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Date: September 07, 2020

**Minutes of the Consensus on Sustainability Technical Working Group meeting
MONGOLIAN SUSTAINABLE CASHMERE PLATFORM**

Where: UN House, 6th Floor Meeting room

When: 07 Sep 2020, 13:00-17:00

Moderator: MSCP, UNDP Mongolia

Participants

No	Members of CoS TWG	MSCP
Attended	1. B.Erkhembayar, Senior officer, MoFALI	15. V. Shinenemekh, Manager, Mongolia Sustainable Cashmere Platform 16. O.Odgerel, Communications manager, Mongolia Sustainable Cashmere Platform 17. N.Tsolmon, Associate, Mongolia Sustainable Cashmere Platform
	2. B.Bayasgalan, Officer at Certification Dep, MWCA	
	3. B.Batkishig, Country director, SFA Mongolia	
	4. U.Sarangoo, Project Manager, AVSF StepEcoLab	
	5. J.Chantsalkham, Project Coordinator, WCS	
	6. A.Enkh-Amgalan, Director, CPR	
	7. Ts.Enkh-Amgalan, Project Coordinator, GG AHP	
	8. U.Tungalag, Country director, ZSL	
	9. Yu.Bayarjargal, Project director, TNC	
	10. L.Gantsogt, Consultant, MFPUGs	
	11. G.Erkhembold, Manager, Snowfields LLC	
	12. Ch.Battsetseg, Manager, Nans Cashmere LLC	
	13. G.Gantakhi, Sales director, Khanbogd LLC	
	14. R.Badmaanyambu, Senior lecturer, MUST	
Absent	1. B.Badruun, Head of International Cooperation, MoFALI	
	2. J.Erdenesuvd, Officer at Foreign Relation Dep, MWCA	
	3. P.Bolormaa, National Coordinator, ILO Mongolia	
	4. E.Nandin-Erdene, Project Manager, TOC	
	5. D.Buyanaa, Director, Monital LLC	
	6. D.Tserenlkham, Director, Gurvan Sor LLC	

Expected outcomes of the meeting:

- Introducing feedback provided by international brands (members of the Market Sector Advisory group) on the draft Sustainable Cashmere definition;
- Finalization of Sustainable cashmere definition;
- Discussion and consensus building among all stakeholders;

AGENDA

Time	Activities	Presenter/ Moderator
13:00-14:00	Registration, lunch	
14:00-14:10	Update on Platform activities	Shinee Volooj, MSCP
14:10 – 14:25	Reminder about the draft definition of Sustainable cashmere developed by local, core stakeholders with grassroots sustainable cashmere projects in Mongolia; methodology and formulation process	U.Sarangoo, StepEcolab project coordinator, AVSF Founder of the Mongolian Sustainable Textile Coalition
14:25 – 14:55	Feedback by international brands (members of the Market Sector Advisory group) on the draft Sustainable Cashmere definition	MSCP team
14:55 – 15:40	Discussion	Moderator will be elected
15:40 – 16:10	Finalization of Sustainable cashmere definition	MSCP team
16:10 – 16:40	Strategy on dissemination, discussion and consensus building among all stakeholders, CoS TWG action plan	MSCP team
16:40 – 17:00	Summary, next steps and follow-up	MSCP team



MEETING MINUTES

1. Update on Platform activities

V.Shinenemekh, Manager of the Mongolian Sustainable Cashmere Platform (MSCP) at UNDP, opened the meeting and presented update on the Platform activities.

2. Reminder presentation about the draft definition of Sustainable cashmere developed by local, core stakeholders with grassroots sustainable cashmere projects in Mongolia; methodology and formulation process

AVSF, StepEcoLab Project, U.Sarangoo introduced the methodology and procedure used to develop the draft definition of “sustainable cashmere’ and the final version of the definition.

ZSL, U.Tungalag: How long will the Platform operate ? How is it funded?

MSCP, V.Shinenemekh: The Platform is funded by ENSURE project funded by GEF and implemented by MET and UNDP for 2020. Currently, 60-70% of the next year of funding may be assured. Next year’s budget and funding along with further activity plan will be discussed at the ENSURE board meeting in late September. In the future, the Platform will jointly be operated by national stakeholders. We will discuss about it in 2021 reflecting into our action plan.

AVSF, StepEcoLab Project, U.Sarangoo: We have been separately implementing projects for more than 10 years and achieved certain results. It has been considered that it is time to unite and integrate our forces and the following five Organizations such as SDC, SFA, AVSF StepEcoLAB, MNFUGs and MWCA have collectively formed the Mongolian Sustainable Textile Coalition. Followed by successive meetings of the Coalition, we reached the agreement that a common definition of Sustainable Cashmere and sustainable production should be defined in the



Mongolian context. With three consecutive meetings, each Organization developed their own version of definition of sustainable wool and cashmere, from which keywords and frequently applied words were filtered out to produce the raw version of definition. This version was then re-discussed several times of which latest draft was brainstormed in the frame of 3 key pillars of sustainability and the following definition was developed to cover the entire value chain. It reads as “A system of responsibility that is transparent, continuous, ethical, traceable, environmental impacts are measurable, animal rights are secured, revenue is fairly distributed and flexibility and competency of the value chain is ensured”. Since this definition covers the entire value chain, a more detailed sub-definition can be phrased for each stakeholder.

