

ADB to help green and inclusive agribusiness in Mongolia

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The Asian Development Bank (ADB) approved a \$448 million investment program to support the green and inclusive development of Mongolia's Aimags (provinces) and Soums (subprovinces).

The Aimags' and Soums' Green Regional Development Investment Program will promote a transformative model for green territorial development and green urban-rural linkages. Secondary towns (aimag and soum centres) will become anchors of climate-smart agribusinesses that promote sustainable, resilient, and low-carbon rangeland management.

"The program pilots an integrated solution to Mongolia's multidimensional challenges by balancing its territorial development, reducing migration to Ulaanbaatar, and regenerating rangeland natural resources for carbon capture," said Arnaud Heckmann, ADB Principal Portfolio Management Specialist. "The program is designed for replicability within and outside of Mongolia."

Mongolia's rangelands cover 82 per cent of the country and are under severe threat due to livestock pressure on pastureland and unsustainable rangeland management practices. Climate change has reduced the productivity of fragile rangelands and has increasingly exposed herders to climate-related natural hazards.

With an initial focus on western aimags, the program will implement climate-resilient, high-carbon sequestration, and sustainable rangeland management to support herder groups and empower them with sustainable livestock and agricultural management practices. It will promote renewable energy and low-carbon solutions through urban services, to build livable aimag and soum centres as anchors for a green agribusiness value chain.

To expand financial access for low-carbon and climate-resilient agribusiness value chains, the project will establish a green and inclusive regional agribusiness fund to provide climate-smart financial mechanisms and institutions to overcome the financial bottlenecks of agribusiness small and medium-sized enterprises. This will generate green jobs and promote green economic recovery and diversification.

The total program cost is \$735 million, with counterpart financing from the Government of Mongolia and the private sector, along with cofinancing from the European Investment Bank, European Union, and the Green Climate Fund. A \$3 million grant is sourced from the Asian Development Fund (ADF). The ADF provides grants to ADB's poorest and most vulnerable developing member countries. The project will be implemented in three stages (tranches) and is expected to be completed in 2033.