



### Minutes of the Steering Committee meeting

**Venue:** UN House, 6<sup>th</sup> Floor meeting room

**Date:** 26 May 2020

**Chair of the meeting:** Elaine Conkievich, UNDP Resident Representative

**Co-Chair:** Kh. Khishigjargal, Analyst, UNDP

**Attendance** – 7 out of 8 members or, 87.5% of members present in the meeting

No	Members of Steering Committee	Non-members
Attendees	1. Elaine Conkievich, UNDP Resident Representative	9. Kh. Khishigjargal, Analyst, UNDP
	2. A.Amgalan, Technical advisor, FAO	10. V. Shinenemekh, Manager, “Mongolia Sustainable Cashmere Platform” project
	3. Ts. Erdenebat, Economic and industrial policy advisor to the President	11. D. Bayarmaa, Finance and Admin Officer, “Mongolia Sustainable Cashmere Platform” project
	4. T. Bulgan, Head of Green Development Policy and Planning, MET	
	5. D. Altantsetseg, Executive Director, Mongolian Wool and Cashmere Association	
	6. N. Gankhuyag, Executive Director, Mongolian National Federation of Pasture User Groups	
	7. B. Batkhishig, Representative of consultative committee	
Absent	1. B. Batkhuu, Director, Light Industry Policy Implementation and Coordination, Ministry of Food, Agriculture and Light Industry	

#### 1. Outcome of the Steering Committee meeting:

- Approval of Steering Committee TOR;
- Presentation on project activities and progress to date;
- Approval of the MSCP Work Plan for 2020;
- Discussion on Covid-19 impacts on the sector, recovery and solutions

**AGENDA**

<b>Time/Duration</b>	<b>Topic</b>	<b>Chair/presenter</b>
13:00 – 13:20	Lunch	
13:20-13:30	Group photo	
13:30 – 13:40	Formal opening and introduction of the Steering Committee meeting agenda	Elaine Conkievich, Resident Representative, UNDP Mongolia
13:40 – 13:55	Review and agreement of ToR - roles expected to be played by members of the Steering Committee	V.Shinenemekh, Platform manager
13:55 – 14:10	Introduction on work conducted, update on previous meetings in June and September 2019, high level plan in road map, principles of engagement, collaborative leadership and platform team.	Kh.Khishigjargal, Programme analyst V.Shinenemekh, Platform manager
14:10 – 14:40	Impact of Covid 19 on the sector, potential involvement of the MSCP	Moderator: Elaine Conkievich Brainstorming/discussion on Covid 19
14:40 – 14:55	Presentation and approval of 2020 Platform work plan	V.Shinenemekh, Platform manager
14:55 – 15:00	Conclusion and closing	Kh.Khishigjargal, Programme analyst

## 2. Summary of discussion

Ms. Elaine Conkievich, the chair of the SC meeting opened the meeting and introduced the agenda of the meeting.

Welcome to the SC meeting. Thank you to each and every one of you for being here with us today. We are very pleased to be able to welcome those of you that have been with us for a long time now as well as those who are new to the (group/community/association etc.) Today marks our 10<sup>th</sup> annual group meeting and we are proud to be able to host it today here at this wonderful place with all of you. I am delighted to see you all coming to the meeting to discuss I came to Mongolia in November 2019. Prior to coming to Mongolia, I worked in Kazakhstan and other SSR countries. I find the meeting of SC, MSCP is important as cashmere sector is one of economy driving sectors of the country. I am happy to join the Platform SC. The objective of the establishment of MSCP by UNDP is to improve and ensure synergy between similar projects and initiatives and support cooperation in this sector. Even though Covid-19 pandemic and border closure having a negative impact on all participants of cashmere sector, we'd better call it an opportunity for creation of foundation for cooperation, ensuring sustainability of future actions, ensuring direct supply and exports of cashmere, and selling value-added products, rather than seeing these as challenges or difficulties.

Ms. Shinenemekh, Platform manager presented the Terms of Reference for Steering committee (Annex 1). The Green Commodities Programme of UNDP has been providing advice on the Platform designing and best practices and so the draft TOR was developed based on their advice. The SC will consist of representatives of eight organizations. Each organization shall appoint the prime representative and also acting member for the committee. Acting member can represent the organization in case if prime representative cannot attend the committee meeting. The UNDP will chair the SC meeting until the platform is operational. After the platform is fully operational, it will select its Chair and deputy chair of the SC meeting.

