



The Livestock and Agricultural Marketing Project (LAMP):

Ways and Benefits of CSO Involvement in GAFSP Mongolia Project





I. Introduction

Mongolia, a vast country of 1.56 million square kilometers, is home to 15 times more livestock than people. It has over 2.7 million human population and 43 million livestock as of 2010.

The transformation of Mongolia after the collapse of the Soviet Union from collective socialism to a market economy disrupted urban and rural livelihoods, ultimately leading to increased urban poverty and food insecurity. In the last decade, while the government's agricultural and rural development program has met with some success, the poverty level has persisted above 30%.

The agriculture sector, which accounted for 15% of Mongolia's Gross Domestic Product (GDP) in 2010 and provides livelihood to about 40% of the population, promises to be the avenue for addressing poverty. The livestock-based industry contributes to around 10% of all export revenues.

But Mongolia has been unable to take advantage of its exportation of meat and other by-products due to several constraints. On average, the export price for Mongolian meat is three to four times lower than the price commanded by Australian meat exports. The domestic market, with the expansion of more formal retailing outlets

such as supermarkets, offers another opportunity for growth for the livestock industry.

Clearly, there is a need to strengthen linkages between producers and markets, and that is the goal of the Livestock and Agricultural Marketing Project (LAMP). There is currently no cohesive supply chain in Mongolia's livestock industry. The industry must therefore institute measures to reinforce the supply-chain, such as a system to trace the provenance of each animal, and the improvement of animal breeding, nutrition and health.

The LAMP, funded under the Global Agriculture and Food Security Program (GAFSP) Multi-Donor Trust Fund, addresses five key issues that are in line with Mongolia's National Livestock Program and National Food Security Program. These issues include: (i) stagnant and under-developed agro-industries and value chains that have not improved the income of herders; (ii) inadequate income and diet diversity of herders; (iii) weak veterinarian services that have led to slow infectious animal diseases response; (iv) collapse of the breeding system resulting in lower livestock productivity; and (v) lack of fodder and increased risk of livestock mortality during winter.

II. LAMP: The GAFSP project in Mongolia

The Livestock and Agricultural Marketing Project (LAMP) commenced on July 3, 2013 under GAFSP Grant Number TF014820. The project was budgeted at US\$ 12.5 million, of which US\$ 11 million were contributed by the World Bank and US\$ 1.5 million by the United Nations Food and Agriculture Organizations (UN FAO). The project implementation went on from 2013 to 2017.

LAMP strived to improve rural livelihoods and food security through investments in livestock-based production systems for enhanced productivity, market access, and diversification. The project primarily provided extension services to herder cooperatives, horticulture farms and agricultural specialists in 15 **soums** (districts or municipalities), or 3 **soums** each of Arkhangai, Bayankhongor, Gobi-Altai, Zavkhan and Khuvsgul **aimags** (provinces).

These **aimags** were selected during project preparation being disease-free zones. The **soums** were determined based on the following criteria: (i) access to markets; (ii) potential for fodder production; (iii) existence of herder groups/cooperatives; (iv) no overlap with on-going similar projects and; an existing demand for value chain

development. Key beneficiaries included herder households, marketing agents/agencies/buyers, processing groups/agencies, veterinarians, and extension workers.

The LAMP had the following three components:

- Linking herders to markets with Value Chain Development (meat, milk and fiber industries) and Horticulture;
- Raising livestock productivity and quality with sub-components such as Promoting Animal Health, Animal Breeding and Genetic Improvement And Animal Nutrition Improvement; and
- Project management.

The project's activities focused on

- capacity building and training of herders, herder groups and cooperatives, and agricultural specialists;
- technical assistance in development and implementation of business plans; and
- investments.

