



Mongolia: Community Vegetable Farming for Livelihood Improvement

Project Name	Community Vegetable Farming for Livelihood Improvement
Project Number	50278-001
Country	Mongolia
Project Status	Active
Project Type / Modality of Assistance	Grant
Source of Funding / Amount	Grant 9192-MON: Community Vegetable Farming for Livelihood Improvement Japan Fund for Poverty Reduction US\$ 3.00 million
Strategic Agendas	Environmentally sustainable growth Inclusive economic growth
Drivers of Change	Governance and capacity development Knowledge solutions Partnerships
Sector / Subsector	Agriculture, natural resources and rural development - Agricultural policy, institutional and capacity development - Agricultural production
Gender Equity and Mainstreaming	Gender equity
Description	The Community Vegetable Farming for Livelihood Improvement project is a pilot initiative aiming to improve the livelihood of smallholders involved in vegetable production in selected soums of four of Mongolia's aimags: Bornuur in Tuv, Orkhon in Darkhan-Uul, Ulaangom in Uvs, and Yeruu in Selenge. This is to be achieved by introducing a community farming model, applying improved climate-resilient farming practices, strengthening farm-to-market linkages, and integrating farming groups into inclusive agriculture value chains. Project beneficiaries will be vegetable growers, seed producers, and household-based food processors across the four sites. The project has strong pro-poor and participatory features and will directly benefit at least 180 farming households (many of them female-headed) representing about 500 farmers and seed producers. Indirect benefit will accrue to the wider community in target soums with a total population of about 45,000 and beyond.

Project Rationale and Linkage to Country/Regional Strategy

Unlike livestock herding with its centuries-old traditions, vegetable farming remains an underdeveloped sector in Mongolia despite good potential for cropping particularly in the country's central growing region, spanning Darkhan-Uul, Tuv, and Selenge aimags. In line with the Government of Mongolia's policy to diversify the economy and lessen the disproportionate dependence on livestock and (especially) mining characteristic of recent years, agriculture including smallholder vegetable farming has become a priority. Within agriculture more broadly conceived, investments in vegetable farming, processing, and marketing are considered particularly promising in improving the well-being of Mongolia's local communities.

Gradually creating alternatives to collectivized agriculture of the socialist period, Mongolia has made strides to become self-sufficient in cereal and potato production, but until now, vegetable farming has received less attention and remains undeveloped and inefficient. This perpetuates low income for vegetable farmers and high reliance on imported products, both threatening national food security. On average, only about half of the country's annual vegetable demand was met by domestic production from 2008 to 2016. No more than three items (cabbage, carrot, and turnip) account for close to 70% of overall area planted to vegetables. The demand for good quality locally grown fresh produce is on the rise as urbanization increases and better-informed citizenry becomes more concerned about traditional reliance on meat as a diet staple and aware of the need to have a more balanced diet for better health.

Limited access to market and foregone income generating opportunities. It is difficult for farmers to access markets with good terms and they are often compromised at the hands of middlemen. In addition, severe climatic conditions and short Mongolian summers limit the cropping season and add to the challenges faced by the sector as they result in marked seasonal variability of supply and prices. In the absence of adequate post-harvest and storage facilities, local producers cannot benefit from the higher off-season prices and a large share of domestic demand is filled by imports. The same lack of storage and post-harvest processing leads to significant waste of seasonal production surpluses. With more commercial experience and know-how on post-harvesting value-added opportunities and marketing, smallholder farmers will have better access to markets, more negotiation power and more secure income.

Inefficient agricultural practices and low capacity to respond to harsh climate. Mongolia has not traditionally seen much crop farming. Farmers lack technical expertise on sustainable farming practices as well as relevant tools and technologies for expanding and sustaining growing patterns, and are considerably unprepared for climate change. Additionally, about 80% of vegetable production is estimated to be performed manually in a country that is not labor-abundant, this has severe implications. Lack of mechanization together with inefficient water use and archaic irrigation practices often make farming financially marginal and uncompetitive with imports. Currently in project areas, the average farming household produces a small 7 tons of vegetables annually. With access to more consistent and good quality inputs, introduction of appropriate tools, and increased technical knowledge of sustainable climate-resilient cropping practices, smallholder farmers will be able to increase yields and income.

Small fragmented holdings and weak capacity. There are about 300 cooperatives and 35,000 households across the country growing vegetables on plots of up to 100 hectares (ha), totaling an area of about 7,200 ha. Typical, however, are fragmented smallholdings of up to 5 ha characterized by limited work force, low levels, and quality of inputs (agrochemicals, seeds, water, and others), and scant financial resources. Smallholder farming income is low and opportunities are curtailed not only because of continuous application of poor agricultural practices and inconsistent supply and quality of farming inputs but also because of lack of collaboration among farming households. With more collaboration, organization and shared capacity amongst farmers, opportunities for better managed collective areas for farming, increased livelihood security and economies of scale can be achieved.

The project aims to overcome some of the handicaps the sector currently faces and improve livelihoods for households involved in smallholder vegetable production. This will be achieved by implementing a community farming model anchored in a more efficient use of growers' own resources, expanded access to agricultural inputs, support infrastructure and know-how, and improvement of farm-to-market linkages. It will create 30 farming and seed-producing groups [community grower groups, (CGG)] organized into inclusive agriculture value chains in Bornuur, Orkhon, Ulaangom, and Yeruu soums. The sites have been selected based on suitability of areas for vegetable production, scope for applying a pro-poor participatory approach, existence of enabling policy environment, and proximity to main transport networks.

