



FAST Report

Project Number: 54077-001
February 2020

Loan

Jointown Pharmaceutical Group Co., Ltd.
COVID-19 Emergency Response Project
(People's Republic of China)

This document contains information that is subject to exceptions to disclosure set forth in ADB's Access to Information Policy. Recipients should therefore not disclose its contents to third parties, except in connection with the performance of their official duties. ADB will make publicly available an abbreviated version of this document, which will exclude confidential business information and ADB's assessment of project or transaction risk.

Asian Development Bank

CURRENCY EQUIVALENTS

(as of 5 February 2020)

Currency unit	–	yuan (CNY)
CNY1.00	=	\$0.143
\$1.00	=	CNY6.998

ABBREVIATIONS

ADB	–	Asian Development Bank
COVID-19	–	coronavirus disease 2019
EHS	–	environmental, health, and safety
FAST	–	Faster Approach to Small Nonsovereign Transactions
MERS	–	Middle East Respiratory Syndrome
PPE	–	personal protective equipment
PRC	–	People's Republic of China
SARS	–	Severe Acute Respiratory Syndrome
SARS-CoV-2	–	Severe Acute Respiratory Syndrome Coronavirus 2
TA	–	technical assistance
WHO	–	World Health Organization

NOTES

- (i) The fiscal year (FY) of Jointown Pharmaceutical Group Co., Ltd. ends on 31 December.
- (ii) In this report, "\$" refers to United States dollars.

Vice-President	Diwakar Gupta, Private Sector and Public–Private Partnerships
Director General	Michael Barrow, Private Sector Operations Department (PSOD)
Deputy Director General	Christopher Thieme, PSOD
Team leader	Junnosuke Kobayashi, Investment Specialist, Office of the Director General (OPSD), PSOD
Project advisor	Aniruddha Patil, Principal Investment Specialist, OPSD, PSOD
Team members	Genevieve Abel, Principal Transaction Support Specialist (Integrity), Private Sector Transaction Support Division (PSTS), PSOD
	Ma. Caryl Concepcion Azarraga, Operations Assistant, OPSD, PSOD
	Nigel Chin, Senior Counsel, Office of the General Counsel (OGC)
	Cecilia Alcazar De Castro, Safeguards Officer (Environment), PSTS, PSOD
	Jhiedon Florentino, Economics Officer, PSTS, PSOD
	Joel Emerson Gregorio, Senior Legal Officer, OGC
	Jean Claire Inocencio, Senior Investment Officer, Office of the Director General – Risk Analytics Unit (OPSD-RAU), PSOD
	Manfred Kiefer, Senior Economist, PSTS, PSOD
	Hisaka Kimura, Advisor, OPSD, PSOD ^a
	Ki Fung Kelvin Lam, Young Professional, Social Sectors and Public Sector Management Division, Pacific Department
	Xiang Li, Senior Investment Officer, Infrastructure Finance Division 2, PSOD
	Naja Pareja Penas, Associate Transaction Support Officer, PSTS, PSOD
	Noel Peters, Principal Safeguards Specialist, PSTS, PSOD
	Amanda Satterly, Senior Social Development Specialist (Gender and Development), PSTS, PSOD
	Richard Sherrington, Senior Safeguards Specialist, PSTS, PSOD
	Amanda Tan, Investment Specialist, OPSD, PSOD
	Timo Teinila, Advisor, OPSD, and Head, OPSD-RAU, PSOD
	Criselda Uy, Senior Operations Assistant, Infrastructure Finance Division 1, PSOD

^a Outposted to the People's Republic of China Resident Mission.

In preparing any country program or strategy, financing any project, or by making any designation of or reference to a particular territory or geographic area in this document, the Asian Development Bank does not intend to make any judgments as to the legal or other status of any territory or area.