3. Feedback by international brands (members of the Market Sector Advisory group) on the draft Sustainable Cashmere definition

MSCP, V.Shinenemekh: International Market Sector Advisory group consisting of international brands provided the following feedback on the draft definition developed by national stakeholders.

- Participatory and inclusive process highly commended.
- Tangible progress and impacts on the sustainability aspects will raise the profile of Mongolia – so the definition needs to reflect bold ambitions of sustainability, not only reflect minimum ‘do no harm’.
- Explore how definition of sustainable cashmere can also be applied to China.
- Common definition and alignment around a common goal confirmed as very important.
- Definition needs to be simple and clear – currently too long and confusing. Would help to separate out the ‘how’ from the ‘what’.
- Animal welfare is critical for Brands, and needs to have its own section.
- Social aspect needs to recognise labour rights and fair or living income.
- Ensuring quality of the fibre will also support long term sustainability of the sector, so should be included.

I would like to get feedback from projects in this regard. In terms of animal welfare, the proposal is to have 4 pillars instead of 3, and to include contexts that are specific to Mongolian goats.

Since many parameters are considered, it is important to prioritize them. It has been noted several times that it is very important to hear herders’ voice and ensure their participation. In early



October, the Platform team will have a field visit to two soums of Bayankhongor aimag with ENSURE project to meet with herders.

4. Finalization of the definition of sustainable cashmere

SFA, B.Batkishig: SFA has been involved in this work from the very beginning and provided our version of definition on sustainable wool and cashmere in English and Mongolian which has been reflected in draft definition.

CPR, A.Enkh-Amgalan: Are we trying you to define Sustainable Cashmere according to the requirements of brands?

AVSF, StepEcoLab Project, U.Sarangoo: Considered systematically. The entire supply chain, from raw materials to processors, needs to be sustainable in order to the whole industry be sustainable.

SFA, B.Batkishig: SFA have developed basic principles of sustainability already.

MWCA, B.Bayasgalan: The main assignment of the working group was to establish the basic principles based on the three pillars. Then it will be broken down to be described more detailed for each stakeholder of the value chain.

ZSL, U.Tungalag: The current definition is focused more on the process. Since it is stated as a sustainable cashmere, it would be better to specify the product. The process of making that product can be defined separately.

GG AHP, Ts.Enkh-Amgalan: In our opinion, there should be database and evidence to confirm the definition. Our main goal is to enable a direct access to a high potential market, so we need to clarify each stage of the supply chain. Tracking system has been applied very successfully to improve animal health. But without the State support, we cannot move forward extensively.

MoFALI, B.Erkhembayar: Mongolia harvests 10,000 tons of cashmere a year of which only about 2,000 tons can be processed domestically. We need to think very carefully about whether the issue of sustainability is being talked about in terms of our total resource that is 10,000 tons of cashmere or in terms of amount that we keep. Herders sell their cashmere only to those who offer higher price. How to improve the mentality and responsibility of herders? How to get them to sell to local manufacturers? How to balance quality and quantity?

MSCP, V.Shinenemekh: Let's listen to the private sector and the projects as well. Erkhembayar's question will probably be answered.

WCS, J.Chantsallkham: What about the definition is based on positive outcome rather than negative ones?



CPR, A.Enkh-Amgalan: I agree with Sarangoo. My version of draft goes like this “A sustainable product is a product that can be traced back to the use of quality raw materials prepared in a pasture friendly and animal-friendly manner, without any negative impact on the environment, and without labour exploitation”.

TNC, Yu.Bayarjargal: The emphasis should be on the environment and pastures, and the definition should begin with this emphasis. I think it is important to give priority to the pasture because the basis of sustainable cashmere is pasture and environmental issues.

ZSL, U.Tungalag: I support Bayarjargal's proposal, so if Enkh-Amgalan's definition continues with the addition of pasture ecosystems and wildlife, such that "prepared by pasture ecosystems, wildlife, animal-friendly methods ...", the whole flora and fauna will be reflected.

WCS, J.Chantsallkham: Ministries such as MoFALI and MET need to be well informed about these decisions and what we are achieving. We need to provide them with enough information before they endorse policy documents.

MSCP, V.Shinenemekh: The Platform has prepared 4 policy recommendations for reflecting into the Government's 5-year National Action Plan. The recommendations include a proposal of MWCA to establish a Cashmere Board consisting of multi-stakeholders including the State, NGOs and also the Platform stakeholders suggestion to form an independent Cashmere Fund.

