

# **Mongolian Sustainable Finance Principles**

## **Agriculture Sector Guideline**

## Table of Contents

Glossary of Terms	3
1. Introduction	5
2. Objectives	5
3. Scope and Applicability	5
4. E&S Issues in the Mongolian Agriculture Sector	6
5. E&S Requirements for Agriculture Sector Transactions in Mongolia	7
6. On-going Monitoring	10
7. Reporting	
Appendix 1: Mongolian Agriculture Sector Activity and Associated E&S Issues	11
Appendix 2: Relevant Mongolian Laws for the Agriculture Sector	20
Appendix 3: Relevant Mongolian and International Standards, Principles and other References for the Agriculture Sector	21
Appendix 4: Relevant Agriculture Sector Stakeholders in Mongolia	23

## Glossary of Terms

Abbreviation or Term	Definition
Agro – forestry	Agro-forestry is an integrated approach of using the interactive benefits from combining trees and shrubs with crops. It combines agricultural and forestry technologies to create more diverse, productive, profitable, healthy, and sustainable land-use systems. A narrow definition of agro-forestry is "trees on farms"
Apiculture	Beekeeping (or apiculture) is the maintenance of honeybee colonies, commonly in hives by humans. A beekeeper keeps bees in order to collect their honey and other products that the hive produces (including beeswax, propolis, pollen, and royal jelly), to pollinate crops, or to produce bees for sale to other beekeepers
Aquaculture	Aquaculture is the farming of aquatic organisms such as fish, crustaceans, molluscs and aquatic plants. It involves cultivation freshwater and saltwater populations under controlled conditions, and can be contrasted with commercial fishing, which is the harvesting of wild fish
Bank	A Mongolian Bank signatory to the Mongolian Sustainable Finance Principles Joint Commitment Statement.
Business Activities	The provision of financial products and services to clients including, but not limited to: corporate finance, investment banking (structured lending and capital, trading), equity investments, project finance, structured commodity finance, small and medium business lending, retail banking, trade and leasing, and other forms of direct lending
Business Operations	The undertakings of employees and the physical human capital, assets and infrastructure (e.g. offices, branches, equipment) that a Bank engages in the course of facilitating its Business Activities. This would also include suppliers, contractors and third party providers engaged by a Bank in the course of facilitating its Business Operations and Business Activities
BoM	Bank of Mongolia (Mongol Bank)
Dairy	A dairy is a business enterprise established for the harvesting of animal milk – mostly from cows or goats, but also from sheep's, horses or camels – for human consumption
DEIA	Detailed Environmental Impact Assessment
Dzud	Dzud is Mongolian term for a severe winter in which large number of livestock die, primarily due to starvation due to being unable to graze, in other cases directly from the cold
EPP	Environmental Protection Plan
E&S	Environmental and social
E&S risks	The potential E&S issues associated with a client or engagement that may imply exposure to risk and accordingly may need to be taken into account when making business and risk management decisions
E&S impacts	Any change, potential or actual, to (a) the physical, natural, or cultural environment, and (b) impacts on surrounding community and workers, resulting from a business or Business Activity to be financed. E&S impacts may be temporary or permanent, involving reversible or irreversible changes on the environment or society. Environmental risks can include changes to the atmosphere, water and land due to human activities (e.g. greenhouse gases, pollution, changes to habitats, etc.). Social risks can include impacts to a client's workforce as well as the surrounding community (e.g. occupational health and safety, human rights and labour standards, land disputes or resettlement, corruption, etc.)
E&S opportunities	New business opportunities arising from meeting E&S challenges such as development of clean or renewable technology, job creation and community development. Taking account of E&S issues in making a business decision, could also lead to potential benefits to the client or the Bank providing financial services to the client
Feasibility study	Process that defines exactly what a project is and what strategic issues need to be considered to assess its feasibility, or likelihood of succeeding
Food safety	Food safety is a scientific discipline describing handling preparation and storage of food in ways that prevent foodborne illness. This includes a number of routines that should be followed to avoid potentially severe health hazards
GASI	General Agency of Specialised Inspection of Mongolia
GMO	A genetically modified organism (GMO) is an organism whose genetic material has been altered using genetic engineering techniques. Organisms that have been genetically modified include micro – organisms such as bacteria and yeast,

Abbreviation or Term	Definition
	insects, plants, fish, and mammals. GMOs are the source of genetically modified foods, and are also widely used in scientific research and to produce goods other than food
Greenhouse	A greenhouse (also called a glasshouse) is a building in which plants are grown. These structures range in size from small sheds to industrial-sized buildings. A miniature greenhouse is known as a cold frame
HACCP	Hazard analysis and critical control points or HACCP is systematic preventive approach to food safety and biological, chemical and physical hazards in production processes that can cause the finished product to be unsafe, and designs measurements to reduce these risks to a safe level
IFC	International Finance Corporation
Livestock husbandry	Management and care of farm animals by human for profit, in which genetic qualities and behaviour, considered to be advantageous to human, are further developed. This is practice of selectively breeding and raising livestock to promote desirable traits in animal for utility, sport, pleasure or research, and also refers to efficient exploitation of a species in agriculture advantageous to human. There are two type of livestock husbandry practice: Settled farm and Herding practice
Livestock/ herding	Livestock are herded in order to find fresh pastures on which to graze following an seasonal pattern of movement
Livestock/settled	Farming aimed at producing livestock, rather than growing crops. Examples: dairy farming, raising beef cattle, raising sheep or cashmere for wool
MEGD	Ministry of Environment and Green Development of Mongolia
MIA	Ministry of Industry and Agriculture
OHS	Occupational Health and Safety is an area concerned with protecting the safety, health and welfare of people engaged in work or employment
Pesticide	Pesticides are substances meant for attracting, seducing, destroying or mitigating any pest. The common use of pesticides is a plant protection products (also known as crop protection products), which in general protect plant from damaging influences such as weeds, plant diseases or insects
Pig farming	Type of animal husbandry, in which domestic pigs are raised up to slaughter weight
Poultry farming	Industry specializing in the production of poultry meat or table eggs. By-products are poultry feathers and waste products used for the manufacture of meat and bone meal, poultry manure is used simultaneously as a valuable organic fertilizer
Principles	Mongolian Sustainable Finance Principles
Project/business plan	Formal statement of a set of business goals, the reasons they are believed attainable, and the plan for reaching these goals. It may also contain background information about the organisation or team attempting to reach those goals
Sustainable Finance	An approach that recognises the role of Banks in driving long term economic development in Mongolia that is not only economically viable, but also environmentally responsible and socially relevant

## 1. Introduction

This Guideline for banks providing debt or equity to the Agriculture sector or agriculture activities was developed as a companion document to the Mongolian Sustainable Finance Principles (the Principles):

Principle 1 | Protect the natural environment

Principle 2 | Protect people and communities

Principle 3 | Protect cultural heritage

Principle 4 | Promote "green economy" growth

Principle 5 | Promote financial inclusion

Principle 6 | Promote ethical finance and corporate governance

Principle 7 | Promote transparency and accountability

Principle 8 | Practice what we preach

All banks involved in financing agriculture sector clients, projects or transactions should apply the Mongolian Sustainable Finance Principles and this Sector Guideline when assessing new clients, projects or transactions. The Sector Guideline is designed to be consistent with, and support the furtherance of, the implementation of the Mongolian Sustainable Finance Principles. The main focus of this Sector Guideline is on E&S risk management, however banks should also consider opportunities for E&S performance improvement beyond risk management.

