

# Wool Processing and Marketing Project

## Public Report 2001 - 2007

### Our Story

The Wool Processing and Marketing Project (WPMP) is one of five projects run by the Norwegian Lutheran Mission in Mongolia (NLM). After more than 10 successful years of activities and funding (from felt training to production to capacity building), NLM phased out its funding of WPMP in December 2007. However, the activities of the project will continue through local structures which have been set up over the years.

The WPMP project was funded 90% by NORAD, the official Norwegian Aid Agency, and 10% by NLM in Norway. WPMP started in 2001 through a merger of different NLM wool processing activities in two projects in Darkhan and Ulaanbaatar. The first project activities were set up in 1996. Since that time, over 2000 people with little or no income have benefited from these activities through felt trainings.

NLM is extremely proud to have implemented and worked with the WPMP project. NLM is confident and excited about the future of wool production and felt making through cooperatives as a way to assist in the continued development of Mongolia.

### Background

WPMP started in 2001 through a merger of different wool processing activities in two different projects, Bayanzurkh Development Program (BDP) and Selenge Development Project (SDP) in Darkhan and Ulaanbaatar. The first wool training and processing activities started in 1996, and in excess of 2,000 people with little or no income have attended felt trainings since then.

WPMP was a strategic evolution of BDP, which commenced in 1996, with the goal of improving the standard of life of BZD people through the education of wool craft and health prevention BDP provided wool craft trainings and health insurance for vulnerable people and organized primary health training to public and secondary school children.

WPMP was built on the successes achieved through the wool training programs of BDP and reflected the need to empower existing (trained) wool crafters from the BDP and relevant institutions in the Mongolian community to establish cooperative structures for the sustainable development of the wool craft industry.

WPMP formally commenced as a pilot project in 2003-2004, with the aim of gathering the wool production components into one project, to develop a better organizational base for the producers, and provide a coordinated approach for standardizing production and reaching the market.

WPMP commenced a 3-year plan in 2005, with the aim of developing a structure of local self-run wool-production cooperatives, a central administration and sourcing arm, retail and marketing outlet and a training unit.

WPMP supported the cooperative structure for the sustainable management of felt making activities due to a number of reasons. The main reason was that it was identified that the cooperative structure was the best fit for a situation where Mongolia's economic, social and political systems were developing rapidly following the principles of democracy. The guiding principle of a cooperative is that the members manage and govern themselves which embraces the fundamentals of democracy and this seemed the best choice for our producers – from a management and production point of view.

### Problems addressed through WPMP Project

Some of the problems in existing in Mongolia and their respective needs which shaped the development of the project:

- **Sustainable Business Development:** There was and is a need to support sustainable business development activities and continue the capacity of families to increase their earning ability through income generating activities. This includes the training of families to produce products as well as progressing to the next step by training families how to sell products and establish a business (through a cooperative structure)

- **Poor utilizations of local resources:** There was a need to improve the quality of agricultural resources through more skilled and intensive methods, and to start local processing of the raw materials through activating the vacant labour force into vocational training and follow-up activities. Also a need to revive some of the old industry that was based on utilization of national resources.
- **National budget deficit and negative trade balance:** Need to focus on national self-sufficiency through increased production for the domestic market, and at the same time specialization on certain products for export.
- **Lack of finance, competence and organizational structures for sustainable small-and-medium sized enterprises:** Need for finance, competence and capacity building both in private and public sector.

## Our Success

The main result of the WPMP project was the establishment of the Cooperative Union “Nooson Zangilaa” (‘Woolen Knot’) with its 9 production cooperatives (approximately 200 active producers), opening of the wool shop “Tsagaan Alt” in central Ulaanbaatar and establishment of the Training Center NGO, Wool Craft Competence Centre.

In addition to the establishment of locally managed structures to ensure the continued success of the project activities, another major achievement of the project has been significant contribution to strengthening the cooperative environment in Mongolia.

This has been achieved through the establishment of the production cooperatives and Cooperative Union in addition to advocacy and policy work at a government level (including organization of the first National Cooperative Assembly in 2007). The cooperatives and cooperative union set up through the WPMP project are now looked upon as ‘model’ cooperatives and are able to provide advice to other cooperatives operating in Mongolia. This is a major achievement which will have a continued impact over many years to come.

In conjunction with NLM and the International Trade Centre (ITC), the Cooperative Union’s producers and management organized National Felt exhibitions and competitions. One of the exhibitions, “Naturally Spring”, was held in March 2007 at the Mongolian Art Gallery. The special character of the event was the showcase of naturally dyed products, used 14 different technologies. In April 2008, Nooson Zangilaa organized an exhibition which featured the Best Export Products from recent international trade fairs. The Cooperative Union has attended various international trade fairs, most recently the Ambiente Trade Fair in Frankfurt (February 2008) which resulted in extremely positive feedback and a large number of export orders.

WPMP’s successes have ranged from bringing innovation to traditional Mongolian hand craft production to training over 2000 people in felt making to providing a main income source to many producers (most now earn an average of 100,000MNT to 300,000MNT a month) and their families to saving the traditional felt making process from becoming extinct to being awarded prizes for quality and design at National and International Trade Fairs.

