

EBRD supports expansion of Mongolia's APU Dairy

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The European Bank for Reconstruction and Development (EBRD) is supporting the development of Mongolia's agribusiness sector, which employs almost one-third of the country's workforce and accounts for nearly 13 per cent of its GDP, by granting a \$20 million loan (in MNT equivalent) to one of the largest domestic producers of dairy products, APU Dairy.

This loan, supported by concessional finance of up to \$2 million provided by the government of Canada under the High Impact Partnership on Climate Action (HIPCA), will help APU Dairy (which is fully owned by APU JSC, the oldest and largest beverage producer in Mongolia) to finance the expansion of its processing plant, the acquisition of new processing and packaging lines, and the upgrading and expansion of its milk sourcing arrangements, as well as helping to meet its working capital needs.

The project is co-financed through a similar-sized parallel loan provided by the Asian Development Bank, contributing to APU Dairy's investment programme.

As part of the project, APU Dairy will work to improve the climate change resilience of more than 1,700 local farmers who are supplying raw milk to the company. It will also help small-scale yak herders in the Arkhangai region adopt new technologies and acquire necessary market skills to improve their productivity and sustainability.

Technical assistance to support the adoption of climate-smart farming practices in the Mongolian dairy sector will be provided by Canada and implemented by the United Nations Food and Agriculture Organization. The project will also benefit from technical assistance provided by the Japan-EBRD Cooperation Fund.

The EBRD has invested more than \$2.4 billion in Mongolia's economy through 150 projects to date. Almost 90 per cent of these funds have been channelled to private-sector companies.