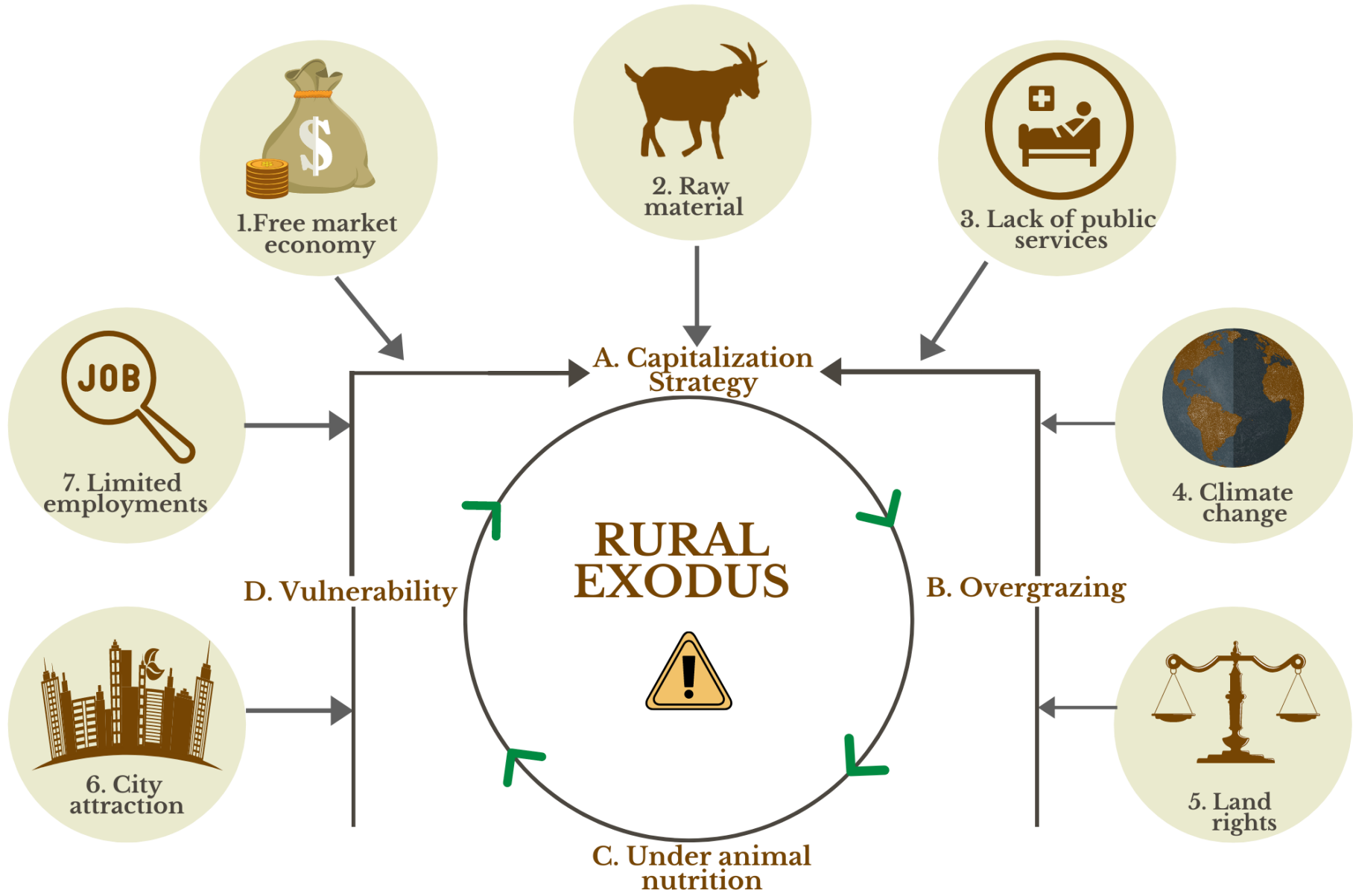


VICIOUS CIRCLE



LEGENDS

A. Capitalization strategy:

Increase of livestock numbers without regulations. No incentive for quality. Specialization in the most profitable animal specie: goats.

B. Overgrazing:

Rangeland are depleting.

C. Under animal nutrition:

Decrease of the quality and quantity of fodder, impact on animal nutrition and livestock product quality.

D. Vulnerability:

Loss of income increased herd and household vulnerability to climate conditions and desertification.

1. Switch from planned economy to free market context (herders are producers) and absence of policy or market based mechanisms to regulate livestock numbers.

