



Grant Assistance Report

Project Number: 55023-001
June 2021

Proposed Administration of Grant Mongolia: Strengthening Rapid Epidemic Response Capacity of Health Systems Project Financed by the Japan Fund for Poverty Reduction

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Asian Development Bank

CURRENCY EQUIVALENTS

(as of 4 June 2021)

Currency unit	–	togrog (MNT)
MNT1.00	=	\$0.00035
\$1.00	=	MNT2,852.02

ABBREVIATIONS

ADB	–	Asian Development Bank
AEFI	–	adverse effects following immunization
APVAX	–	Asia Pacific Vaccine Access Facility
COVID-19	–	coronavirus disease
GDP	–	gross domestic product
IPC	–	infection prevention and control
JFPR	–	Japan Fund for Poverty Reduction
MOH	–	Ministry of Health
NCCD	–	National Center for Communicable Diseases
O&M	–	operations and maintenance
PAM	–	project administration manual
PIU	–	project implementation unit
PPE	–	personal protective equipment
RT-PCR	–	reverse transcription polymerase chain reaction
UN	–	United Nations
UNICEF	–	United Nations Children’s Fund
WHO	–	World Health Organization

GLOSSARY

<i>aimag</i>	–	province
<i>ger</i>	–	yurt or traditional dwelling
<i>soum</i>	–	subunit of an <i>aimag</i>

NOTE

In this report, “\$” refers to United States dollars.

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PROJECT AT A GLANCE

1. Basic Data		Project Number: 55023-001	
Project Name	Strengthening Rapid Epidemic Response Capacity of Health Systems Project	Department/Division	EARD/EASS
Country Recipient	Mongolia Government of Mongolia	Executing Agency	Ministry of Health (formerly Ministry of Health and Sports)
Country Economic Indicators Portfolio at a Glance	https://www.adb.org/Documents/LinkedDocs/?id=55023-001-CEI https://www.adb.org/Documents/LinkedDocs/?id=55023-001-PortAtaGlance		
2. Sector	Subsector(s)	ADB Financing (\$ million)	
		Total	0.00
3. Operational Priorities		Climate Change Information	
<ul style="list-style-type: none"> ✓ Addressing remaining poverty and reducing inequalities ✓ Accelerating progress in gender equality ✓ Strengthening governance and institutional capacity ✓ Fostering regional cooperation and integration 		GHG reductions (tons per annum)	0.000
		Climate Change impact on the Project	Low
		ADB Financing	
		Adaptation (\$ million)	0.00
		Mitigation (\$ million)	0.00
		Cofinancing	
		Adaptation (\$ million)	0.00
		Mitigation (\$ million)	0.00
Sustainable Development Goals		Gender Equity and Mainstreaming	
SDG 1.5, 1.a SDG 3.3, 3.8		Some gender elements (SGE)	✓
		Poverty Targeting	
		General Intervention on Poverty	✓
4. Risk Categorization:	Low		
5. Safeguard Categorization	Environment: C Involuntary Resettlement: C Indigenous Peoples: C		
6. Financing			
Modality and Sources		Amount (\$ million)	
ADB		0.00	
None		0.00	
Cofinancing		5.00	
Japan Fund for Poverty Reduction - Project grant (Full ADB Administration)		5.00	
Counterpart		0.36	
Government		0.36	
Total		5.36	
Currency of Financing: US Dollar			

I. INTRODUCTION

1. The coronavirus disease (COVID-19) pandemic is causing significant health, social, and economic impacts on Mongolia. The project will help the country respond to the ongoing outbreak of COVID-19 by providing resources and training support that will help strengthen its capacity for (i) conducting reverse transcription polymerase chain reaction (RT-PCR) tests, (ii) administering COVID-19 vaccines to target populations in compliance with infection prevention and control (IPC) protocols, (iii) ensuring the complete uptake of immunization services by target groups, and (iv) undertaking post-immunization surveillance. The project is closely linked to the Support for COVID-19 Vaccine Delivery in Mongolia under the Asia Pacific Vaccine Access Facility which will provide safe and effective COVID-19 vaccines in Mongolia.¹ The project has strong pro-poor and socially inclusive features.