LAMP Accomplishments

LAMP's highlight is the development and implementation of sub-project proposals by grassroots organizations, which was well-received. While the project actually

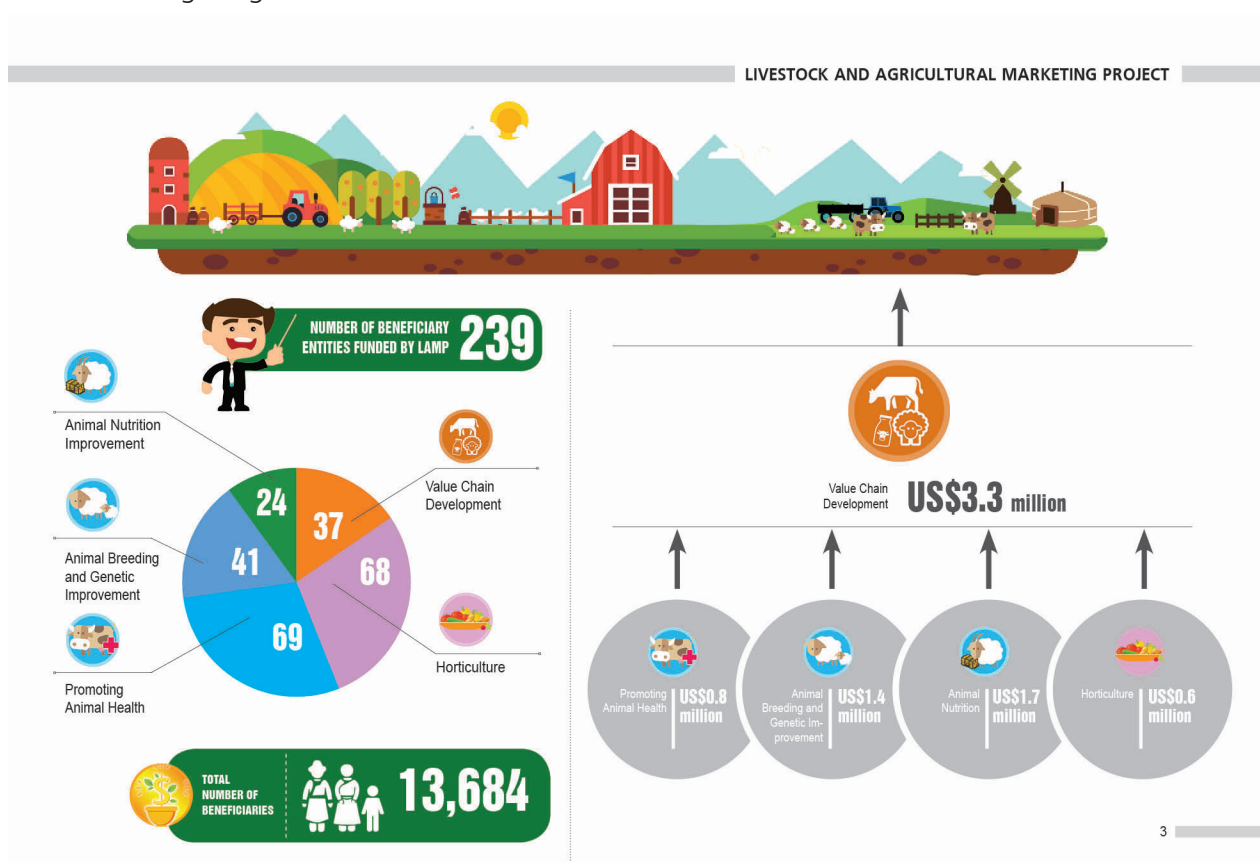


began two years late in 2015, its implementation was accelerated with the help of named technical service providers – (TSPs), mainly national/local non-government organizations and cooperatives.

A total of 82 sub-projects on vegetable production, fodder, veterinary and animal breeding were approved. Fifty-seven or 70% of them have received funding and are being implemented. Significant outcomes have already become apparent.

Out of these 82 sub-projects, 75 or 91% were based on proposals from people-centered organizations, such as cooperatives and community-based organizations (CBOs). Thus, the implementation, monitoring and management of the project were enhanced. Micro projects on animal health and breeding were also approved with 34 training activities held and 14 manuals and guides published.