CONTENTS

Page

PROJECT AT A GLANCE

I.	INTRODUCTION	1
II.	THE PROJECT	1
	A. Project Identification and Description	1
	B. Development Impact, Outcome, and Outputs	3
	C. Alignment with ADB Strategy and Operations	3
	D. Project Cost and Financing Plan	4
	E. Implementation Arrangements	4
	F. Projected Financial and Economic Performance	6
III.	THE ADB ASSISTANCE	6
	A. The Assistance	6
	B. Value Added by ADB Assistance	6
	C. Risks	6
IV.	POLICY COMPLIANCE	7
	A. Safeguards and Social Dimensions	7
	B. Anticorruption Policy	8
	C. Investment Limitations	8
	D. Assurances	8
V.	THE PRESIDENT'S DECISION	8
APPENDIXES		
1.	Design and Monitoring Framework	11
2.	List of Linked Documents	14

PROJECT AT A GLANCE

1. Basic Data		Project Number: 54077-001	
Project Name	COVID-19 Emergency Response Project	Department/Division	PSOD/OPSD
Country	China, People's Republic of		
Borrower	Jointown Pharmaceutical Group Co., Ltd.		
Portfolio at a Glance	https://www.adb.org/Documents/LinkedDocs/?id=54077-001-PortAtaGlance		
2. Sector	Subsector(s)	ADB Financing (\$ million)	
✓ Health	Health system development	Total	18.60
			18.60
3. Operational Priorities		Climate Change Information	
✓ Addressing remaining poverty and reducing inequalities		Climate Change impact on the Project	Low
✓ Accelerating progress in gender equality			
✓ Fostering regional cooperation and integration			
Sustainable Development Goals		Gender Equity and Mainstreaming	
SDG 3.d		Some gender elements (SGE)	✓
		Poverty Targeting	
		General Intervention on Poverty	✓
4. Nonsovereign Operation Risk Rating			
Obligor Name		Obligor Risk Rating	Facility Risk Rating
Jointown Pharmaceutical Group Co., Ltd.		CONFIDENTIAL INFORMATION DELETED	
5. Safeguard Categorization Environment: C Involuntary Resettlement: C Indigenous Peoples: C			
6. Financing			
Modality and Sources		Amount (\$ million)	
ADB		18.60	
Nonsovereign Local Currency Loan (Regular Loan): Ordinary capital resources		18.60	
Cofinancing		0.00	
None		0.00	
Others^a		37.20	
Total		55.80	
Currency of ADB Financing: Yuan Renminbi			

^a Derived by deducting ADB financing and Cofinancing from Total Project Cost.

I. INTRODUCTION

1. This is an eligible transaction under the Faster Approach to Small Nonsovereign Transactions (FAST) framework.¹ The transaction involves a loan of up to CNY130,000,000 (or its equivalent in United States dollars) from the ordinary capital resources of the Asian Development Bank (ADB) to Jointown Pharmaceutical Group Co., Ltd. for the COVID-19 Emergency Response Project in the People's Republic of China (PRC).

2. The proceeds of this proposed loan will be used to fund the short-term working capital needs of Jointown to support the company's operations during the ongoing coronavirus disease 2019 (COVID-19) epidemic. Jointown is one of the pharmaceutical distributors designated by the PRC government to procure and distribute medical supplies to ensure continued accessibility and affordability of pharmaceuticals during the epidemic.²

3. The project supports the PRC's health system in responding to the public health emergency that began in Wuhan city in Hubei province. Since the outbreak began in late 2019, it has spread to other provinces in the PRC and to other countries. This project enhances emergency storage and distribution facilities for medical supplies, increases the provision of emergency medical supplies including drugs and devices, and sustains the resilience of critical health emergency response workers.

II. THE PROJECT

A. Project Identification and Description

4. **Project identification.** The PRC is currently experiencing a rapidly expanding outbreak of respiratory illness caused by a new strain of coronavirus, which has been designated by the International Committee on Taxonomy of Viruses as severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2).³ On 11 February 2020, the World Health Organization (WHO) named the new human infectious disease caused by SARS-CoV-2 as COVID-19.⁴ The virus causing the outbreak had been earlier named as the 2019 novel coronavirus (2019-nCoV) and the disease outbreak as 2019-nCoV acute respiratory disease by the WHO.⁵

5. Coronaviruses are a large family of viruses found in both animals and humans. They are zoonotic and transmit between humans and animals. In the last two decades, the only known human infectious disease outbreaks caused by coronaviruses are the Severe Acute Respiratory Syndrome (SARS) and Middle East Respiratory Syndrome (MERS) outbreaks. SARS-CoV-2 is a new strain of coronavirus that has not been previously detected before the COVID-19 outbreak was first reported in Wuhan city in December 2019. Symptoms of COVID-19 include a sore throat, cough, and fever. Symptoms may be more severe in some patients and can lead to pneumonia or breathing difficulties. In rare instances, the disease can be fatal. Older patients and patients with pre-existing medical conditions such as diabetes and heart disease appear to be more vulnerable to becoming severely ill with the virus. As of 16 February 2020, there is no vaccine

¹ Asian Development Bank (ADB). 2015. *Faster Approach to Small Nonsovereign Transactions*. Manila.