II. THE PROJECT

A. Rationale

2. **COVID-19 pandemic and government response.** On 30 January 2020, the World Health Organization (WHO) declared the COVID-19 outbreak a public health emergency of international concern. On 11 March 2020, WHO declared the COVID-19 a pandemic.² By 3 June 2021, nearly 171.6 million people had been diagnosed with COVID-19, with more than 3.7 million deaths, globally.³ The first case of community transmission in Mongolia was reported on 10 November 2020, and since then several clusters of local transmission have emerged in Ulaanbaatar and in six provinces. The Government of Mongolia initiated stringent measures to prevent the spread of COVID-19, including international and national travel restrictions; the closure of schools and kindergartens and all non-essential business, public awareness campaigns, restrictions on public gatherings, meetings, and celebrations; and preparation of hospitals to manage emergencies in the event of a surge of cases. The government has implemented three rounds of strict lockdowns from November 2020 to end of May 2021. As of 3 June 2021, there have been 60,372 cases of COVID-19 with 286 deaths recorded in the country (footnote 3). The risk of continued community spread of COVID-19 remains substantial. Of these, some 522,428 people are at high risk (i.e., frontline medical workers, emergency management staff, police and border military personnel, state inspectors, and the elderly).

3. **Socioeconomic impact.** The COVID-19 crisis is more severe and prolonged than the initial expectations in early 2020. In 2020, the economy of Mongolia shrank significantly by 5.3% in 12 months because of the COVID-19 crisis, a drop of 10.5 percentage points compared with 2019. The official job losses reached 63,900 or 5.4% of total employment, and unemployment rate increased by 1.0 percentage point to 7.6% in the second half of 2020. Except agriculture, all sectors—including construction, services, trade, transportation, and other industries shrank, affected by negative spillovers of the pandemic. Overall budget deficit increased significantly to 9.6% of the gross domestic product (GDP) in 2020 because of revenue shortfalls, fiscal response measures against the COVID-19, and contraction in GDP. This led to a temporary increase in public debt-to-GDP ratio, including the central bank's external liabilities, by 14.1 percentage points to 92.4% by end of 2020. Public health concerns have been elevated since the first community transmission of COVID-19 in November 2020.

¹ ADB. [Mongolia: Support for COVID-19 Vaccine Delivery in Mongolia under the Asia Pacific Vaccine Access Facility](#).

² WHO. [Coronavirus Disease \(COVID-19\) Pandemic](#) (accessed 4 June 2021).

³ WHO. [WHO Coronavirus \(COVID-19\) Dashboard](#) (accessed 4 June 2021).

4. To effectively pursue COVID-19 containment measures, Mongolia needs to expand its network of molecular biology laboratories to increase capacity for RT-PCR testing. The increased testing capacity will help the government expand screening and surveillance of the population and thereby reduce COVID-19 cases. At the same time, the country needs to rapidly prepare for COVID-19 vaccination to bring the epidemic under control and allow the country to safely reopen borders, enterprises, and schools. The efficient and safe distribution and administration of the vaccine requires capacity development and resource support for social mobilization and community engagement, compliance with IPC protocols at all immunization units, registration, recording and reporting, and post-vaccine surveillance.

5. **ADB's value addition and lessons.** The Asian Development Bank (ADB) is one of the most important and long-standing development partners in Mongolia's health sector. ADB supported the government in critical health system reforms to (i) shift priorities from hospital-based curative services to more efficient and cost-effective primary health care, (ii) improve health financing system to support universal health coverage and increase financial protection of people, (iii) rationalize the hospital sector and provide more autonomy for public hospitals to increase efficiency and quality of care, and (iv) improve patients' safety through optimization of health services and provision of medicines.⁴ With ADB's policy support, the government has developed the health sector master plan and amended respective laws and regulations.⁵ The project will build on the lessons and achievements from ADB's past health sector assistance, and will be aligned with the following operational priorities of the ADB Strategy 2030: (i) addressing remaining poverty and reducing inequalities; (ii) accelerating progress in gender equality; (iii) strengthening governance and institutional capacity; and (iv) fostering regional cooperation and integration. The project will also support Mongolia's firm commitment to the Central Asia Regional Economic Cooperation health cooperation, with a new Central Asia Regional Economic Cooperation health strategy leading to 2030 under formulation.

