

## STDF PROJECT PREPARATION GRANT (PPG)

### APPLICATION FORM

The Standards and Trade Development Facility (STDF) provides Project Preparation Grants (PPGs), up to a maximum of US\$50,000, for the following purposes (or a combination thereof):

- application of SPS-related capacity evaluation and prioritization tools;
- preparation of feasibility studies that may precede project development to assess the potential impact and economic viability of proposals in terms of their expected costs and benefits; and/or
- preparation of projects proposals that promote compliance with international SPS requirements, for funding by the STDF or other donors.

Applications that meet the STDF's eligibility criteria are considered by the STDF Working Group, which makes the final decision on funding requests. Complete details on eligibility criteria and other requirements are available in the *Guidance Note for Applicants* on the STDF website ([www.standardsfacility.org](http://www.standardsfacility.org)). Please read the *Guidance Note* before completing this form. Completed applications should be sent by email (as Word documents) to [STDFSecretariat@wto.org](mailto:STDFSecretariat@wto.org).

<b>PPG Title</b>	"Preparation for a project proposal to develop traceability and identification of livestock in Mongolia"
<b>Budget requested from STDF</b>	US\$49,750
<b>Full name and contact details of the requesting organization(s)</b>	Sustainable Development Consulting (SDC) District Sukhbaatar, Khoroo 8, The Minister Amar's Street, Tavan Bogd Plaza, Suite 206, Ulaanbaatar, Mongolia Phone: (976) 7000-8643 Email: <a href="mailto:contact@sdc.mn">contact@sdc.mn</a> ; Web site: <a href="http://www.sdc.mn">www.sdc.mn</a>
<b>Full name and contact details of contact person for follow-up</b>	Oyundari Ganbaatar, coordinator of SDC Phone: (976) 7000-8643 Email: <a href="mailto:oyundari.ganbaatar@gmail.com">oyundari.ganbaatar@gmail.com</a>

### I. BACKGROUND AND RATIONALE

1. *What is the purpose of this PPG? Explain whether it is requested to: (i) apply an SPS-related capacity evaluation or prioritization tool; (ii) prepare a feasibility study (prior to project development) to assess the potential impact and economic viability of proposals in terms of their expected costs and benefits; and/or (iii) prepare a project proposal for consideration by the STDF or other donors?*

This PPG aims to carry out a **project** proposal preparation for consideration by the STDF and other donors. The ultimate **project** aims to improve the traceability and identification of livestock in Mongolia. This PPG will enable us to prepare for the **project**, especially, we will study how the project components should be sequenced, identify key stakeholders and

partners, examine other funding (public and private) sources, undertake stakeholder surveys of herders and veterinarians and others, and select areas for project implementation.

## Project design

The objective of the project is to develop an animal registration and identification system in Mongolia. With the PPG, we will examine the feasibility of ear-tagging/marking animals in one or two soums<sup>1</sup> of Mongolia and developing a system to register animals in that area. The feasibility study will analyse the various options available for animal identification and registration, and will take into consideration the data and information collected through the baseline stakeholder survey. It will consider to what extent all animals (i.e. goat, sheep, cow, horse, camel) or particular species (e.g. bovines, yaks) could be covered through an animal registration and identification system.

Mongolia has 22 provinces and 336 soums and more than 50 million herds. Thus the project to be developed will not aim to cover every animal. Assuming an average herd size of about 150,000-250,000 per a soum, we estimate that the budget of 1 million dollars will cover 1 or 2 soums. Through the project, we will develop a system that uniquely identify animals within the geographic area so that when one enters the unique ID, one can see all available information about the animals such as origin, birth date, place of birth, vaccinations, health history, and types of feed and medications received etc. The project will demonstrate benefits of animal registration to various stakeholders, including other donors and the government.