² Novel Coronavirus-Related Pneumonia Prevention and Control Command of Hubei Province. Companies Designated for Storage and Distribution of Emergency Supplies in Hubei Province. Unpublished document translated from Chinese.

³ A. Gorbalenya et al. 2020. *Severe Acute Respiratory Syndrome-related Coronavirus: The Species and Its Viruses – A Statement of the Coronavirus Study Group*.

⁴ WHO. 2020. *Novel Coronavirus (2019-nCoV)*. Situation Report – 22. Geneva.

⁵ WHO. 2020. *Novel Coronavirus (2019-nCoV)*. Situation Report – 10. Geneva.

and no specific medicines to prevent or treat this disease. On 30 January 2020, the International Health Regulations Emergency Committee of WHO declared the outbreak a Public Health Emergency of International Concern based on the possible effects the virus could have if it spreads to countries with weaker health systems.⁶

6. As of 16 February 2020, a total of 68,584 cases, including 51,174 laboratory-confirmed cases and 17,410 clinically-diagnosed cases, have been reported in the PRC, including 1,666 deaths. Hubei province, the origin of the outbreak, is disproportionately affected with 38,839 laboratory-confirmed cases and 17,410 clinically-diagnosed cases, and 1,596 deaths.⁷

7. On 23 January 2020, in an effort to contain the outbreak, the Government of the PRC focused on the center of the outbreak and imposed quarantine restrictions. It imposed travel restrictions within Wuhan city and between Wuhan and other places. Subsequently, the government extended travel restrictions to all cities in Hubei province. Travel restrictions that have affected logistics, combined with a general steep increase in demand, have put a strain on the supply chains for medical supplies needed to address the outbreak. WHO estimates that the demand for personal protective equipment (PPE)⁸ is 100 times higher than normal.⁹ This, compounded by stockpiling of PPE even in areas of low transmission, has resulted in a shortage of PPE for the general public and also health care workers in the most-affected provinces. This shortage has increased the risk of further transmission of COVID-19.

8. The Novel Coronavirus Pneumonia Control Command of Hubei Province has designated limited number of companies with responsibility for centralized procurement and distribution of medical supplies to ensure continued supply during the epidemic. Jointown is one of the designated companies entrusted with this responsibility.

9. **Project design.** ADB will provide a 2-year loan to Jointown to support short-term financing needs, which will help the company to manage its inventory. Increase in short-term funding facilities is crucial if Jointown is to cater to the increased demand while maintaining service delivery standards. The company has committed to protecting the supply of medical goods, ensuring quality, and continuing service during the outbreak.

10. With its 75,000 square meter distribution warehouse in Wuhan city, the single largest pharmaceutical distribution center in the PRC, Jointown is uniquely placed to meet the demands of addressing the outbreak at its epicenter. In addition to its headquarters operations in Wuhan, Jointown is playing a crucial role in addressing the epidemic in the most affected provinces of the PRC, including Guangdong, Henan, and Hunan.

11. [CONFIDENTIAL INFORMATION DELETED]

12. The COVID-19 outbreak has also overwhelmed the operations of humanitarian organizations such as the Red Cross. Given Jointown's sophisticated warehouse and inventory management systems, it has been asked by the local government to manage the warehouses of the Wuhan Branch and the Hubei Branch of the Red Cross Society of China to classify, store, and manage inventory of donated products. Service standards have since vastly improved, and Jointown will likely be requested to manage emergency storages in other affected provinces.

⁶ WHO. 2020. [*Statement on the second meeting of the International Health Regulations \(2005\) Emergency Committee regarding the outbreak of novel coronavirus \(2019-nCoV\)*](#). Geneva.

⁷ WHO. 2020. *Coronavirus disease 2019 (COVID-19). Situation Report – 27*. Geneva.

⁸ PPE includes protective clothing, helmets, gloves, face shields, goggles, face masks, and respirators.

⁹ WHO. 2020. Transcript of WHO Emergencies Press Conference on novel coronavirus on 7 February 2020. Geneva.

