

# Evaluation summary

## *Final evaluation of the integrated production system for sustainable cashmere project*

Country: **Mongolia**

Theme: **Sustainable certification of a value chain**

Principal evaluator: **Isabelle Martin (Tero consulting)**

Evaluation period: **May-June 2024**

### Key data on FFEM support

**Project name:** Integrated production system - sustainable cashmere project (SPI-CD)

**Project number:** CMN1001

**FGEF funding:** 850,442 €

**Grant date:** 26/11/2019

**Duration:** 4 years

#### Context

Cashmere, an exceptionally fine animal fiber, is produced mainly in China and Mongolia, with around 40% of the world's cashmere coming from nomadic herds in Mongolia. The industry has expanded rapidly in recent years, driven by a flourishing luxury goods sector, as well as mid-range ready-to-wear. Mongolian livestock farmers are poorly organized, face uncertain purchasing conditions for their animal products, and have very little access to technical or financial support services. In the Gobi desert, the growing demand for cashmere has led to an exponential increase in the number of goats in the country since the 1990s, in an arid or semi-arid ecosystem already severely weakened by climate change. In response to these environmental challenges, international buyers are asking Mongolian players to adopt "sustainability" labels, but most are content with so-called "generic" labels, which do not take into account the central problem of pasture degradation.

#### Participants and project logic

The project was implemented by the NGO AVSF. The NGO supported the creation of a network of livestock farmers' cooperatives and their umbrella organization. Together with these organizations, it created a sustainable certification system including criteria for cooperative governance, good herd and pasture management. To achieve this, it worked in collaboration with technical partners such as environmental associations, government departments and agencies, and private partners, mainly major French luxury goods groups.



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### Objectives

The aim of the SPI-CD project is to combat desertification and improve the economic, social and environmental resilience of pastoral systems in rural Mongolia.

#### Specific objectives :

- 1.The SPI-CD, based on a model articulating Pasture User Groups (PUGs) and cooperatives in Bayankhongor province, is consolidated.
- 2.The conditions (economic, organizational and institutional) for replication and sustainability of the SPI-CD model are in place.
- 3.The preconditions of the SPI-CD model linked to access to markets and finance are identified and an advocacy system is set up.
- 4.A credible environmental and social impact monitoring system is in place, followed by advocacy and identification of funding sources

## Performance assessment

### Relevance

The evaluation showed that the project tackled the main challenges facing herders by structuring an industry and setting up a certification system for cashmere fibre. Nevertheless, insufficient consideration of climate change and its impact on pastures may have limited the relevance of certain aspects of the project. The targeted result (reduction in herd size) is very ambitious, given the context, and the theory of change would have needed to be refined to contribute to this outcome.

### Coherence

The project is fully in line with national policies, which aim to bring about major changes towards a more qualitative vision of animal husbandry. AVSF is recognized as a key player in the sustainable cashmere industry, thanks to its long-term involvement in the entire value chain over the past 10 years. Nevertheless, better coordination with the Mongolian Ministry of Agriculture, the national agencies and the provincial administration could have enabled these key players to be better mobilized to achieve the changes targeted by the project (e.g. through regulation, support for herders and their organizations, etc.).

### Effectiveness

The project made it possible to: 1) set up a solid cashmere value chain, based on 9 herders' cooperatives brought together in an umbrella organization with strong requirements in terms of governance, traceability and transparency, 2) propose a "sustainable" certification system (currently evolving), 3) produce and market certified cashmere of sufficient quality and at a more favorable price for herders, 4) create and strengthen herders' pasture groups promoting concerted resource management. The achievement of the expected results was strongly impacted by a particularly degraded context (2 years of COVID and 2 *dzuds* in particular).

### Efficiency

The efficiency of the project could have been improved by a more appropriate sizing of human resources in relation to the objectives put forward in certain areas, such as the development of certification, technical support for herders and monitoring-evaluation. Human resource management problems also hampered the proper implementation of the project and limited some of its results (e.g. cashmere marketing).

### Impact

The project has created and/or strengthened a network of herders' cooperatives capable of exporting quality products and providing services to their members. This network, relatively unique in Mongolia, has gained national recognition. The project has also promoted cooperation, solidarity and consultation between herders in resource management. Improved practices (e.g. cashmere sorting) are spreading throughout the project area, and cashmere prices are higher. These higher prices are an incentive to produce more cashmere (increase in herd size), but may also contribute to increased pressure from goats on pastureland, thereby reducing the system's resilience to climate change.

### Sustainability

The cooperative network is financially autonomous at the end of the project, but this autonomy remains fragile, relying on the marketing of high-quality cashmere to a limited number of international customers. Organizational autonomy is quite good, but the umbrella organization needs to be consolidated. For the time being, the project has not put in place sufficient safeguards to ensure the environmental sustainability of the value chain. In particular, the certification criteria are not sufficiently stringent, and for the time being the premium rewards those involved more for improving quality than for sustainability. Adaptation to climate change needs to be better taken into account.

### Added value of FFEM support

FFEM procedures have fostered innovation thanks to their flexibility, fluid communication and a high level of trust in its implementing partners.

## Recommendations & lessons learned

### For supporting the cashmere industry

Clarify the theory of change leading to herd reduction to define future actions (e.g. in terms of advocacy, developing certification, establishing an "ecological bonus" that could lead to a payment for environmental service approach, etc.).

Continue to support the newly-created association to promote a joint AVSF and NFPUG label, finalize specifications and obtain the involvement of an international auditing body.

Support the development of a shared strategy for the cooperative network, in order to develop a common vision of long-term issues and objectives with farmers (e.g. in terms of business diversification).

Strengthen the leadership of cooperative network administrators and support them in their role of representing farmers' interests and in their advocacy efforts (e.g. for better access to financial and technical services).

Take greater account of the impact of climate change and adaptation issues (e.g., support for product and species diversification (sheep/goat balance), risk management, awareness-raising and anticipation, etc.).

### For AVSF

Match human resources to objectives (e.g. for the monitoring and evaluation system).

Define a monitoring-evaluation system which prioritizes indicators and simplifies some of them, so that the system provides relevant information for reporting to donors, but above all for steering the project, informing and adapting actions with the partners involved.

Strengthen analysis and consideration of the social sustainability of projects (e.g. in terms of inclusion of the poorest, gender approach and participatory approach by better including herders and their organizations in analysis and decision-making).

### For AVSF and FFEM

Reinforce exemplarity and develop a (shared, internal) vision of the role that these organizations can play in the ecological transition, as NGOs and donors invested in environmental issues.