If herders in these areas benefit from the project, through selling their meat to high-end users domestically or export meat to specific niche markets, other herders will be convinced of the benefits and will pay attention to the quality of the livestock (i.e veterinary services and high quality feeds). Slowly, more livestock in other provinces will be registered and once the basic infrastructure is set up, traceability of meat products will become easier.

*2. Explain the key SPS problems and/or opportunities to be addressed. Clarify why these issues are important, with attention to market access and poverty reduction. Describe, if relevant, how these issues relate to SPS priorities in the Enhanced Integrated Framework's Diagnostic Trade Integration Studies (DTIS), the findings of SPS-related capacity evaluations, national poverty reduction strategies, sector development strategies or policies, etc. See Qn. 7. (b) – (d) of the Guidance Note.*

Currently, Mongolia's export market is extremely vulnerable, with more than 90 percent of the exports consisting of minerals (coal and copper) and destined primarily to China. To support a sustainable and broad based economic growth, Mongolia should export its livestock products such as meat. However due to SPS related regulations, Mongolia faces significant barriers to trade. In 2014, even though Mongolia has more than 50 million heads of livestock, meat export is 2500 metric ton and less than 1% of total export.<sup>2</sup> In retrospect, during 1970s, when Mongolia had about 20 million livestock, meat exports was 30-40 thousand metric tons. The major problem is post-1990s state no longer maintained infrastructure to register animal or collect information about our livestock. The lack of infrastructure for traceability is a major cause for not being able to meet SPS regulations in export market. If we can improve traceability of livestock, it will help with many issues we

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<sup>1</sup> Soum is the lower administrative unit within a province.

<sup>2</sup> The source is Mongolia's customs agency's statistical database at [www.customs.gov.mn](http://www.customs.gov.mn), the meat and meat related product export was 3700 metric tonn in 2013, and 4500 metric tonn in 2012.

face today, such as gaining market access to EU, Japan and other developed countries, ensuring food safety, and improving animal health. This project will demonstrate the benefits of developing a system that can register, identify and trace livestock in Mongolia.

Moreover, poverty rate among herders is high in Mongolia, there are about 210,000 herding households and more than half of them live in poverty.<sup>3</sup> Herders face multiple vulnerabilities due to hard weather conditions, lack of cash, information asymmetry, remoteness to the market, and educational opportunities. Herders' livelihood will improve substantially if the livestock products can be sold in domestic and export markets. Nowadays, traditional meat suffer from poor quality, unsanitary production, and most importantly it is not possible to trace the origin of the livestock and ensure animal was in fact healthy and suitable for human consumption. By developing livestock registration system, the project will reduce poverty in rural areas especially among herders.

Mongolia carried out an OIE PVS evaluation in 2007 (the report is not publically available), and an OIE GAP analysis mission in 2010. The stakeholders involved in this application are committed to ensure that the project to be developed through this PPG fully considers and utilizes relevant recommendations of the OIE PVS evaluation and GAP Analysis reports, particularly as related to the identification and traceability of animal and animal products. Specially, we plan to consult Dr. Bolortuya regarding the studies, since she is knowledgeable about these studies and findings.

There are multiple studies and reports prepared by the international and domestic agencies in this field. We briefly reviewed the following reports and we plan to review in detail these reports during the PPG.

1. The World Bank, "*Mongolia Promoting Investment and Job Creation: An Investment Climate Assessment and Trade Integration Study*", November 2007  
<https://openknowledge.worldbank.org/bitstream/handle/10986/7585/41036optmzd0MN.pdf?sequence=1>
2. Ministry of Foreign Affairs and Trade of Mongolia and UNDP; "*Trade policy and human development in Mongolia: Way forward after a decade in the WTO*", Ulaanbaatar, 2009.
3. DVAB, Annual operations report (in Mongolian), 2012, 2013, 2014, at [www.dvab.gov.mn](http://www.dvab.gov.mn). These reports discuss about the OIE study findings, PVS and GAP analysis conducted in Mongolia
4. OIE's General Principles on identification and traceability of live animals, Chapter 4.1; [http://web.oie.int/eng/normes/mcode/en\\_chapitre\\_1.4.1.pdf](http://web.oie.int/eng/normes/mcode/en_chapitre_1.4.1.pdf)
5. A,G, Britt, C. M. Bell, K. Evers, & R. Paskin, "*Linking Live Animals and Products: traceability*", 2013, 32 (2), pages 571-582, <http://www.oie.int/doc/ged/D12798.PDF>