13. **Borrower.** Established in 1999 by Liu Baolin in Wuhan city, Jointown is the PRC's fourth-largest pharmaceutical distributor and the only privately owned distributor among the top five. Jointown has been listed on the main board of the Shanghai Stock Exchange since 2010 and as of 13 February 2020 had a market capitalization of CNY29.25 billion (\$4.18 billion).

14. Jointown procures pharmaceutical products and small medical devices and stores these in its large network of logistics centers to be subsequently sold to hospitals, clinics, and retail pharmacies throughout the PRC. [CONFIDENTIAL INFORMATION DELETED]

15. [CONFIDENTIAL INFORMATION DELETED]

16. [CONFIDENTIAL INFORMATION DELETED]

17. ADB conducted integrity due diligence on Jointown.

B. Development Impact, Outcome, and Outputs

18. **Impact.** The project is aligned with the following impact: capabilities regarding emergency medical assistance, and disease prevention and control strengthened.¹⁰

19. **Outcome.** The project will have the following outcome: capacity of health system to respond to public health emergencies enhanced.

20. **Outputs.** The project's outputs will be (i) financing sustained during the COVID-19 public health emergency; (ii) emergency storage and distribution facilities for medical supplies enhanced; and (iii) resilience of critical emergency response workers sustained, for both men and women, during the provision of services to address the COVID-19 public health emergency.

C. Alignment with ADB Strategy and Operations

21. **Consistency with ADB strategy and country strategy.** The project is aligned with ADB's Strategy 2030 as it is consistent with the key operational priority to address remaining poverty and reduce inequalities through ADB's support.¹¹ The project is also consistent with Strategy 2030's commitment to strengthen governance and institutional capacity. With its sophisticated logistics and information technology system, Jointown will contribute to governance and will enhance capacity to manage medical supplies to ensure effective and timely health care delivery to all in need.

22. The proposed loan is also aligned with one of the priority areas of ADB's country partnership strategy for the PRC for private sector development. This proposed project will support commercially viable business models including in health.¹²

23. **Consistency with sector strategy and relevant ADB operations.** This project supports ADB's Operational Plan for Health, which includes supporting regional health security with a focus

¹⁰ Government of the People's Republic of China. State Council. 2016. *The 13th Five-Year Plan for Economic and Social Development of the People's Republic of China (2016–2020)*. Beijing.

¹¹ ADB. 2018. [Strategy 2030: Achieving a Prosperous, Inclusive, Resilient, and Sustainable Asia and the Pacific](#). Manila.

¹² ADB. 2016. [Country Partnership Strategy: Transforming Partnership: People's Republic of China and Asian Development Bank, 2016–2020](#). Manila.

on regional health governance. ADB envisioned mobilizing regional financing for public health threats and pandemic preparedness.¹³

24. This proposed loan is also in line with pillar 3 of ADB's Operational Plan, to increase and diversify regional public goods to foster regional cooperation and integration. This pillar aims to reduce cross-border health risks through regional public goods initiatives.¹⁴

25. ADB's financing support to Jointown will ensure that resources are proportionately allocated to help with addressing the COVID-19 public health emergency at its epicenter. This is a significant step in improving cross-border health security for ADB's other member countries in Asia and the Pacific.

26. **Lessons from previous operations.** This project builds on ADB's previous public health emergency responses in its efforts to improve health security in Asia and the Pacific. Certain conditions such as favorable conditions for vectors, climate, poverty, and lack of disease surveillance and reporting have meant that some ADB member countries are more susceptible to becoming hotspots for emerging diseases. Since 2003, ADB has invested more than \$300 million in various projects and technical assistance (TA) for health security. This proposed loan will be ADB's first private sector financing that supports health security and regional health governance, and is aligned with the recommendations of an ADB study, on investing in regional health security, for ADB to support developing member countries' access to innovative financing.¹⁵ In a post-donor funding environment, innovative financing is important to mobilize funding for health security.

27. ADB's regional TA for SARS in 2003 revealed the need for flexible implementation arrangements and the need to focus on the needs of ADB's developing member countries in its efforts to control communicable diseases.¹⁶ Learnings derived from the TA included the need to coordinate interventions at the regional level. In realizing that the international spread of new infectious diseases will continue as people's mobility increases and with cross-border trade, it was recommended that efforts to address communicable diseases be focused on health system strengthening and improved organization, and effective allocation of resources.