## 2. Objectives

The objective of the Agriculture Sector Guideline is to provide guidance to the Banks with regard to the assessment of potential environmental and social (E&S) risks and opportunities associated with providing debt or equity to clients' agriculture sector activities. The Guideline is designed to support Banks to:

- Identify the risks and opportunities associated with a agriculture sector client's activities as well as their ability to manage E&S issues (see **Appendix 1, Table 1**);
- Develop E&S risk rating criteria for assessing and categorising E&S risks associated with agriculture sector activities at the transaction and client level;
- Adopt relevant industry international standards and best practices in management of E&S risk exposure associated with providing finance to agriculture sector clients or transactions;
- Adopt an approach to promote transparency and accountability when providing finance to agriculture sector clients or transactions;
- Where appropriate identify and explore potential opportunities to improve a client or transaction's environmental and social performance. Such as:
  - Supporting initiatives that contributes to the sustainable livestock farming sector;
  - Promoting projects that use sustainable agriculture practices and produce certified sustainable agriculture products such as organic and fair-trade products;
  - Promoting projects that address both national concerns around food security and food safety and improving overall nutrition.

## 3. Scope and Applicability

This Guideline will apply to all Banks adopting the Principles and will cover Business Activities relating to agriculture sector clients or investee companies. For the purposes of this Guideline, agriculture sector activities include, but are not limited to:

1. Agro-forestry;
2. Aquaculture;
3. Crop Farming;

#### 4. Livestock Husbandry.

See the table below for a list of more specific sub-sector activities that fall under these two main groups.

Sector Activity	Sub-Sector Activities
Agro-forestry	<ul style="list-style-type: none"> <li>• Integrated agriculture approach combining trees and shrubs with agriculture crops.</li> </ul>
Aquaculture	<ul style="list-style-type: none"> <li>• Farming of aquatic organisms such as fish, crustaceans, molluscs and aquatic plants.</li> </ul>
Crop Farming	<ul style="list-style-type: none"> <li>• Grain and oil seed crop farming:               <ul style="list-style-type: none"> <li>• Irrigated cropping;</li> <li>• Rain fed cropping.</li> </ul> </li> <li>• Greenhouse (tomatoes, cucumbers and other greenhouse vegetables); and</li> <li>• Open field vegetable and fruit farming such as potato, carrot, cabbage, sea-buckthorn, cranberry and blueberry.</li> </ul>
Livestock Husbandry	<ul style="list-style-type: none"> <li>• Settled livestock farming:               <ul style="list-style-type: none"> <li>• Apiculture;</li> <li>• Dairy;</li> <li>• Poultry;</li> <li>• Sheep; and</li> <li>• Swine.</li> </ul> </li> <li>• Nomadic pasturing livestock – mostly traditional herding practices (horse, camel, cow, sheep, goat and deer).</li> <li>• Agriculture product storage, processing and trading.</li> </ul>

E&S risks, for the purposes of this Guideline, refer to potential impacts on and risks to the environment and local communities by a Bank's client's activities and its primary supply chain parties relating to agriculture activities. Refer to **Appendix 1: Agriculture sector activity and associated E&S risks**.

## 4. E&S Issues in the Mongolian Agriculture Sector

There are a number of considerations for assessing E&S risk when providing finance to an agriculture sector client, project or transaction, including but not limited to:

- The type and scale of agriculture activity (large industrial scale or family-owned farms) (see **Appendix 1**);
- The geographical location of an agriculture project in relation to natural resources, protected areas, communities and their economic activities, and weather conditions (physical environmental conditions and the incidence of natural disasters heavily influence agriculture projects); and
- Potential impacts on the environment (including soil degradation and erosion; loss of biodiversity; deforestation; disease transmission to wildlife; waste generation; air, water and land pollution from pesticide usage<sup>1</sup>, emissions, animal welfare, etc.) or community (including worker health and safety; community health and safety; threats of spreading bird and animal infectious diseases; land dispute and resettlement issues; and human rights breaches such as poor working conditions and long work hours; informal employment contracts; child labour issues etc. and threats to a region's cultural heritage (see **Appendix 1**).

World Health Organization - <sup>1</sup> <http://www.who.int/bulletin/volumes/86/3/07-041814-table-T1.html>

Some E&S issues have higher levels of risk associated with them. The table below provides examples of high and medium risk transactions:

Requirement	Additional Information
A <b>high-risk</b> transaction involves activities that carry potential significant adverse E&S risks and/or impacts that are diverse, irreversible or unprecedented.	<ul style="list-style-type: none"> <li>• Agriculture activities with hazardous levels of chemical pesticide or antibiotic usage;</li> <li>• Agriculture activities located in modified, natural and critical habitats;</li> <li>• Agriculture activities with hazardous labour conditions;</li> <li>• Agriculture activities with high risk of exposure to zoonotic infectious diseases;</li> <li>• Agriculture activities with food safety risk exposure;</li> <li>• Agriculture activities with large amounts of untreated waste production;</li> <li>• Agriculture activities that require large amounts of water or energy usage;</li> <li>• Agriculture activities that use child labour (this does not include family herding and farming); and</li> <li>• Agriculture activities with weather related risks.</li> </ul>
A <b>medium-risk</b> transaction involves activities with limited, few adverse E&S risks and/or impacts which are site specific, largely reversible and readily addressed through mitigation measures.	<ul style="list-style-type: none"> <li>• Agriculture activities with poor occupational health and safety performance;</li> <li>• Agriculture activities that could give rise to animal welfare protests;</li> <li>• Agriculture activities that may involve population proximity nuisance protests or suits;</li> <li>• Agriculture activities that promote large numbers of pastured animals leading to potential overgrazing protests; and</li> <li>• Agriculture activities with significant, long lasting, irreversible environmental impacts (such as increased greenhouse gas emissions from increased livestock numbers or increased numbers of goats which leads to soil disturbance).</li> </ul>

## 5. E&S Requirements for Agriculture Sector Transactions in Mongolia

To meet the commitments of the Mongolian Sustainable Finance Principles and successfully manage E&S issues associated with a agriculture sector client or transaction, each Bank shall develop and implement an E&S management system (ESMS) that assists banks in the identification, assessment, management and, where applicable, on-going monitoring of identified E&S risks including those E&S risks associated with the agriculture sector.

As part of its wider ESMS, a Bank will aim to apply relevant Principles to its assessment of agriculture sector activities. In particular, Principles 1 (Protect the natural environment), Principle 2 (Protect people and communities), Principle 3 (Protect Cultural Heritage), Principle 4 (Promote “green economy” growth), Principle 5 (Financial Inclusion) and Principle 6 (Promote ethical finance and corporate governance) are the most relevant for a Bank when considering agriculture sector clients, projects or transactions.

