

## Mongolia : Weathering Exogenous Shocks Program

### 1. Project Information

Project ID:	P000688	Instrument ID:	L0688A
Member:	Mongolia	Region:	Eastern Asia
Sector:	CRF-Economic Resilience/PBF	Sub-sector:	N/A
Instrument type:	<input checked="" type="checkbox"/> Loan:100.00 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 Finance, Mongolia		
Project Team Leader:	Gabriel Giacobone		
Responsible DG:	Gregory Liu		
Responsible Department:	INF2		
Project Team Members:	Marcin Sasin, Economist; Young Bong Cho, Credit Officer; Yenda Noeurm, Credit Officer; Furu Hu, Team Member; Ting Wang, Project Counsel; Christopher Damandl, Alternate Counsel; Jurminla Jurminla, OSD - Procurement Specialist; Shodi Nazarov, OSD - Financial Management Specialist; Weini Li, OSD - Environment & Social Development Specialist; Guoping Zhang, Back-up PTL		
Completed Site Visits by AIIB:			
Planned Site Visits by AIIB:			
Current Red Flags Assigned:	0		
Current Monitoring Regime:	Regular Monitoring		
Previous Red Flags Assigned:			
Previous Red Flags Assigned Date:			

### 2. Project Summary and Objectives

The Program is processed under the COVID-19 Crisis Recovery Facility of the Bank and co-financed with the Asian Development Bank (ADB). The Objective of the Program is 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.

The Program supports the government measures and financing needs, with the aim of mitigating the adverse social and economic impacts on the Mongolian people by providing targeted assistance to poor and vulnerable groups, including women and girls.

In particular, the Program supports a Countercyclical Development Expenditure Program (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.

### 3. Key Dates

Approval:	Sep. 29, 2022	Signing:	Dec. 05, 2022
Effective:	Jan. 19, 2023	Restructured (if any):	
Orig. Closing:	Jun. 30, 2023	Rev. Closing (if any):	

### 4. Disbursement Summary (USD million)

Contract Awarded:		Cancellation (if any):	0.00
Disbursed:	100.00	Most recent disbursement (amount/date):	100.00/Apr. 21, 2023
Undisbursed:	0.00	Disbursement Ratio (%) <sup>1</sup> :	100.00

### 5. Project Implementation Update

Significant progress has been made in implementing the Countercyclical Development Expenditure Program (CDEP), with government investments in several measures exceeding their planned allocations. In 2022, the allocated budget for the CDEP measures was MNT 2,685.0 billion, while the actual investments in CDEP measures amounted to MNT 2,766.6 billion, exceeding the allocated budget of MNT 81.6 billion.

Components	Physical Progress	Environmental & Social Compliance	Procurement
1. This component will provide social protection support by extending cash transfers to households under the Child Money Program of MNT 100,000 (USD31) per child per month until the end of 2022.	As of December 2022, 1,259,484 children received MNT 100,000 per month per child by cash, of which 666,157 (52.3%) were girls. Thus, the target and the gender target have already been achieved.	All gender-related targets are either already achieved or on track as of March 2023.	No procurement activities to be reported.
2. This Component will support the government to implement tailored social assistance to protect the most	From May to November 2022, a refund of 72.6 billion MNT was granted to 650,593 insurers (56.2% female) who paid social insurance	All gender-related targets are either already achieved or on track as of March 2023.	No procurement activities to be reported.

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

<p>vulnerable. Specifically, around 650,000 employees with a monthly salary of less than MNT1 million will receive reimbursement of 50 percent of the social insurance premium contribution for 2022. Furthermore, public support service employees will receive a permanent salary increase of 8.5 percent. In addition, the government will increase the availability of kindergarten spaces for young children in poor areas.</p>	<p>premiums with monthly wages or equivalent income less than MNT 1,000,000. Thus, the target has been achieved earlier than expected.</p> <p>As of December 2022, the public service employees' basic salary increased by an average of 8.6%, and seventy-five per cent (75%) of these employees were women. Therefore, the both the target and gender target were achieved.</p> <p>As of 31 December 2022, 28,793 additional children have enrolled in kindergarten. Thus, access to kindergarten reached 87% or 266,024 children, of which 49% were girls. Therefore, the both the target and gender target were achieved.</p>		
<p>3. This Component will support measures to mitigate the impact of higher inflation in food prices. Measures include interest rate subsidies to micro-, small- and medium-sized enterprises (MSMEs) in the agricultural sector, and customs duty exceptions on essential food products and commodities.</p>	<p>1527 MSMEs and private enterprises have benefited from concessional loans amounting to MNT 383.4 billion, thereby essentially achieving the target. The targeted disbursement of MNT 465 billion has not been fully reached.</p> <p>For the whole of 2022, Mongolia imported 54.0 thousand tons of white rice, 70.7 thousand tons of sugar, and 23.3 thousand tons of vegetable oil. This amounts to a total of 148 thousand tons of food products worth USD 118.9 million (MNT 416 billion) and a total of USD 4.2 million in</p>	<p>All gender-related targets are either already achieved or on track as of March 2023.</p>	<p>No procurement activities to be reported.</p>