Members of the Steering Committee shall have the following roles and responsibilities:

- Determine vision, goals and targets of the platform;
- Approve the procedure and platform plans,
- Officially approve the final version of Multi-stakeholder Action Plan and act as honorary ambassador for the platform;
- Ensure the engagement of important or influential parties and government agencies,
- Support to working group (WG)

The activities of the working group shall be guided by the SC and it shall directly report to the SC.

- Decisions will be made based on the consensus reached, but not by popular vote in accordance with best practices and principles.

The SC shall have quarterly meeting. Decisions of SC meetings reflected in the minutes of the meeting shall be sent to members within 1 week after the meeting takes place for approval and then shall be placed in the platform website and reported openly to the public through mass media. The openness and transparency will be the guiding principles at all levels. The extent of engagement of all will be informed openly. Please ask questions regarding these issues and share your suggestions and recommendations.

**T. Bulgan:** It says in the TOR that Minister, Vice Minister and high-level influential government officials shall be included in the SC. It is a necessary requirement or Heads of departments can be members of the SC? Also, it would be effective if we can ensure the local participation.

**V. Shinenemekh:** It has been specified in the Roadmap which is the principle document of the platform that Minister, and Vice Minister shall be members of the SC. In Mongolia case, it would be appropriate to include heads

of departments as they are the people who know the issue in deep, but in the longer run. Khishigjargal may answer the question relates to local participation.

**Elaine Conkievich:** Let me add to the answer for the first question. The SC meeting will take place only few times a year and it shall make high level decisions, therefore, it is appropriate if high level officials included in the SC. This is the case in other countries as well. I think we must work to include Vice Ministers in the SC, if not Ministers. Members of this group may decide itself what structure is more suitable for the platform in Mongolia context.

**T. Bulgan:** The Ministry of Environment and Tourism has an experience of establishing sustainable finance platform and worked closely with the Bank of Mongolia on creation of the Sustainable Finance Programme (ToC) by providing policy support and making other contributions. We have a good practice of engaging Ministers at the stage of validation or affirmation, such as signing MOU.

**B. Batkhishig:** MNFPUGs and SWCA is representing herders and local communities here. I am glad that 2 year plan is finally operationalized.

**V. Shinenemekh:** Please provide your comments or suggestions regarding TOR.

**A. Amgalan:** It could be difficult to engage Ministers and Vice Ministers in case if the platform to have quarterly meetings. It is therefore appropriate to include heads of departments in the SC. It is suitable for the MoFALI, to include the Head of Policy and Planning department, not the head of the Light Industry department from the strategic point of view. I have a suggestion to have a semi-annual SC meeting.

**V. Shinenemekh:** Your suggestion is well noted

**N. Gankhuyag:** We represent herder community and it was decided during the platform designing stage that our organization will represent herders, herder community organizations and cooperatives. In terms structure, 18 aimag level PUGs, 150 PUGs in soums, 1500 herder groups and in total of 80,000 herder families are belong to our organization. In addition, primary cooperatives and inter-soum cooperatives were also established in 80 soums. These cooperatives created Mongolian National Federation of Pasture User Groups in 2015 and the Chairman of the Board of Directors based in Zavkhan, Its Executive Director is now participating in this meeting.

**D. Altantsetseg:** It is a right timing of convening the SC meeting because March-June is the time for active supply of cashmere. The federation is the professional association of more than 100 business entities. The creation of the platform is very timely. The consensus is the right mechanism for cooperation.

**V. Shinenemekh:** Thank you for those expressed their views. Will update the TOR based on your comments and suggestions and will send you the final version for your approval within 7 days. Therefore, please send your response by saying “yes, I support it and approving it” after you receive the updated version by e-mail. Let’s move onto the next issue in the agenda.

**Elaine Conkievich:** Would like to add one clarification. The SC is not a body that meets regularly. Based on my own experience, some SCs even convene only one meeting a year to approve annual plan, meaning to make high level decision. As far as it concerned technical issues that require regular meetings, advisory committee or other units can take care of those. Please correctly understand the difference between decision making and technical level issues.

**Kh. Khishigjargal:** May I also add one more clarification. The SC consists of other people than those included in advisory committee. Members of advisory committee are not able to report to other government representation, which requires having a SC that can make high level decisions. The advisory committee consists of people working on projects and is aiming to provide advice on how to make the sustainability under this platform clear.

**V. Shinenemekh:** Let’s move onto presentation on project status, future plans, governance and organizational structure. (Annex 2).

**Kh. Khishigjargal:** Presented on activities carried out in the past.

**V. Shinenemekh:** Made a presentation.

**Elaine Conkievich:** Let's have a discussion about impacts of Covid-19. I have a suggestion to discuss about current situation, impacts on herders, how can make them resilient, what responses and measures have been taking so far. UNDP carried out a survey.