E&S requirements for agriculture sector clients, projects or transactions should be integrated into the Bank’s wider ESMS approach and include, but are not limited to:

Requirement	Additional Information
1. Initial crosschecking of all the client’s (and if appropriate, the contractor’s) documents and	<p><b>General:</b></p> <ul style="list-style-type: none"> <li>• Special licenses/permits, issued from relevant state agencies (see <b>Appendix 2 and 3</b>):</li> </ul>

Requirement	Additional Information
<p>approvals for agriculture activities.</p>	<ul style="list-style-type: none"> <li>• Company operational license;</li> <li>• Import license for veterinary medicine and facility; and</li> <li>• License for import and trade of plant protection chemicals.</li> <li>• Project/Business plan including: <ul style="list-style-type: none"> <li>• Viable business unit with access to: <ul style="list-style-type: none"> <li>• Necessary human capacity (family or hired labour);</li> <li>• Financial capacity (business calculations showing all possible input costs including capacity to react to crisis situations (insect or disease infestations, dzud, low market prices);</li> <li>• Land or facilities capacity, including product/food safe storage capacity;</li> <li>• Access to high quality inputs at a reasonable price related to market price of final product in Mongolia</li> </ul> </li> </ul> </li> <li>• The plan should take into account other factors such as the soil types, latitude, weather and normal growing conditions of Mongolia for suitability of the proposed crop or activity;</li> <li>• Approval from GASl (Workplace conclusion, including hygiene, food safety and HACCP) and other state agencies (Fire conclusion);</li> <li>• Pledging additional collateral due to crop and livestock risk;</li> <li>• Checking the company activity type in terms of Exclusion list; and</li> <li>• Checking company policy, procedure and records on OHS, Environmental, Social and Quality management.</li> </ul> <p><b>Specific:</b></p> <ul style="list-style-type: none"> <li>• According to Environmental Impact Assessment law the following projects should have general EIA<sup>2</sup>: <ul style="list-style-type: none"> <li>• Projects associated with animal and plant production and usage;</li> <li>• Agro-forestry Greenfield projects in rural areas;</li> <li>• Aquaculture projects;</li> <li>• Crop production areas;</li> <li>• Green area and park's projects;</li> <li>• GMO-related production and services;</li> <li>• Hunting and forestry projects;</li> <li>• Irrigated cropping Greenfield projects; and</li> <li>• Projects are located vicinity of natural and local protected areas.</li> </ul> </li> <li>• Crop farming: <ul style="list-style-type: none"> <li>• Crop and facility insurance (due to risk of extreme weather condition – such as dzud).</li> </ul> </li> <li>• Livestock husbandry: <ul style="list-style-type: none"> <li>• Medical certification on livestock health and vaccination;</li> <li>• Quarantines compliance and other veterinary hygiene procedures;</li> <li>• Livestock and facility insurance (due to risk of infectious animal diseases); and</li> <li>• Agreement on waste (manure and meat slaughter waste) disposal: type and method of waste disposal.</li> </ul> </li> <li>• Trading (using Agriculture stock exchange): <ul style="list-style-type: none"> <li>• Certificate of Origin;</li> </ul> </li> </ul>

<sup>2</sup> <http://www.legalinfo.mn/law/details/8665?lawid=8665>

Requirement	Additional Information
	<ul style="list-style-type: none"> <li>• Permit from Financial Regulatory Committee; and</li> <li>• Facility (including storehouse), finance and human resource capacity guarantee.</li> </ul>
<p>2. Develop an agriculture client or transaction E&amp;S risk rating system to assess and categorise all risks. The assessment and categorisation outcomes are important for determining client's E&amp;S risk level and informing credit approval, portfolio management and exit decisions.</p>	<ul style="list-style-type: none"> <li>• See Section 4 of this document for more detail on high and medium risks associated with agriculture activities.</li> </ul>
<p>3. Assess whether the agriculture sector transaction (depending on size) meets the requirements of applicable international and national E&amp;S laws and standards (see <b>Appendix 2 and 3</b>).</p>	<ul style="list-style-type: none"> <li>• Depending on the agriculture activity, identify relevant compulsory national laws, standards and international voluntary standards;</li> <li>• Check the client performance according to these laws and standards in terms of: <ul style="list-style-type: none"> <li>• Environment protection including but not limited to: <ul style="list-style-type: none"> <li>• Environment pollution;</li> <li>• Biodiversity degradation; and</li> <li>• Waste management.</li> </ul> </li> <li>• Social protection including but not limited to: <ul style="list-style-type: none"> <li>• Impact on local community; and</li> <li>• Impacts on workers.</li> </ul> </li> </ul> </li> <li>• Identify gaps (most negative E&amp;S risks) and address them in action plan.</li> </ul>
<p>4. Identify agriculture sector clients associated with significant E&amp;S risks and assess the client's ability to manage and/or mitigate such risks.</p>	<p>Management and mitigation on the part of the client:</p> <ul style="list-style-type: none"> <li>• Develop and implement action plans for risks involved;</li> <li>• Put in place comprehensive and effective stakeholder engagement mechanism (see <b>Appendix 4</b>);</li> <li>• Seek risk mitigation measures, for example through a third party sharing of potential E&amp;S risk.</li> </ul>

The final categorization of high, medium or low risk will be determined by considering all of the above requirements.

For clients, projects or transactions involving high and/or medium E&S risks, a Bank should ensure that the client has adequately addressed, or developed an appropriate action plan to address, identified E&S issues. In other words, a Bank should ensure that clients have appropriate management plans and procedures with corrective actions to mitigate identified negative E&S impacts and reduce E&S risk levels.

Banks can request agriculture sector clients to develop a systematic work plan or action plan to improve identified areas of poor or inadequate E&S performance. The plan should be credible, time-bound and documented. Banks shall, where appropriate, include conditions and covenants in the transaction documentation to ensure identified E&S risks are adequately managed and that instances of non-compliance are addressed with the client or treated as events of default.

In support of the above, and as part of the Bank's wider ESMS, each Bank should seek to build its capacity across relevant business functions with regard to E&S risk management, including provision of E&S risk

training, as well as recruiting and training specialised staff. If necessary, Banks can engage qualified and independent third parties for support on E&S risk management or the provision of training; however this third party support should not be in lieu of building capacity within the Bank.

## 6. On-going Monitoring

Where an agriculture sector transaction involving E&S risk issues has been approved, a Bank should monitor the client's implementation of any agreed E&S action plans, E&S risk management plans, or other requirements, that have been included in the transaction documentation to ensure effective E&S risk mitigation.

## 7. Reporting<sup>3</sup>

Banks shall report at least annually about its E&S management implementation processes and experience, including information of agriculture sector clients and transactions to BoM and MBA (see **Appendix 4**). The reporting related to agriculture sector transactions should at a minimum include, but is not limited to, the following:

- Number of agriculture sector transactions screened;
- Number of agriculture sector transactions approved;
- E&S risk categorisation, breakdown by agriculture sector activity or region; and
- On-going monitoring requirements, i.e. the progress of the agreed E&S action plan.

---

<sup>3</sup> Will revise when Mongolian Banks have agreed on the reporting requirements

## Appendix 1: Mongolian Agriculture Sector Activity and Associated E&S Issues

The nature and type of E&S issues associated with an agriculture sector client's activities depends on the type and scale of agriculture activities. A Bank should consider any E&S issues identified and detailed in an agriculture company's ESIA or DEIA as well as information and insights uncovered during the E&S risk assessment and categorisation process. The following agriculture sector activities and associated E&S issues should be considered when assessing E&S risk at the client or transaction level. Please note E&S issues are not limited to those presented in Table 1.