*Which government agencies, private sector, academic or other organizations support this PPG request? Letters of support from each of these organizations would be advantageous (Appendix 1). See Qn. 7. (e) of the Guidance Note.*

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<sup>3</sup> Poverty rate (headcount poverty) in the country is about 27% in 2014, poverty rate in rural provinces and among herders higher, reaching 53% in some regions.

The following entities support this request for grant.

**A. The Mongolian Government Agency, Department of Veterinary and Animal Breeding (DVAB):** The agency operates under the Ministry of Agriculture and Food and tasked to implement nation-wide programs to improve animal health and provide Veterinary services. The agency expressed its support for this project, and we consulted our key contacts at the Agency, namely Dr. Bolortuya Purevsuren.

**B. Ministry of Agriculture and Food:** As shown in the support letter (attached), the Ministry supports our effort to undertake the PPG. We understand that STDF might like to see the Ministry leads this work, however, we find that Ministry staff is overwhelmed with the current work programs under tight schedules; thus our team and policy experts are well qualified to carry out the PPG in close consultation with the Ministry staff.

**C. Meat Association of Mongolia:** As meat producers are key beneficiaries of the project, the Meat Association strongly supports this project. We have consulted them about the project, and during the project preparation, we plan to consult meat producers closely. We had meetings with Mr. Ochirbat, Executive Director of the Association and Mr. Battogtokh, Program Coordinator of the Association. The support letter is found in the annex.

**D. Meat producers:** In preparation of this proposal, we also met Mr. Zorig, Director of Meat Production of Makh Market LLC, the second largest meat producer in Mongolia. Makh Market has been operating in the market for more than 10 years and has experience in meat exporting and SPS related barriers that meat producers face in Mongolia.

**E. Private veterinarian service providers:** We consulted with Mr. Adilbish, a representative of private veterinarian service providers in Mongolia. They play a key role in providing veterinary services and communicating with herders across the country. They will be partners in implementation of the PPG as they have on the ground experience with herders, livestock, and issues surrounding traceability.

Other agencies such as General Agency for State Inspection (GASI) and Standardization Agency will be important stakeholders to consult during the PPG.

*3. How does this PPG complement and/or build on past, ongoing and/or planned national programmes and/or donor-supported projects? See Qn. 7. (f) of the Guidance Note.*

This PPG will complement several projects, first is Swiss Development agency's animal health project and DVAB's animal registration project. We ensured that PPG will not overlap with the activities of these projects. The Swiss project manager Batsaikhan mentioned that animal health project does not address traceability; it focuses on prevention from foot and mouth disease (FMD), prevention from brucellosis, and vaccination of animals.

Moreover, DVAB's 2014 annual report<sup>4</sup> mentions that Agency's livestock breeding team started examining how to register and ear tag special breed animals raised on the breeding farm in selected areas. Our plan is to consult this team about the costs and benefits of their approach to ear tagging and how they register and trace the animals.

*4. Have you discussed this PPG request – or funding for the project proposal which would result from it – with any potential donors (bilateral, multilateral, Enhanced Integrated*

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<sup>4</sup> DVAB Operational report of 2014, page 38; [www.dvab.gov.mn/images/тайлан-2015-PDF.pdf](http://www.dvab.gov.mn/images/тайлан-2015-PDF.pdf)

*Framework, etc.)? If so, provide details below and indicate potential sources of funding for the resulting project. See Qn. 7. (g) of the Guidance Note.*

During the month of July, our team consulted ongoing, past, and planned national and donor supported projects.

