



Green Asia Network Self-Reliant Eco-Village Cooperative Program

29 August 2018

Objectives.

Establishing sustainable community-based forestry product cooperatives (fruit processing plant and seedling production facility) for rural socio-economic development to increase the resilience of rural communities in Mongolia affected by climate change while restoring the environment.

- This includes transforming a local benefit society (organized in a previous project phase) into a community-based cooperative and producing and disseminating research on lessons learned, case studies and best practices.

Background.

Mongolia

The Government of Mongolia reports that 90% of the country is suffering from desertification, exacerbated by an increase in the average temperature by 2.14°C over the past seventy-five years, as well as by wind erosion, which has affected more than 60% of the country. Frequent extreme weather events, including sandstorms brought on by land degradation, have had a particularly devastating effect on the rural population.

Project Site: Argalant District

In the district of Argalant, 82 km from Ulaanbaatar in the central region (Tuv Province) of Mongolia, approximately 300 families (70% of households) have suffered damage from environmental-related events (drought, sandstorms, severe cold, etc.). This is further exacerbated by the community's need to diversify its economy from animal husbandry, which is highly vulnerable to climate change. In 2009-2010, a severe winter disaster (*dzud*) decimated livestock, leading around 180 people to move to Ulaanbaatar, and this decline in population continues. In response, the Argalant district has focused on supporting initiatives that promote small and medium enterprises (SME) and employment creation. Due to this governmental support, the community's support for cooperative development, and the district's location at the center of Green Asia Network's project sites, Argalant is an ideal place for the project.

Problem.

Lack of high-quality seedlings

The poor quality of seedlings produced in Mongolia has made it difficult for the Government to meet its reforestation goals and has also posed challenges to Green Asia Network (GAN) in securing local supplies for its afforestation work. It's been estimated that 200,000 seedlings will need to be produced per year to satisfy the demand.

Lack of high-quality fruit processing facilities and skilled processors

Despite the quality of fruit grown and harvested on GAN's project sites, the lack of high-quality fruit processing facilities and the high cost of processing has led project participants to sell fresh fruit directly (earning approximately 2 USD for every 1 kg sold), rather than processing it into fruit products. However, if the project sites are able to process their harvest, this could greatly increase their profits (to 100 USD for every 1 kg of fruit).

Furthermore, the inability to affordably process fruit harvests and the lack of access to markets, both which restrict the income participants can earn and use for reinvestment in their work, have stifled the development of cooperatives and restricted socio-economic development.

Project to Address Problems:

This project aims to promote socio-economic development for rural communities in Mongolia while simultaneously offering pathways for climate change adaptation and mitigation.

Organize Cooperatives for Establishing and Operating Seedling Business and Fruit Processing Facility

GAN will build on its past work in Argalant by transforming a benefit society (which it established in an earlier project) into a cooperative. This cooperative will launch and manage a seedling business and fruit processing facility. The seedling business will supply high quality seedlings to GAN's eight project sites where workers will cultivate and harvest sea buckthorn berry to sell at a fair price to the fruit processing plant, which will produce a variety of products (e.g. jams, juice, cosmetic ingredients, etc.) to be sold. The Korean Fair Trade Organization (KFTO) will facilitate the importation of these goods into the Korean market to be sold as fair trade products while a cooperative store in Ulaanbaatar will sell them domestically.

The establishment of the seedling business and fruit processing facility addresses a key obstacle that, once resolved will enhance all eight project sites. In addition to introducing two streams of income generation (that of the seedling business and that of the fruit processing plant) for the Argalant participants, it also establishes sustainable supply chains for the seven other project sites and provides a means to achieve a three-fold increase in all of the participants income through processing and selling their products in the cooperative store and in Korea.

Organize Cooperatives for Establishing and Operating a Cooperative shop

A cooperative will be organized in Ulaanbaatar to establish and operate a store to sell the processed fruit products.

Apply the Self-Reliance Model

Underpinning the entire project is GAN's Self-Reliance Model (SRM) containing three phases: Participation, Empowerment and Ownership. By organizing participants into a steering committee and working with them, participants become empowered and gain increasing autonomy in decision-making through each phase until eventually they form their own cooperatives.

