



Mongolia: COVID-19 Rapid Response Program

Project Name	COVID-19 Rapid Response Program				
Project Number	54174-001				
Country	Mongolia				
Project Status	Approved				
Project Type / Modality of Assistance	Loan				
Source of Funding / Amount	<table border="1"> <tr> <td>Loan 3922-MON: COVID-19 Rapid Response Program</td> <td></td> </tr> <tr> <td>Ordinary capital resources</td> <td>US\$ 100.00 million</td> </tr> </table>	Loan 3922-MON: COVID-19 Rapid Response Program		Ordinary capital resources	US\$ 100.00 million
Loan 3922-MON: COVID-19 Rapid Response Program					
Ordinary capital resources	US\$ 100.00 million				
Strategic Agendas	Inclusive economic growth				
Drivers of Change	Governance and capacity development				
Sector / Subsector	Health - Health system development Public sector management - Public expenditure and fiscal management - Social protection initiatives				
Gender Equity and Mainstreaming	Effective gender mainstreaming				
Description	The proposed COVID-19 Pandemic Response Option (CPRO) will, in the short-term, help the government mitigate the negative economic impact and the significant decrease in trade and capital flows caused by the COVID-19 pandemic, alongside falling commodity price trends. The government's ongoing initiatives include a Coronavirus Pandemic Response Plan designed to contain the spread of the disease while strengthening the health system, and a significant increase in expenditure with an important rise in transfer payments that will ease the burden on vulnerable people.				
Project Rationale and Linkage to Country/Regional Strategy	<p>Since 2017, Mongolia has been recovering from a difficult economic period. Economic growth decelerated from a peak of 17.3% in 2011 to 1.2% in 2016, as net FDI inflows totally collapsed from \$4.5 billion to negative \$4.2 billion, coal exports decreased by 57.2%, terms of trade deteriorated significantly due to external shocks, and large mining projects were delayed. These factors pushed public debt to 109.1% of GDP in 2016, with a fiscal deficit of 15.3% in the same year. As a result, in May 2017, the International Monetary Fund (IMF) approved a 3-year Extended Fund Facility (EFF) of \$5.5 billion, which was also supported by other development partners, including the World Bank and ADB. Economic performance over 2017-2019 was relatively robust, with growth recovering 5.3% in 2017, rising to 7.2% in 2018 and moderating at 5.1% in 2019.</p> <p>Before the COVID-19 pandemic, this recovery was already moderating. The slowdown in economic activity became apparent in the second half of 2019 as fourth quarter growth dipped to 2.2%, making it the slowest quarter since the third quarter of 2016. This was driven by falling commodity prices directly impacting Mongolia's export prices, declining production in the mining sector and reduced economic activity in the PRC. The combined result was a downward adjustment in mining sector production and exports, and their transmission to non-mining sectors. As of February 2020, Mongolia's export price index decreased by 8.7% month on month and by 7.0% on year over year basis. Mongolia will experience a severe economic slowdown due to the COVID-19 pandemic. The current turmoil in the global economy, capital markets and commodity markets due to COVID-19 pandemic, has weakened the global, regional and country-specific outlook. Consequently, GDP growth in Mongolia will be much lower in 2020 than envisioned ADB has revised the 2020 forecast down from 6.1% to 2.1%. A protracted global economic crisis due to the COVID-19 pandemic would further worsen this outlook considerably and may require support beyond the scope of this intervention.</p>				
Impact	Adverse effects of the COVID-19 pandemic on the economy are mitigated and poverty is alleviated.				
Project Outcome					
Description of Outcome	Negative health and economic effects of the COVID-19 crisis on vulnerable groups mitigated.				
Progress Toward Outcome					
Implementation Progress					
Description of Project Outputs	Measures and increased fund allocation for social protection programs for the most vulnerable groups implemented Measures to safeguard productive sectors and MSMEs from the downturn implemented Measures to strengthen infection prevention and control established				
Status of Implementation Progress (Outputs, Activities, and Issues)					
Geographical Location	Nation-wide				
Safeguard Categories					
Environment	C				
Involuntary Resettlement	C				
Indigenous Peoples	C				
Summary of Environmental and Social Aspects					
Environmental Aspects					
Involuntary Resettlement					
Indigenous Peoples					

Stakeholder Communication, Participation, and Consultation	
During Project Design	
During Project Implementation	
Responsible ADB Officer	Van Rijn, Johannes Jacobus Frederik
Responsible ADB Department	East Asia Department
Responsible ADB Division	Public Mgt, Financial Sector and Regional Coop Division, EARD
Executing Agencies	Ministry of Finance (formerly Ministry of Finance and Economy) S.Danzangiin Gudamj 5/1, Zasgiin Gazriin II Bair, Ulaanbaatar 15160 Mongolia
Timetable	
Concept Clearance	-
Fact Finding	02 Apr 2020 to 02 Apr 2020
MRM	16 Apr 2020
Approval	12 May 2020
Last Review Mission	-
Last PDS Update	13 May 2020

Loan 3922-MON

	Financing Plan		Loan Utilization			
	Total (Amount in US\$ million)		Date	ADB	Others	Net Percentage
Project Cost	100.00		Cumulative Contract Awards			
ADB	100.00		-	0.00	0.00	%
Counterpart	0.00		Cumulative Disbursements			
Cofinancing	0.00		-	0.00	0.00	%

Project Page	https://www.adb.org/projects/54174-001/main
Request for Information	http://www.adb.org/forms/request-information-form?subject=54174-001
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