6. **ADB's response to the COVID-19 pandemic.** ADB supported Mongolia during the COVID-19 pandemic with the following rapid response measures: reallocation of \$1.4 million under an existing health sector operation to support the procurement of emergency health equipment, a small-scale technical assistance project for emergency response systems, and \$2.5 million in grant support from the Asia Pacific Disaster Response Fund (including \$1.5 million from the Government of Japan) to support further procurement of emergency medical equipment.⁶ It also includes short- and medium-term responses, including a \$30.0 million loan to support disease control in the health sector, a \$26.4 million loan and an additional \$73.0 million loan to strengthen social protection measures for vulnerable groups, and technical assistance resources to strengthen the capacity of the domestic violence response in the country.⁷ ADB also repurposed \$24 million under ADB's support to the Credit Guarantee Fund to directly support small and medium-sized enterprises in distress.⁸ In addition, \$100 million was provided under the COVID-19 Pandemic Response Option/Countercyclical Support Facility modality to support the

⁴ ADB. [Mongolia: Improving Access to Health Services for Disadvantaged Groups Investment Program](#); ADB. Mongolia: [Improving Health Care Financing for Universal Health Coverage](#); ADB. [Mongolia: Strengthening Hospital Autonomy](#); ADB. [Mongolia: Improving Access to Affordable Medicines in Public Hospitals](#); ADB. [Mongolia: Fourth Health Sector Development Project](#); and ADB. [Mongolia: Fifth Health Sector Development Project](#).

⁵ ADB. [Mongolia: Development of the Health Sector Master Plan, 2019–2027](#).

⁶ ADB. [Mongolia: Fifth Health Sector Development Project](#); ADB. [Mongolia: Support for Improving the Preparedness and Response to Novel Coronavirus Outbreak](#); ADB. [Mongolia: COVID-19 Emergency Response Project–Phase 1](#); and ADB. [Mongolia: COVID-19 Emergency Response–Phase 2](#).

⁷ ADB. [Mongolia: Fifth Health Sector Development Project \(Emergency Assistance Loan for Additional Financing\)](#); ADB. [Mongolia: Shock-Responsive Social Protection Project](#); ADB. [Mongolia: Second Shock-Responsive Social Protection Project](#); and ADB. [Mongolia: Addressing and Preventing Domestic Violence during the COVID-19 Crisis](#).

⁸ ADB. [Mongolia: Supporting the Credit Guarantee System for Economic Diversification and Employment Project](#).

government to manage the economic impact and respond to the health and social protection needs the pandemic has created.⁹ To facilitate the purchase of screening equipment at selected border crossing points, \$75,000 was reallocated from ADB's Regional Improvement of Border Services project.¹⁰ Finally, in response to an urgent government request, ADB approved a vaccine support project (footnote 1), financed from its Asia Pacific Vaccine Access Facility (APVAX).¹¹

7. **Development partner coordination.** A joint health sector task force led by the United Nations (UN) and the Ministry of Health (MOH) is coordinating the COVID-19 emergency response actions in Mongolia. Task force members include ADB, European Commission, nongovernment organizations, specialized UN agencies, WHO, and the World Bank. This task force also has the mandate to coordinate international assistance to the health sector. So far, most assistance has been provided by ADB and various bilateral agencies, with the Government of Japan providing testing equipment and UN agencies financing the purchase of personal protective equipment (PPE) for the National Emergency Management Agency. The World Bank approved a loan to support the purchase of medical equipment.¹² Together with the ADB-funded APVAX project (footnote 1), the grant complements these efforts by providing the needed laboratory equipment, supplies, and PPE; and improving the health system's capacity to respond to the COVID-19 and other infection epidemics.

B. Impact and Outcome

8. The impact will be morbidity and mortality of COVID-19 reduced.¹³ The outcome will be COVID-19 detection and containment strengthened.

C. Outputs and Key Activities

9. **Output 1: Goods and services for COVID-19 testing and immunization procured.** The grant will (i) expand RT-PCR testing capacity of 10 molecular biology laboratories through procurement, supply, and installation of laboratory equipment; (ii) ensure safe immunization through procurement and supply of PPE, hand sanitizers, and thermometers to all permanent and temporary immunization units; and (iii) support printing and distribution of vaccination record books and certificates. The equipment will increase the existing laboratory capacity of urban districts in Ulaanbaatar and in remote *aimag* (province) health facilities without RT-PCR laboratory capacity.¹⁴

10. **Output 2: Capacity for efficient and safe vaccination of COVID-19 improved.** This output will support the provision of training of about 44,500 health care and non-health care workers, educators, volunteers, social mobilizers, and journalists involved in the efficient and safe vaccination campaigns, and for post-vaccine surveillance. The health care workers will be trained on the importance of COVID-19 vaccines, related laws and regulations, COVID-19 vaccination

⁹ ADB. [Mongolia: COVID-19 Rapid Response Program](#); and ADB. [Policy Paper: ADB's Comprehensive Response to the COVID-19 Pandemic](#).

¹⁰ ADB. [Mongolia: Regional Improvement of Border Services](#).

