

Mongolia : COVID-19 Vaccine Delivery Project

1. Project Information

Project ID:	P000519	Instrument ID:	L0519A
Member:	Mongolia	Region:	Eastern Asia
Sector:	CRF-Public Health	Sub-sector:	N/A
Instrument type:	<input checked="" type="checkbox"/> Loan:21.00 US Dollar million <input type="checkbox"/> Guarantee	Lead Co-financier(s):	Asian Development Bank
ES category:	C	Borrowing Entity:	Ministry of Finance, Mongolia
Implementing Entity:	Ministry of Health, Mongolia		
Project Team Leader:	Guoping Zhang		
Responsible DG:	Hun Kim		
Responsible Department:	SID		
Project Team Members:	Yang Shuai, OSD - Environment & Social Development Specialist; Yanyang Shi, Team Member; Christopher Damandl, Project Counsel; Shodi Nazarov, OSD - Financial Management Specialist; Yunlong Liu, OSD - Procurement Specialist; Yuxi Jin, Project admin		
Completed Site Visits by AIIB:	NA (due to travel restrictions as a result of the pandemic).		
Planned Site Visits by AIIB:			
Current Red Flags Assigned:	0		
Current Monitoring Regime:	Regular Monitoring		
Previous Red Flags Assigned:	0		
Previous Red Flags Assigned Date:	2022/06		

2. Project Summary and Objectives

The primary objective of the Project is to increase the availability of eligible vaccines for the priority population, as defined by the Government of Mongolia (GOM) in its National Deployment and Vaccination Plan (NDVP). The Project is structured to provide the GOM with immediate financing to purchase safe and effective vaccines against coronavirus disease 2019 (COVID-19) through the Asian Development Bank's (ADB's) Asia Pacific Vaccine Access Facility (APVAX). It constitutes an integral part of Mongolia's overall national strategic plan for COVID-19 pandemic prevention and response. Through providing timely access to eligible COVID-19 vaccines, the Project will help contribute to the containment of the pandemic and supporting economic and social recovery in the country. The Project is financed under AIIB's COVID-19 Crisis Recovery Facility.

The Project cost is USD43.82 million, of which USD21 million (47.9 percent) is to be financed by AIIB, USD19 million (43.4 percent) by ADB, and the remaining USD3.82 million (8.7 percent) by the GOM. The Loan jointly finances vaccine supply contracts, including international logistics and transportation, that meet the eligibility criteria under the APVAX. Funds provided by the GOM will finance value-added tax and duties.

The Project impact is aligned with the goal of the GOM's State Emergency Commission stated in "Deploying and Vaccinating against COVID-19", which is morbidity and mortality of severe acute respiratory syndrome coronavirus 2 reduced. The expected outcome of the Project is the priority population vaccinated against COVID-19 by July 2022. The Project output are: COVID-19 vaccines for priority population efficiently procured and delivered. The Project will support implementation of the NDVP and contribute to the government's efforts to immunize at least 30 percent of the population representing the priority groups. Eligible expenditure under RRC (Rapid Response Component under APVAX) pertaining to international transportation of vaccines from the manufacturers to Mongolia is to be covered under the Project.

Note: The GOM has been since mid-2022 in discussion with ADB and AIIB on a change of the Project scope, therefore, reallocation of the undisbursed funds of the loans, given the Project has essentially achieved the targets, outputs and outcome as originally designed. The GOM has officially made a request in Sept 2022 to both ADB and AIIB for a Project Change, which would entail changes in the Project objective, outputs and outcome. Further details in this can be referred in Section 5 "Project Implementation Update".

3. Key Dates

Approval:	Jun. 10, 2021	Signing:	Jul. 21, 2021
Effective:	Nov. 10, 2021	Restructured (if any):	
Orig. Closing:	Dec. 31, 2023	Rev. Closing (if any):	

4. Disbursement Summary (USD million)

Contract Awarded:		Cancellation (if any):	0.00
Disbursed:	10.50	Most recent disbursement (amount/date):	10.50/Dec. 30, 2021
Undisbursed:	10.50	Disbursement Ratio (%) ¹ :	50.00

5. Project Implementation Update

The Ministry of Health (MOH) is the executing agency (EA) and the implementing agency (IA) for the project, with oversight provided by the State Emergency Commission and the project steering committee (PSC) chaired by the Minister of Health, with representatives from Ministry of Finance as members, and the project implementation unit (PIU) project coordinator as secretary. The EA and these mechanisms in place are to ensure good coordination of the project with AIIB, ADB and other development partners.

The existing PIU responsible for the ADB-funded Fourth, Fifth, and Sixth Health Sector Development projects is responsible for the implementation of this project. The AIIB team joined the ADB team in conducting periodic reviews, and review missions to assess the project implementation progress and ensure AIIB's support is achieved in a timely and efficient manner and in compliance with the co-financing agreement between AIIB and ADB. The project implementation organization and organization structure, EA, IA and PIU remain unchanged from the loan approval. The implementation schedule, timing and milestones may be adjusted to account for the changes in vaccine procurement schedules when/as needed.