D. Project Cost and Financing Plan

28. [CONFIDENTIAL INFORMATION DELETED]

E. Implementation Arrangements

29. Table 3 summarizes the implementation arrangements.¹⁷

Table 3: Summary of Implementation Arrangements

¹³ ADB. 2015. [*Operational Plan for Health, 2015–2020: Health in Asia and the Pacific—A Focused Approach to Address the Health Needs of ADB Developing Member Countries*](#). Manila.

¹⁴ ADB. 2019. [*Strategy 2030 Operation Plan for Priority 7: Fostering Regional Cooperation and Integration, 2019–2024*](#). Manila.

¹⁵ Counahan, M. et al. 2018. Investing in Regional Health Security for Sustainable Development in Asia and the Pacific: Managing Health Threats through Regional and Intersectoral Cooperation. [*ADB Sustainable Development Working Paper Series*](#). No. 56. Manila: ADB.

¹⁶ ADB. 2011. [*Technical Assistance Completion Report: Emergency Regional Support to Address the Outbreak of Severe Acute Respiratory Syndrome*](#). Manila.

¹⁷ Details of Implementation Arrangements (accessible from the list of linked documents in Appendix 2).

Aspects	Arrangements
Regulatory framework	<p>The National Medical Products Administration (NMPA) is the main agency in the People's Republic of China for regulating drugs and medical devices. It was established in 2018 as part of the State Administration for Market Regulation. Its main responsibilities include drafting laws and regulations for drugs, medical devices, and cosmetics; regulating the registration of drugs, medical devices, and cosmetics; and managing the standards of the pharmaceutical industry. Other relevant regulatory bodies include the National Health Commission, the Ministry of Human Resources and Social Security, and the National Development and Reform Commission.</p> <p>Key legislation for the pharmaceutical industry includes the Drug Administration Law and its implementing rules. The law was first implemented in 1984 and the last major amendment was in August 2019. The NMPA has issued a wide range of other regulations and measures to guide the pharmaceutical industry.</p> <p>In response to the ongoing coronavirus disease 2019 public health emergency, on 27 January 2020, the Novel Coronavirus Pneumonia Control Command of Hubei Province designated limited number of companies, including Jointown, as companies responsible for centralized procurement and distribution of medical supplies in Hubei province.</p>
Management	<p>Jointown's senior management and key executives include local professionals and its founders, who have extensive knowledge of the business:</p> <ul style="list-style-type: none"> (i) Liu Baolin: founder, director, and chair (ii) Liu Shulin: director and vice-chair (iii) Liu Zhaonian: director and vice-chair (iv) Gong Yi Hua: director and general manager (v) Chen Qi Ming: director and general manager (vi) Lin Xin Yang: director and board secretary (vii) Wang Qi: director (viii) Mao Zong Fu: independent director (ix) Yu Jin Song: independent director (x) Zhang Long Ping: independent director (xi) Wang Jin Xia: independent director (xii) Liu Deng Pan: vice-general manager (xiii) Liu Yi Chang: vice-general manager (xiv) Xu Ying Zheng: chief financial officer (xv) Guo Lei: vice-general manager (xvi) Yang Ju Mei: vice-general manager (xvii) Wang Qi Bing: vice-general manager
Implementation period	February 2020–September 2020
Operations arrangements	
Revenue structure	[CONFIDENTIAL INFORMATION DELETED]
Major cost structure	[CONFIDENTIAL INFORMATION DELETED]
Operation and maintenance	[CONFIDENTIAL INFORMATION DELETED]
Performance monitoring	Jointown will provide quarterly unaudited and annual audited financial statements to the Asian Development Bank. Jointown will also report key performance indicators, including output and outcome indicators on a regular basis until the outbreak is contained.

Note: Percentages may not total 100% because of rounding.

Sources: Asian Development Bank and Jointown Pharmaceutical Group Co., Ltd.

F. Projected Financial and Economic Performance

30. [CONFIDENTIAL INFORMATION DELETED]

III. THE ADB ASSISTANCE

A. The Assistance

31. ADB will provide a loan of up to CNY130 million (\$18.6 million) in local currency to finance Jointown's short-term financing needs. The proceeds of ADB's loan will complement the [CONFIDENTIAL INFORMATION DELETED] loans already provided to Jointown by PRC financial institutions for liquidity support during the COVID-19 outbreak. The proceeds of all these loans will be used to support Jointown's key role as one of the designated pharmaceutical procurers and distributors to address the outbreak. Jointown's role is critical in ensuring continued and quality supply of medical drugs and devices during this public health emergency.