1. **Swiss Agency for Development and Cooperation (SADC), Mr. Batsaikan Sodnom, Project Manager:** To ensure this PPG efforts are not duplicating efforts of other projects implemented by donor agencies, we met with the project manager of Animal Health project, one of the largest livestock projects in Mongolia. SADC launched the Livestock Health Project First Phase in 2008 to increase income and livelihood security of poor herder families. In order to improve programmatic focus and more effectively address poverty among herders, the project re-focused on animal health and veterinary services. Project main goals are to improve policy environment for veterinary services that meet international standards, provide skills and tools to control brucellosis and foot and mouth disease (FMD), and improve provision of formal veterinary education services. We did not find an overlap with our project goals, the Swiss project does not have component on improving traceability and identification of animal health status. More about this project can be found here:  
<https://www.eda.admin.ch/countries/mongolia/en/home/international-cooperation/themes/agriculture/animal-health-project.html>
2. **ADB's CAREC project, Ms. Unurjargal Dalaikhuu, Consultant:** ADB has completed CAREC SPS report currently in the review stage. When this report is complete, it will be circulated publicly. ADB is considering to invest in agricultural export capacity improvement project, mostly focusing on border management, improving IT and technology aspects of checking imports and exports at the border. ADB's project will focus on single windows and infrastructural investment at the border management.
3. **The World Bank Trade Competitiveness team, Mr. Sebastian Saez, Manager:** World Bank is not considering trade or SPS related projects at this moment. Between 2006 and 2007, the World Bank produced reports on meat, and animal products supply chain studies, however, there has been no follow up projects in this area.

In addition, we believe there will be opportunity to discuss the funding opportunities with donors and private sector representatives. One of the private funding sources could be Oyu Tolgoi (OT), mining giant in Mongolia. At this time, local herders' meat does not meet the criteria of the mining company, thus it imports meat from Australia for their expat work force at campsite in South Gobi. In 2015, the mining company created a local development fund of \$5 million for helping rural economic development and diversity. We believe companies such as OT could be potential contributors to this project.

## II. IMPLEMENTATION & BUDGET

*5. Who will take the lead in implementing this PPG? If particular national experts and/or international consultants are proposed, attach a copy of their Curriculum Vitae and record of achievements (Appendix 2). If no names are provided, the STDF will provide a shortlist of consultants if the PPG request is approved.*

Sustainable development consulting (SDC) will manage the PPG with the help of external consultants and in close consultation with the Ministry of Agriculture and Department of

Veterinary and Animal Breeding (DVAB). At SDC, our team leader will be Dr. Enkhbold Vorshilov, a senior trade expert of Mongolia, and he will be advised by our senior advisor and consultant Ms. Oyunbileg Namkhaidorj, a long-time policy-maker at the Ministry of Agriculture and veterinarian. Dr. Enkhbold will be assisted by other team members, namely Mr. Adilbish, a veterinarian, and Batshur Gootiiz, a policy expert (their CVs are found in the annex). If STDF believes we can benefit from international consultant/s for this PPG, we would welcome your suggestions.

Our key expert is Ms. Oyunbileg Namkhaidorj, who has more than 35 years of experience in public sector. When she worked for the Ministry of Agriculture, she was a government officer responsible for Veterinary services in Mongolia. She has experience in Mongolia's livestock health, export and import of animal related products, livestock breeding, and food safety. Currently, she is a consultant for SDC and other private organizations. She started her career as a State Inspector and Head of Tissue Culture and Virology Laboratory at State Veterinary Quality Control Laboratory for Veterinary. She led a group of veterinarians in diagnosis of veterinary viral diseases throughout Mongolia from 1991 until 2003. In 2000, she served as a consultant at VETAID – Brooke hospital for Animals in UK, and she worked on logistics of animal feed preparation and appraisals of Dzud relief to Mongolia. Ms. Oyunbileg has experience in several big projects related to livestock and veterinary sectors in Mongolia funded by international organizations. One of them is Millennium Challenge Account Mongolia. She was a livestock specialist of Peri-Urban rangeland project, responsible for developing herder selection criteria to lease peri-urban land and help herder group activities such as training for improve marketing skills, livestock breeding improvement work, livestock business.