Establish a Community Fund

Sustainability and long-term operation are secured through a participant-managed community fund in which a portion of the profits are pooled (based on participants' decisions). Participants then later decide on how to reinvest these funds to expand their projects.

Conduct Research

Research on best practices, lessons learned, case studies, and participant narratives from Argalant will be conducted to strengthen the capacity building of participants, as well as to contribute to international knowledge on cooperatives, afforestation, and socio-economic development.

Innovation: While GAN has been working with Argalant and other communities in Mongolia for some time, this proposal would introduce three innovations to increase jobs, income generation and socio-economic development, and therefore, the likelihood of long-term sustainability.

- The fruit processing plant is new in this context and would bring value-added to the export of sea buckthorn berries. Moreover, while seedling businesses aren't new idea, previous efforts and project sites are scattered around Mongolia bringing logistical challenges. This project would address this challenge and generate economies of scale by focusing efforts in one community.
- Both businesses serve to connect GAN's other project sites by supplying them with high quality seedlings and processing their fruit products; thereby consolidating sea buckthorn supply chains and ensuring a sustainable and affordable source of high-quality seedlings.

- Best practices and lessons collected from GAN’s seven other project sites will inform the development of the Argalant project; thus, serving as a space to employ the latest innovations from the other sites

Expected Impact.

At the local government and central government levels, the project will promote sustainable socio-economic policy-making by demonstrating how rural communities impacted by climate change can build resilience and diversify their livelihoods, thereby avoiding the need for internal displacement.

At the level of the beneficiary communities, the project aims at creating eco-village cooperatives with the development of a fruit processing facility and seedling business that will provide jobs to environmental refugees and serve to recover the environment and diversify the economy of Argalant.

Along with tackling the scarcity of high-quality seedlings, this project will address participants’ difficulties in processing their harvest and accessing markets to sell their fruit products, which has inhibited income generation and has been a primary obstacle in the growth and formation of cooperatives at GAN’s other sites.

Participants will have access to the domestic market, particularly a participant-formed cooperative store in Ulaanbaatar, as well as the Korean market, facilitated by the Korean Fair Trade Organization to sell a variety of fruit products (e.g. jams, juices, cosmetics, etc.) processed by the Argalant fruit processing cooperative. This allows participants to increase their monthly earnings from the current average of 125 USD to the national average of approx. 500USD. As more eco-refugees see this as a viable option for improving their socio-economic development, it will spur growth as more join. Further, the boost in profits will also enable participants from all eight sites to increase their reinvestment in strengthening their capacities for long-term sustainability.

Green Asia Network’s Eco-Village

Eco-, the prefix of economy and ecology, derives from the ancient Greek word οἶκος (*oikos*), meaning house; home; household. GAN’s conceptual framework of eco-villages encompasses this, serving as a cornerstone to achieve a social economy while restoring the environment.

All of GAN’s projects:

- Center around Mongolian households, often those suffering the most from inequality, with participants working together to foster and restore their communal “home”, which comprises the environment;
- Focus on both *economy* and *ecology* by equipping participants with environmental knowledge and skills to conduct environmental restoration and by forming cooperatives that offer alternative sources of jobs to diversify the economy; and
- Aim to empower and restore dignity by placing participants, most of whom are marginalized, at the center of decision-making.

Green Asia Network. The project would be implemented by the Green Asia Network (GAN), working with local communities on the ground. GAN was established in 1998 and has been working in Mongolia (since 2000) and Myanmar (since 2013) where it has invested USD 20 million to bring people together to lead sustainable lives through sustainable land management activities. Since 2007, it has planted more than 700,000 trees (200,000 of them being fruit trees) on 774 hectares of land. It works with 200 local participant households (800 people) on 8 sites (Bayannuur, Erdene; Dambadarga (in Ulaanbaatar), Bagannuur, Argalant, Mandalgobi, Oggi Nuur, and Dashinchilean).

GAN is a registered non-governmental organization with the Korean Ministry of Foreign Affairs, the Immigration Bureau of Mongolia, the Home Ministry of Myanmar, and is a member of the GEF NGO network, accredited with the UN Framework Convention on Climate Change, and has special consultation status under UN Economic and Social Council (ECOSOC).