The following diagram illustrates some achievements of the LAMP thus far:



Source: <http://en.lampmongolia.mn/n/263>

LAMP has benefited around 239 groups with 13,684 individual beneficiaries. The top 3 livelihood activities carried out were 1) Promoting Animal Health (29%), 2) Horticulture (28.5%), 3) Animal Breeding and Genetic Improvement (17%).¹

¹For the detailed information on project performance and achievement, please visit the LAMP website: www.lampmongolia.mn

With Value Chain development, in particular, 37 sub-projects were approved with USD3.3 million disbursed for improving enterprises on meat (15 projects), fiber (4), dairy (10) and marketing activities (8).

According to the LAMP report, the project supported to build fixed and moveable assets needed by cooperatives and small and medium enterprises in the **5 aimags** and 15 **soums**. A meat processing plant in the Govi-Altai **aimag** has started with export-oriented meat production, for instance.

Also, beneficiaries have been introduced to value chain development and not just focusing on the supply side and establishing “Productive Partnerships” throughout selected value chains.

In a survey done to assess the impact of the projects among communities, almost all or 97% of respondents rated the project as “good” because it helped increase their production and incomes, as well as their knowledge and capacities on vegetable and animal raising.

III. Involvement of Civil Society Organizations in LAMP

As the CSO Asia representative in the GAFSP Steering Committee, the Asian Farmers Association for Sustainable Rural Development (AFA) partnered with the National Association of Mongolian Agricultural Cooperatives (NAMAC) to conduct consultations among the Technical Service Providers (TSPs), Government Implementers, Supervising Entities (SEs) and Farmer Beneficiaries (FBs) of the GAFSP Project in Mongolia. NAMAC is the focal farmer organization (FO) for GAFSP-related concerns in the country.

Some 35 participants from CSOs, TSPs, SEs, government implementers and farmer beneficiaries were invited on March 12, 2018 to determine the impact of CSO involvement in GAFSP implementation in Mongolia. Present were two representatives from each of the five CSOs/TSPs; one farmer beneficiary from each of the 15 target soums; two persons from LAMP Project Implementing Unit (PIU); and two from the Ministry of Food, Agriculture and Light Industry. The following summarizes the project stakeholder views on CSO involvement in LAMP implementation:

A. How were CSOs in Mongolia involved in the GAFSP project?

According to Dr. D. Shombodon, TSP team leader from the NAMAC Rural Investment Support Centre (RISC), the Project Assessment Document (PAD) considered a selection of CSOs as technical services providers for LAMP on a competitive and competence basis. The World Bank, PSC and PIU were committed to the screening of TSPs from the CSOs.

In late 2013, the Project Implementing Unit first invited CSOs to apply for the tender selection of technical services providers. However, the Project Steering Committee postponed the selection because of the government instability. In late 2014, the PIU announced a second tender for the selection of TSPs among CSOs where 8 CSOs were selected as TSPs for a one-year contract to work on LAMP until February 2015. The technical service contract was extended till the end of 2016. The 8 CSOs provided technical services in the following LAMP areas:

Area	Name of Partners	Description of Partners
Arkhangai province	Center for Policy Research (NGO)	Leading partner
	Green Economy (NGO)	Executive partner
Bayankhongor province	Development Solutions (NGO)	Lead partner
	Mercy Corps (International NGO)	Executive partner
Gobi-Altai province	National Association of Mongolian Agricultural Cooperators (NAMAC)	Leading partner
	Rural Investment support Centre (RISC) Non-governmental organization	Executive partner
Huysgul province	Mongolian Farmers and Flour Producers Association	
Zaykhan province	Mongolian Rural Development and Relief Association	

These selected NGOs established a TSP team for each target province, consisting of one team leader and 6 consultants (or 2 consultants per *soum*). In 2016, the number of TSP team members was reduced to 4 per province with only a team leader and a consultant per *soum* left. In total, 35 consultants worked for LAMP in 2015 and 20 consultants in 2016. The CSOs recruited highly qualified consultants, including



a doctor of science and four PhDs. Their expertise proved helpful in achieving the project targets.