**Table 1: Agriculture Sector activity & associated E&S issues**

Agriculture Activity	Sub-Activity	Sub-Activity Breakdown	Key Environmental Issues	Control	Key Social Issues	Control
Agro-forestry		<ul style="list-style-type: none"> <li>Planting</li> <li>Management</li> <li>Harvest</li> <li>Storage</li> <li>Trading</li> </ul>	<ul style="list-style-type: none"> <li>Monocultures can reduce biodiversity</li> <li>Deforestation due to the high demand of timbers'</li> <li>Deforestation as a result of forest pests</li> </ul>	<ul style="list-style-type: none"> <li>Avoid reduction in biodiversity (e.g. implement a biodiversity action plan which could include planting native species of trees and on-going monitoring)</li> <li>Comply with the Procedure of Forest ownership<sup>4</sup> and participatory monitoring of illegal timber production</li> <li>Implement integrated pest management, including the usage of chemical pesticides with low toxicity<sup>5</sup> and the requirement to have permission to use pesticides<sup>6</sup>, allowed in Mongolia</li> </ul>	<ul style="list-style-type: none"> <li>Human rights – breaches associated with working conditions and long work hours; informal employment contracts</li> </ul>	<ul style="list-style-type: none"> <li>Comply with Mongolian Labour Law, applicable collective agreements and international human rights conventions</li> <li>Implement a grievance mechanism for workers to raise workplace concerns<sup>7</sup></li> </ul>

<sup>4</sup> <http://www.legalinfo.mn/annex/details/4334?lawid=8325>

<sup>5</sup> [http://www.ifc.org/wps/wcm/connect/25356f8049a78eeeb804faa8c6a8312a/PS3\\_English\\_2012.pdf?MOD=AJPERES](http://www.ifc.org/wps/wcm/connect/25356f8049a78eeeb804faa8c6a8312a/PS3_English_2012.pdf?MOD=AJPERES)

<sup>6</sup> [http://www.mne.mn/chemical/images/content/uploaded/zuvshuurul\\_1204\\_50bd6d5bd07d8.htm](http://www.mne.mn/chemical/images/content/uploaded/zuvshuurul_1204_50bd6d5bd07d8.htm)

<sup>7</sup> [http://www.ifc.org/wps/wcm/connect/2408320049a78e5db7f4f7a8c6a8312a/PS2\\_English\\_2012.pdf?MOD=AJPERES](http://www.ifc.org/wps/wcm/connect/2408320049a78e5db7f4f7a8c6a8312a/PS2_English_2012.pdf?MOD=AJPERES)

Agriculture Activity	Sub-Activity	Sub-Activity Breakdown	Key Environmental Issues	Control	Key Social Issues	Control
<p style="text-align: center;"><b>Aquaculture</b></p>		<ul style="list-style-type: none"> <li>• Breeding</li> <li>• Management</li> <li>• Harvesting</li> <li>• Storage</li> <li>• Transport</li> <li>• Trading</li> </ul>	<ul style="list-style-type: none"> <li>• Potential risk of diseases that could spread uncontrollably in the wild</li> <li>• Water and soil pollution</li> <li>• Potential loss of biodiversity</li> </ul>	<ul style="list-style-type: none"> <li>• Comply with Mongolian requirements<sup>8</sup> to combat livestock with infectious diseases</li> <li>• Avoid the release of pollutants (e.g. through a pollution prevention action plan including regular water and soil monitoring)</li> <li>• Avoid reduction in biodiversity (e.g. implement a biodiversity action plan which could include biodiversity off-setting, planting native species of trees and on-going monitoring)</li> </ul>	<ul style="list-style-type: none"> <li>• Human rights – breaches associated with working conditions and long work hours; informal employment contract</li> <li>• Food safety<sup>9</sup></li> </ul>	<ul style="list-style-type: none"> <li>• Comply with Mongolian Labour Law, applicable collective agreements and international human rights conventions</li> <li>• Implement a grievance mechanism for workers to raise workplace concerns</li> <li>• Comply with Mongolian Food Safety Law</li> </ul>

<sup>8</sup> <http://www.legalinfo.mn/annex/details/5548?lawid=8349>

<sup>9</sup> <http://www.legalinfo.mn/law/details/8911?lawid=8911>

Agriculture Activity	Sub-Activity	Sub-Activity Breakdown	Key Environmental Issues	Control	Key Social Issues	Control
<b>Crop farming</b>	<b>Grain and oil seed crop farming (Irrigated<sup>10</sup> and Rain fed)</b>	<ul style="list-style-type: none"> <li>• Soil preparation including fallow tillage</li> <li>• Seed planting</li> <li>• Cultivation</li> <li>• Irrigation</li> <li>• Pesticide and weed control</li> <li>• Harvesting</li> <li>• Storage</li> <li>• Transport</li> <li>• Trading</li> </ul>	<ul style="list-style-type: none"> <li>• Development of herbicide-resistant weed species</li> <li>• Dust issues</li> <li>• Land disturbance</li> <li>• Soil degradation and erosion</li> <li>• Loss of biodiversity</li> <li>• Water and soil pollution by pesticide usage</li> <li>• Water overuse and water resource depletion</li> <li>• Weed issues</li> <li>• Pest risks</li> </ul>	<ul style="list-style-type: none"> <li>• Implement an integrated pest management plan, include the usage of chemical pesticides with low toxicity and permitted pesticides in Mongolia</li> <li>• Implement dust management controls (including measures to reduce dust) and on-going monitoring</li> <li>• Rehabilitate land</li> <li>• Implement soil erosion controls (including soil monitoring procedure)</li> <li>• Avoid reduction in biodiversity (e.g. implement a biodiversity action plan which could include biodiversity off-setting and on-going monitoring)</li> <li>• Implement pollution controls such as a pollution prevention action plan (including regular water and soil quality monitoring)</li> <li>• Avoid or reduce water usage and implement water efficiency measures such as water recycling</li> <li>• Implement weed management controls</li> </ul>	<ul style="list-style-type: none"> <li>• Certain health risks related to pesticide use and prolonged sun exposure</li> <li>• Human rights – breaches associated with working conditions and long work hours; informal employment contracts</li> <li>• Food safety</li> </ul>	<ul style="list-style-type: none"> <li>• Implement an OHS and community health and safety policy and management procedures which includes references to pesticide use and exposure to sun</li> <li>• Comply with Mongolian Labour Law, applicable collective agreements and international human rights conventions</li> <li>• Implement a grievance mechanism for workers to raise workplace concerns</li> <li>• Comply with Mongolian Food Safety Law</li> </ul>

<sup>10</sup> Grain and oil seed crop farming with irrigation.

