable and certified raw material sourcing options for Mongolian textile processing MSMEs will be consolidated and replicated. New commercial partnerships between herders' cooperatives and textile processors will be built and an increased annual volumes of sustainably certified fibre will be sold by cooperatives to processors. Those efforts will be mainstreamed via a set of communication activities (publications, press conferences, TV and radio interviews, videos, etc.) and a comprehensive media campaign targeting key domestic and international audiences.

SUSTAINABILITY CERTIFICATION

Adding value to wool and cashmere by respecting a traceability, pasture and quality management system independently verified in order to:

1. Improve pasture & natural resources management and fight desertification
2. Support strengthened cooperatives with sound governance practices following Fair Trade principles
3. Support herders' income generation & socioeconomic resilience
4. Improve competitiveness & promote quality cashmere abroad and in Mongolia.



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AVSF MONGOLIA STRATEGY AT GLANCE

- ✓ TO SUPPORT AND ADVOCATE FOR STRONGER HERDERS' ORGANISATIONS USING SUSTAINABLY THEIR PASTURELAND AND NATURAL RESOURCES
- ✓ TO CONTRIBTUE TO IMPROVING ANIMAL PRODUCTIVITY THROUGH: GENETIC SELECTION, ZOOTECNICAL MANAGEMENT AND ANIMAL HEALTH.
- ✓ TO FACILITATE THE PROCESSING AND COMMERCIALISATION OF QUALITY ANIMAL PRODUCTS ON THE DOMESTIC AND INTERNATIONAL MARKETS.

Address:

AVSF Mongolia,
#404, 'MGG Properties'
Office building,
Seoul Street, 2nd khoroo,
Sukhbaatar District,
Ulaanbaatar

Tel: +976 70110043

Web: www.avsf.org

Facebook: STeP EcoLab Mongolia Project



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