

## SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY

Country:	Mongolia	Project Title:	Community Vegetable Farming for Livelihood Improvement
Lending/Financing Modality:	Grant	Department/ Division:	East Asia Department / Environment, Natural Resources and Agriculture Division

### I. POVERTY AND SOCIAL ANALYSIS AND STRATEGY

Poverty targeting: Targeted intervention—Household targeting

#### A. Links to the National Poverty Reduction and Inclusive Growth Strategy and Country Partnership Strategy

The project is consistent with ADB's country partnership strategy for Mongolia, 2017–2020 to support inclusive and environmentally sustainable growth. It converges with ADB's Operational Plan for Agriculture and Natural Resources, 2015–2020, aiming to enhance climate resilience of natural resources. The project will support MOFALI in its efforts to improve livelihoods and resilience of farming communities, and reduce vulnerability and poverty. It will help support the priorities of the GOM's Sustainable Development Vision 2030 and State Policy to improve agricultural productivity through a value chain approach, adaptation to climate change and capacity-building for farmers. In line with GOM's focus on creating livelihood opportunities outside traditional livestock herding and mining, agriculture (including smallholder vegetable farming and vegetable processing) has fast become a priority for growth. Investments and capacity building in the sub-sector could go a long way in improving incomes of rural communities.

#### B. Results from the Poverty and Social Analysis during PPTA or Due Diligence

**1. Key poverty and social issues.** There are about 300 cooperatives and 35,000 households across the country growing vegetables on plots of up to 100 ha, totaling an area of about 7,200 ha. Typical, however, are smaller fragmented smallholdings of up to 5 ha characterized by limited workforce, low levels and quality of inputs (seeds, agrochemicals, water and others) and scant financial resources. Of the total population of 45,000 of four project districts (*soums*), 50% are female and around 29% are below the poverty line, particularly vulnerable to climatic and economic disruptions<sup>a</sup> Incomes are low and opportunities curtailed not only because of poor agricultural practices still used and inconsistent supply and quality of farming inputs but also because of lack of collaboration among farming households. Weak capacity of local seed producers is an additional constraint. In a country that is not labor-abundant, about 80% of vegetable production is estimated to be performed manually. Lack of mechanization together with inefficient irrigation practices often make the activity financially marginal and uncompetitive with imports.

Furthermore, while most households in project areas have access to water for irrigation, they have limited and unreliable access to piped water or electricity. Many households are compelled to fetch water from far away wells, the water then shared among five or more families. Only some households located closer to the *soum* centers have solar energy panels at their tents (*ghers*). Interventions are needed to address these issues and boost the resources of farming groups. This can best be done through implementing a community farming model, providing inputs of good and consistent quality and by introducing new ways of selling and adding value to the farmers' output.

**2. Beneficiaries.** Project beneficiaries include local farming communities in the project pilot areas of Bornuur *soum* of Tuv *aimag*, Yuruu *soum* of Selenge *aimag* and Orkhon *soum* of Darkhan-ul *aimag*; small-scale seed producers in Ulaangom *soum* of Uvs *aimag*; local governments and MOFALI. The project will improve livelihood for selected households involved in smallholder vegetable production in the four project *soums*. Output 1 will strengthen collaboration amongst 30 CGGs<sup>b</sup> with 400 farmers in 180 households (i.e. average 6 households per group), all of whom are poor households<sup>c</sup> and at least 50% female group membership. Under Outputs 2 and 3, at least 180 farming households organized in CGGs will receive capacity development and they will have access to shared storage facilities, greenhouses, processing, and packaging processing workshops; 36 households of seed producers will have access to an improved water source and benefit from increased irrigation capacity. 144 farmers households will receive specialized training related to vegetable production. In addition, through improved availability of affordable produce, knock-on learning and multiplier effects, the project will indirectly benefit the wider community in target *soums*, with a population of 45,000 people, of which approximately 50% is female and around 29% is below the official poverty line.

Beneficiary farming households will be selected on the basis of socio-economic profiles and plot size; the project will focus on smallholder framers which are defined as having between 0.1–2 ha of farming land. The criteria for the formation of CGGs are: (i) minimum of five households; (ii) women to account for at least 50% of group membership; (iii) commitment to share farming assets and resources; and (iv) all households are considered vulnerable and poor with limited agriculture land resources, having 1 hectare or less of land. Project activities, based on a pro-poor participatory approach, will promote inclusive value chains<sup>d</sup> for the vegetable sector, and benefit local vegetable growers, small-scale seed producers, and household-based food processors.

