



SUSTAINABLE FIBRE ALLIANCE

SFA COVID-19 Action Plan For Mongolia





CONTENTS

<i>Introduction</i>	5
<i>An Action Plan For Mongolia</i>	7
<i>Call For Support</i>	8
<i>SFA Covid-19 Action Plan</i>	9
<i>Project Management & Reporting</i>	11
<i>About The SFA</i>	14



INTRODUCTION

This Action Plan outlines how the Sustainable Fibre Alliance can assist in responding to the challenging circumstances that Mongolian herding communities and associated industry sectors face as a result of the Covid-19 pandemic. The impacts of the pandemic have placed additional strain on a cashmere industry that was already facing rising challenges to its ecological, social and economic sustainability. Strong international demand for cashmere, coupled with changing land use practices and the impacts of climate change, has led to overgrazed and degraded pastures that are less able to support the people, livestock and wildlife that depend on them. Pre-Covid-19, awareness of sustainability and welfare concerns was rising, and brands and retailers were under increasing pressure to demonstrate sustainability and transparency in their supply chains. Calls for bans and boycotts of cashmere have seen several major brands drop cashmere from their lines, and there has been a rise in

claims of ‘sustainable’ or ‘ethical’ cashmere – although often with little information to support them. This awareness is now tempered by the challenge to world economies that the pandemic has created. Businesses and countries alike are set to review their priorities to ensure economic survival. As companies re-evaluate their sourcing policies and seek options for sourcing responsibly produced fibre, they have an opportunity to redefine cashmere as a sustainable fibre while retaining its status as a high-end product.

The results of an SFA survey of actors from each stage of the Mongolia cashmere supply chain have revealed that during the harvest season, prices dropped as low as MNT 40,000 per kg - a 60% reduction from last year's average. Reduced incomes have direct consequences for herders' livelihoods and knock on effects for animal welfare and pasture management. Many families will face poverty and economic hardship. Some may decide to give up herding altogether,

moving to urban areas to find new work and exacerbating social and economic problems in ger districts such as those surrounding Ulaanbaatar. Taking into account the pre-Covid scenario of declining pasture productivity, water scarcity, reduced mobility and overstocking, our response to the impacts of this pandemic will need to be multi-pronged and integrated. SFA members have also indicated their support for a holistic response that addresses economic security, environmental impact and animal welfare concerns.



AN ACTION PLAN FOR MONGOLIA

The economic impacts of Covid-19 on herding families are considerable and concerning. The fall in demand from international brands and retailers caused a dramatic fall in raw fibre price. Given herders high reliance on cashmere fibre, this will have direct negative impacts on herders' economic security and well-being, along with indirect impacts on animal welfare. Our socio-economic surveys indicate that reduced incomes and the need to repay loans will impact animal welfare in three ways:

- Fewer animals will be vaccinated against disease
- Lack of funds for animal feed / fodder
- Lack of funds for maintaining winter shelters

Over the past five years, the SFA has worked to build local capacity promote the adoption of sustainable practices which contribute to the resilience of the pastoral social-ecological system. Covid-19 has

only highlighted the importance of local networks and support systems, access to knowledge, flexibility and mobility, innovative herding skills and use of reserve pastures in helping herding communities cope with external shocks. Whether faced with a global pandemic or climatic disaster, we can help herders become better prepared for these shocks, mitigate their impacts and recover from more quickly.

Through a review of our existing activities and consultation with our members, we have identified where we can add new activities in order to target our efforts where they are most needed. Our proposed actions respond to two core goals: **reducing economic vulnerability** of Mongolian herding communities and **building capacity for responsible fibre production**.

The recommendations of the SFA Covid-19 Working Group regarding our key areas of action are as follows:

- Explore what opportunities herding families and communities have to reduce

their reliance on the cashmere fibre crop.

- Develop a programme of support to herders that encourages a communal approach to dealing with financial/ environmental shocks, animal welfare management and disaster response.
- Develop an incentive mechanism to encourage and reward good practice.
- Work with other agencies and NGOs to agree joint action to improve the quality of Mongolian cashmere fibre quality, breeding or other related programmes.
- Extend the chain of custody model to allow a greater number of herders and processors to benefit from market access and price premiums and explore the potential to add further value through herder-level sorting of raw fibre.
- Consider the development of a Virtual Training Academy, in partnership with the Mongolian Government, to support remote-based education for herding communities in sustainable practices.

CALL FOR SUPPORT

We have developed a Covid-19 Action Plan for Mongolia (Table 1 below) to respond to the impacts of the pandemic and help prepare the cashmere sector for future shocks. The Plan is both ambitious and deliberate in its approach to encourage multi-stakeholder partnerships that achieve greater impact through pooled resources and a shared vision for a sustainable cashmere sector.

The success of the Covid-19 Action Plan will rely on a range of partners coming together to identify opportunities for financial and delivery support. Thus, the SFA will now approach potential partners, both in-country and international, to discuss joint implementation of the activities we have identified as being most critical to an effective response to the impacts of Covid-19.