In addition, an NGO represented CSOs in each Soum Steering Committee meeting. Representatives of local CSOs also had free access to LAMP promotional events and training courses.

B. How do the concerned CSOs, SEs and government implementers and farmer beneficiaries view the impact of their involvement in GAFSP?

1. Involvement of government implementers in GAFSP

Mr. B. Temuulen, Financial Manager of LAMP, and Ms. Erdenechimeg, LAMP Implementation Officer at the Project Implementation Unit (PIU), participated in the consultation and shared their reflections on CSO involvement in and the achievement of LAMP.

As the recipient, the Ministry of Food and Agriculture has established a Project Steering Committee (PSC) and a PIU. At the beginning of 2015, the PIU entered into and the PSC approved a Service Contract with each of the five CSO/TSPs

Consortiums with the Terms of Reference identifying their respective roles in accordance with the GAFSP Grant Agreement.

The PIU was able to perform the following roles:

1. Organized capacity building trainings for TSP team members on:
 - Project management including work instructions;
 - UN FAO “Rural Invest” business planning program;
 - ICT and communication and information flows;
 - Business planning and operational report templates;
2. Examined and certified the consultants after the training sessions;
3. Provided finance, office, information and communication technology (ICT) equipment, etc.;
4. Worked closely with the TSPs to implement LAMP on how to conduct capacity training for beneficiaries and how to prepare and submit subprojects for financing, etc.

2. Involvement of concerned CSOs on GAFSP

The selected CSOs and the TSP teams implemented the following activities:

1. Project operations and financial management in partnership with:
 - Soum Steering Committee, Project Coordinator, veterinary animal breeding units (VABUs), local citizens and farmer beneficiaries at the local level;
 - Food and Agriculture Department at the provincial level;
 - the PIU, PSC and State Bank at the national level.
2. Providing technical services and capacity building trainings for farmer beneficiaries, namely on:
 - Project information on the sub-project inputs and market information on products;
 - Business planning trainings for potential project beneficiaries;
 - Capacity building trainings for project beneficiaries implementing sub-projects;
 - Assisting project beneficiaries in sub-project designing, approval and implementation;
 - Signing the Tripartite and Financial agreements with the PIU and beneficiaries;
 - Assisting the beneficiaries in procurement of sub-projects and dealing with the State Bank;
 - Supporting beneficiaries to provide services such as capacity building training.

3. Participating in monitoring and evaluation of sub-projects and assisting farmer beneficiaries in preparing their operational and financial reports:
 - Monitoring and instructing the implementation of the Tripartite and Financial Agreements of the sub-projects;
 - Monitoring the performance of the sub-project and signing payment invoices;
 - Collecting production, service and sales information from farmer beneficiaries of sub-projects and delivering them to the PIU; and
 - Assisting the sub-project beneficiaries in preparing their operational and financial reports.

As a result of the collaboration with project stakeholders, the CSOs successfully provided technical services for the LAMP beneficiaries from 2015 onwards. The World Bank program officers and the PIU highly appreciated the efforts of the TSPs and awarded the participatory CSOs certificates for their valuable contribution and effort.

Given the support of the CSO/TSPs and the PIU, the LAMP was able to implement 239 sub-projects with total grant investments of US\$ 7.8 million as described below in Table 1:



Table 1. The Implementation of sub-projects

LAMP sub-components	# of sub-projects	Grants US\$ million
Animal nutrition improvement	24	1.7
Value chain development	37	3.3
Horticulture	68	0.6
Promoting animal health	69	0.8
Animal breeding and genetic improvement	41	1.4
Total	239	7.8

A total of 13,684 beneficiaries have benefited from the 239 sub-projects supported by GAFSP grants. In addition, the TSPs assisted the PIU in organizing 88 capacity building training sessions and trained 7,450 beneficiaries, during the project implementation period as described in Table 2.