Agriculture Activity	Sub-Activity	Sub-Activity Breakdown	Key Environmental Issues	Control	Key Social Issues	Control
	Greenhouse production	<ul style="list-style-type: none"> <li>• Planting</li> <li>• Pesticide and weed control</li> <li>• Harvesting</li> <li>• Transport</li> <li>• Storage</li> <li>• Trading</li> </ul>	<ul style="list-style-type: none"> <li>• High rates of energy required for heating</li> <li>• High rates of water usage</li> <li>• Water and soil pollution by pesticide usage</li> <li>• Water use-resource depletion</li> </ul>	<ul style="list-style-type: none"> <li>• Where possible, use renewable energy sources such as wind, solar, or hydro</li> <li>• Avoid or reduce water usage and implement water efficiency measures such as water recycling</li> <li>• Implement an integrated pest management plan, include the usage of chemical pesticides with low toxicity and permitted pesticides in Mongolia</li> </ul>	<ul style="list-style-type: none"> <li>• Certain health risks related to pesticide use and prolonged sun exposure</li> <li>• Human rights – breaches associated with working conditions and long work hours; informal employment contract</li> <li>• Food safety</li> </ul>	<ul style="list-style-type: none"> <li>• Implement an OHS and community health and safety policy and management procedures which includes references to pesticide use and exposure to sun</li> <li>• Comply with Mongolian Labour Law, applicable collective agreements and international human rights conventions</li> <li>• Implement a grievance mechanism for workers to raise workplace concerns</li> <li>• Comply with Mongolian Food Safety Law</li> </ul>

Agriculture Activity	Sub-Activity	Sub-Activity Breakdown	Key Environmental Issues	Control	Key Social Issues	Control
	Open field Vegetable and fruit farming	<ul style="list-style-type: none"> <li>• Soil preparation</li> <li>• Seed planting</li> <li>• Cultivation</li> <li>• Irrigation</li> <li>• Pesticide control</li> <li>• Harvesting</li> <li>• Storage</li> <li>• Transport</li> <li>• Trading</li> </ul>	<ul style="list-style-type: none"> <li>• Development of herbicide-resistant weed species</li> <li>• Dust issues</li> <li>• Land disturbance</li> <li>• Soil degradation and erosion</li> <li>• Water and soil pollution by pesticide usage</li> <li>• Weed issues</li> </ul>	<ul style="list-style-type: none"> <li>• Implement an integrated pest management plan, include the usage of chemical pesticides with low toxicity and permitted pesticides in Mongolia</li> <li>• Implement dust management controls (including measures to reduce dust) and on-going monitoring</li> <li>• Rehabilitate land</li> <li>• Implement soil erosion controls (including soil monitoring procedure)</li> <li>• Implement pollution controls such as a pollution prevention action plan (including regular water and soil quality monitoring)</li> <li>• Implement weed management controls</li> </ul>	<ul style="list-style-type: none"> <li>• Certain health risks related to pesticide use and prolonged sun exposure</li> <li>• Child labour</li> <li>• Human rights – breaches associated with working conditions and long work hours; informal employment contracts</li> <li>• Food safety</li> </ul>	<ul style="list-style-type: none"> <li>• Implement an OHS and community health and safety policy and management procedures which includes references to pesticide use and exposure to sun</li> <li>• Comply with Mongolian Labour Law, applicable collective agreements and international human rights conventions</li> <li>• Implement a grievance mechanism for workers to raise workplace concerns</li> <li>• Comply with Mongolian Food Safety Law</li> </ul>
Livestock husbandry	Apiculture	<ul style="list-style-type: none"> <li>• Honey and by – product collection</li> <li>• Processing</li> <li>• Packaging</li> <li>• Trading</li> </ul>	<ul style="list-style-type: none"> <li>• Cross transfer of diseases between wild and domestic bees</li> </ul>	<ul style="list-style-type: none"> <li>• Comply with Mongolian requirements to combat bees with infectious diseases and GIIP such as Animal Health Protection and Disease Control<sup>11</sup> of NASDA</li> <li>• Avoid or minimize the potential for community exposure to water-borne and communicable diseases</li> </ul>	<ul style="list-style-type: none"> <li>• Potential health threat from bee stings to hypersensitive people</li> </ul>	<ul style="list-style-type: none"> <li>• Provide appropriate PPE that offers adequate protection to workers and occasional visitors, without incurring unnecessary inconvenience to the individual<sup>12</sup></li> <li>• Assure that hives are not located in or near residential areas</li> </ul>

<sup>11</sup> <http://www.nasda.org/Policy/5332/4888.aspx>

<sup>12</sup> IFC EHS Guidelines: OHS: <http://www.ifc.org/wps/wcm/connect/9aef2880488559a983acd36a6515bb18/2%2BOccupational%2BHealth%2Band%2BSafety.pdf?MOD=AJPERES>

Agriculture Activity	Sub-Activity	Sub-Activity Breakdown	Key Environmental Issues	Control	Key Social Issues	Control
	Dairy farm	<ul style="list-style-type: none"> <li>• Raising heifers</li> <li>• Breeding</li> <li>• Culling and selling for beef</li> <li>• Animal health control</li> <li>• Insect and pest control</li> <li>• Milking</li> <li>• Storage</li> <li>• Transport</li> <li>• Pasteurisation and processing</li> <li>• Packaging</li> <li>• Trading</li> </ul>	<ul style="list-style-type: none"> <li>• GHG/methane emission, which leads to Climate change</li> <li>• Land use for forage cropping or grazing (leading to over grazing especially near Ulaanbaatar)</li> <li>• Zoonotic diseases - transmission to the wild</li> <li>• Liquid/solid waste (production and disposal) - e.g. farm slurry/manure, waste chemicals and chemical containers</li> </ul>	<ul style="list-style-type: none"> <li>• Implement cost-effective options to reduce project-related GHG and, where possible, use methane as energy source (bio-fuel technology)</li> <li>• Implement land management plan, participatory monitoring and land permission controls</li> <li>• Comply with Mongolian requirements to combat livestock with infectious diseases and WHO's procedures relating to pandemic and epidemic diseases<sup>13</sup></li> <li>• Avoid or minimize the potential for community exposure to water-borne and communicable diseases</li> <li>• Avoid or minimize the generation of hazardous and non-hazardous waste materials and implement waste management controls, including proper disposal methods and on-going monitoring</li> </ul>	<ul style="list-style-type: none"> <li>• Animal welfare</li> <li>• Antibiotic resistance</li> <li>• City proximity production leads to issues of land use, water rights</li> <li>• Human rights – breaches associated with working conditions and long work hours; informal employment contract</li> <li>• Food safety</li> <li>• Nuisance issues related to smells and insects and other pests</li> <li>• Threat of zoonotic diseases (such as Brucellosis, Listeria and Tuberculosis) transmitted from cow milk to human</li> </ul>	<ul style="list-style-type: none"> <li>• Comply with the standard<sup>14</sup> of animal welfare approved organisation as GIIP and Mongolian Law on Livestock gene pool and health protection<sup>15</sup></li> <li>• Implement antibiotic controls</li> <li>• Establish proper permission processes and, where appropriate, engage relevant stakeholders</li> <li>• Comply with Mongolian Labour Law, applicable collective agreements and international human rights conventions</li> <li>• Comply with Mongolian Food Safety Law</li> <li>• Implement sanitation and disinfection controls</li> <li>• Comply with Mongolian requirements to combat livestock with infectious diseases and WHO's procedures involving pandemic and epidemic diseases</li> </ul>

