



### Program Summary Information

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| Date of Document Preparation: May 25, 2020 |   |
| <b>Program Name</b>                        | Mongolia COVID-19 Rapid Response Program  |
| <b>Document Code</b>                       | P000414   |
| <b>AIIB member</b>                         | Mongolia  |
| <b>Sector/Subsector</b>                    | Others / Exceptions   |
| <b>Status of Financing</b>                 | Under Preparation   |
| <b>Program Description</b>                 | <p>This program is proposed to be supported under AIIB's COVID-19 Crisis Recovery Facility and co-financed with the Asian Development Bank (ADB) as a policy-based loan under its Countercyclical Support Facility COVID-19 Pandemic Response Option (CPRO). The program will provide critically needed support to assist the Government of Mongolia in mitigating the severe adverse health, social, and economic impacts caused by the COVID-19 pandemic.</p> <p>Mongolia has taken proactive and decisive actions in response to the COVID pandemic and kept the number of COVID-19 cases low. However, its vulnerability to the pandemic remains, as the Government has identified that about 20% of its population, especially the poor and other vulnerable groups, are at high risk due to the strained healthcare system. Meanwhile, the pandemic triggered severe economic slowdown in the country. Mongolia's economy has limited diversification and is highly dependent on the mining sector, which accounts for 24% of its gross domestic product (GDP) and almost 90% of its exports. Its high dependency on trade makes the country particularly vulnerable to exogenous shocks, such as the COVID-19 pandemic.</p> <p>The government of Mongolia has put together a comprehensive set of response measures to mitigate the COVID-19 impact. The measures include the Countercyclical Development Expenditure Program (CDEP), which consists of three packages: (1) support to public health protection; (2) social protection to support citizens and businesses; and (3) support to vulnerable businesses and fiscal stimulus measures.</p> <p>The proposed Mongolia COVID-19 Rapid Response Program (the Program) will assist the government's response to COVID-19 pandemic, support the implementation of its CDEP to mitigate the adverse impacts of the pandemic on the economy, and support poverty alleviation. The Program will support the three packages</p> |

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|   | of the CDEP: public health protection, social protection, and fiscal stimulus measures.   |
| <b>Objective</b>                            | The Program objective is to mitigate the severe adverse economic and health impacts of the COVID-19 pandemic and support poverty alleviation through budgetary support to the government's countercyclical development expenditure program.   |
| <b>Expected Results</b>                     | The expected impact of the Program will be that the adverse effects of the COVID-19 pandemic on the economy are mitigated and poverty is alleviated. The expected outcome will be that the negative health and economic effects of the COVID-19 crisis on vulnerable groups mitigated. The expected outputs of the Program are: (1) Measures and increased fund allocation for social protection programs for the most vulnerable groups implemented; (2) Measures to safeguard productive sectors and micro, small, and medium-sized enterprises from the downturn implemented; and (3): Measures to strengthen infection prevention and control established   |
| <b>Environmental and Social Category</b>    | ADB has categorized the Program under its Safeguards Policy Statement 2009 (SPS) as Category C for Environment, Involuntary Resettlement, and Indigenous Peoples, respectively.   |
| <b>Environmental and Social Information</b> | <p>This Loan will be co-financed with the ADB as lead co-financier, and its environmental and social (ES) risks and impacts have been assessed in accordance with provisions of ADB's Safeguard Policy Statement (SPS) applicable to policy-based lending. AIIB's Environmental and Social Policy (ESP) was designed to apply to investment projects and has no provisions for its application to policy-based operations. Therefore, as permitted by the decision of the Decisions to Support the COVID-19 Crisis Recovery Facility by AIIB's Board of Directors. AIIB will apply the provisions of the SPS to this operation in lieu of AIIB's ESP. This will ensure a harmonized approach to addressing the ES risks and impacts of the program.</p> <p>Under its SPS, ADB has categorized the Program as Category C for Environment, Involuntary Resettlement, and Indigenous Peoples, respectively, on the basis that no adverse ES impacts are identified. The Program is also categorized as "effective gender mainstreaming", as it has set targets to ensure vulnerable female employees benefit from tailored social protection and job retention programs, suspension of personal income tax, and compulsory and voluntary social insurance premiums. The Program will also support Micro, Small, and Medium Enterprises owned by women and businesses where women make up a significant number of employees. ES monitoring will be conducted based on guidelines, checklists and monitoring matrix determined by ADB.</p> |

| <b>Cost and Financing Plan</b>              | The total cost is USD200 million. The financing plan is as follows: <table border="1" data-bbox="636 264 1424 427"> <thead> <tr> <th data-bbox="636 264 994 304">Co-financiers</th> <th data-bbox="994 264 1424 304">Amount (USD million)</th> </tr> </thead> <tbody> <tr> <td data-bbox="636 304 994 344">AIIB</td> <td data-bbox="994 304 1424 344">100</td> </tr> <tr> <td data-bbox="636 344 994 384">ADB</td> <td data-bbox="994 344 1424 384">100</td> </tr> <tr> <td data-bbox="636 384 994 427"><b>Total</b></td> <td data-bbox="994 384 1424 427"><b>200</b></td> </tr> </tbody> </table> |                               |   | Co-financiers | Amount (USD million) | AIIB | 100 | ADB | 100 | <b>Total</b> | <b>200</b> |
|---|--|-------------------------------|---|---------------|----------------------|------|-----|-----|-----|--------------|------------|
| Co-financiers                               | Amount (USD million)   |                               |   |               |                      |      |     |     |     |              |            |
| AIIB  | 100  |                               |   |               |                      |      |     |     |     |              |            |
| ADB   | 100  |                               |   |               |                      |      |     |     |     |              |            |
| <b>Total</b>                                | <b>200</b>   |                               |   |               |                      |      |     |     |     |              |            |
| <b>Borrower</b>                             | Mongolia   |                               |   |               |                      |      |     |     |     |              |            |
| <b>Implementing Entity</b>                  | Ministry of Finance  |                               |   |               |                      |      |     |     |     |              |            |
| <b>Estimated date of loan closing</b>       | June 30, 2021  |                               |   |               |                      |      |     |     |     |              |            |
| <b>Contact Points:</b>                      | <b>AIIB</b>  | <b>Asian Development Bank</b> | <b>Borrower/Implementing Organization</b>   |               |                      |      |     |     |     |              |            |
| <b>Name</b>                                 | Guoping Zhang  | Declan F. Magee               | Batkhuu Idesh   |               |                      |      |     |     |     |              |            |
| <b>Title</b>                                | Senior Investment Operations Specialist  | Senior Country Economist      | Director General<br>Development Financing Department<br>Ministry of Finance<br>Mongolia |               |                      |      |     |     |     |              |            |
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| <b>Date of Concept Decision</b>             | May 26, 2020   |                               |   |               |                      |      |     |     |     |              |            |
| <b>Date of Appraisal Decision</b>           | May 2020   |                               |   |               |                      |      |     |     |     |              |            |
| <b>Date of Financing Approval</b>           | Jun 2020   |                               |   |               |                      |      |     |     |     |              |            |
| <b>Independent Accountability Mechanism</b> | AIIB's Policy on the Project-affected People's Mechanism (PPM) addresses issues raised under AIIB's ESP, which does not apply to policy-based operations such as this one. Submissions to the PPM under the Program would, therefore, not be eligible for consideration by the PPM. ADB's independent accountability mechanism addresses issues raised by persons adversely affected by an ADB-assisted project and allows them to report alleged noncompliance with ADB's operational policies and procedures, including SPS.   |                               |   |               |                      |      |     |     |     |              |            |