¹¹ The APVAX is an ADB-financed resource envelope for support to developing member countries as they procure and deliver COVID-19 vaccines. ADB. 2020. [ADB's Support to Enhance COVID-19 Vaccine Access](#). Manila.

¹² World Bank. 2020. [Mongolia COVID-19 Emergency Response and Health System Preparedness Project](#). Washington, DC.

¹³ Government of Mongolia. 2021. [COVID-19 National Deployment and Vaccination Plan](#). Ulaanbaatar.

¹⁴ The seven urban districts are (i) Baganuur, (ii) Bayangol, (iii) Bayanzurkh, (iv) Chingeltei, (v) Khan-Uul, (vi) Songinokhairkhan, and (vii) Sukhbaatar. The *aimag* health facilities without RT-PCR laboratory capacity include (i) Bayan-Ulgii *Aimag* General Hospital, (ii) Darkhan-Uul *Aimag* General Hospital, (iii) Mandal *Soum* General Hospital from Selenge *Aimag*, and (iv) Tosontsengel *Soum* General Hospital from Zavkhan *Aimag*.

preparation and coverage, safe immunization, IPC, vaccination technique, vaccine management, medical waste management, information and risk communication, contact tracing, and supportive supervision. They will be also trained on post-vaccine surveillance that will include topics on adverse effects following immunization (AEFI) surveillance (e.g., types of AEFIs and immunization safety surveillance system including the structure, roles, and responsibilities); reporting; investigating; patient care; and crisis communication and management. Simulation exercises will be done to enhance training retention. The non-health sector and faith-based organization workers (e.g., military and police personnel, teachers and school staff, and workers from other sectors), for whom training is required prior to mobilization, will be trained per the standard WHO training protocols on the importance of vaccination and vaccine confidence, immunization target groups, general organization of COVID-19 vaccination, risk communication, and community engagement. The volunteers, social mobilizers, and journalists, who will play an important role in maintaining high levels of trust in vaccination while maintaining community commitment to other protective behaviors against COVID-19, will be trained on the importance of vaccine and vaccine confidence, mobilization of the immunization target groups, general organization of COVID-19 vaccination, risk communication, contact tracing, and community engagement.

D. Cost Estimates and Financing Plan

11. The project is estimated to cost \$5,358,748 (Table 1). The Japan Fund for Poverty Reduction (JFPR) will provide grant financing equivalent to \$5,000,000, to be administered by ADB.¹⁵

Table 1: Cost Estimates

Item	Amount ^a (\$)	Share of Total (%)
A. Base Cost^b		
1. Goods and services for COVID-19 testing and immunization procured	3,983,924	74.3
2. Capacity for efficient and safe vaccination of COVID-19 improved	755,213	14.1
3. Effective project management	293,233	5.5
Subtotal (A)	5,032,371	93.9
B. Contingencies^c	326,378	6.1
Total (A+B)	5,358,748	100.0

COVID-19 = coronavirus disease.

^a Includes value-added tax of \$369,353. The Ministry of Finance will exempt \$358,748 on goods through tax exemption. The taxes and duties for project management will be financed by the Asian Development Bank.

^b In 2021 prices as of 21 March 2021.

^c Physical and price contingencies, and a provision for exchange rate fluctuation are included.

Source: Asian Development Bank estimates.

12. The financing plan is in Table 2. The executing and implementing agencies will provide in-kind support in the form of office accommodation, venues for meetings, and miscellaneous administrative expenses for project implementation. The trust fund financing is limited to expenditures eligible under the JFPR guidelines.

Table 2: Financing Plan

Source	Amount (\$)	Share of Total (%)
Japan Fund for Poverty Reduction ^a	5,000,000	93.3
Government ^b	358,748	6.7
Total	5,358,748	100.0

^a Administered by the Asian Development Bank.

^b Includes tax exemption on goods.

Source: Asian Development Bank estimates.

¹⁵ The grant is linked to the project jointly financed by ADB and the Asian Infrastructure Investment Bank (footnote 1).

