

INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	Mongolia	Project Title:	Community Vegetable Farming for Livelihood Improvement
Lending/Financing Modality:	Project Grant	Department/Division:	EARD/EAER

I. POVERTY IMPACT AND SOCIAL DIMENSIONS

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

The project is consistent with Asian Development Bank's (ADB) interim country partnership strategy for Mongolia, 2014–2016 to support inclusive and environmentally sustainable growth. The strategy identified that measures to improve natural resources management and increase resilience to natural disasters are urgently required to ensure sustainable development and rural livelihoods. It also converges with ADB's Operational Plan for Agriculture and Natural Resources, 2015–2020, aiming to enhance management and climate resilience of natural resources.

The project will support the Ministry of Food, Agriculture and Light Industry (MOFALI); contribute to improved livelihood and resilience of herders and communities; and reduced vulnerability and poverty. It will help support priorities flagged in the Government of Mongolia's Sustainable Development Vision 2030 and the State Policy that emphasize the importance of improving agricultural productivity and production management through a value chain approach, adaptation to climate change, and capacity-building for farmers. In line with the government's focus to promote livelihood opportunities outside traditional livestock herding and mining, agriculture (including smallholder vegetable farming) has fast become a priority for growth. Investments and capacity building in vegetable farming, processing, and marketing will go a long way in improving incomes for rural Mongolian farming communities.

B. Targeting Classification

General Intervention Individual or Household (TI-H) Geographic (TI-G) Non-Income MDGs (TI-M1, M2, etc.)

Mongolia's vegetable farming sector is typically characterized by smallholdings of up to 5 hectares (ha), fragmented farmland, limited work force, and lack of inputs and financial resources. There are about 300 cooperatives and 35,000 households across the country growing vegetables on plots of up to 100 ha, totaling a land area of 7,200 ha in the four project *soums* located in the central growing region of Mongolia. Smallholder farming incomes are low and opportunities curtailed not only because of lack of collaboration among farming households, but also because of poor agricultural practices and inconsistent supply and quality of farming inputs (labor, land, seed, and water).

Beneficiary selection will be done on the basis of plot size, the project will focus on smallholder framers which are defined as having between 0.1–5 ha of farming land. Project activities, based on a pro-poor participatory approach, will promote inclusive value chains^a for the vegetable sector, and benefit local vegetable growers, small-scale seed producers, and household-based food processors.^b

By implementing a community farming model, securing access to consistent and quality agricultural inputs and support infrastructure, and improving farm to market linkages, the project aims to improve livelihood for households involved in smallholder vegetable production.

C. Poverty and Social Analysis

1. Key issues and potential beneficiaries.

Key issues: Smallholder farming incomes are low and opportunities curtailed not only because of lack of collaboration among farming households, but also because of poor agricultural practices and inconsistent supply and quality of farming inputs (labor, land, seed, and water). Weak capacity of seed producers, almost entirely done by small-scale local seed producers as their primary livelihood activity, is an issue. About 80% of agricultural production is done manually (planting, tending, harvesting, and grading). Further, the lack of mechanization in vegetable production causes high labor demand and costs, while absence of water-saving technologies results in inefficient irrigation practices.

Beneficiaries: The project will improve livelihood for households involved in smallholder vegetable production across the four project *soums*. Potential beneficiaries will be local farming communities in pilot areas in Bornuur *soum* of Tuv *aimag*, Yuroo *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. Number of beneficiaries, their needs and any constraints to access project benefits, and socioeconomic data in project areas will be determined during design.

2. Impact channels and expected systemic changes.

Contributions to improved livelihood and reduced vulnerability will primarily come through three channels:

Through output 1, the project will capture potential economies of scale in smallholding farming by facilitating collaboration and encouraging cooperation among farming families. In enabling sharing of resources, combining workforces and technical knowledge, farming on larger consolidated land, and collectively using machinery and equipment, incremental communal benefits for all farming families are expected.

Through output 2, the project will improve efficiencies and increase value for farmers along the value chain, focusing on production and harvesting, hence securing and improving their livelihood.

Through output 3, the project will aim to improve efficiencies and value for farmers along the value chain, focusing on post-harvesting and marketing. Farmers will have better access to current markets and have new sales platforms, hence yielding more secure demand and better prices for their produce, resulting in improved incomes.

3. Focus of (and resources allocated in) the PPTA or due diligence.

The project due diligence will focus on social, poverty, and gender issues, including identification of project beneficiaries and potential to increase livelihoods for farming families. A value-chain and market analysis will be conducted with the purpose of finding approaches to increase incomes for project beneficiaries. A social/community development expert will be included in the project preparation team to undertake due diligence/social assessments and develop necessary measures to maximize positive impacts and minimize adverse impacts for farmers and local residents. The expert will (i) prepare and implement a consultation participation plan; (ii) undertake poverty and social analysis (identifying project area and impact zone, collecting baseline socio-economic data and poverty profile, and assessing project's social impacts/benefits across different social groups); (iii) identify needs/opportunities for local farmers and develop measures to maximize benefits; (iv) develop measures to target the poor, women and vulnerable groups; and (v) develop necessary social reports and action plans based on (i)–(iv).

II. GENDER AND DEVELOPMENT

1. What are the key gender issues in the sector/subsector that are likely to be relevant to this project or program?

Mongolia has a comparatively strong history of striving towards gender equity, including promulgation of the gender equality law in 2011. It is recognized that women have particular experience and skills to contribute to vegetable farming due to their role as primary caregivers within the family and often within the wider community. They have strong local knowledge of natural resources, agriculture, and valuable links with others in the area.