MWCA, B.Bayasgalan: At the policy making level, the Association considers that it is very important to formalize such a Board. We need to speed up establishing the Board. In my regard, MET should be seriously involved in the next meetings on social and environmental issues we discuss here.

MUST, R.Badmaanyambu: The definition need to be elaborated concisely without any empty words. In case of Mongolian cashmere, it is better to choose wording that emphasize nomadic and pastoral origin of nature. And, of course, it has to be built on the three pillars of sustainability. By the way, in my opinion, the word of sustainable should be translated reflecting more of friendliness rather than stability.

MSCP, V.Shinenemekh: Let's separate the definition and the description. Based on the basic principles, additional descriptions will be applied to each level and stakeholder. Let's build on the current version. How it would be further discussed and when will the deadline be that the final definition needs to be released? As for MoFALI, I hope that you consider this whole process is a part of your work. If we collaborate this way, we will move forward quickly.



ZSL, U.Tungalag: Developing this definition is similar to the way issuing a development policy that undergoes specific processes and components. Trying to include everything in one definition will not work. Therefore, it is possible to define sustainable cashmere as a product and then include its processing principles by which the product is produced. It is also important to emphasize that cashmere is yielded in the traditional Mongolian environment which is valued by others. In addition to meeting the requirements of buyers, we also need to reflect our interests, features and traditions.

MSCP, V.Shinenemekh: In this regard, we are trying to reflect all stakeholders interests and requirements equally.

MoFALI, B.Erkhembayar: The Ministry shares 75% of the loan with 12% of interest issued from commercial banks during cashmere harvesting season and the rest 25% is paid by companies themselves. The Cashmere program is coming to an end in 2021. How does this work on sustainable cashmere integrates into our principles and goals? How do you define your action plan and link it to the Platform? How to manage the fair distribution of revenue through value chain?

MSCP, V.Shinenemekh: Will the Cashmere Program continue?

MoFALI, B.Erkhembayar: Not another new program but continuation of current program is expected.

AVSF, StepEcoLab, U.Sarangoo: It would be the best that if we have a Program that lasts for 12 years or more and with bigger vision.

MoFALI, B.Erkhembayar: Shall we discuss about how to protect the cashmere market with incentive policy?

WCS, J.Chantsallkham: Although domestic companies take loans, they are still incompetent at foreign markets. We need to support them with tax policy. The export of scoured and combed cashmere to China should be ceased. We also need to develop pricing policy based on standard.

MSCP, V.Shinenemekh: Maybe we need to develop a policy that enables access to external markets, as the way SFA is launching.

SFA, B.Batkishig: In connection with Covid, responsible markets have promised to buy from certified and responsible sources. As for the definition, we have already agreed to separate the principle aside from the definition. Now we need to decide on whether definition should be for product or processing. For processor, combed cashmere is a product. As for herders, raw



cashmere is a product. Thus, I think it is appropriate to focus on the product. The processing is included in the context.

AVSF, StepEcoLab, U.Sarangoo: If we focus on the product, it would imply more of quality characterization of end product, like it does for Noble Fiber. I think, the definition we are going to develop should reflect whole chain, for instance, the processor itself must be sustainable. This is a global trend.

MSCP, V.Shinenemekh: Shall we take it as a whole supply chain or processing stages?

Majority of attendees agreed on taking the supply chain.

MSCP, V.Shinenemekh: So, you all agree on defining product? Does it have to be described for each component?

WCS, J.Chantsallkham: Yes, additional descriptions on each definition.

AVSF, StepEcoLab, U.Sarangoo: What about we separate raw material component aside from processors component? Otherwise, the descriptions will be different for each.

MSCP, V.Shinenemekh: Everybody agrees with the product?

All agreed.

5. Strategy on dissemination, discussion and consensus building among all stakeholders, CoS TWG action plan

The TWG worked on the definition again and released the latest version as “Mongolian sustainable cashmere products are made of raw material that is traceable*, harvested from animal welfare* secured rangeland, processed in human and environment friendly, sustainable* manner, value added and are quality certified*. Additional descriptions will be provided on the starred components.

Summary and next steps

1. In collaboration with the Platform’s team, SFA agreed to co-coordinate and co-lead the CoS TWG. First action is to finalize newly revised version of Sustainable Cashmere definition and description and its translation to English in collaboration with MSCP team – by 18 September 2020
2. Pre-final draft definition of Sustainable Cashmere will be disseminated among CoS TWG members for feedback and improvements – by 25 September 2020
3. Final draft definition of Sustainable Cashmere to be disseminated among larger group of stakeholders for consultation and consensus – by 09 October 2020

Notes taken by N.Tsolmon, Platform Associate