E. Implementation Arrangements

13. MOH will be the executing agency.¹⁶ The implementing agencies will be the MOH Department of Public Health and National Center for Communicable Diseases (NCCD). MOH will establish the project implementation unit (PIU) with four staff and an environment consultant. Procurement (including consulting services) to be financed by the JFPR will follow ADB Procurement Policy (2017, as amended from time to time) and Procurement Regulations for ADB Borrowers (2017, as amended from time to time). Implementation arrangements, including implementation plan, monitoring and evaluation, reporting, and project audit are described in detail in the project administration manual (PAM).¹⁷

Table 3: Implementation Arrangements

Aspects	Arrangements		
Implementation period	July 2021–December 2024		
Estimated completion date	30 June 2024		
Estimated grant closing date	31 December 2024		
Management			
(i) Oversight body	Project steering committee chaired by State Secretary of MOH		
(ii) Executing agency	MOH		
(iii) Key implementing agencies	MOH's Department of Public Health Policy Implementation and National Center for Communicable Diseases		
(iv) Implementation unit	PIU under MOH with four staff and an environment consultant		
Procurement ^a	Request for quotations	Multiple contracts	\$3,821,870
Consulting services	Individual consultant selection	5 contracts ^a	\$314,900
Retroactive financing and/or advance contracting	Advertisement and selection of PIU staff and procurement packages will be undertaken prior to the grant signing and contracts will be signed once the grant is declared effective. Retroactive financing will not be undertaken under the project.		
Disbursement	The grant proceeds will be disbursed in accordance with ADB's <i>Loan Disbursement Handbook</i> (2017, as amended from time to time) and detailed arrangements agreed between the government and ADB.		

ADB = Asian Development Bank, MOH = Ministry of Health, PIU = project implementation unit.

^a Contracts for four PIU staff and an environment consultant.

Source: ADB.

III. PROJECT FEATURES

A. Technical

14. The project will include procurement, delivery, and installation of up-to-date RT-PCR equipment and laboratory diagnostic technologies that will fill in the laboratory equipment gaps in the district hospitals of Ulaanbaatar and *aimag* health facilities. The project's training component will be based on the recently developed WHO training modules that will improve the knowledge of the vaccinators, health care and non-health care workers, and volunteers about COVID-19 vaccines, vaccination-related laws and regulations, vaccination preparations and coverage, safe immunization techniques and requirements, IPC, vaccine management, medical waste management, information and advocacy, and supportive supervision. Training for volunteers, journalists, educators, and social mobilizers, who will play an important role in maintaining high levels of trust in vaccination while maintaining community commitment to other protective behaviors against COVID-19, will cover topics on the importance of vaccine and vaccine

¹⁶ MOH will also be the executing agency for the ADB-funded APVAX project (footnote 1).

¹⁷ PAM (accessible from the list of linked documents in Appendix 2).

confidence, immunization target groups, general organization of COVID-19 vaccination, contact tracing, risk communication, and community engagement. Training of health care workers on post-vaccine surveillance will improve the post-vaccination care and monitoring of the vaccinated population.

B. Economic and Other Impacts, Financial Viability, and Sustainability

15. The economy of Mongolia has suffered significant losses because of the COVID-19 pandemic (para. 3). The grant outputs will save lives, address short-term gaps in the country's health care system, and improve the health care system's capacity to respond to the COVID-19 pandemic. The primary economic rationale for the government's involvement in the project is that none of the grant-supported interventions will generate revenues—all are public goods managed or facilitated by the government. Project interventions were prepared with respect to financial cost effectiveness, operations and maintenance (O&M) capacity, and safety; and chosen after being compared with alternative solutions. As part of the financial analysis, the cost effectiveness of each alternative was analyzed by considering the cost of each alternative as well as the anticipated effects and other consequences. When the cost is considered in combination with the anticipated effects and ability to meet all project output targets, the project case was assessed as the most cost-effective option.

16. The laboratory equipment and supplies to be procured under the project will enable health care workers to conduct more rapid and accurate laboratory testing and obtain laboratory results, which will mobilize a quicker response to contact tracing, quarantine, and treatment of COVID-19 and other infectious disease positive patients. This will reduce the COVID-19 and other infections' transmission rates and shorten the time to control the pandemic, which will in turn improve economic productivity because of the lifting of COVID-19 pandemic-related controls and restrictions, thereby lower economic costs and damages caused by the pandemic. The training of vaccinators, and health care and non-health care workers; and information dissemination and awareness building will help Mongolia shorten the time required for developing herd immunity and reduce the COVID-19 transmission rate, which will help lower economic costs and/or damage. The project will benefit neighboring countries through actions to control spread of the COVID-19 virus, and increased trade and investment opportunities and regional public goods.

17. As all components of the grant are nonrevenue generating, financial sustainability analysis was conducted to assess the capacity of MOH to cover the incremental O&M needs of the assets created under the project. The main asset classes that will be created and subsequently operated are the RT-PCR laboratories and the purchase of the laboratory reagents, PCR test kits, and PPEs. The financial sustainability analysis shows that although the additional burden on O&M is a very small proportion of MOH's current expenditures, the risk if MOH will not have sufficient funds for O&M is *high*.