Female farming households members are involved in vegetable production—mostly phases of the agriculture cycle that are less intensive on manual labor and also in value-added post-harvesting vegetable production (vegetable pickling). Female community stakeholders have expressed interest in learning vegetable food processing skill. The project will look to include training, particularly training women in making pickled produce, jams, preserves, among others; training in packaging, labeling, marketing and selling; and disseminating information on vegetable grading, quality, and waste disposal. The role of women in farming in the target project intervention areas will be further investigated during project preparation. In this context, any gender specific issues related to farming communities will also be assessed during project preparation.

2. Does the proposed project or program have the potential to make a contribution to the promotion of gender equity and/or empowerment of women by providing women's access to and use of opportunities, services, resources, assets, and participation in decision making?

Yes No Please explain.

The project has potential to improve female empowerment in vegetable farming and inclusive value chains, in particular in post harvesting value added activities, such as improving acumen in branding, labelling, marketing and selling, as well as training in pickling, making jams, spreads, preserves, and others. Gender elements will be included in project design to ensure capacity building and livelihood improvements promote gender equality and empowerment. A gender action plan will be prepared during the project preparation.

3. Could the proposed project have an adverse impact on women and/or girls or widen gender inequality?

Yes No Please explain

The project focuses on increasing livelihoods for farming communities by introducing collective or community-based farming models, improving quality and supply of farming inputs, increasing access to storage, post-harvesting opportunities and markets.

4. Indicate the intended gender mainstreaming category:

GEN (gender equity theme) EGM (effective gender mainstreaming)
 SGE (some gender elements) NGE (no gender elements)

III. PARTICIPATION AND EMPOWERMENT

1. Who are the main stakeholders of the project, including beneficiaries and negatively affected people? Identify how they will participate in the project design. The main stakeholders are MOFALI and its *aimag* and *soum* level operations, and the local communities benefitting from sustainable vegetable farming and improved livelihood. All stakeholders' input and needs will be assessed during project design, and feed into the project. Meetings, interviews, and other appropriate activities will be conducted for participation of stakeholders in the project design.

2. How can the project contribute (in a systemic way) to engaging and empowering stakeholders and beneficiaries, particularly, the poor, vulnerable and excluded groups? What issues in the project design require participation of the poor and excluded? The project will ensure that local stakeholders and beneficiaries including the poor and vulnerable groups are integrated into agricultural value chains. Further consultations will be undertaken to ensure participation of communities in preparation and implementation of project activities.

3. What are the key, active, and relevant civil society organizations in the project area? What is the level of civil society organization participation in the project design?

Civil society organizations (CSO) in the project areas include local village councils, Mongol Farmers Association, farming cooperatives. CSOs will be consulted and engage with government stakeholders, and potentially receive capacity building and livelihood support. Opportunities for collaboration will be explored during design.

Information generation and sharing (M) Consultation (M) Collaboration (L or M) Partnership

4. Are there issues during project design for which participation of the poor and excluded is important? What are they and how shall they be addressed? Yes No

During project design and implementation, local government agencies assisted by the social/community expert will work together with CSOs and ensure the poor farming households are effectively empowered to participate in inclusive vegetable farming value chains.

IV. SOCIAL SAFEGUARDS

A. Involuntary Resettlement Category A B C FI

1. Does the project have the potential to involve involuntary land acquisition resulting in physical and economic displacement? Yes No

The project will support sustainable vegetable farming on existing farm lands owned by beneficiary farmers. Community farming will be supported on individual and/or state land. None of the project activities are expected to require land acquisition involving economic or physical displacement.

2. What action plan is required to address involuntary resettlement as part of the PPTA or due diligence process?

Resettlement plan Resettlement framework Social impact matrix
 Environmental and social management system arrangement None

B. Indigenous Peoples Category A B C FI

1. Does the proposed project have the potential to directly or indirectly affect the dignity, human rights, livelihood systems, or culture of indigenous peoples? Yes No

2. Does it affect the territories or natural and cultural resources indigenous peoples own, use, occupy, or claim, as their ancestral domain? Yes No

Based on initial 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 (2009) are present, hence none are benefitting or negatively impacted by the project. During project preparation, the presence or absence of indigenous people communities will be confirmed. Livelihood improvements will be managed in a manner appropriate for the local agricultural communities.

3. Will the project require broad community support of affected indigenous communities? Yes No

4. What action plan is required to address risks to indigenous peoples as part of the PPTA or due diligence process?

Indigenous peoples plan Indigenous peoples planning framework Social Impact matrix
 Environmental and social management system arrangement None. However, further due diligence will be conducted during project preparation to confirm the initial assessment.

V. OTHER SOCIAL ISSUES AND RISKS

1. What other social issues and risks should be considered in the project design?

Creating decent jobs and employment Adhering to core labor standards (L or N/A) Labor retrenchment
 Spread of communicable diseases, including HIV/AIDS Increase in human trafficking Affordability
 Increase in unplanned migration Increase in vulnerability to natural disasters Creating political instability
 Creating internal social conflicts Others, please specify _____

2. How are these additional social issues and risks going to be addressed in the project design? These social risks will be assessed and where necessary, measures will be included in project design and implementation

VI. PPTA OR DUE DILIGENCE RESOURCE REQUIREMENT

1. Do the terms of reference for the PPTA (or other due diligence) contain key information needed to be gathered during PPTA or due diligence process to better analyze (i) poverty and social impact; (ii) gender impact, (iii) participation dimensions; (iv) social safeguards; and (vi) other social risks. Are the relevant specialists identified?
 Yes No

2. What resources (e.g., consultants, survey budget, and workshop) are allocated for conducting poverty, social and/or gender analysis, and participation plan during the PPTA or due diligence?

A community development specialist (national, 1 person-month) will be part of the due diligence team.

^a 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).

^b Number of groups, direct beneficiaries, and indirect beneficiaries will be assessed during fact-finding.