<sup>13</sup> <http://www.who.int/csr/disease/en/>

<sup>14</sup> <http://animalwelfareapproved.org/standards/dairy-cattle-2014/>

<sup>15</sup> <http://www.legalinfo.mn/law/details/314?lawid=314>

Agriculture Activity	Sub-Activity	Sub-Activity Breakdown	Key Environmental Issues	Control	Key Social Issues	Control
	<p style="text-align: center;"><b>Pasturing livestock: (camel, cow, goat, horse, sheep, deer)</b></p>	<ul style="list-style-type: none"> <li>• Breeding</li> <li>• Raising young animals</li> <li>• Milking</li> <li>• Cheese/curds production and storage</li> <li>• Transport and trading</li> <li>• Sheering/ combing</li> <li>• Storage</li> <li>• Trading</li> <li>• Meat slaughter</li> <li>• Storage</li> <li>• Transport, carcasses or live animals</li> <li>• Livestock health management, dipping vaccination and disease treatment</li> <li>• Trading</li> </ul>	<ul style="list-style-type: none"> <li>• Antibiotic resistance “super diseases” developing</li> <li>• Pastureland degradation and erosion</li> <li>• Gases methane and nitrous oxide, which can contribute to climate change</li> <li>• Reduction of biodiversity by competition</li> <li>• Diseases-transmission to the wild</li> </ul>	<ul style="list-style-type: none"> <li>• Establish antibiotic controls</li> <li>• Implement pastureland management plan and participatory monitoring</li> <li>• Implement cost-effective options to reduce project-related GHG; Gas emission management plan (including gas emission sampling procedure) and on-going monitoring</li> <li>• Avoid reduction in biodiversity (e.g. implement a biodiversity action plan which could include biodiversity off-setting and on-going monitoring)</li> <li>• Comply with Mongolian requirements to combat livestock with infectious diseases and WHO’s procedures relating to pandemic and epidemic diseases</li> <li>• Avoid or minimize the potential for community exposure to water-borne and communicable diseases</li> </ul>	<ul style="list-style-type: none"> <li>• Animal welfare (especially during slaughtering and dzud)</li> <li>• Antibiotic resistance developing in human population</li> <li>• Child labour in family farming</li> <li>• Distance and access to medical facilities</li> <li>• Distance to education opportunities</li> <li>• Human rights – breaches associated with working conditions and long work hours; informal employment contract</li> <li>• Food safety</li> <li>• Threat of zoonotic diseases (such as foot-and-mouth disease, brucellosis, anthrax etc.) transmitted from livestock to human</li> </ul>	<ul style="list-style-type: none"> <li>• Establish proper sanitation and vaccination controls</li> <li>• Comply with standard of animal welfare approved organisation as GIIP and Mongolian law on Livestock gene pool and health protection</li> <li>• Implement antibiotics controls</li> <li>• Comply with Mongolian Labour Law, applicable collective agreements and international human rights conventions</li> <li>• Comply with Mongolian Food Safety Law</li> <li>• Comply with Mongolian requirements to combat livestock with infectious diseases and WHO’s procedures relating to pandemic and epidemic diseases</li> </ul>

Agriculture Activity	Sub-Activity	Sub-Activity Breakdown	Key Environmental Issues	Control	Key Social Issues	Control
	Poultry farming	<ul style="list-style-type: none"> <li>• Breeding</li> <li>• Housing</li> <li>• Sanitation</li> <li>• Animal health control</li> <li>• Pest control</li> <li>• Waste management</li> <li>• Egg-laying</li> <li>• Slaughtering</li> <li>• Storage</li> <li>• Transportation</li> <li>• Trading</li> </ul>	<ul style="list-style-type: none"> <li>• Avian influenza cross transmission to/from the animals to humans</li> <li>• Water and soil pollution from animal waste (manure), which can contribute to climate change</li> <li>• Liquid/solid waste (production and disposal) - e.g. farm slurry/manure, waste chemicals and chemical containers</li> </ul>	<ul style="list-style-type: none"> <li>• Implement sanitary and vaccination controls and WHO's procedures relating to pandemic and epidemic diseases</li> <li>• Implement pollution controls such as a pollution prevention action plan (including regular water and soil quality monitoring)</li> <li>• Avoid or minimize the generation of hazardous and non-hazardous waste materials and implement waste management controls, including proper disposal methods and on-going monitoring</li> </ul>	<ul style="list-style-type: none"> <li>• Animal welfare</li> <li>• City proximity production leads to issues of land use, water rights</li> <li>• Human rights – breaches associated with working conditions and long work hours; informal employment contract</li> <li>• Food safety</li> <li>• Negative impact of antibiotics and supplements such as growth hormones to human health</li> <li>• Nuisance issues related to smells and insects</li> <li>• Threat of zoonotic diseases (such as Avian influenza) transmitted from poultry humans</li> </ul>	<ul style="list-style-type: none"> <li>• Establish proper sanitation and vaccination controls</li> <li>• Comply with standard of Animal welfare approved organisation as GIIP and Mongolian law on Livestock gene pool and health protection</li> <li>• Establish proper permission processes and engage stakeholders</li> <li>• Comply with Mongolian Labour Law, applicable collective agreements and international human rights conventions</li> <li>• Comply with Mongolian Food Safety Law</li> <li>• Establish proper antibiotic and disinfection controls</li> <li>• Comply with Mongolian requirements to combat livestock with infectious diseases and WHO's procedures relating to pandemic and epidemic diseases</li> </ul>

Agriculture Activity	Sub-Activity	Sub-Activity Breakdown	Key Environmental Issues	Control	Key Social Issues	Control
	Swine farming	<ul style="list-style-type: none"> <li>• Breeding</li> <li>• Feeding</li> <li>• Animal health control</li> <li>• Waste management</li> <li>• Slaughtering</li> <li>• Storage</li> <li>• Transport</li> <li>• Trading</li> </ul>	<ul style="list-style-type: none"> <li>• Water and soil pollution from animal waste (manure), which can contribute to climate change</li> <li>• Diseases-transmission to the wild</li> <li>• Liquid/solid waste (production and disposal) - e.g. farm slurry/manure, waste chemicals and chemical containers</li> </ul>	<ul style="list-style-type: none"> <li>• Implement pollution controls such as a pollution prevention action plan (including regular water and soil quality monitoring)</li> <li>• Implement sanitary and vaccination controls and WHO's procedures relating to pandemic and epidemic diseases</li> <li>• Avoid or minimize the generation of hazardous and non-hazardous waste materials and implement waste management controls, including proper disposal methods and on-going monitoring</li> </ul>	<ul style="list-style-type: none"> <li>• Animal welfare</li> <li>• City proximity production leads to issues of land use, water rights</li> <li>• Community health concern associated with exposure to water and soil-borne contaminants</li> <li>• Human rights – breaches associated with working conditions and long work hours; informal employment contract</li> <li>• Food safety</li> <li>• Nuisance issues related to smells and insects</li> <li>• Zoonotic diseases (swine influenza)</li> </ul>	<ul style="list-style-type: none"> <li>• Establish proper sanitation and vaccination controls</li> <li>• Comply with standard of Animal welfare approved organisation as GIIP and Mongolian law on Livestock gene pool and health protection</li> <li>• Establish proper permission processes and engage stakeholders</li> <li>• Comply with Mongolian Labour Law, applicable collective agreements and international human rights conventions</li> <li>• Comply with Mongolian Food Safety Law</li> <li>• Establish proper antibiotic and disinfection controls</li> <li>• Comply with Mongolian requirements to combat livestock with infectious diseases and WHO's procedures relating to pandemic and epidemic diseases</li> </ul>

## Appendix 2: Relevant Mongolian Laws for the Agriculture Sector

The following laws and regulations are applicable when assessing agriculture sector client activities:

