



# Mongolia: Fifth Health Sector Development Project (Emergency Assistance Loan for Additional Financing)

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|---------------------------------------|---|--------------------|
| Project Name                          | Fifth Health Sector Development Project (Emergency Assistance Loan for Additional Financing)  |                    |
| Project Number                        | 45009-003   |                    |
| Country                               | Mongolia  |                    |
| Project Status                        | Approved  |                    |
| Project Type / Modality of Assistance | Loan  |                    |
| Source of Funding / Amount            | Loan 3921-MON: Fifth Health Sector Development Project (Emergency Assistance Loan for Additional Financing)   |                    |
|                                       | concessional ordinary capital resources lending / Asian Development Fund  | US\$ 30.00 million |
| Strategic Agendas                     | Inclusive economic growth   |                    |
| Drivers of Change                     | Governance and capacity development   |                    |
| Sector / Subsector                    | Health - Disease control of communicable disease - Health sector development and reform   |                    |
| Gender Equity and Mainstreaming       | Effective gender mainstreaming  |                    |
| Description                           | The additional financing will support the needs for (i) emergency upgrades of key hospital facilities in Ullanbaatar and regions to face the current COVID-19 outbreak and preparedness for future epidemic emergencies, and (ii) control hospital-acquired infections. It complements the ongoing initiatives in the health sector projects in Mongolia. |                    |

Project Rationale and Linkage to Country/Regional Strategy

Description of the emergency. Since the outbreak of COVID 19 pandemic in mid-January 2020, the government initiated the stringent emergency response to prevent the spread of the virus into Mongolia. These measures include international and national travel restrictions, non-essential business closures, public awareness on prevention of virus spread, preparation of the hospitals for emergencies, restriction of public gathering, meeting and celebrations (including the Mongolian Luna New Year in February), closure of schools, and continued monitoring of the situation. These stringent actions prevented the wide spread of the virus and as of 7 April 2020, Ministry of Health (MOH) reported 11 confirmed cases, 3,500 suspected and under quarantine and no deaths due to COVID-19. The 14 confirmed cases are overseas returnees. The government estimates that about 20% (over 772,000 persons) of the population are at 'high risk'. These include elderly (400,000 persons), persons with chronic diseases (350,000 persons), other categories are persons with cancer, hemodialysis and immunosuppressive. Request for emergency assistance. On 27 March 2020, the Government of Mongolia requested the ADB for emergency assistance support to the health sector to improve facilities to prevent and manage the current COVID-19 outbreak and future epidemic emergencies. The project meets the requirements for emergency assistance financing.

Damage and needs assessment. The government estimates that about 20% (over 772,000 persons) of the population are at 'high risk'. These include elderly (400,000 persons), persons with chronic diseases (350,000 persons), other categories are persons with cancer, hemodialysis and immunosuppressive. There are total of 18,669 hospital beds in Mongolia, of which 2,916 beds (includes only 633 with intensive care facilities) are dedicated to COVID 19 treatment. However necessary priority equipment and medical supplies are in shortage. Overall, there is a need of 10,000 units of priority equipment and supplies nationwide to respond to the virus outbreak. Mongolia remains vulnerable to emerging diseases and public health emergencies and challenges exist in national system readiness to respond to large-scale and complex events in an effective and coordinated way. Multiple stocks of medical supplies have been created recently by various agencies in ad hoc basis in the absence of an integrated system to manage existing medical countermeasures stocks in a centralized manner. There is no shelf-life extension program in place, and there is no plan to address potential future fiscal liabilities in terms of replacement and disposal costs.