B. Value Added by ADB Assistance

32. ADB's timely direct loan facility, as part of its response to the COVID-19 outbreak, provides confidence to investors in the PRC at this critical time. ADB's loan facility is in line with the People's Bank of China's effort to support the PRC economy and to instill confidence in the financial system during the epidemic by injecting liquidity.¹⁸

33. As this proposed loan has a longer tenor than the [CONFIDENTIAL INFORMATION DELETED] loans provided by local PRC banks to Jointown, it will provide affordable financing for the company's operations for a longer period of time and will demonstrate confidence and support for the local banking industry.

34. This project supports continued quality health care service delivery to ensure the availability and affordability of access to health care, especially in responding to a global public health emergency. It will support access to much-needed health care products for the most-affected locations and people in the PRC.

35. This project is critical to the international response to contain a growing global health emergency that has disproportionately affected ADB's developing member countries in Asia and the Pacific, by addressing the outbreak at its center in Hubei province.

C. Risks

36. [CONFIDENTIAL INFORMATION DELETED]

¹⁸ *Market Watch*. 2020. [China to inject \\$173 billion into economy to cushion expected stock shock](#).

IV. POLICY COMPLIANCE

A. Safeguards and Social Dimensions

37. ADB has categorized the investment in compliance with ADB's Safeguard Policy Statement (2009) as follows: environment category C, involuntary resettlement category C, and indigenous peoples category C.¹⁹

38. ADB has undertaken due diligence and reviewed the potential environmental and social impacts of the project and the measures to avoid, minimize, mitigate, and compensate for the adverse impacts in the safeguard reports and plans. The environmental and social measures and the institutional capacity and commitment of Jointown to manage the project's social and environmental impacts are deemed adequate. Climate change impact on the project is unlikely.

39. The operation of Jointown's warehouse and distribution network is likely to have minimal or no adverse environmental and social impacts. Proceeds from the ADB loan will not be used to fund any facility expansion and will be directed to existing operations including in the provinces of Hubei, Guangdong, Henan, and Hunan. The Wuhan facility has been operating in its current location in a government-designated industrial zone since 2014 and therefore will not require any additional land acquisition or generate involuntary resettlement impacts or impacts on indigenous peoples. Jointown's warehouse, distribution, and logistics operations are certified to International Organization for Standardization (ISO)14001/GB/T 24001–2016 Environmental Management System, ISO 9001/GB/T 19001-2016 Quality Management System, and Occupational Health and Safety Assessment Series (OHSAS) 14001/GB/T 28001–2011 Occupational Health and Safety Management. The company has an existing environmental, health, and safety (EHS) management system and standard operating procedures for managing the environmental and social impacts of its operations, including monitoring performance through key performance indicators. The EHS management system includes procedures for managing waste and water including handling medicines for disposal, providing PPE, staff working hours, and safety checks for truck drivers. The EHS management structure is integrated in the respective departments at all levels and in the existing standard operating procedures.

40. The company promotes feedback from its employees concerning suggestions for improving working conditions or to discuss labor matters, and also operates with a system that encourages employees to report any complaints by email or other written format for management attention. Employees have recourse to a labor union to assist with complaints where required. The company has resource efficiency programs such as replacing diesel trucks with electric trucks once they reach end of life. As of December 2019, Jointown had not received any noncompliance notices, fines from regulatory agencies, or complaints from the public on its operations.

41. **Some gender elements.** Jointown commits to implement measures to promote gender equality and women's empowerment in its business activities following ADB's Policy on Gender and Development (1998), achieving the categorization of *some gender elements*. The gender actions relate to the provision of emergency medical supplies during the COVID-19 epidemic. As appropriately sized PPE for women are currently lacking, these gender actions include ensuring that all female staff of Jointown who are responding to the COVID-19 outbreak are trained on PPE use and procedures, and have appropriately sized PPE. Jointown will submit periodic reports on the implementation of gender measures to ADB.

¹⁹ ADB. [Safeguard Categories](#).