Table 2. Capacity building trainings organized with assistance of TSPs

Training topics	Number of trainings	Number of participants
Promoting animal health	14	1,475
Animal breeding and genetic improvement	7	186
Animal nutrition improvement	20	1,680
Horticulture	27	1,427
Value chain development	18	2,639
Environmental management capacity building	2	43
Total	88	7450

3. Involvement of farmer beneficiaries in GAFSP

Farmer beneficiaries who participated in the consultation gave their views about the impact of their involvement in LAMP/GAFSP as follows:

1. Erdenebaatar, Tsakhir soum, Arkhangai province - We implement a Green Fodder sub-project on 60 hectares of land. The farmers provide green feeds to 5 soums of 2 aimags – Tsakhir, Khangai and Tariat soum in Arkhangai province and Ikh-Uul and



Tosontsengel soums in Zavkhan province. There is a big demand for the product and many coop member households and local community buy a substantial amount of green fodder. With the project's success, many cooperative households benefited from the sub-project. Generally, the farmers are actively involved in the project and are enthusiastic to continuously work together with LAMP.

2. Sh. Lkhagvasuren, Bugat soum, Govi-Altai province - LAMP proved very beneficial for our farmers and their incomes significantly increased. Before LAMP, they were trading in meat procurement, but faced a lot of problems with the lack of storage facilities. The project enabled them to construct a storage structure equipped with a cooling camera. We are now able to buy 40-50 tons of meat, compared to a meager 4 tons in 2014. Thus, we hope the project will continue to benefit more beneficiaries in other areas.

3. "Shirenmandal" Cooperative, Khuvsgul province - Before the LAMP implementation, the Shirenmandal cooperative had 80 hectares of arable land and two old Russian tractors. With the LAMP grant, they now have 250 hectares of fenced areas and upgraded their machinery. We also plant green fodder now.

4. Idermunkh Bayantsagaan soum, Bayankhongor province - Our cooperative was first established in 2013 with 11 members into crop production. As a result of the LAMP grant, the number of members increased and they plant animal fodder crops on 60 hectares of land that was previously abandoned for 30 years. We have harvested 45 tons of animal fodder in 2016 and 57 tons in 2017. As a result of the project, we reconditioned all equipment and machinery they needed. Our main objective now is to meet the demand for green fodder of Govi soums in Bayankhongor province.

5. Shinebayar, Jargalant soum, Bayankhongor Province - With the LAMP grant, the farmers have fenced 60 hectares of hay field. This increased their hay productivity and incomes of the cooperative member households. Last year, they produced 20 tons of natural hay which were sold to the emergency reserve funds of the province and other two soums. In 2018-2020, they aim to develop a short-term business plan to increase our cultivation areas.

6. Munkhzul, Tsogt soum, Gobi-Altai province - With our dairy farm sub-project, we bought milking cows in October 2017. We initially aimed to satisfy the local demand for milk and milk products. We will now try selling our products to neighboring soums.

7. Enkhbaatar, Oroin Chimeg Cooperative, Zavkhan province - The cooperative has 88 members involved in the project. We purchased equipment with the project grant and now we are running a dairy farm. We are working to satisfy the needs of local people for milk and milk products and to improve animal quality and productivity to create employment opportunities for local citizens.

C. What were the challenges and limitations you faced about CSO involvement in GAFSP project?

The LAMP could not run its key component (Linking Herders to Markets and Raising Livestock Productivity and Quality) from July 2013 to the end of 2014 until the entry of CSOs. Another reason for the delay in the project implementation was the government instability then, with the government changing three times from 2013 to 2017. Each time the Project Steering Committee was also changed. This also created problems for the selected CSOs, TSPs and local consultants, too.

The following challenges and limitations about CSO involvement were drawn up:

- 1. The government implementers** faced challenges such as:
 - government instability that led to the frequent change of the PSC;
 - delay in the selection of CSOs for TSPs of LAMP;

- delay in decision making on grant approval of sub-projects because of government changes;
- lack of development policies between the national and local levels.