The WHO's evaluation of core capacities in Mongolia revealed that preparedness of the country is limited particularly in regard to mapping of potential hazards, the identification and maintenance of available resources, including stockpiles, and the capacity to support operations at the intermediate and primary response levels during a public health emergency. Mongolia operates most of its responses under the overarching guidance provided by the National Emergency Commission. The National Emergency Response Plan was prepared by the government with extensive inputs from the international community, led by the UN. The plan's key measures includes, level of quarantine needed; closures of boarders based on assessments; conducting surveys of the current situation; trainings of health personal on emergency preparedness; database on health conditions of population above 60 years; and improvement of health facilities. Initial estimates from the National Emergency Response Plan suggest overall needs are currently around \$240 million, of which \$50 million is required for the health sector alone. Economic impacts. There is no clear estimate of the economic and financial losses caused by the pandemic on Mongolia. However, the initial projections are that the pandemic could reduce growth in Mongolia by 0.74 percentage points (pps) in a moderate scenario and by up to 1.51 pps in a more severe scenario. Mongolia is a highly vulnerable country with high debt and huge dependence on mineral exports. This in turn will have a major fiscal impact with total budget revenues already down by 10.6% (MNT 174 billion and \$63 million equivalent) in the first two months of the year. This will severely constrain the ability of the government to respond to this emergency. The wide range of sectors that have been affected include small and medium business and industries; service sector due to restrictions, mining and extractive sector due to loss of commodity prices and transport restrictions, and vulnerable population due to loss of jobs. In addition, the children are impacted mainly due to the closure of the schools and the children's food program. The main nutrition sources to over 440,000 children is from the meals program of the government. The psychosomatic impact due to the social distancing and lockdown for a prolong period of time is estimated to be high.

Poverty impacts. According to estimates, poverty rate in Mongolia stands at 28.4 percent especially subdistricts, as they have high baseline levels of poverty, environmental vulnerability, underemployment, and underinvestment; and have had poor access to services even before the current epidemic. The poor depend on daily farming and herding livestock as their main source of income. Most settlements are in dessert areas and in ecologically critical areas.

Development partner coordination. A joint health sector committee led by UN Resident Representative and MOH is coordinating the COVID 19 emergency response actions. The other members include the UN special agencies such as UNICEF, UNFPA, WHO, UNDP; ADB, European Development Bank, World Bank; embassies that have programs in health sector; and NGOs. This committee also has the mandate to coordinate international assistances to the health sector. Thus far during the initial period key assistances provided were mainly from ADB, embassies and UN institutions. Japan provided testing equipment; UN agencies provided about \$1 million for the purchase of protective equipment for the National Emergency Management Agency. The World Bank is currently processing a loan for an estimated \$26.9 million to support to purchase of medical equipment.

ADB Actions on Emergency. In February 2020, ADB during the emergency phase redirected \$1.4 million from original loan to procure essential medical equipment for early detection, emergency care and management of severe respiratory diseases. All equipment was delivered to the government in March 2020. In addition, ADB approved a Technical Assistance of \$225,000 to assist in strengthening public health risk and resources mapping and coordination, introducing incident management approach and improving capacity of health workers on Infection Prevention and Control (IPC) at both national and local levels through targeted coaching and trainings by international experts. All key experts were recruited and hands on trainings are ongoing in the regions. On 24 March 2020, ADB approved \$1 million grant from the Asia Pacific Disaster Response Fund (APDRF) for largely medical supplies and other initial support required for dealing with the emergency. In addition, the Government has requested ADB for a program loan for \$250 million and is considering an additional financing for an estimated \$10 million to support the children and vulnerable people nutritional and food stamp program.

The original project. ADB approved the Firth Health Sector Project on 10 December 2012 which became effective on 14 June 2013. At the time of approval, the total project cost was \$38.38 million, of which ADB's share was SDR 19.5 million equivalent to \$30 million, on a loan basis from the Concessional Ordinary Capital Resources and the government's counterpart financing of \$7.71 million. The World Health Organization provided in-kind parallel co-financing of \$480,000. The project has three components: (i) safe blood transfusion, (ii) medical waste management (MWM), and (iii) hospital hygiene and infection prevention and control. The current project closing date is 28 February 2021.

In spite of the initial start-up delay, the current project has been performing well: (i) the overall project progress is about 93%. Components 1-2 have been fully completed while the current implementation progress of Component 3 is 88% and is due to be completed by September 2020; (ii) Out of nine outputs, seven outputs have been achieved and an output was dropped at the request of the government; the remaining output is on track to be achieved by the project closing date ; (ii) the project is rated on track under the project performance system ; (iii) the review of safeguards compliance confirmed that the project has no fiduciary and safeguards policy compliance issues and that each safeguard covenant item is being complied with; and (iv) the management of risks is rated successful as all risks included in the risk assessment and risk management plan have been managed successfully. As of March 2020, of the total \$27.0 million, \$24.4 million has been contracted and \$22.7 million has been disbursed.