**B. Batkhishig:** The SWCA is developing a strategy and Action plan. We organized a survey involving herders, producers and brands. Herders and producers think that the pandemic had most negative impacts on the following issues 1. Re-payment of bank loans, 2. Payment of student tuition fees, 3. Ensuring livestock welfare. Responses are taken. (For Batkhishig to provide details). Will share the report.

**D. Altantsetseg:** In economic context, a significant negative impact on producers and SMEs has observed this year. The termination of export contracts in cashmere sector has led to stagnation of the sector. This situation is resulting in cost of produced goods is higher than the commodity prices, which in turn leading to bankruptcy of the sector. The government made a decision on discounted prices for cashmere on 11 May. This one-time government action became a decision that hurts both producers and herders. The government shall refrain from directly interfering business operations. Instead shall pay attention to issues such as ensuring that government actions can help to protect jobs at factories in the long run, furthermore, ensuring that livelihood of citizens is not worsened, and workplaces retained. We have organized series of trainings on how to change SME business plan making it more flexible and adaptable to changes, provided that the majority or 85% of employees in the cashmere sector are women and they mainly engaged in SMEs. What we want from the state or the government is not the social welfare assistance but paying serious attention to long term sustainable development of the sector. Will the government provide support in selling produced goods? We are planing to arrange meetings and trainings jointly with enterprises.

**Ts. Erdenebat:** Glad that the platform has been institutionalized. I have a suggestion on improvement of the Action pan. It is appropriate if outcomes are clearly defined and KPIs are measurable. It is good if the role or intervention of the government is clear. Some mistakes are made by relying only on the market forces in the past 30 years. Regarding state support in the international market context, The President is working to open several markets. 10 minutes is not enough to discuss about issues relate to Covid-19 and President's office is working on numerous actions. It is required to have a very good database on cashmere. The quick and appropriate decisions shall be based on evidence. Having the same data in all sectors can only allow to be making reasonable decisions. I will provide comments, after you send me the draft Action plan.

**N. Gankhuyag:** The livelihood may worsen in the coming 3-4 months as no orders received from producers even though herders announced to supply raw materials. Re-scheduling of loans and cashmere incentives provided some help in livelihood of herders. Though, selling cashmere is difficult this time, the stable price of young camel wool and yak wool (7-8 thousand MNT) have made herders having some livelihood source. Moreover, herders who received direct orders from third party foreign buyers were able to sell their cashmere which was observed in case of several enterprises and the funding received. I hope this tendency can continue and the platform will help to this go on.

**T. Bulgan:** It is important if the platform becomes able to self-sustain while it is operational with the support of international organizations. The results can be achieved, if we can ensure that criteria set are measurable and clearly defined. From the MET perspective, we need to see bigger picture by looking at not only preparation of commodities, but also the issue of sustainability and not causing pollution at the production stage.

**A. Amgalan:** The study on Covid-19 impacts on agriculture sector carried out included cashmere sector as one of sectors affected. The study findings revealed that not only negative impacts observed, for instance, the order for food industry increased. We will share the report.

**B. Batkhishig:** Members of the federation who are buyers, are willing to buy (100 brands which makes up about 80% of total worldwide cashmere purchase) cashmere that meets sustainability criteria and currently piloting the design of 60-80 tons of cashmere supply. The piloting is expected to become system starting from next year and

will improve the system by fixing the errors occurred. The SFE certified logo which is expected to enable to increase the trading is used. Working to develop 3 level strategy and the report and outcome will be ready by 15 June.

**Kh. Khishigjargal:** If the MoFALI was present in this meeting it may have made comments, it is understood that the policy is not to support each of too many enterprises separately develop small standards.

**D. Altantsetseg:** Most of cashmere related projects involve herders and pasture. There are not many projects at the producers' level. It makes confusion when many projects focus on certification. The quality assurance and label suggests "from herder town-to finished products". We need to have a common labeling and certificate

**Kh. Khishigjargal:** The goal of the platform is exactly to enable this.

**V. Shinenemekh:** We have convened the SC meeting in May and meeting of the advisory committee according to the schedule. We shall operationalize the platform website and upload information in the website which is the main activity in June. Baseline surveys will be carried out during June-September. We have planned to launch the platform in October after two surveys carried out in September is complete. The soft launch will take place after website is operational. Around 150-200 people expected to participate in the main session of the forum which makes it impossible to organize it as of today. The comprehensive action plan involving all relevant stakeholders will be developed during Nov-Dec 2020 and ready for approval within the first quarter of next year. Other issue we must discuss with members of the SC is the additional funding of 50, 000 USD approved for Covid-19 response measures. Therefore, if there are projects ready for implementation such as research studies, consulting services and publication, it is possible to implement together. The projects using this fund should have to be completed within 2020. Please contact us if there are such projects. In conclusion, we will send you 2020 Work plan, final version of the Action Pan and presentations by e-mail, so please send back your comments or endorsement which will enable these documents approved.