*I took part in Norwegian Lutheran Mission’s Selenge Development Project’s training “How to make wool products” in 1998 in Darhan. I was taught how to make home slippers by the teacher Otgonjargal. At that time I was only interested to know, what could be produced using wool. But now I am very happy with fact that wool has become the income source of my life. Moreover, it is also my working place. My 2 children graduated University and this was only possible due to the income I received from making felt product. I am really proud to remember that the tuition fee was paid from products which I made and sold thanks to the training from WPMP and NLM and being involved in this project has changed my life. Our cooperative Darhan Horshih was founded with help of the project in 2004. We have 18 members and are still continuing our activity.*

S.Naranchimeg, leader of the Cooperative “Darkhan Khorshih”

## Nooson Zangilaa Cooperative Union

"Nooson Zangilaa" Cooperative Union was established in June 2006, to coordinate and unite the activities of 10 Cooperatives from Ulaanbaatar, Selenge and Darkhan. These Cooperatives are made up of 200 home producers who have all come from disadvantaged backgrounds and all the products sold through our Cooperative Union provide a valuable income source and opportunity to our producers. These producers have been trained in felt and spinning methods over 10 years through the support of Norwegian Lutheran Mission (NLM) Mongolia.

The main goal of the Cooperative Union is to empower vulnerable families to improve their living conditions in a sustainable way through the production and sale of wool craft products.

Nooson Zangilaa aims to:

- To be an ideal to the group of people who are formed as cooperative and to demonstrate its importance and advantages.
- To be recognized by other governmental and non-governmental organizations, cooperatives and business organizations, and to work together with them and share experience as well.
- To promote products made by member cooperatives,
- To organise the production and sale of quality felt goods to the domestic and foreign markets through Tsagaan Alt Wool Shop
- To provide the necessary raw materials and equipments and
- To conduct necessary trainings

Nooson Zangilaa prides itself on the production and sale of high quality, fine wool Mongolian products. All of our products are handmade using traditional, environmentally friendly Mongolian handcraft techniques using the highest quality raw materials within Mongolia. The products are currently sold through Tsagaan Alt Wool Shop domestically and abroad in countries such as Norway, Germany, New Zealand, France, Italy, America and Japan.

By using various sorts of wools like fine and semi fine wool, angora cashmere and camel wool, the producers produce a wide range of products including:

- Slippers (adult, children and baby)
- clothing
- souvenirs, felt wall hangings
- accessories (such as bags, hats, carpets)

Distinctive characteristics of the products are:

- Made up of 100% fine and semi fine wool felts
- Accessories like felt, horn and wool button are completely hand made
- Made with hand knitted threads
- Eco-friendly and pure natural products
- Light, warm and soft
- Well suited to the needs of the customers
- High quality
- Dyed using natural and chemical dyes
- Offer an opportunity for clients to order desired design and colors

The Cooperative Union has also participated in domestic exhibitions in conjunction with bodies such as the Mongolian National Chamber of Commerce and Industry (MNCCI). At these events, the products have received numerous awards and recognition such as Mongolian 'Best 99 products 2005 & 2007', 'Green Label' for eco product 2006 and Prize for Export 2007.

### Our Cooperatives

Mongolian Wool Craft Competence Centre Training NGO  
Nooson Yurtunch Cooperative (Wool World)  
Ulamjlalt Esgii Cooperative (Traditional Felt)  
Nooson Urlal Cooperative  
Noos Altan Bolomj Cooperative (Wool Golden Chance)  
Esgii Goyol Cooperative (Felt Decoration)

Darkhan Noos Cooperative  
Darkhan Khorshikh Cooperative  
Darkhan Angor Cooperative  
Darkhan Enkhjikh Cooperative

Include COOPERATIVE UNION management structure

*At the beginning, we were home producers and the members of the group were our family members. From June 2005, we registered and became an official cooperative with 9 members*

*We all are happy to be a cooperative and work as a team and proud of being able to sell our products in the market which is ultimately contributing to our lives. We are very satisfied for the products that we have made. Therefore, I would like to say thank you to the project and project staff for their valuable assistance in helping us and organising useful trainings.*

L.Tugsbuyan, leader of the Cooperative "Nooson Ural"

## **Tsagaan Alt Wool Shop**

Tsagaan Alt is a non profit store and all products sold in Tsagaan Alt are made by home producers who have received their training through WPMP.

The Tsagaan Alt Wool Shop opened on the 19<sup>th</sup> of November 2001 and, since that time, has sold high quality felt and wool craft products to foreign tourists, expatriates living in Mongolia and Mongolians.

The products in the shop have gone through a strict quality control process and are bought from home producers for a fair price. All goods are made and processed from natural, raw materials sourced entirely from within Mongolia. The production of felt is based on traditional environmentally friendly Mongolian techniques. Everything is done by hand, from the laborious cleaning of the wool to the demanding felting process.

The Cooperative Union and Tsagaan Alt have successfully been invited to annual trade fairs where our products have received numerous awards and recognition.