C. Governance

18. Financial management and procurement risk assessments for the executing and implementing agencies and for the project find *moderate* pre-mitigation financial risks and *medium* procurement risks. The executing agency has substantial experience in implementing ADB-financed projects. The risk mitigation action plan includes the following: (i) MOH will recruit qualified financial and procurement staff for the PIU; (ii) the PIU will use accounting software acceptable to ADB, supported by hard copy records; (iii) the PIU will develop detailed accounting procedures to ensure effective management and control of the grant funds and assets; (iv) ADB will provide training on ADB disbursement procedures to the executing and implementing

agencies, and the PIU staff; and (v) the ADB project team will provide support on procurement and consultant recruitment.

19. ADB's Anticorruption Policy (1998, as amended to date) was explained to and discussed with the government, MOH, and NCCD. The specific policy requirements and supplementary measures are described in the PAM (footnote 17). ADB will conduct integrity knowledge management session(s) for the MOH, PIU, and other project stakeholders, including the *aimag* governments, to increase their awareness and compliance with ADB's Anticorruption Policy and the importance of transparency and accountability in project implementation.

D. Poverty and Social Impacts

20. Poverty is a major cause of ill-health and a barrier to accessing needed health care. Ill-health also causes poverty because of the cost of seeking health care, including out-of-pocket expenditures and loss of income because of illness. Almost 50% of Mongolians live in Ulaanbaatar, of these, 60% reside in *ger* areas, which lack health care services.¹⁸ Based on the 2018 household socioeconomic survey, the poverty rate in Mongolia was 28.4%. Although over 90% of the population are covered by health insurance and essential services are free, there are significant gaps in services, coverage, and financial protection. Financial barriers include high user fees, additional charges for drugs and food, and high cost of transportation. Non-financial barriers for the poor include migration, their place of civil registration, and lack of documents. While most people have access to primary health care, the range of services provided is inadequate and quality is inconsistent. Access to secondary level health care is particularly difficult for the unregistered, the very poor, and the elderly; while health facilities are hard to reach and usually inaccessible for persons with disabilities.

21. COVID-19 pandemic had a substantial negative impact on Mongolia's economy (para. 3). A high proportion of people living in *ger* areas with poor access to water, sanitation, social and health services were particularly hit by the COVID-19 pandemic. Many *ger* areas are in urban districts of cities which suffer from high baseline levels of poverty, environmental vulnerability, underemployment, and underinvestment in basic infrastructure. The poor in rural areas largely depend on herding livestock and farming as their main source of income. The poor will be particularly targeted by the COVID-19 vaccination and therefore poverty reduction and social inclusion impacts of the project will be significantly substantial for them. Community engagement to promote safe vaccination will be pivotal for the success of the vaccination campaign supported by the project. The entire population, including the poor, will enjoy the social benefits of the project.

22. The project is categorized as having *some gender elements*. The project will support training of 21,000 health care workers (predominantly women) and will implement programs combating vaccine hesitancy related to fear of effects of vaccines, including pregnancy/fertility, risks of potential thrombosis, and other potential side effects. Vulnerable groups will be prioritized for vaccination in line with the equity principles of WHO Strategic Advisory Group of Experts on Immunization. The health care and non-health care employees, particularly women, will benefit from the training programs provided under the project. To ensure that all population groups, including the poor and disadvantaged, are covered by vaccination, the following measures will be carried out under the project: (i) public education and awareness building on the merits of vaccination; (ii) addressing vaccine hesitancy through effective advocacy and communication; (iii)

¹⁸ A *ger* is a yurt or traditional dwelling. *Ger* areas are settlements of low- and middle-income households characterized by loosely aligned plots, with irregular and unpaved pathways. Dwellings are unserved detached solid houses and *gers*, poorly insulated, using inefficient coal stoves that generate carbon dioxide emissions and air pollution, especially during winter.

boosting vaccine uptake among the poor and vulnerable populations by addressing their unique information needs and accommodating their preferences regarding convenient timing and venue for vaccination; and (iv) legal assurances that require feedback from the public and civil society to be taken into account on possible imposition of sanctions.

E. Participatory Approach

23. The project has been designed in close coordination and through consultations with staff of MOH, NCCD, and various government agencies, including the National Emergency Committee and National Coordination Committee, which were established by the government for mobilization and coordination of the country's response to the COVID-19 pandemic. The training and public education components will target various civil society groups, including volunteers, journalists, and communities through information gathering and sharing, consultations, and collaboration.