2. The CSOs/TSPs faced the following challenges and limitations:

- time pressure because of the delay in the project implementation and the seasonal changes;
- political motivation and reluctance of soum governments to deal with the TSPs;
- lack of qualification and imitative of the soum project coordinators and VABUs;
- weakness and lack of skills of farmer beneficiaries in terms of production management, marketing and financial management.

3. The farmer beneficiaries faced the following challenges and limitations:

- lack of current assets and absence of sound bank loan products;
- insufficient knowledge on product marketing and procuring inputs;
- absence of reliable scientific data on local soil composition;
- inactive participation of cooperative members in some cases;
- uncertain selection procedure of sub-projects, etc.

D. What lessons about CSO involvement in government projects such as GAFSP did you learn from this involvement?

The involvement of CSOs in LAMP supported the PIU and the SSCs to overcome the existing challenges and limitations in the short term. The TSPs could run all the components of the project in accordance with their TORs and put in all their efforts to implement the project successfully. Thus, the LAMP implementation status was turned around from a faltering project in 2015 into a successful one as a result of joint efforts of the CSO/TSPs with the SSCs and the PIU within two years.

In turn, the CSO/TSPs, specially their local consultants, enhanced their capacities and learned new tools, such as the Rural Invest Program, etc.

Ms. Khoninkuu, the local consultant in Khuvsgul province shared:

“When we first started the project, we faced a lot of constraints because the target groups were not informed well and beneficiary cooperatives were weak. Nevertheless, the constraints were overcome and our province is now implementing around 43 sub-projects, with 16 sub-projects in horticulture, 10 in

promoting animal health, 8 in animal breeding, 6 in fodder production and 3 in value chain development. As a result, the beneficiaries built up their capacities, many were employed and household incomes were increased. In the future, we hope to pay more attention to support the cooperatives with working capital, long-term loans and high quality seeds, then cooperatives will be able to run their farms independently. We also want to focus on product marketing and improving the value chain of products.”

E. Because of these lessons learned what recommendations on large agricultural development programs in your country would you propose to social enterprises (SEs), government implementers and CSOs?

The following recommendations were drawn from the consultation process and interviews with TSP team leaders on implementing large agricultural development projects in Mongolia are proposed to the SEs, government implementers and CSOs:

1. For Supervising Entities (SEs):

- Consider project implementation with combined financing tools including long term loans with minimal interest rate as possible. Long term loan component can be implemented through participating financial institutions (commercial banks, NBFIs, CSCs, etc.).
- Consider a way to improve decision-making on microfinance grants at the PIU level.
- Involve CSOs in PSC and SSCs as members and/or as external auditors.
- Intense performance monitoring of government implementers at all levels.
- Exclude any political motivation and conflict of interest in project selection.

2. For government implementers:

- Manage large agricultural development projects without any interruption at all levels.
- Identify project target provinces and soums through a competitive tendering.
- Closely link the project implementation with national and local development policies.
- Ensure the PSC to be responsible for project implementation policy, methodology and monitoring.
- Authorize the PIU to be responsible for project financing and procurement in addition to the project management and monitoring.

- Ensuring the local governments and veterinary animal breeding units (VABUs) to be responsible for project implementation in a given soum, including signing and implementation of the tripartite and financial agreements.

3. For CSOs:

- Be responsible for providing technical service packages of the given project.
- Encourage collaborative business actions among project beneficiaries.
- Assist farmer beneficiaries in procuring machinery, equipment and production inputs.
- Link farmer beneficiaries with necessary scientific institutes and laboratories.
- Disseminate national and international best agricultural practices among farmer beneficiaries and VABUs.
- Get access to international best practices for delivering technical services.



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Produced by: Asian Farmers' Association for Sustainable Rural Development and National Association for Mongolian Agriculture Cooperatives (NAMAC)

Financial Support: Global Agriculture and Food Security Program

This publication gives special thanks to the LAMP Project Implementing Unit (PIU) and to the CSO technical service providers who provided data and photos.

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