42. Jointown will (i) apply ADB's prohibited investment activities list, (ii) comply with the ADB Safeguard Policy Statement (2009), and (iii) abide by national laws and regulations. Jointown will comply with national labor laws and, pursuant to ADB's Social Protection Strategy (2001), will take measures to comply with the internationally recognized core labor standards.²⁰ The client will report regularly to ADB on (i) its compliance with such laws and (ii) the measures taken. Information disclosure and consultation with affected people, if needed, will be conducted in accordance with ADB requirements.²¹

B. Anticorruption Policy

43. Jointown was advised of ADB's policy of implementing best international practice relating to combating corruption, money laundering, and the financing of terrorism. ADB will ensure that the investment documentation includes appropriate provisions prohibiting corruption, money laundering, and the financing of terrorism, and remedies for ADB in the event of noncompliance.

C. Investment Limitations

44. The loan is within the medium-term, country, industry, group, and single exposure limits for nonsovereign operations.

D. Assurances

45. Consistent with the Agreement Establishing the Asian Development Bank (the Charter),²² ADB will proceed with the assistance upon establishing that the Government of the PRC has no objection to the assistance to Jointown. ADB will enter into suitable finance documentation, in form and substance satisfactory to ADB.

V. THE PRESIDENT'S DECISION

46. The President, acting under the authority delegated by the Board, has approved the loan of up to CNY130,000,000 (or its equivalent in United States dollars) from the ordinary capital resources of the Asian Development Bank (ADB) to Jointown Pharmaceutical Group Co., Ltd. for the COVID-19 Emergency Response Project in the People's Republic of China, and hereby reports this action to the Board.

²⁰ ADB. 2003. *Social Protection*. Manila (adopted in 2001).

²¹ Summary Poverty Reduction and Social Strategy; and Safeguards and Social Dimensions (accessible from the list of linked documents in Appendix 2).

²² ADB. 1966. *Agreement Establishing the Asian Development Bank*. Manila.

DESIGN AND MONITORING FRAMEWORK

Impact the Project is Aligned with: Capabilities regarding emergency medical assistance, and disease prevention and control strengthened (The 13th Five-Year Plan for Economic and Social Development of the People's Republic of China) ^a			
Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting Mechanisms	Risks
Outcome Capacity of health system to respond to public health emergencies enhanced	By September 2020: a. [CONFIDENTIAL INFORMATION DELETED] b. [CONFIDENTIAL INFORMATION DELETED] c. [CONFIDENTIAL INFORMATION DELETED]	Government and WHO statistics Development effectiveness monitoring reports Progress reports submitted by Jointown	Restricted logistics across provinces because of quarantine measures. Insufficient supply of emergency medical supplies.
Outputs 1. Financing sustained during the COVID-19 public health emergency	By September 2020: 1. [CONFIDENTIAL INFORMATION DELETED]	Financial statements submitted by Jointown	Liquidity constraints in the local banking industry impact Jointown's ability to access short-term financing. The public health emergency continues for longer than anticipated, which increases working capital financing needs.
2. Emergency storage and distribution facilities for medical supplies enhanced 3. Resilience of critical emergency response workers sustained, for both men and women,	2. [CONFIDENTIAL INFORMATION DELETED] 3a. [CONFIDENTIAL INFORMATION DELETED]	Development effectiveness monitoring reports Progress reports submitted by Jointown	Reduced capacity of sourcing and distribution network because of quarantine restrictions. Reduced supply of emergency medical supplies because of global shortage.

Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting Mechanisms	Risks
during the provision of services to address the COVID-19 public health emergency	3b. [CONFIDENTIAL INFORMATION DELETED] 3c. [CONFIDENTIAL INFORMATION DELETED]		
Key Activities with Milestones 1. ADB executes loan agreement with Jointown by March 2020. 2. ADB disburses to Jointown by March 2020.			
Inputs [CONFIDENTIAL INFORMATION DELETED]			
Assumptions for Partner Financing Not applicable.			

ADB = Asian Development Bank, COVID-19 = coronavirus disease 2019, NA = not applicable, WHO = World Health Organization.

^a Government of the People's Republic of China. State Council. 2016. [The 13th Five-Year Plan for Economic and Social Development of the People's Republic of China \(2016–2020\)](#). Beijing.

^b Protective personal equipment includes protective clothing, helmets, gloves, face shield, goggles, face masks, and respirators.

^c Basic hygiene products include hand sanitizers, soap, disinfectant, and related products.

Source: Asian Development Bank.

LIST OF LINKED DOCUMENTS

1. [CONFIDENTIAL INFORMATION DELETED]