### Laws:

#### **Mongolian Law<sup>16</sup> (mandatory):**

- Law on Agriculture product and commodity stock market (2011)
- Law on Air (2012)
- Law on Air pollution Fee (2010)
- Law on Company activities' special licence (2001)
- Law on Environmental Protection (1995)
- Law on Crop farming (2004)
- Law on Crop insurance (1999)
- Law on Crop varieties (1999)
- Law on Environmental Impact Assessment (2012)
- Law on Hygiene (1998)
- Law on Gender equality (2012)
- Law on Genetically Modified Organisms (2007)
- Law on Forestry (2012)
- Law on Inspection and Examination of animal, plant, their commodity and product during quarantined transportation across border (2002)
- Labour Law (1999)
- Law on Land (2002)
- Law on Land Fee (1997)
- Law on Livestock gene pool and health protection (2001)
- Law on Livestock Protection (2011)
- Law on Natural Plant (1995)
- Law on Occupational Health and Safety (2008)
- Law on Plant protection (2007)
- Law on Procurement of products, works, services by state and local government funds (2005)
- Law on Small and Medium Enterprises (2007)
- Law on Social Security (1994)
- Law on Soil conservation and Prevention of desertification (2012)
- Law on Toxic and Hazardous Chemicals (2006)
- Law on Waste (2012)
- Law on Water (2012)

#### **International Conventions (mandatory)**

- Bio-safety Cartagena Protocol of the Biodiversity Convention<sup>17</sup>

---

<sup>16</sup> <http://www.legalinfo.mn/>

<sup>17</sup> <http://www.legalinfo.mn/law/details/1229?lawid=1229>

## Appendix 3: Relevant Mongolian and International Standards, Principles and other References for the Agriculture Sector

### Mongolian Standards<sup>18</sup> (mandatory):

- MNS Standards related to Environmental protection;
- MNS Standards related to Agriculture and agriculture equipment;
- MNS Standards related to Crop farming;
- MNS Standards related to Plant green house;
- MNS Standards related to Pesticide;
- MNS Standards related to Beekeeping;
- MNS Standards related to Fishing;
- MNS Standards related to Air quality;
- MNS Standards related to Occupational Health and Safety;
- MNS Standards related to Water quality and safety;
- MNS Standards related to Soil quality.
- Inspection checklist for Agriculture Sector's activity<sup>19</sup>
- Procedure on Emergency reporting of animal infectious disease<sup>20</sup>
- Procedure of Forest ownership<sup>21</sup>

### International Standards (voluntary):

**ISO 14001<sup>22</sup>**: Standard specifies the requirements for an E&S management system.

**ISO 9000<sup>23</sup>**: Quality management.

**OHS18001<sup>24</sup>**: Occupational Health and Safety.

### Leading Industry E&S Standards and Best Practice References (voluntary)

#### **IFC Performance Standards<sup>25</sup> (recommended)**

PS 1: Assessment and management of E&S and social risks and impacts

PS 2: Labour and Working Conditions

PS 3: Resource efficiency and Pollution Prevention

PS 4: Community Health, Safety, and Security

PS 5: Land acquisition and involuntary resettlement

PS 6: Biodiversity Conservation and Sustainable management of living natural resources

PS 7: Indigenous Peoples

PS 8: Cultural Heritage

Interpretation Note on Financial Intermediaries<sup>26</sup>

**EBRD Performance Requirements<sup>27</sup> (voluntary)**: Required where EBRD is an investor (similar to IFC standards)

#### **IFC/WB<sup>28</sup> Environmental, Health and Safety Guidelines (recommended)**

*General EHS Guidelines* (The General EHS Guidelines contain information on cross-cutting environmental,

---

<sup>18</sup> <http://estandard.mn/>

<sup>19</sup> [http://inspection.gov.mn/index.php?option=com\\_content&view=article&id=56&Itemid=25](http://inspection.gov.mn/index.php?option=com_content&view=article&id=56&Itemid=25)

<sup>20</sup>

[http://www.mofa.gov.mn/mn/images/stories/juram/jur0http://inspection.gov.mn/index.php?option=com\\_content&view=article&id=56&Itemid=25\\_6.pdf](http://www.mofa.gov.mn/mn/images/stories/juram/jur0http://inspection.gov.mn/index.php?option=com_content&view=article&id=56&Itemid=25_6.pdf)

<sup>21</sup> <http://www.legalinfo.mn/annex/showPrint/2553>

<sup>22</sup> ([www.iso.org](http://www.iso.org))

<sup>23</sup> [http://www.iso.org/iso/home/standards/management-standards/iso\\_9000.htm](http://www.iso.org/iso/home/standards/management-standards/iso_9000.htm)

<sup>24</sup> <http://www.ohsas-18001-occupational-health-and-safety.com/>

<sup>25</sup> [www.ifc.org/performancestandards](http://www.ifc.org/performancestandards)

<sup>26</sup> [http://www.ifc.org/wps/wcm/connect/38d1a68049ddf966af3cbfda80c2ddf3/InterpretationNote\\_Fls\\_2012.pdf?MOD=AJPERES](http://www.ifc.org/wps/wcm/connect/38d1a68049ddf966af3cbfda80c2ddf3/InterpretationNote_Fls_2012.pdf?MOD=AJPERES)

<sup>27</sup> <http://www.ebrd.com/environment/e-manual/e31ebrd-performance-requirements.html>

<sup>28</sup>

[http://www.ifc.org/wps/wcm/connect/Topics\\_Ext\\_Content/IFC\\_External\\_Corporate\\_Site/ifc+sustainability/sustainability+framework/Sustainability+Framework+--+2006/Environmental,+Health,+and+Safety+Guidelines/ehsguidelines](http://www.ifc.org/wps/wcm/connect/Topics_Ext_Content/IFC_External_Corporate_Site/ifc+sustainability/sustainability+framework/Sustainability+Framework+--+2006/Environmental,+Health,+and+Safety+Guidelines/ehsguidelines)

health, and safety issues potentially applicable to all industry sectors. It should be used together with the relevant industry sector guideline(s), for example:

- Mammalian Livestock Production;
- Poultry Production;
- Plantation Crop Production;
- Annual Crop Production

**International Good Agriculture Practices (voluntary):**

- SME Tool Kit<sup>29</sup>
- Farming Best Practice<sup>30</sup>
- Business best practice and Guideline<sup>31</sup>
- Good Practice Note: Animal Welfare in Livestock Operations<sup>32</sup>

**International Conventions:**

- Climate change convention<sup>33</sup>
- The Global Strategy for the Prevention and Control of H5N1 Highly Pathogenic Avian Influenza<sup>34</sup>
- Global Framework for the Progressive Control of Trans-boundary Animal Diseases<sup>35</sup>

---

<sup>29</sup> <http://www.smetoolkit.org/smetoolkit/en>

<sup>30</sup> <http://www.farms2firms.org/>

<sup>31</sup>

[http://www.ifc.org/wps/wcm/connect/Topics\\_Ext\\_Content/IFC\\_External\\_Corporate\\_Site/IFC+Sustainability/Publications/Publications?contentQuery=IFC\\_EXT\\_Design%2FGood+Practice&sustPubCategories=Products&Products=IFC\\_EXT\\_Design%2FGood+Practice](http://www.ifc.org/wps/wcm/connect/Topics_Ext_Content/IFC_External_Corporate_Site/IFC+Sustainability/Publications/Publications?contentQuery=IFC_EXT_Design%2FGood+Practice&sustPubCategories=Products&Products=IFC_EXT_Design%2FGood+Practice)