We will present the Plan at the Mongolian Sustainable Cashmere Platform, the Sustainable Cashmere Coalition and the Round Table for Responsible Cashmere, and reach out directly to a range of organisations, including:

- Mongolian national and regional government
- Mongolian Wool & Cashmere Association
- The British Embassy of Mongolia
- The United Nations Development Programme
- Conservation and sustainable development NGOs
- Development Banks
- Fashion and Textile Industry Foundations

TABLE 1: SFA COVID-19 ACTION PLAN

Key Area of Action		Proposed Activity	Impact Category
1. Increase Livelihood Diversification	1.1	Explore opportunities for livelihood diversification to reduce the reliance of herding communities on cashmere fibre	Long-term Transformation
2. Support for Herder Organisations*	2.1	Establish a Hardship Fund to be used for vulnerable families and animal welfare support	Supporting Recovery
	2.2	Improve financial literacy within herding communities through the development of supportive training packages	Long-term Transformation
	2.3	Deliver training on Small Business Management and risk management for Herder Organisations	Supporting Recovery
	2.4	Provide training and mentoring targeted at improved governance of Herder Organisations	Long-term Transformation
3. Support for Quality Improvements	2.5	Grants for emergency fodder, vaccination and shelter repairs	Immediate Response
	3.1	Improve Mongolian cashmere fibre quality through herd management and breeding initiatives	Long-term Transformation

*Herder Organisations that are registered with the SFA and committed to our codes of practice

TABLE 1: SFA COVID-19 ACTION PLAN Cont

Key Area of Action		Proposed Activity	Impact Category
4. Good Practice Incentives	4.1	Establish a financial incentive mechanism to encourage improved compliance with the SFA codes of practice	Supporting Recovery
5. Cashmere Added Value	5.1	Expand the SFA chain of custody model into 2021	Supporting Recovery
	5.2	Provide training for 'on range' fibre sorting by herders to add value to their supply of greasy fibre to processing plants	Supporting Recovery
	5.3	Further develop the SFA Register to provide market links between certified fibre producers and international buyers	Immediate Response
6. Expanded Learning Opportunities	6.1	Develop virtual training and code of practice assessment solutions for Herder Organisations	Immediate Response
	6.2	Establish system of SFA representatives at soum or province level to build local capacity and support regional learning hubs	Long-term transformation
	6.3	Provide consultancy support for domestic processors in Clean Fibre compliance	Supporting Recovery

*Herder Organisations that are registered with the SFA and committed to our codes of practice



PROJECT MANAGEMENT & REPORTING

Overall, this Action Plan will be managed by the SFA and incorporated into our workplan for 2020/21 and 2021/22. However, partner organisations will be invited to adopt and/or join in the delivery of select activities to ensure greatest reach. The SFA Board will oversee the activities associated with our subsequent work plans, including any links to related initiatives of the Mongolian government, the UNDP-led Mongolian Sustainable Cashmere Platform, processing plants, herder organisations, the Mongolian Wool and Cashmere Association and other national and international organisations.

Monitoring, evaluation and learning (MEL) from the implementation of this Action Plan will be the responsibility of the SFA. Key impact indicators will be monitored by our operations team at herder household, herder organisation and processor levels through our MEL Framework and presented to SFA members and funding partners looking for evidence of impact. A review of the Action Plans effectiveness in reducing economic vulnerability and building capacity for responsible fibre production will be conducted in 2021.



ABOUT THE SFA

The Sustainable Fibre Alliance represents a global network of supply chain actors and stakeholders that are working together to achieve a common vision: a cashmere sector that minimises its environmental impact meets high animal welfare standards and provides a secure livelihood for cashmere producers. Launched in 2016, following a broad of stakeholder consultations, the **SFA Cashmere Standard** was the first comprehensive standard system for cashmere. Our mission is to ensure the long-term viability of the cashmere sector by promoting the SFA Cashmere Standard and encouraging the adoption of responsible production practices.

The SFA Cashmere Standard aims to be a global standard for sustainable cashmere, used by other groups, delivery partners and programmes. The Standard is made up of six components that work together at herder and supply chain levels to promote responsible production methods for cashmere.

- The goal of our **Rangeland Stewardship Code of Practice** is to promote collective action in herding communities and encourage a return to more traditional, community-based management of rangeland resources.
- Our **Animal Husbandry Code of Practice** draws on the five freedoms of animal welfare to help herders adopt better handling and herd management practices that promote the health and well-being of their goats.
- Our **Clean Fibre Processing Code of Practice** promotes sustainable fibre processing and ethical business practices, including requirements for the efficient use of water and energy, reduction of harmful chemicals and ensuring respectful, secure working environments.
- Our **Assurance mechanism** ensures that our process for accrediting producers against the SFA Cashmere Standard is credible and involves independent assessment.
- Our **Chain of Custody** model will provide a system for tracing fibre from SFA-Certified sources along the supply chain, allowing users to make claims regarding the presence of SFA-Certified cashmere in their products and to use the SFA-Certified logo.





SUSTAINABLE FIBRE ALLIANCE

Creating a sustainable cashmere supply chain

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