¹ Disbursement Ratio is defined as the volume (e.g. the dollar amount) of total disbursed amount as a percentage of the net committed volume.

In addition to the regular or non-regular project related communications among AIIB, ADB and the client side for project implementation, ADB organized a few missions since commencement of the Project, including the inception mission on 14-15 October 2021, the mid-term review mission on 26–30 September 2022, and a review mission on 9-20 January 2023. AIIB and ADB teams keep regular communications with the EA and IA, and the AIIB team has actively participated in these missions and contributed to the providing the implementation support to the EA, IA and the PIU.

Since the effectiveness of the AIIB loan, 50% of the total AIIB loan was disbursed while 36.8% of the total amount of ADB's loans was disbursed. The Project made significant progress towards the planned targets against the performance indicators as set forth in the Design and Monitoring Framework (DMF), soon after the loan approval.

Up to date, the Project output has been achieved. COVID-19 vaccines were procured and delivered to the priority population. The output indicator of at least 2.27 million doses received by the MOH and the output indicator for the provision of COVID-19 vaccines to at least 35 shelters and one-stop service centers catering to victims of gender-based violence were both met because of effective implementation. The Project has met its original outcome indicator targets: 85.7% of the target group vaccinated versus the 30% target; and met its output indicator targets: 8,397,550 vaccine doses received versus at least 2.27 million doses targeted.

Given that there are substantial funds remaining from the loans of both AIIB and ADB, discussions among GOM, ADB and AIIB have been ongoing to explore how the remaining funds can/should be used by the Project under the ADB's APVAX policy. The GOM made official requests to ADB and AIIB respectively in September 2022, to undergo project changes, namely to use the undisbursed RRC loans to finance essential medical care that was disrupted by the COVID-19 pandemic for high-risk and vulnerable groups, and on COVID-19 vaccine promotion to prevent future pandemics and COVID-19 variants.

Early July 2023, ADB Board has approved the Major Change to its original project - Support for COVID-19 Vaccine Delivery in Mongolia - in line with the above-described scope of the change. The AIIB team has been closely consulted with by the ADB team and the GOM regarding the proposed project change. The AIIB team is preparing a proposal to the Bank's management to exercise a Material Change to the Project, aligning with ADB's Major Change, in order to support the GOM to effectively use the remaining loan to help Mongolia transition to a resilient post-COVID-19 recovery, which can contribute to consolidation of the achieved outcome by the original Project.

Components	Physical Progress	Environmental & Social Compliance	Procurement
Delivery of APVAX eligible COVID-19 vaccines and associated international logistics.	<p>1) 85.7% of the target population have been fully vaccinated and 53.4% of the target population have received a booster dose, as of June 3, 2022.</p> <p>2) 67% of the total population of the country have been fully vaccinated and 32% of</p>	The Project's ES risks and impacts have been assessed in accordance with the provisions of ADB's Safeguard Policy Statement (SPS, 2009). As permitted under AIIB's Environmental and Social Policy (ESP), to ensure a harmonized approach to addressing the Project's ES risks and impact, ADB's SPS will apply to the Project in lieu of AIIB's ESP.	The Project is jointly co-financed with ADB as the lead cofinancier. As permitted under AIIB's Procurement Policy, AIIB has determined that the cofinancier's procurement policies are consistent with AIIB's Core Procurement Principles and Procurement Standards. As such, the co-lenders agreement

	<p>the total population have received a booster, as of June 3, 2022.</p>	<p>The Project has been categorized based on ADB’s SPS as follows: Environment as Category C; Involuntary Resettlement and Indigenous Peoples as Category C. The Project procures supplies and does not entail any civil works or activities that may cause major adverse impacts on the environment and does not trigger any land acquisition or involuntary resettlement impacts.</p> <p>The Project is categorized as “some gender elements” by ADB as it benefits women and children by providing access to COVID-19 vaccinations. Women’s shelters and one-stop service centers catering to victims of gender-based violence received COVID-19 is covered by the Project.</p> <p>Due diligence assessments conducted by ADB on medical waste management systems found them to be largely adequate while some gaps in capacity exist in aimags and soums particularly in rural areas. These gaps will be filled by (i) procurement of autoclaves under the World Bank COVID-19 emergency project (ii) training for health workers on medical waste management and occupational health and safety under the JFPR grant linked to the project, and (iii) monitoring medical waste also supported through the JFPR grant.</p>	<p>accordingly provides that procurement will be carried out in accordance with ADB’s Procurement Policy (2017, as amended from time to time) and Procurement Regulations for ADB Borrowers (2017, as amended from time to time). The MOH, through the existing PIU, is responsible for procurement and implementation of the Project.</p> <p>Given the constrained vaccine market and in order to expedite procurement in the early stages of Covid-19 vaccines available in the market, both vaccines and international logistics can be procured using direct contracting method. Vaccines can be procured through bilateral negotiations and agreements with potential manufacturers of APVAX-eligible COVID-19 vaccines. To be considered as eligible expenditure, ADB and AIIB would review all vaccine purchase agreements to ensure that the terms and prices of the contract are acceptable to ADB and AIIB.</p> <p>MOH received ca. 8.4 million doses of Covid-19 vaccines. AIIB has reviewed two procurement contracts, which are eligible for AIIB's loan financing (to be cofinanced with the ADB's loans).</p>
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Financial Management:

Through the PIU, the MOH uses the existing financial management (FM) arrangements of the current health sector projects funded by ADB to manage the project accounts and financial reporting. The PIU under the MOH is responsible for daily project implementation coordination and management, including financial management. Both the MOH and PIU have previous experience implementing ADB-funded projects and can maintain acceptable FM practices and reporting. Financial management, including internal and performance audits, is overseen by the Ministry of Finance according to national laws and regulations.

The MOH requested to use the project loans to finance the audit fees in late February 2022. After discussions among the EA and co-financiers, ADB agreed that the loan proceeds from ADB's loans could be used to finance the audit fees. As a result, the first project audit report for the fiscal year ending December 31, 2021 was submitted in October 2022. The audit report and the accompanied management letter were reviewed and found acceptable to the Bank. The Client has requested to waive the project audit for the fiscal year ended December 31, 2022 as no expenses were incurred in the reporting year. ADB has agreed in principle to waive it and is in the process of preparation of an audit waiver. AIIB agrees with ADB about the Client's request and will prepare the audit waiver after the ADB.

6. Status of the Grievance Redress Mechanism (GRM)

The existing government mechanisms is used to handle grievances. Project Grievance Redress Mechanisms have been established at the General Agency for Specialized Inspection, the Ulaanbaatar City Department of Health, and the MOH. The GOM has developed a unified electronic immunization registry of COVID-19 vaccinations, which records people's vital information for daily analysis and reporting. An effective risk communication plan has been prepared and implemented. In addition, the General Agency for Specialized Inspection carries out external monitoring of the vaccination process and reports directly to the State Emergency Commission.

7. Results Monitoring (please refer to the full RMF, which can be found on the last page of this PIMR)

The design and monitoring framework (DMF) is the basis for project monitoring and will be reviewed during project implementation and if needed, adjusted to reflect changing circumstances. The inception mission outlined new project performance requirements of ADB including safeguards, financial management and audit, and percent progress towards DMF targets. The PIU, on behalf of the executing agency, is to monitor the compliance with covenants stipulated in the loan agreement. AIIB and ADB monitor the compliance status through the executing agency's quarterly and annual progress reports, day-to-day communication with the PIU, and the joint ADB-AIIB review missions; and take necessary remedial measures for any non-compliance.

The Project has met its original outcome indicator targets: 85.7% of the target group vaccinated versus the 30% target; and met its output indicator targets: 8,397,550 vaccine doses received versus at least 2.27 million doses targeted.

The Project supports the following impact: morbidity and mortality of COVID-19 reduced. The vaccination campaign along with other countermeasures played essential role in reducing morbidity and mortality due to COVID-19. Mongolia maintained very low case-fatality ratio of COVID-19 (0.22% as of 14 August 2023, World Bank data by WHO Coronavirus (COVID-19) Dashboard), compared with other countries in the region and worldwide.

Note: Given the Project is to undergo a Major Change, the DMF (by ADB) and accordingly the AIIB's result monitoring framework (indicators and targets) will be revised.

Remarks:

Project Indicators	Objective	Indicator level	Unit of Measure	Cumulative Target Values										Frequency	Responsibility	Comments	
				Baseline		2020		2021		2022		End Target					
				Year	Value	Target	Actual	Target	Actual	Target	Actual	Year	Target				Actual
Priority population vaccinated against COVID-19	Project	Percentage	2020	0	0					30 (989,060 people)			30 (989,060 people)	Annually	IA and PIU	The target (in %) Achieved. Actual achievement 85.7%.	

Project Indicators	Intermediate	Indicator level	Unit of Measure	Cumulative Target Values										Frequency	Responsibility	Comments	
				Baseline		2020		2021		2022		End Target					
				Year	Value	Target	Actual	Target	Actual	Target	Actual	Year	Target				Actual
COVID-19 vaccines for priority population efficiently procured and delivered	Project	Number (doses)	2020	0	0					2,274,838			2,274,838	Annually	IA and PIU	Achieved.	
Shelters and one-stop service centers catering to victims of gender-based violence receive COVID-19 vaccines for their operational staff members	Project	Number	2020	0	0					35			35	Annually	IA and PIU	Achieved.	