	<p>customs duty exemptions. Hence, the target total tonnage of exempted food products was as good as achieved (only two thousand tons short), while the total value in MNT was exceeded by almost 40%.</p>		
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**Financial Management:**

MNT 1,484.9 billion was invested for actions under Component 1 in 2022. The budget allocation for this measure was exceeded by MNT 22.9 billion.

MNT 954.4 billion was invested for actions under Component 2 in 2022, exceeding the budget allocation by MNT 38.4 billion.

MNT 307 billion was allocated for actions under Component 3 in 2022, but the actual expenditure was MNT 327.3 billion, exceeding the budget by MNT 20.3 billion.

**6. Status of the Grievance Redress Mechanism (GRM)**

ADB's Safeguard Policy Statement (SPS) applies to this Program, instead of AIIB's ESP. Pursuant to AIIB's agreement with ADB, AIIB relies on ADB's Independent Accountability Mechanism, the Accountability Mechanism, to handle complaints relating to ES matters that may arise under the Program. No grievances have been received to date.

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

A high-level policy dialogue working group was established by order #238 of the Minister of Finance on 30 November 2022. On 13 April 2023, the State Secretary of the MOF and the ADB Country Director jointly chaired the first high-level policy dialogue in its full composition, attended by senior government representatives from the the Ministry of Labor and Social Protection (MLSP), the Ministry of Economy and Development (MED), the Ministry of Food, Agriculture, and Light Industry (MOFALI), the Ministry of Education and Science (MES), the Mongolian Tax Authority (MTA), the Mongolian Customs Authority (MCA), and the Central Bank of Mongolia (BOM), and relevant officers from the ADB and AIIB.

It was informed that all outcome indicators have been achieved as of December 2022, with the exception from Component 3.a., where MNT 383.4 billion has been disbursed so far to MSMEs as of Dec 2022, below the target of MNT 465 billion. Enabling policies are being reviewed to provide more incentives to banks and borrowers. An MNT 320 billion loan facility for the agriculture sector is being prepared for implementation in April 2023.

**Remarks:**

Project Objective Indicators	Indicator level	Unit of Measure	Cumulative Target Values									Frequency	Responsibility	Comments
			Baseline		2022		2023		End Target					
			Year	Value	Target	Actual	Target	Actual	Year	Target	Actual			
1a. By 31 December 2022, government will have provided MNT100,000 per month and per child for at least 1.2 million children (of whom 49% are girls) under the government extended CMP (sex-disaggregated)	Project	Number of children	2022	1,200,000	1,200,000	1,259,484			2022	1,200,000		Quarterly	MOF	
2a. By 31 December 2022, the government will have provided at least 300,000 employees (56% women) who have monthly salaries of less than MNT1 million, with a reimbursement of 50% of their social insurance premium contribution.	Project	Number of insurers	2022	300,000	300,000	650,593			2022	300,000		Quarterly	MOF	
2b. By 31 December 2022, government will have provided an average 8.5% salary increase to 107,000 public service employees, of whom at least 75% are women	Project	Public service employees	2022	107,000	107,000	107,000			2022	107,000		Quarterly	MOF	
2c. By 31 December 2022, through subsidies, the enrolment rate in early childhood education increased to 85%, or 16,000 additional children, of whom 49% are girls.	Project	Number of children	2022	16,000	16,000	28,793			2022	16,000		Quarterly	MOF	
3a. Government's commitment to providing up to MNT930 billion in concessional loans to agriculture sector MSMEs to promote domestic production of essential goods and prevent price increases of key commodities achieved, of which 50% (or MNT465 billion) will be disbursed by 31 December 2022.	Project	MNT bn	2022	465	465	383.4			2022	465		Quarterly	MOF	
3b. By 31 December 2022, custom's duty exemption on 150,000 tons of essential food products with a value of MNT300 billion in place	Project	Tons	2022	150,000	150,000	148,000			2022	150,000		Quarterly	MOF	

Project Intermediate Indicators	Indicator level	Unit Measure of	Cumulative Target Values														Frequency	Responsibility	Comments	
			Baseline		2022		2023		2024		2025		2026		End Target					
			Year	Value	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Year	Target				Actual