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## **IIB makes another important contribution to the sustainable development of Mongolia's key sector of economy: a loan provided to the leading national cashmere producer - GOBI JSC**

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International Investment Bank and the largest cashmere producer of Mongolia - GOBI JSC, have concluded a loan agreement for the amount of 30 million euros for a period of 7 years.

According to the provisions of the agreement, GOBI intends to direct these funds to the development of its current activities and to ensure the supply continuity of high-quality raw materials from local herders for the production of world famous Mongolian cashmere.

Mongolia accounted for 48% of the world raw cashmere market, producing around 9,500 tons of raw cashmere in 2018. Compared to coal, copper and gold, cashmere is a naturally renewable commodity, whereby the fibres are combed off the goat in the shedding season, immediately after the harsh Mongolian winter, causing no harm to the animal, and, thus, can be a sustainable industry, benefiting both the Mongolian economy and its nomadic heritage.

Created in 1981, GOBI JSC is a vertically integrated company with a more than 80% share of the Mongolian cashmere garment market. It is the largest in the country and one of the world's leading manufacturers of high quality cashmere fabrics and garments.

Currently GOBI controls and implements a full vertically integrated production and distribution of cashmere products - from the purchase of raw materials from herders to the sale of finished clothes in its international network of company stores.

GOBI's direct suppliers include over 25,000 small livestock enterprises across the country. Hence, IIB credit support will not only ensure uninterrupted and full-scale supply of high-quality raw materials, but will also contribute to the sustainable development of a key agricultural sector, which generates a significant share of national employment and exports.

Within the framework of the concluded loan agreement GOBI undertakes a number of important obligations related to responsible financing and sustainable development of livestock, namely, measures to improve the living standards of herders and their families, provision of dissemination and implementation of best practices, valuing animals and natural resources.

IIB and GOBI have a long-standing fruitful relationship, which goes back to 2001, when the Bank granted the first loan to GOBI for the amount of 5 million dollars aimed at developing new product lines and working capital replenishing.

*"This loan is an exemplary "development transaction" for IIB fully consistent with the Bank's*

*Mission and Strategy, - said **Georgy Potapov, IIB Deputy Chairperson of the Management Board in charge of Lending and Investment**, - "it helps to provide employment and improve well-being of tens of thousands of people, ensures a dynamic growth of the driving enterprise of national economy of the IIB member state, helps to expand exports and strengthen trade and economic ties of Mongolia with other countries, including IIB geographies. We intend to continue our best efforts to ensure a share increase of such deals in our loan portfolio".*