Key lessons learnt from the ongoing project includes (i) the project scope was too ambitious in implementing three components in the entire country which made the EA, PIU, design and technical consultants spread too thin trying supervise and coordinate design, civil works and equipment installations at too many sites; (ii) a lack of coordination between the technical and design consultants in upgrading the laboratories and central sterilization service departments led to alterations in specifications, which in turn resulted in unforeseen additional costs and delay in the civil works; (iii) frequent turnover government staff resulted in the frequent change of bid evaluation committees (BECs). The MNRM will closely work with the MOH to ensure these issues addressed upfront for the additional financing.

The additional financing: The additional financing will support under Component 3: hospital hygiene and infection prevention and control through (i) increasing the project sites for upgrading sterilization departments and to cover all tertiary and secondary level hospitals nationwide; (ii) increasing the capacity of hospitals to diagnose and treat Severe Acute Respiratory Infection (SARI) patients including intensive care and ambulance services; (iii) improving diagnostic capacity of COVID-19 and other viral infections at the National Center for Communicable Diseases and province hospitals in border aims with a high risk of transported cases; and (iv) establish a warehouse facility to maintain and manage centralized stockpiles of medicines and medical devises for emergency situations in Ulaanbaatar. ADB will coordinate closely with donors to identify synergies and avoid duplication.

Impact of the additional financing: The overall project will remain technically and economically viable, and financially sustainable with the additional financing component. The safeguards categorization of the overall project will also remain unchanged. The additional financing component will enhance the current project's original design and add effective support for its development of the health sector. The additional financing component will allow to achieve the impact and outcome of the project, as well as ADB's contribution to emergency preparedness in health sector development in Mongolia.

Processing under the Firth Health Sector Development Project. The proposed additional financing also meets the following qualifying criteria as set out in ongoing project: (i) the project scope includes improvement of infection prevention and control measures in healthcare facilities; (ii) short startup period that ensures project readiness ideal for transition and recovery period post disaster; (iii) the current performance of the project is satisfactory and outputs are almost completed; (iv) MOH and PIU are fully staffed, familiar with ADB processes and the additional financing activities will scale up the component 3 of the ongoing project; and (v) the project is classified as category B for environment and C for Involuntary resettlement and indigenous peoples.

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|-----------------|--|
| Impact          | Improved quality of health services in Mongolia. |
| Project Outcome |  |

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|---|--|
| Description of Outcome  | Improved patient and health worker safety in project-supported hospitals in Mongolia.  |
| Progress Toward Outcome   |  |
| Implementation Progress   |  |
| Description of Project Outputs                                      | Basic infrastructure and equipment for ensuring IPC in the project-supported hospitals are available.<br>Diagnostic and treatment capacity of hospitals to manage Severe Acute Respiratory Infections (SARI) patients increased.<br>National stockpiles for medical countermeasures 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   | Thiruchelvam, Mookiah  |
| Responsible ADB Department  | East Asia Department   |
| Responsible ADB Division  | Mongolia Resident Mission  |
| Executing Agencies  | Ministry of Health (formerly Ministry of Health and Sports)<br>1st Floor, Government Building VIII<br>Olympic Street 2, Ulaanbaatar<br>Mongolia  |
| Timetable   |  |
| Concept Clearance   | -  |
| Fact Finding  | 01 Apr 2020 to 06 Apr 2020   |
| MRM   | 15 Apr 2020  |
| Approval  | 07 May 2020  |
| Last Review Mission   | -  |
| Last PDS Update   | 07 May 2020  |

## Loan 3921-MON

|              | Financing Plan                 |   | Loan Utilization           |      |        |                |
|--------------|--------------------------------|---|----------------------------|------|--------|----------------|
|              | Total (Amount in US\$ million) |   | Date                       | ADB  | Others | Net Percentage |
| Project Cost | 34.43                          |   | Cumulative Contract Awards |      |        |                |
| ADB          | 30.00                          | - | 0.00                       | 0.00 |        | %              |
| Counterpart  | 4.43                           |   | Cumulative Disbursements   |      |        |                |
| Cofinancing  | 0.00                           | - | 0.00                       | 0.00 |        | %              |

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|-------------------------|---|
| Project Page            | <a href="https://www.adb.org/projects/45009-003/main">https://www.adb.org/projects/45009-003/main</a>   |
| Request for Information | <a href="http://www.adb.org/forms/request-information-form?subject=45009-003">http://www.adb.org/forms/request-information-form?subject=45009-003</a> |
| Date Generated          | 08 May 2020   |

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