Strategic fit. On the back of its Sustainable Development Vision 2030, Program of Action 2016 2020, State Policy on Food and Agriculture and Crop Production Law, Mongolia is committed to improving vegetable production. The State Policy stresses the need to improve agricultural productivity through a value chain approach, climate change adaptation, and capacity building for farmers. Smallholder farming is to be one of the priorities. Local vegetable production is to meet 70% of domestic demand by 2020 and its totality by 2025 through, among other things, on-farm mechanization, greater use of protection culture (greenhouses and plasticulture) and introduction of water-saving irrigation techniques. The project is consistent with the Asian Development Bank's (ADB) country partnership strategy for Mongolia, 2017 2020 and the Ministry of Food, Agriculture and Light Industry's (MOFALI) sector priorities. It converges with ADB's Operational Plan for Agriculture and Natural Resources, 2015 2020 with its emphasis on sustainable natural resources management and climate resilience. The project will serve as a pilot for scaling up under a climate-smart agriculture loan programmed for 2019. It is proposed as a grant in ADB's country operations business plan for Mongolia, 2017 2019.

Sector context. In recent years, Mongolian agriculture has seen its fortunes fluctuate. Its herding component shored up household income and the country's exports, and became a stabilizing force during periods of economic stagnation that typically saw a return to herding of some of urban in-migrants. The livestock subsector itself has been exposed to significant risks, climate-related (such as dzuds) and others (disease, lack of quality certification standards, and difficulties of re-establishing viable management systems). Cropping, too, has struggled with creating viable successors to former state farms but, aided by development partners, succeeded in increasing the country's self-sufficiency in crops considered to be of strategic importance (potato and wheat). The viability of more specialized forms of farming has also been demonstrated. The boom in mineral export revenues up to 2013 temporarily removed the urgency to build on these advances and diversify the economy. In the aftermath of the commodity price collapse (post 2013) the potential of agriculture and its smallholder component to act both as an income-enhancing and risk reduction tool was finally given formal recognition.

Lessons. The project draws on lessons from agriculture sector initiatives undertaken in Mongolia. First, while the need to reap economies of scale and benefits of shared learning are well understood, there is reluctance among target households to re-create formal collectivized structures in vegetable production. This stems from past experience of socialist collectives which were top-down, imposed on all and very large scale. Simpler, more pragmatic groupings of producers are preferred. Second, opportunities to increase farmers' income can be found at both ends of the value chain, not only on farm (through bigger or more valuable crops) but along the way to final consumption (through improved availability, more convenient packaging etc.). Third, to fully benefit from the value chain opportunities, producers need to be exposed to both technological and commercial innovation. Fourth, women in rural Mongolia have often been in the forefront of income diversification activities including vegetable production and female-headed households can be recruited for new initiatives in the subsector. Fifth, climate change increases the need to introduce innovations into the vegetable subsector. Best practices from previous ADB and donor projects in community-based natural resource management will be applied to ensure better outcomes of the approach being implemented under the pilot project.

Impact

Rural livelihood for smallholder vegetable farmers improved
Resilience and adaptation to climate change improved

Project Outcome	
Description of Outcome	Model for community vegetable farming demonstrated
Progress Toward Outcome	The grant agreement was signed on 14 December 2017 and became effective on 28 March 2018. The recruitment of the PMO staff and Implementation support Firm are ongoing.
Implementation Progress	
Description of Project Outputs	Community growers groups established Sustainable climate-resilient vegetable farming technology and practices applied Farmers' access to markets improved
Status of Implementation Progress (Outputs, Activities, and Issues)	in preparation in preparation in preparation in preparation in preparation in preparation in preparation in preparation in preparation in preparation in preparation in preparation
Geographical Location	Nation-wide
Safeguard Categories	
Environment	C
Involuntary Resettlement	C
Indigenous Peoples	C
Summary of Environmental and Social Aspects	
Environmental Aspects	
Involuntary Resettlement	
Indigenous Peoples	
Stakeholder Communication, Participation, and Consultation	
During Project Design	
During Project Implementation	
Business Opportunities	
Consulting Services	All ADB-financed consultants will be hired following ADB s Guidelines on the Use of Consultants (2013, as amended from time to time).
Procurement	All ADB-financed procurement will be conducted following ADB s Procurement Guidelines (2015, as amended from time to time). A procurement agency will be hired to conduct procurement on behalf of the PMO and implementing agencies.
Responsible ADB Officer	Hinrichs, Jan F.
Responsible ADB Department	East Asia Department
Responsible ADB Division	Environment, Natural Resources & Agriculture Division, EARD
Executing Agencies	<i>Ministry of Food, Agriculture, and Light Industry (MOFALI) Strategic Planning and Policy Department MOFALI, Peace Avenue, Ulaanbaatar, Mongolia</i>
Timetable	
Concept Clearance	13 Feb 2017
Fact Finding	29 May 2017 to 01 Jun 2017

MRM	28 Jun 2017
Approval	04 Dec 2017
Last Review Mission	-
Last PDS Update	14 Sep 2018

Grant 9192-MON

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
04 Dec 2017	14 Dec 2017	28 Mar 2018	30 Jun 2022	-	-

Financing Plan			Grant Utilization			
	Total (Amount in US\$ million)		Date	ADB	Others	Net Percentage
Project Cost	3.00	Cumulative Contract Awards				
ADB	0.00	04 Dec 2017	0.00	0.00	0%	
Counterpart	0.00	Cumulative Disbursements				
Cofinancing	3.00	04 Dec 2017	0.00	0.00	0%	

Project Page	https://www.adb.org/projects/50278-001/main
Request for Information	http://www.adb.org/forms/request-information-form?subject=50278-001
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