

TECHNICAL ASSISTANCE COMPLETION REPORT

Division: Environment, Natural Resources, and Agriculture

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| TA No., Country and Name TA 7139-MON: Agricultural Marketing and Brand Development | | | Amount Approved: \$2,000,000 | |
| | | | Revised Amount: N/A | |
| Executing Agency Ministry of Finance (MOF) | | Source of Funding JSF: \$2,000,000 | Amount Undisbursed: \$71,258 | Amount Utilized: \$1,928,742 |
| TA Approval: | TA Signing | Fielding of First Consultant: | TA Completion Date Original: 31 December 2010 | Actual: 31 July 2013 |
| 29 September 2008 | 24 October 2008 | 1 July 2011 | Account Closing Date Original: 31 July 2013 | Actual: 27 December 2013 |
| <p>Description</p> <p>The technical assistance (TA), which was attached to G0115-MON: Agriculture and Rural Development Project (the project), was directed to capitalizing on opportunities in niche markets to develop a premium brand for Mongolian agriculture products. The brand development was primarily aimed at developing partnerships between Mongolian enterprises and external premium brands to develop a virtual vertically integrated value chain. The long-term objective was to provide an opportunity for Mongolian enterprises to develop their own indigenous brands for the export market.</p> <p>Expected Impact, Outcome, and Outputs</p> <p>The expected impact of the project and the TA was realizing agriculture and rural growth that sustains premium value differentiation for Mongolian products. The TA's expected outcome was creation of a process for brand development and management that is sustainable and replicable. The expected TA outputs were (i) brand framework, (ii) content of business proposals, and (iii) an institutional framework for sustained brand development and management including a business plan for a brand management agency.</p> <p>Delivery of Inputs and Conduct of Activities</p> <p>Consulting services of 147.1 person-months (49.8 person-months of international and 97.3 person-months of national consultant input) through a firm was provided for the TA. Terms of reference were adequate as consultants successfully catered to the need of project participating enterprises (PPEs), and the accomplishment of TA outcome and outputs. The TA was extended twice. The first extension was due to delay in the project implementation.¹ PPEs and their subprojects became clearer in the end of 2010, as well as the TA's scope and target sectors. The first extension was made up to 31 December 2012 to give sufficient time for TA implementation, for which consultants were fielded in July 2011. The second extension was made to 31 July 2013 to bridge TA activities to the additional financing, which was approved in 2013. These two extensions enabled the TA to respond to needs of the target sectors supported by the project. The consultant's performance was rated satisfactory as they delivered the required outputs. The Government of Mongolia (GOM) provided its counterpart contribution and leadership effectively; hence, its performance was rated satisfactory. Despite being Asian Development Bank's (ADB) first project focusing on brand development and marketing, ADB led the TA to success by providing timely technical guidance and administration support during TA implementation through regular monitoring, coordination, and review missions. ADB's performance was rated satisfactory.</p> <p>Evaluation of Outputs and Achievement of Outcome</p> <p>The TA largely accomplished expected outputs and outcome. The TA produced most of the expected outputs such as a brand framework and an institutional framework for sustained brand development and management while it did not produce business proposals as the TA did not reach actual launch of brand partnership. The TA successfully helped the GOM develop a Mongolian brand for animal fiber "Mongolian Noble Fibre (MNF)" and register it as a certification mark with the Mongolian National Intellectual Property Office (MIPO). The MIPO registered the certification with national property offices in selected countries including those of European Union, Japan, the People's Republic of China, and the United States of America through the World Intellectual Property Organization (WIPO). The GOM has disseminated the MNF nationally and introduced international buyers at relevant international business fairs. A framework for the brand development and management has been well documented for future replication. For institutional framework for the brand management, the TA produced draft standards and guidelines for the use of MNF certification mark and a business plan for brand management agency.</p> | | | | |

¹ Project participating enterprises and bank needed to be reselected as the Ministry of Finance, and Ministry of Food and Agriculture, the project executing agencies, could not agree on those selected during the project preparatory technical assistance.

The TA assisted in introducing various Mongolian cashmere producers with international cashmere buyers. For example, the TA assisted a Mongolian cashmere designer whose products are mostly sold in Europe, and a Belgian cashmere brand to launch their products using MNF certification mark. The TA guided the Mongolian cashmere designer to have its sample cashmere knitted product tested by a Cashmere and Camel Hair Manufacturers Institute (CCMI)-accredited laboratory in Beijing.

Overall Assessment and Rating

The TA was rated successful as the outcome has been largely accomplished during the TA period. The TA remains highly relevant to the national initiative for brand marketing of Mongolian products, particularly those of premium quality. The TA was effective as its outcome was mostly achieved despite the complexity of the TA concept and activities. The TA managed to flexibly attend and resolve emerging issues (e.g., quality gap between Mongolian products and requirements of international brands, complicated process of national and international registration of the certification mark, and limited capacity of national testing and training institutes), which were not anticipated during the TA processing stage. The TA would be considered sustainable if the remaining activities which are currently implemented under the project are successfully accomplished.

Major Lessons

International brand marketing can be successful only when an international brand considers displaying a brand mark of its business partner (e.g., Mongolian manufacturer) would bring an additional value to the products. However, this partnership has to be underpinned by a mutual agreement on product quality and brand concept.

The quality standards set for MNF were sufficiently high to attract top cashmere brands in the world market. However, only a few Mongolian cashmere product manufacturers could potentially meet MNF standard. Given the keen interests in MNF certification mark by foreign cashmere brands, it is important that Mongolian cashmere product manufacturers will improve technical capacity in design and production.

Reaching mutual agreement between a producer of ADB developing member countries and international brand on product quality and brand development entails various sequential activities, which makes the process truly time-consuming.² Nonetheless, if manufacturers of ADB's developing member countries can succeed in international brand marketing, it will certainly generate more value for products and quality products will contribute to the national economy and eventually help elevate international recognition of the country.

For brand marketing, selection of products is crucial. The TA did not have clear indication of target products during the processing stage. Terms of reference were prepared with wool and cashmere, and leather in scope as it became clear that those sectors are main focus during the project implementation. During the TA implementation, the focus was further narrowed down to wool and cashmere products since Mongolia is capable of producing final wool and cashmere products, which are high-value products.³

Recommendations and Follow-Up Actions

Follow-up activities for the TA comprise (i) GOM's finalization of MNF certification mark standards and guidelines; (ii) MIPO's finalization of registration process of the certification mark with national intellectual property offices of the selected countries, which is expected to be completed by the end 2014; and (iii) actual application of MNF certification mark for brand partnership between a Mongolian manufacturer and an international brand. They are all being implemented with the support from the ongoing project and supplementary activities are planned under the additional financing for the project.

It is recommended to establish an independent brand management agency, to be governed by a supervisory board represented by the different stakeholders including the GOM, for sustainable management of MNF certification mark and other Mongolian brands to be developed in the future based on the business plan drafted under the TA. ADB will continue discussing with the GOM management of MNF certification mark including establishment of the brand management agency.

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² Such activities include development of brand concept and design, registration of the brand, establishment of standards and guidelines of use of the brand, and identification of and coordination with interested international brands, actual launch of brand partnership and awareness raising for consumers, and subsequent brand management.

³ Branding can be effective for high-value products, particularly final products rather than semi-processed products (for leather, Mongolia's strength is in semi-processed skins and hides, which are sold to international leather manufacturers as materials for final products).