Since SPS related issues are closely intertwined with trade and market access issues, thus our team leader is a trade policy expert, Dr. Enkhbold Vorshilov. He has 30 years of professional experience in trade policy formulation and trade negotiations. He was a trade promotion officer at Mongolian Chamber of Commerce and Industry in 1990 and formulated Mongolia's FDI policy and drafted first investment regulations of Mongolia. He also served as a Director-General for Trade Policy and Economic Cooperation Department of the Ministry of Industry and Trade of Mongolia. Recently, he served as an "Ambassador at Large" responsible for Japan-Mongolia EPA/FTA negotiations. Previously, he led Mongolia's negotiation team for trade liberalization talks with Russian delegation in relation to its accession to WTO and the Trade & Investment (TIFA) talks and led Mongolia's team in consultations with EU Directorate General for Trade in order to acquire GSP+ preferential scheme for Mongolian export goods. In addition, he was involved in the tripartite negotiations between Russia, China and Mongolia on "Transit Transportation Agreement" which were held during 2004-2007, under the auspices of UNCTAD. Now, he works as an independent expert and consultant for SDC, ADB, GIZ, UNESCAP and Government of Mongolia. Mr. Enkhbold has published several research paper on topics including Mongolia's potential in meat exports.

*6. In the table below, briefly describe the main activities to be carried out under this PPG and specify who would be responsible. Provide an estimate of the budget required (e.g. for national/international expertise, travel and DSA of consultants, stakeholder meetings or workshops, general operating expenses, etc.).*

**Activities:**

1. We are open to work with an experienced international consultant in the field. We would welcome STDF's advice on the consultant.

2. Consult with stakeholders: Through interviews, meetings, and conducting desktop research, we will consult with wide variety of stakeholders, including veterinarians, herders, meat producers, and other project managers. This is a very important component of the project as it will inform project design, incentive systems for herders and veterinarians.
3. Our baseline data for herders and meat producers/exporters will be crucial for monitoring project impacts on economic opportunities and poverty reduction. The following indicators will be covered: current household income level, herd size, health status, veterinary services in the area, price of livestock products per unit, distance to market, and meat production and exports and regulatory and non-tariff barriers they face.
4. We will rely on other secondary data sources from other reports and census. NSO's livestock census, DVAB's animal health status reports, findings from the OIE GAP analysis and OIE PVS studies.
5. In the final report we will cover cost benefit analysis, budget and activities of the project.
6. Validation workshop will gather key partners and potential donors and will gather inputs and disseminate information. The workshop objective is to ensure if the project documents meet stakeholders' expectations and project is feasible in all areas covered.

#	Activity	Who is responsible	Duration	Estimated Budget (US\$)
1	Consult with partners including policy-makers, project managers, herders, meat producers, and meat association and gather inputs	Oyunbileg N.	2-3 weeks	8750
2	Conduct stakeholder baseline survey among herders to understand the income/poverty baseline and constraints, and perception of herders about animal identification and traceability of livestock.	Oyunbileg N. and others	2-3 weeks	11900
3	Compile and analyse data about the feasibility study	SDC team	2-3 weeks	8250
4	Prepare a final project proposal document	International and local consultants	3-4 weeks	20900
5	Validation workshop	Dr. Enkhbold V. and Ms.	1 week	2400

		Oyunbileg N.		
	Total			US\$49,750

**Appendixes**

**Appendix 1:** Letters of support from each of the organizations supporting this proposal.

**Appendix 2:** Curriculum Vitae and record of achievements for any consultants proposed to implement this PPG.