F. Development Coordination

24. The project formulation benefited from extensive consultations with development partners, including the Embassy of Japan in Mongolia, Japan International Cooperation Agency, United Nations Children's Fund (UNICEF), the World Bank, and WHO. The project will closely coordinate with these agencies in the development and use of training modules, implementation of training activities, procurement of equipment and supplies for COVID-19 diagnostics and vaccination, and post-vaccination monitoring and reporting. The project will closely coordinate with the World Bank on the procurement and capacity building activities for the cold chain and laboratory equipment O&M.

G. Safeguards

25. **Environment (category C).** Due diligence confirmed that the project will have minimal or no adverse environmental impacts since there are no environmentally sensitive areas within the target locations and no civil works will be undertaken. The country's legal framework and existing systems and practices for health care waste management are adequate for ensuring the project implementation compliance with the national environmental requirements. The project training components will include dedicated modules that will cover health care waste management for health care staff, including those involved in the laboratory testing and vaccination. Environmental implications will be reviewed and reported in the quarterly progress reports during the project implementation.

26. **Involuntary resettlement and indigenous peoples (category C).** Due diligence confirmed that no land acquisition or involuntary resettlement will take place. The project will not cause adverse or differential impact on ethnic groups.

H. Risks and Mitigating Measures

27. Overall, the project risks are *low* as (i) procurement of goods and services is expected to be noncomplex and is classified as B, and (ii) all safeguard categories are C. The project has some potential governance, financial, and procurement risks. The project provides adequate measures to mitigate these, and the integrated benefits and impacts are expected to outweigh the costs. The main risks to project implementation will be due to strained capacity and resources in MOH to implement the project. Table 4 summarizes the project risks and mitigating measures.

Table 4: Summary of Risks and Mitigating Measures

Risks	Description	Mitigating Measures
MOH has limited staff time and resources to manage ADB-funded projects	Due to the COVID-19 pandemic, MOH staff are overstretched and are managing many activities simultaneously.	The PIU will include the project and training/deputy project coordinators and a financial specialist to manage all grant activities. Training on ADB disbursement procedures will be conducted for PIU staff.
MOH has limited procurement and financial management staff and expertise	MOH has limited procurement and financial management staff and expertise, making it challenging for them to also manage ADB-funded projects.	Qualified financial and procurement specialists will be recruited to support all financial management and procurement activities under the grant project. ADB will provide financial management and procurement-related assistance and training to the PIU and MOH staff.
Start-up delays in recruiting PIU staff	Initial delays in recruiting PIU staff can delay project implementation.	Advance recruitment actions will be undertaken to avoid start-up delays.

ADB = Asian Development Bank, COVID-19 = coronavirus disease, MOH = Ministry of Health, PIU = project implementation unit.

Source: ADB.

IV. ASSURANCES AND CONDITIONS

28. The Government of Mongolia and MOH have assured ADB that implementation of the project shall conform to all applicable ADB policies including those concerning anticorruption measures, safeguards, gender, procurement, consulting services, and disbursement as described in detail in the PAM and the grant agreement.¹⁹

29. No withdrawals shall be made from the grant account until the executing agency engages a qualified financial specialist, meeting the requirements as further described in the PAM, to be responsible for the project's accounting and financial management.

V. THE PRESIDENT'S DECISION

30. The President, acting under the authority delegated by the Board, has approved the administration by the Asian Development Bank of the grant not exceeding the equivalent of \$5,000,000 to Mongolia for the Strengthening Rapid Epidemic Response Capacity of Health Systems Project, to be provided by the Japan Fund for Poverty Reduction.

Masatsugu Asakawa
President

29 June 2021

¹⁹ Legal document to be signed by the government and ADB.