### **Our Producers**

Our producers have all come from disadvantaged backgrounds and the products sold in Tsagaan Alt provide a valuable income source and opportunity for our producers. Currently Tsagaan Alt provides income for approximately 200 families. Most producers are now earning between 100,000MNT to 300,000MNT per month.

By purchasing products through Tsagaan Alt, customers are directly providing income to people who were previously living below the poverty line.

100% of the price paid goes back to the producers in income, Cooperative Union tax and operating costs.

### **Our Products**

Tsagaan Alt Wool Shop prides itself on the production and sale of high quality, fine wool Mongolian products. Tsagaan Alt offers the opportunity for customers to order their desired design, size and colours. All products are handmade using traditional, environmentally friendly Mongolian handicraft techniques - using the highest quality raw materials within Mongolia. Many of the products are hand dyed using natural dyes (such as plant and vegetable extracts).

All products offered have distinctive characteristics, are hand made and are made up of 100% fine and semi fine wool felts. Production and delivery time depends on the size of the order, type of product/s ordered and season.

## **Wool Craft Competence Centre Training NGO**

“Wool Craft Competence Center” (WCCC) NGO was established by WPMP on 7<sup>th</sup> July 2006 as an independent body with NGO status. WCCC was established to continue the wool craft training previously provided by WPMP.

WCCC is a member of the Nooson Zangilaa Cooperative Union. WCCC’s goal is to make a concrete contribution to the Mongolian economic development by providing life skills to people, improving their living condition in a sustainable way as well as to encourage small and medium scale enterprises with the aim to decrease local unemployment.

Within the operational framework of the center, WCCC have organized basic and advanced level trainings in following directions:

- Processing and chemical dyeing of felt crafts
- Knitting and spinning
- Uran zangilaa
- Suvsan Helhee

WCCC’s Mission Statement;

- To create work place and to increase family income through enabling people to produce and sell wool crafts
- To organize handicraft trainings extensively in Mongolia involving low income people to improve their living conditions

WCCC achievements. WCCC has

- o Trained about 2500 people since 1996
- o Prepared the number of first training facilitators in both urban and rural areas
- o Developed felt craft as a new business approach

## **CONTACT DETAILS**

### **Tsagaan Alt Wool Shop**

Opposite State Department Store  
Building # 68  
Ulaanbaatar City  
Mongolia

Phone	+976 11 318 591
Fax	+976 11 318 591
Email	tsagaan-alt@magicnet.mn
Website	www.tsagaanalt.com
Opening Hours	Monday to Friday 10am to 6pm Saturday 10am to 5pm Sunday 10am to 5pm (summer schedule)

### **Nooson Zangilaa Cooperative Union**

Ulaanbaatar  
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### **Wool Craft Competence Centre Training NGO**

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## **INSIDE FRONT COVER:**

*30 years ago, I tried to study felt. At that time, it was prohibited to produce and promote things that had a traditional Mongolian attribute and people almost stopped using and producing felt. Felt making was*

*done secretly in the field by the light of a tractor- it was such a hard time. Gradually, over time people started to understand that felt making is not only a simple hand craft, but a big art branch and felt making was resurrected in Mongolia.*

*This resurrection was helped by organizations such as the Norwegian Lutheran Mission (NLM). NLM's wool project has worked in a short period with a lot of successful results and has helped to save felt making in Mongolia. I have worked closely with their workers to provide training. I am happy that this project is phasing out with good results and wish to all people who have been involved all the best in the future and that their 9 white wishes will come true.*

Dr. L.Batchuluun, Professor at the Institute for the Study of Arts and Culture at the Mongolian University

#### **BACK INNER PAGE:**

WPMP has made a significant contribution to improving the lives of Mongolian families, and to the Mongolian felt industry, by empowering people through training and income generation activities and through pioneering the new 'cooperative' approach to organizing businesses in Mongolia. Key project components include:

- **Nooson Zangilaa Cooperative Union:** The Cooperative Union was established in 2006 as an umbrella organization to the primary producers. There are currently 10 members (9 producer cooperatives and WCCC) registered with CU. CU provides coordinated purchasing of raw materials as well as a central administrative, marketing and sales arm for the Cooperatives. The CU is positioned as the 'key' partner to coordinate all the services which have been offered and coordinated through WPMP. The Executive Director and CU Board are elected from its members.
- **Wool Craft Competence Centre:** WCCC Training NGO was established in 2005 and offers felt making to the public. It is regarded as the national training authority in making wool craft products and is also a member of CU. WCCC was established to continue the wool craft training previously provided by WPMP.
- **Tsagaan Alt Wool Shop:** Established in 2001, Tsagaan Alt is the retail and marketing arm of CU and has developed a reputation as the leading market retailer and marketer of quality wool craft products.

#### **WPMP Partners:**

- Mongolian Cooperative Training and Information Centre (MCTIC): Key training provider;
- ITC: Building capacity
- Mongolian National Chamber of Commerce and Industry (MNCCI)
- Ministry of Food and Agriculture (Mongolia)
- VSO Mongolia

**Nooson Zangilaa Cooperative Union  
Operational Structure**

