

MONGOLIA

➤ Background Information

- Population 2,4 mil
- Territory 1,5 mil sq.km
- Livestock 26,0 mil
- GDP per capita \$ 450
- Literacy rate 98,0%
- Unemployment rate:
 - -official 4,5%
 - -unofficial 17,4%
- Poverty rate 35,6
- Minimum wage \$ 22.5

Social Protection In The Past

- Socialist country for 7decades
- No registered unemployment
- Compulsory secondary education
- 100 % public service
 - Free health service
 - Free education
- Mandatory social insurance system

Existing social programs

➤ Social assistance benefit, 1995 (1.7% of GDP)

- Cash transfer to elderly, orphans, disabled, mothers with a child under 1 years old, HH with 4 & more children
- Non cash transfer (firewood) to poor elderly
- Social pension for elderly
- Social care services (nursing homes) for elderly and disabled without home and families
- Housing subsidy for poor elderly

➤ Employment promotion for unemployed, 2001 (0.03% of GDP)

- Public works
- Micro finance
- Wage subsidy
- Counseling service
- Retraining
- Skills training

Existing social programs

- **National Poverty Alleviation Program for poor households, 1994-2000 (\$16.0 ml)**
 - Social Development Fund (repairing schools, hospitals, kindergartens)
 - Women's Development Fund (FHH)
 - Income Generation Fund (micro loans)
 - Public Works (repairing bridges, cleaning forest)
- **Sustainable Livelihood Program for poor and people near poverty line, 2002-2014, \$48 ml**
 - Social Fund
 - Micro finance
 - Pastoral Risk Management
- **Public Fund for education of children from poor HH and of herders and civil servants**
 - Tertiary tuition fee waver
 - School dormitory fee waver
 - School stationary subsidy
- **Social insurance subsidy for civil servants**
- **Health insurance fee waver for the elderly and children under 16**
- **Housing subsidy for poor HH**
- **State public reservation fund for natural disaster**

Macro Shocks

		<u>Impact on HH</u>	<u>Main coping strategy</u>
Natural	Dzud /heavy snow fall & drought for the last 3 years	10 mln heads of livestock has died	Migrating to urban cities
Economic	Privatization of SOE 's	High employment	Shifting to the emerging private (70% of GDP) & informal (13% of GDP) sector
	Price liberalization	250 times increase in price 100 times increase in wages	

Major Studies

LSMS

1995, 1998

RER

2002

PLSA

2000

PRSP

ongoing

Shortcomings of social assistance

- Lack of coordination between programs
- Lack of programs to cope with risks
- Poor targeting
 - Considerable leakage
 - Exclusion of large groups of poor HH
- Creating poverty trap
- Inefficient care service

Proposed Reforms

- Shifting from universal demographic, individual based targeting to means tested, community based, HH based targeting
- Introducing social work services
- Piloting programs to protect against risks: Pastoral risk management, Livestock insurance, social funds for crop & hay reservation
- Moving towards community-based care services: Cost efficiency, quality of service outreaching