2. Lack of access to fairly priced markets for quality livestock products.

3. Lack of access to affordable services: health, education, WASH, veterinary and breeding, financial...

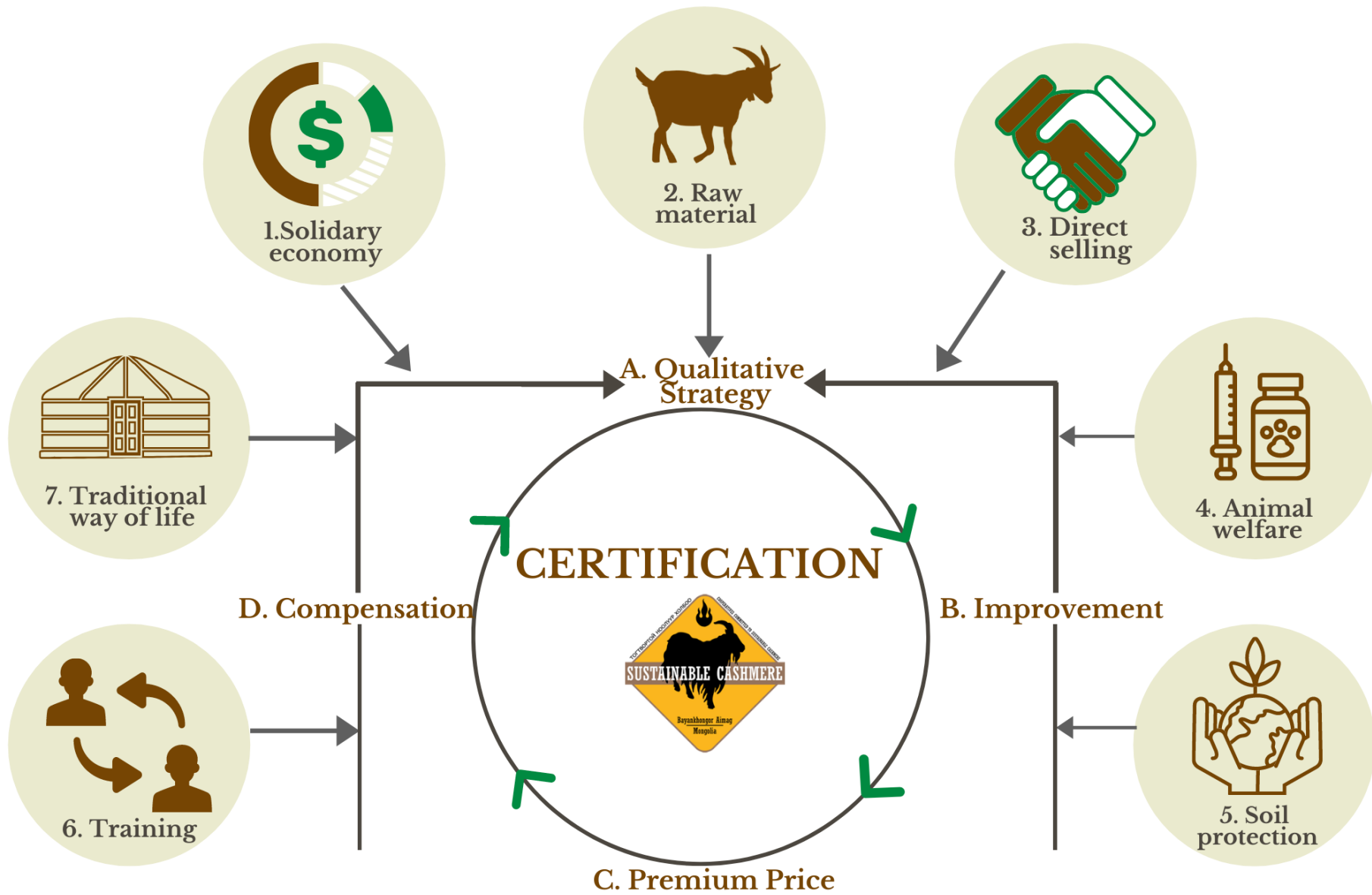
4. Climate change and high vulnerability of herds to climatic conditions.

5. Limited formal recognition of land rights - land grabs by mining or other forms of land use.

6. City attraction for herders' children: social, health and education advantages.

7. Very limited employment opportunities.

VIRTUOUS CIRCLE



LEGENDS

A. Qualitative Strategy. Herders make decisions to sustainably manage their pastures.

B. Improvement. Herders are committed to improve the quality of their cashmere (breed, food quantity and quality supply ...)

C. Premium price. Herders get an environmental premium for adopting sustainable practices.

D. Compensation. Herders are rewarded for their efforts. Including their herd number decrease.

1. Ensure sustainable livelihoods through a fair price. The base price fluctuates depending on international market. The profit is distributed in agreement with all the decision-making members of each cooperative.

2. Methodical cashmere harvesting (sorting by sex, age, color of the goats...). Herders use combing method instead of shearing. By respecting animal welfare.

3. No middleman. Contracts pass directly through Union. Sale from herder cooperative members to national and international textile industries.

4. Supply food by quality and quantity especially to go through winter time. Veterinarians visit: vaccination, consultation...

5. Pasture management to reduce environmental impact. Soil rotation to avoid overgrazing and desertification (internally supported by NFPUG).

6. Herders learn knowledge tools in order to understand sustainable herding techniques. Optimizing their sustainable practices.

7. Willingness of semi-nomadic families to perpetuate the traditional Mongolian way of life.