**Kh. Khishigjargal:** Well noted and thank you. The plan of Covid-19 related response actions developed and presented to B. Batkhuu. The MoFALI made two the following two comments:

**V. Shinenemekh:** 1. What will be the impact of Covid-19 on the cashmere sector in the bigger picture? The question of carrying out our own study based on methodologies used in international research organizations and then broadcast it through mass media was raised. A meeting was organized with Sustainable finance association regarding this issue; they responded that it is possible to cooperate in this area.

2. The message saying animals suffer a lot during combing and cashmere preparation has been circulating around. There has been a request to study this scientifically, find out how much stress animals are exposed to and in the end having evidence-based results.

**Kh. Khishigjargal:** Are there any comments regarding these two issues?

**B. Batkhishig:** Can we undertake activities relate to best practices and motivation of herder cooperatives supplying commodities? I have a suggestion to develop performance-based incentive system for herder cooperatives in the coming years or so by underrating this activity. There is a tendency that there is no incentive for getting organized; instead they tend to be marginalized. system institutionalized, we get organized.

**V. Shinenemekh:** The funding can be used for consulting services and trainings, but not for small grants. However, it can be used to finance research and publication.

**T. Bulgan:** It is important to introduce performance-based incentives. It could be possible to provide consulting services on how to show the performance of herders by getting organized. I have a doubt about benefits of having too many studies carried out. The Ministry has initiated to undertake desertification assessment which is a regular assessment we undertake every five years. It may be appropriate if the methodology is used as criteria. On the other hand, we do understand that it has been extremely difficult for producers therefore we have started a granting green loans with 8% interest rates to businesses through 3 banks. Businesses in heating and sanitation

areas can get a funding through this channel. The lending supposed to continue till 31 July, however, may be extended depending on the circumstance. Please pass this information to producers.

**V. Shinenemekh:** The “Multi-stakeholder Action Plan” will be drawn from our future activities. International consulting team will assist us.

**Kh. Khishigjargal:** We shall approve our Work plan 2020 which will enable us to use 254,000 USD funding for this purpose and so we consider that the work is started in May. If you support this, please raise your hands. The 2020 Work plan was approved by the SC as all members present supported it. Please provide your comments and suggestions regarding main activities within one week.

**D. Altantsetseg:** There was discussion about a salary for WG members. Is it possible if people from Wool and Cashmere association join the WG? Any assistance can be provided in the form of salary or capacity building?

**V. Shinenemekh:** Today’s SC meeting was chaired by UNDP RR, but Ms. Nashida Sattar, UNDP Deputy RR will chair SC meetings starting from next SC meeting. Nicolas, advisor responded that representatives of cooperation partners automatically eligible to participate in capacity building trainings. It was also advised that we can start trainings to strengthen capacity at any time if scheduled.

**Kh. Khishigjargal:** The GCP consulting team is the only source for capacity building trainings. No budget for forming other team to provide trainings. The reason is that the ENSURE project is funding activities planned for this year and the project SC already approved its budget.

**V. Shinenemekh:** It is open to join the platform if new project on cashmere is implemented. For example, when ILO new project is launched, it can join.

**D. Altantsetseg:** What if a Cashmere board is established by the President’s initiative?

**Ts. Erdenebat:** It is possible. The Economic committee will be created under the President’s authority. It can be established with similar structure as the cashmere support committee (discussion was held about this subject matter, please add if necessary).

#### Decisions:

1. The TOR for SC, Detailed Work Plan of the Platform for 2020 incorporated comments of members and presentations made in this SC meeting will be sent by e-mail. Members shall review and approve documents within one week after they received.
2. The platform WG shall open group e-mail account, invite members to join this account and use it for information sharing purpose.
3. It was agreed to share surveys carried out and assessment reports prepared on Covid-19 with other members. (UNDP, FAO, SFA).

Approved by:

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Elaine Conkievich, UNDP Resident Representative

Minutes taken by:

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V. Shinenemekh, Platform manager

Reviewed by: .....

Kh. Khishigjargal, Analyst, UNDP