



Project Summary Information

Project Name	Weathering Exogenous Shocks Program
Project Number	P000688
AIIB member	Mongolia
Sector/Subsector	CRF-Economic Resilience/PBF
Alignment with AIIB's thematic priorities	Other / COVID-19 Crisis Recovery Facility (CRF)
Status of Financing	Under preparation
Objective	To increase the resilience of the population, specifically the poor and vulnerable groups, to the adverse impacts of the ongoing COVID-19 pandemic along with multiple macroeconomic pressures in Mongolia.
Project Description	<p>The Program is proposed to be supported under the COVID-19 Crisis Recovery Facility (the Facility) of the Bank and co-financed with the Asian Development Bank (ADB).</p> <p>The proposed Program will support the government measures and financing needs, and mitigate the adverse social and economic impacts on the Mongolian people by providing targeted assistance to poor and vulnerable groups, including women and girls.</p> <p>Due to its high dependence on trade with its two large neighbors, China and Russia, Mongolia is one of the most severely affected economies by the twin shocks created by COVID-19 containment policies and the multiple macroeconomic pressures. The exposure to these twin shocks has adversely impacted Mongolia's economy and its population.</p> <p>The current international environment is characterized by disrupted global economic conditions, increasing challenges in financial and commodity markets, and inflationary pressures on energy and food prices. Economic growth forecast for Mongolia in 2022 was considerably downgraded from 6% p.a. made in September 2021 to only 1% p.a. real GDP growth in July 2022, according to the IMF. The situation is having severe economic impacts in Mongolia, particularly for the 27.8%</p>

	<p>of households already below the poverty line, with a further 14.9% of people at risk of falling into poverty.</p> <p>Against this backdrop, the government has prepared a countercyclical development expenditure program (CDEP) to help vulnerable groups, tame inflationary pressure, and support macroeconomic stabilization. The approved budget for 2022 was amended in two occasions to strengthen the critical measures to address the impacts of the twin shocks.</p> <p>The Program will support the CDEP and will provide the following three outputs: (i) measures to provide temporary increase in cash transfers directly made to households; (ii) measures to cushion adverse socioeconomic impacts on vulnerable groups, including women, and (iii) measures to counteract inflationary pressures of imported essential goods and commodities.</p>
Expected Results	<p>It is expected that by December 31, 2022, the government:</p> <ul style="list-style-type: none"> (i) will have provided a temporary increase in cash transfers to vulnerable households under the extended Child Money Program. (ii) will benefit the vulnerable people (employees with a monthly salary of less than MNT1 million, public servants, and young children in poor areas) by providing tailored social assistance in response to adverse socioeconomic shocks. (iii) will provide subsidized loans to MSMEs in the agricultural sector and custom's duty exemption of essential food products to tame inflationary pressures. <p>The outcome will be an increased resilience of the population, specifically the poor and vulnerable groups, to adverse socioeconomic shocks.</p>
Environmental and Social Category	Category C
Environmental and Social Information	<p>The project's environmental and social (ES) risks and impacts have been assessed in accordance with the provisions of ADB's Safeguard Policy Statement (SPS). The Program will not have any likely environmental or social impacts. To provide a harmonized approach to addressing the Project's ES risks and impacts, and as permitted under AIIB's Environmental and Social Policy (ESP), ADB's SPS will apply to the Project in lieu of AIIB's ESP. AIIB has reviewed ADB's SPS and is satisfied that: (a) it is consistent with AIIB's Articles of Agreement and materially consistent with the provisions of AIIB's ESP, including the Environmental and Social Exclusion List and the relevant Environmental and Social Standards; and (b) the monitoring procedures that are in place are appropriate for the project. Under its SPS, ADB has categorized the ES risks of the Project as Category C for environment, involuntary resettlement, and indigenous peoples</p>

	(which is equivalent to Category C if AIIB's ESP were applicable). The Project has been categorized by ADB as "effective gender mainstreaming". As part of the CSF framework, the Ministry of Finance (MOF) and ADB will establish a monitoring and reporting mechanism based on a quarterly high-level dialogue chaired by the State Secretary of MOF and the ADB Country Director for Mongolia. AIIB will be informed if any critical ES issue needs to be handled.			
Cost and Financing Plan	Total Project Cost: USD200 million AIIB Loan: USD100 million ADB Loan: USD100 million			
Borrower	Mongolia			
Implementing Entity	Ministry of Finance, Mongolia			
Estimated date of loan closing	December 31, 2023			
Contact Points:	AIIB	ADB	Borrower	Implementation Organization
Name	Gabriel Giacobone (Project Team Leader) / Guoping Zhang (co-Project Team Leader)	Peter Rosenkranz	Odontuya Baigalmaa	Maral Ulambayar
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Date of Appraisal Decision	August 31, 2022			
Estimated Date of Financing Approval	September 28, 2022			

Independent Accountability Mechanism	As noted above, the proposed Project will be co-financed with the ADB. ADB's SPS will apply to this project, instead of AIIB's ESP. Pursuant to AIIB's agreement with ADB, AIIB will rely on ADB's Independent Accountability Mechanism, the Accountability Mechanism, to handle complaints relating to ES matters that may arise under the project. Consequently, in accordance with AIIB's Policy on Project affected People's Mechanism (PPM), submissions to the PPM under this project will not be eligible for consideration by the PPM. Information on ADB's Accountability Mechanism is available at https://www.adb.org/site/accountability-mechanism/main .
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