

ADB, APU Dairy sign \$20 Mn loan to strengthen Mongolia's dairy sector

29 November 2024 | News

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The Asian Development Bank (ADB) and APU Dairy LLC have signed a \$20 million (equivalent in Mongolian togrog) loan to support nomadic herders by integrating them into the dairy value chain, enhancing dairy processing capacity, and promoting sustainable herd management practices. The project will boost Mongolia's dairy supply and strengthen its food security through domestic milk sourcing and domestic processing of dairy products.

ADB's financing also includes up to \$750,000 in technical assistance to build the capacity of 300 herders on sustainable herd and pasture management, financial literacy, gender equality, disability awareness, and climate resilience. The European Bank for Reconstruction and Development joins ADB as a cofinancer and parallel lender.

"This partnership with APU Dairy is a significant step toward a more resilient and inclusive dairy value chain in Mongolia. It will enhance the country's food security by supporting local milk production and helping herders adapt to climate and economic challenges. All value chain stakeholders will share the project's benefits, improving the livelihoods of 1,000 herders and giving women better access to job opportunities and greater inclusion in the dairy supply chain," said Suzanne Gaboury, ADB Director General for Private Sector Operations.

Mongolia currently produces 800 million litres of raw milk annually, but only 10 per cent is processed into finished products. Dairy production facilities run at half capacity due to the absence of linkages with herders. Milk production peaks during the summer and plummets in winter, making Mongolia reliant on imported milk powder in colder months.