<sup>32</sup>

[http://www.ifc.org/wps/wcm/connect/topics\\_ext\\_content/ifc\\_external\\_corporate\\_site/ifc+sustainability/publications/publications\\_gpn\\_animalwelfare](http://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/ifc+sustainability/publications/publications_gpn_animalwelfare)

<sup>33</sup> <https://unfccc.int/2860.php>

<sup>34</sup> <http://www.fao.org/docrep/010/a1145e/a1145e00.htm>

<sup>35</sup> <http://www.fao.org/avianflu/documents/GF-TADs24May2004.pdf>

## Appendix 4: Relevant Agriculture Sector Stakeholders in Mongolia

The following agriculture sector stakeholders are relevant to the Mongolian Sustainable Finance Initiative and this Sector Guideline:

Representation	Organisation	Relevance
Government	Agriculture Stock Exchange <sup>36</sup>	Organise stock exchange process within legal framework in transparent, faithful and open way; ensure a quality of agriculture commodity and products
	Agriculture Support Fund <sup>37</sup>	Establish effective marketing system and state optimal coordination, which lead to mitigation of market competition's negative impact, within agriculture sector; to provide sustainable development of agricultural sector; to establish the fund of implementing program and project for renovating agricultural technologies
	Department of Veterinary and Breeding Services <sup>38</sup>	Protect livestock health, supply product, complies with sanitary and hygiene standards
	General of Agency Specialised Inspection (GASI) <sup>39</sup>	GASI ensures the law implementation, creates the sustainable human, social development and favourable business environment and creates public health, safety condition and quality products and service within Mongolia.
	Forest Research, Development Centre <sup>40</sup> (state owned enterprise)	Participate in development of state policy on Forestry
	Industry and Agriculture Agency <sup>41</sup>	Support the production growth of agriculture sector by adopting high technology; monitoring safety and security of animal products; implement the state programs, related to agriculture sector; protect plant and soil nutrition by adopting environmental friendly technologies
	Ministry of Environment and Green Development (MEGD) <sup>42</sup>	The MEGD has responsibility for E&S conservation and appropriate use; water resources; biodiversity and E&S oversight and protection.
	Ministry of Industry and Agriculture <sup>43</sup>	Responsible for issuing special licenses and permissions for plant protection substance import, trade; import of veterinary medicine and tobacco plantation; for creating legal environment of agriculture sector; for tendering agriculture bids; monitoring the progress of tenders
	National Agricultural Extension Centre <sup>44</sup>	Organise the training related to agriculture technology

<sup>36</sup> <http://www.mce.mn/>

<sup>37</sup> <http://www.teds.mn/content/agreements>

<sup>38</sup> <http://www.dvab.gov.mn/>

<sup>39</sup> <http://inspection.gov.mn/>

<sup>40</sup> <http://www.forestry.gov.mn/mn/>

<sup>41</sup> <http://nhaag.ub.gov.mn/>

<sup>42</sup> <http://www.mne.mn/>

<sup>43</sup> <http://mofa.gov.mn/>

<sup>44</sup> <http://naec.mn/mn/>

Representation	Organisation	Relevance
	State Central Veterinary Laboratory <sup>45</sup>	Diagnose of livestock, animal and poultry diseases, verification analyses of agriculture commodity and product's export and import with international quality
<b>Companies</b>	Agriculture Company	Responsible for developing different agriculture in environmental friendly and socially responsible manner and have a commitment to follow E&S related national and international law, standards and good practices
	Product chain company	Company, which dominated in the Agriculture product chain
<b>Non-governmental organisations (NGOs) and civil society organisations (CSO)</b>	NGOs and CSOs	NGOs and CSOs may play a role in pushing for sustainable development at the national level as well as bringing pressure against individual institutions or companies. They also may serve as advocates or implementation partners to reduce risk and promote good social and environmental practice.
	"Farms Scientific" Community	Inform about good international farming experiences and share experience, knowledge about farming activity.
	Hunting Society	Research and proper use of Mongolian hunting resources; protect rare and endangered animals
	Livestock Health, Ecology Centre	Improve background of protection environment and ecology sustainability; and livestock health and breeds
	Local community	Local communities may be impacted by a Bank's client's activity. They may make grievances and/or seek protection against any negative impacts.
	Mongolian Farmers Association	Livestock farming activity
	Mongolian Food Industry Association <sup>46</sup>	Support Mongolian Government in development of Food industry; protect rights of member organizations and capacity building training on food usage, quality and safety
	National Association of Mongolian Agricultural Cooperatives <sup>47</sup>	Protect interest of members; create favourable environment for development; provide information on latest technology; organize the trainings; assist on updating of member companies management
	Women-Green Alliance	Improve green area and horticulture of settled areas
<b>Financial Institutions</b>	Banking and Financing Academy <sup>48</sup>	Provide skills enhancement and professional capacity building training services to banking and financial sector professionals at all levels starting from tellers to executive level managers.

<sup>45</sup> <http://scvl.gov.mn/index.php/en/>

<sup>46</sup> <http://mfia.mn/>

<sup>47</sup> <http://www.namac.mn/>

<sup>48</sup> <http://www.bfa.mn/>

Representation	Organisation	Relevance
	Bank of Mongolia <sup>49</sup>	BoM can potentially play a role in this initiative including seeking to: strengthen coordination with other regulators, establish and improve a long-term information sharing mechanism, improve information services, and provide banks with timely updates on relevant E&S risks. BoM may assess banks' performance on E&S through annually self-evaluation and its own monitoring system and use such results as important basis for regulatory rating, licensing, and incentive mechanisms.
	Financial Regulation Committee <sup>50</sup>	Develop proposal of updating for financial, insurance and microcredit market, legal environment; control activity of financial organisations.
	International Finance Corporation <sup>51</sup>	IFC seeks to provide equity and debt financing to private enterprises across all sectors in Mongolia and offers integrated products that combine financing with expert advice – maximising returns and social benefits, minimising E&S footprints, and contributing to Mongolia's long-term economic development.
	Mongolian Banker Association <sup>52</sup>	Main objectives of the Association: represent the common legal interests and rights of all Members in regards to Mongolian Sustainable Finance Principles; coordinate the joint activities of Members with regard to the issues and challenges facing the banking sector during the implementation of this initiative; facilitate the contribution of all Members in support of development of Banks' effective and sound E&S management system and other procedures.
	Mongolian Banks	Banks must develop and implement an overarching sustainability policy framework and an ESMS that includes E&S risk assessment procedures, monitoring, reporting and capacity building mechanisms.

<sup>49</sup> <http://www.mongolbank.mn/>

<sup>50</sup> <http://www.frc.mn/index.php/joomlaart/2013-02-07-01-23-04>

<sup>51</sup> [http://www.ifc.org/wps/wcm/connect/corp\\_ext\\_content/ifc\\_external\\_corporate\\_site/home](http://www.ifc.org/wps/wcm/connect/corp_ext_content/ifc_external_corporate_site/home)

<sup>52</sup> <http://mba.mn/>