DESIGN AND MONITORING FRAMEWORK

Impact the Project is Aligned with Morbidity and mortality of COVID-19 reduced (COVID-19 National Deployment and Vaccination Plan) ^a			
Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting Mechanisms	Risks and Critical Assumptions
<p>Outcome COVID-19 detection and containment strengthened</p>	<p>By 2024</p> <p>a. Monthly number of laboratory diagnostics tests increased (2021 baseline: 60,000)</p> <p>b. At least 20,800 trained health care workers engaged in COVID-19 testing and immunization (2021 baseline: 0)</p>	<p>a–b. MOH report</p>	<p>R: Limited health care staff, and potential pessimism and disbelief of the population in immunization</p>
<p>Outputs</p> <p>1. Goods and services for COVID-19 testing and immunization procured</p> <p>2. Capacity for efficient and safe vaccination of COVID-19 improved</p>	<p>By 2023</p> <p>1a. At least 10 additional RT-PCR laboratories upgraded with necessary equipment and supplies (2021 baseline: 0)</p> <p>1b. At least 85% of vaccinators in each immunization unit provided with necessary and appropriately sized PPE according to national laboratory biosafety requirements (at least 80% women) (2021 baseline: 0)</p> <p>2a. At least 20,800 identified health sector vaccinators with increased knowledge to handle, store, and administer COVID-19 vaccines of which 80% are women (2021 baseline: 0)</p> <p>2b. At least 23,700 volunteers, social mobilizers, and journalists are trained, and report improved skills in risk communication and community engagement practices for COVID-19 (2021 baseline: 0)</p> <p>2c. At least 200 medical doctors trained, and report improved skills on post-vaccine surveillance and monitoring, of which 50% are women (2021 baseline: 0)</p>	<p>1a–b. Quarterly PIU reports with lists of items procured and procurement progress</p> <p>2a. Quarterly training registers, manuals, and pre- and post-training assessments</p> <p>2b–c. Quarterly PIU reports including pre- and post-training assessments</p>	<p>R: Delays in delivery of equipment and supplies because of high global demand and overstretched manufacturing capacities of producers</p> <p>R: Decline in general population enrollment in the diagnostics and training due to the work overload</p>

Key Activities with Milestones**1. Goods and services for COVID-19 testing and immunization procured**

- 1.1 Finalize list of RT-PCR laboratory equipment and supplies and PPE to be procured (Q3 2021)
- 1.2 Advertise the contract packages for RT-PCR laboratories and for PPE (Q3 2021)
- 1.3 Procure and set up equipment in respective health facilities (Q3–Q4 2021)
- 1.4 Design and finalize adult vaccination record book and certificate in close collaboration with MOH and WHO (Q3–Q4 2021)
- 1.5 Print adult vaccination record books and certificates (Q4 2021–Q1 2022)
- 1.6 Distribute adult vaccination record books and certificates (Q1–Q2 2022)
- 1.7 Procure and supply PPE to vaccinators in immunization units (Q3–Q4 2021)

2. Capacity for efficient and safe vaccination of COVID-19 improved

- 2.1 Together with WHO, develop training modules for (i) vaccinators and health staff on COVID-19 vaccination protocols; (ii) social mobilizers, journalists, and other civil society groups on community engagement and risk communication methods; and (iii) health care and non-health care staff on identifying adverse events following immunization (Q3 2021–Q4 2023)
- 2.2 Train vaccinators, health workers, social mobilizers, journalists, and other civil society groups on COVID-19 vaccination rollout (Q3 2021–Q4 2023)
- 2.3 Train non-health care staff on identifying adverse events following immunization (Q3 2021–Q4 2021)
- 2.4 Roll out and cascade the trainings (Q4 2021–Q4 2023)

Project Management Activities

- Establish PIU (Q3 2021)
- Advertise consultant posting on ADB consultant management system and in national mass media (Q3 2021)
- Shortlist relevant candidates and finalize consultant recruitment (Q4 2021)
- Facilitate and oversee procurement activities (Q3 2021–Q1 2022)
- Develop and approve the training plan under guidance of the project steering committee (Q4 2021)
- Organize training activities (Q1 2022–Q4 2023)
- Produce and submit quarterly PIU reports (quarterly)

Inputs

- Japan Fund for Poverty Reduction: \$5,000,000 (grant)
- Government: In-kind support in the form of office accommodation, venues for meetings, miscellaneous administrative expenses; and \$358,748 value-added tax exemption on goods

ADB = Asian Development Bank, COVID-19 = coronavirus disease, MOH = Ministry of Health, PIU = project implementation unit, PPE = personal protective equipment, Q = quarter, R = risk, RT-PCR = reverse transcription polymerase chain reaction, WHO = World Health Organization.

^a Government of Mongolia. 2021. *COVID-19 National Deployment and Vaccination Plan*. Ulaanbaatar.

Source: ADB.

LIST OF LINKED DOCUMENTS

<http://www.adb.org/Documents/RRPs/?id=55023-001-2>

1. Grant Agreement
2. Project Administration Manual
3. Summary Poverty Reduction and Social Strategy
4. Financial Sustainability Analysis

Supplementary Documents

5. Japanese Visibility
6. Specific Coordination Details with the Local Embassy of Japan and Japan International Cooperation Agency
7. Development Coordination
8. Financial Management Assessment
9. Strategic Procurement Plan
10. Due Diligence of Medical Waste Management in Mongolia