**3. Impact channels.** The farming households will benefit from the project, which will improve livelihoods based on smallholder vegetable growing for them. Contributions to improved livelihood and reduced vulnerability will primarily come through three channels. Through output 1, the project will develop potential economies of scale in smallholding farming by facilitating collaboration and encouraging cooperation among farming families. The farming families are expected to benefit from the enhanced economy of scale through sharing of resources, combining workforces and technical knowledge, farming on larger consolidated land, and collectively using machinery and equipment. Through



<p>1. Key impacts. None. The project will support sustainable vegetable farming on existing farm lands owned by beneficiary farmers. Community farming will be supported on individual and/or shared land. The project does not involve involuntary resettlement or land acquisition involving economic or physical displacement.</p> <p>2. Strategy to address the impacts. None required.</p> <p>3. Plan or other Actions.</p> <p><input type="checkbox"/> Resettlement plan Resettlement framework</p> <p><input type="checkbox"/> Environmental and social management system arrangement</p> <p><input checked="" type="checkbox"/> No action</p> <p><input type="checkbox"/> Combined resettlement and indigenous peoples plan</p> <p><input type="checkbox"/> Combined resettlement framework and indigenous peoples planning framework</p> <p><input type="checkbox"/> Social impact matrix</p>	
<p><b>B. Indigenous Peoples</b> <b>Safeguard Category:</b> <input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> FI</p> <p>1. Key impacts. None. Based on due diligence in the proposed project pilot areas (Tuv, Darkhan, Selenge and Uvs aimags) no communities qualifying as indigenous peoples under the ADB Safeguard Policy Statement are present, hence none are benefitting or negatively impacted by the project.</p> <p>2. Strategy to address the impacts. All project activities are intended to be culturally sensitive and inclusive.</p> <p>3. Plan or other actions.</p> <p><input type="checkbox"/> Indigenous peoples plan</p> <p><input type="checkbox"/> Indigenous peoples planning framework</p> <p><input type="checkbox"/> Environmental and social management system arrangement</p> <p><input type="checkbox"/> Social impact matrix</p> <p><input checked="" type="checkbox"/> No action</p> <p><input type="checkbox"/> Combined resettlement plan and indigenous peoples plan</p> <p><input type="checkbox"/> Combined resettlement framework and indigenous peoples planning framework</p> <p><input type="checkbox"/> Indigenous peoples plan elements integrated in project with a summary</p>	
<p><b>V. ADDRESSING OTHER SOCIAL RISKS</b></p>	
<p><b>A. Risks in the Labor Market</b></p> <p>1. Relevance of the project for the country's or region's or sector's labor market.</p> <p><input checked="" type="checkbox"/> unemployment <b>L</b> <input checked="" type="checkbox"/> underemployment <b>L</b> <input type="checkbox"/> retrenchment <b>NA</b> <input checked="" type="checkbox"/> core labor standards <b>L</b></p> <p>2. Labor market impact. The project and its value chain activities will address to some extent unemployment or underemployment by providing employment opportunities in vegetable value chains. Some civil works, specifically construction of the processing and packaging workshops and the winter greenhouses may require specialized laborers (design technicians and engineers). Compliance with national labor regulations and core labor standards will be ensured.</p>	
<p><b>B. Affordability</b></p> <p>The project will reduce local communities' initial costs of adopting improved production and post-production activities along the vegetable value chain by providing specified inputs (e.g. shared storage facilities, quality seeds and fertilizer, some equipment, and training) on a grant basis. This will ensure initial affordability that is expected to be maintained later on, at project completion, on the back of improved efficiency achieved across the board.</p>	
<p><b>C. Communicable Diseases and Other Social Risks</b></p> <p>1. The impact of the following risks are rated as high (H), medium (M), low (L), or not applicable (NA):</p> <p><input checked="" type="checkbox"/> Communicable diseases <b>L</b> <input type="checkbox"/> Human trafficking <b>NA</b></p> <p>2. Risks to people in project area. The project focuses on existing residents and does not involve influx of workers or visitors which could introduce communicable diseases. Construction contracts for greenhouse, storage facilities, etc will require orientation to CGGs and construction workers.</p>	
<p><b>VI. MONITORING AND EVALUATION</b></p>	
<p>1. Targets: Performance targets have been included in the DMF, will be further elaborated and monitored during the implementation by the social development and gender specialist and M&amp;E specialists of the PIU.</p> <p>2. Required human resources: The PIU will ensure an inclusive participatory approach is implemented. PIU will have a community development specialist (47 pm) and a social development and gender specialist (12 pm).</p> <p>3. Information in GAM: The frequency of project reviews, monitoring, and timing of completion reports is included.</p> <p>4. Monitoring tools: To be undertaken by PIU and results will be included in period progress reports to ADB.</p>	
<p>ADB = Asian Development Bank, CGG = community growers groups, GOM = Government of Mongolia, ha = hectare, MOFALI = Ministry of Food, Agriculture and Light Industry, PIU = project implementation unit, pm = person-month.</p> <p><sup>a</sup> Information and data from Ministry of Food, Agriculture and Light Industry (MOFALI) estimates.</p> <p><sup>b</sup> Eight groups per vegetable growing <i>soums</i> in Bornuur, Yuruu and Orkhon, and six seed growers groups in Ulaangom. The average of six households per group is based on extensive community consultations with farming households.</p> <p><sup>c</sup> The project defines poor households as farming households with 1 hectare or less of land.</p> <p><sup>d</sup> Small-scale farmers are incorporated into existing or new value chains or can extract greater value from the chain, either by increasing efficiency or by also carrying out activities further along the chain (International Fund for Agricultural Development).</p> <p>Sources: Asian Development Bank estimates.</p>	