



Management response

to the

Mid-Term Review of the Sustainable Vegetable Production and marketing project (VEGI)

Project number: 7F-09387.01

Ulaanbaatar, 8 December 2017

Introduction: Mid-Term Review of the Sustainable Vegetable Production and Marketing Project (VEGI) was conducted by Ernst Bollinger (EB Consult) and Onon Deriilaamyatav (national consultant) in September and October 2017, with an in-country mission from 27 September to 11 October 2017. In accordance with the Terms of Reference, the overall objectives of the external MTR were:

1. To review the relevance, efficiency, and effectiveness of the project outputs to date and assess outcomes and impacts which may already be visible in each of the 4 outcomes.
2. To make recommendations to improve the poverty focus, the gender equality mainstreaming and the sustainability of the project results and the sustainability of the implementing organizations, such as the MFARD.
3. Specific questions were identified for each outcome (see ToRs)

General assessment and overall response: SDC Mongolia welcomes the MTR report, which provides a good assessment of the interventions supported by SDC through the VEGI project. The MTR reconfirms the high relevance of the intervention and acknowledges that the VEGI project is "well designed and diligently implemented" (p. 5). The MTR highlights high sustainability chances of the VEGI project, as it is "designed as supporting and facilitating project, bringing other actors in the driving seat" (p. 11). SDC acknowledges the highlighted strength of the project. With regards to the poverty focus, SDC shares the assessment to focus "on economically viable solutions with integration into local markets (small business approach) more than on poverty alleviation through social programmes" (p. 13). We take also note of the fact that the MTR did not identify major gender related issues, and recommends instead to focus more on the generation gap (young generation of farmers). The MTR has recommended to "Plan a consolidation phase as follow-up to the present implementation phase of the VEGI project" (p.6). We agree with the recommendation and will plan for a final phase in due time. With regard to the sustainability of MFARD, SDC and MFARD will take into consideration and reflect the recommendations in the ongoing process within MFARD on its organizational development. To ensure an effective and efficient monitoring of activities and results, we have considered the notes provided in the project monitoring sheet and will update the indicators in the LogFrame accordingly.

Assessment of outcome 1: The MTR identifies a well-established seed testing and releasing system, the Seed Reserve Fund (SRF) as well as the provision of equipment and training for vegetable production as important achievements. As per recommendations, SDC will request MFARD to work towards the establishment of a thematic platform involving relevant stakeholders to maintain a seed testing and releasing system beyond project duration. Business plans for the extension centers will be established. With regard to the SRF, SDC will work with MFARD to implement the recommendations provided by the MTR, with a focus on the full implementation and further specification of the SRF regulation and the elaboration of a medium term development and financial plan.

Assessment of outcome 2: The MTR recognizes the bottom-up approach in establishing marketing cooperatives and support to farmers in establishing market contracts as success factors. The project will explore possibilities of branding products by origin (Mongolian or specific regions in Mongolia). However, organic branding would not be pursued at this stage, since this goes beyond the scope of the project and the legal environment is not yet mature. SDC acknowledges the MTR's emphasis of importance of establishing a wholesale market in Ulaanbaatar and will continue to support this objective, by maintaining a facilitating role and integrating this issue in the policy dialogue with the government and Municipality of Ulaanbaatar where appropriate.

Assessment of outcome 3: The MTR stresses the remarkable results achieved with the 9 model streets established in the ger districts of Ulaanbaatar. However, the MTR raises doubts about the effectiveness and sustainability due to the high level of subsidies and uncertainty regarding the impact on groundwater availability. SDC acknowledges the caution provided and will consider a redesign of the funding modalities for better upscaling chances, based on more co-financing and possibly credits instead of grants. The project could play a facilitation role with existing credit institutions. The redesign will particularly apply for the cities Erdenet and Darkhan, where model streets are planned to illustrate the approach and its benefits. The project will reinforce cooperation with the local government and other NGOs to promote the replication of model streets. The MTR's concern regarding the impact of urban gardening on groundwater resources is noted and analysis of groundwater resources will be carried out with appropriate institutions.

Assessment of outcome 4: Due to the late start of this component, the MTR considered it as too early to assess results with regard to the legal and institutional environment. SDC will request FAO in coordination with MFARD to elaborate a concrete action plan with identified priorities in the field of improving the policy/legal environment. We recommend that the action plan considers the seed and variety law, the cooperatives law, the crop insurance law and marketing related standards. SDC will ensure coordination between MFARD and FAO to ensure better integration of the respective components and the exploitation of synergies.

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