

SUMMARY OF IMPACT AND NEEDS ASSESSMENT

1. **Impact.** The World Health Organization (WHO) declared the coronavirus disease (COVID-19) outbreak a public health emergency of international concern on 30 January 2020 and a pandemic on 11 March 2020. The WHO recommended that countries take drastic actions to contain the disease, requiring an immediate response to control and prevent its spread and reduce its health, economic, and social impacts, especially on poor and vulnerable groups. Mongolia's early and robust response to contain the spread included strict border closures, a suspension of air travel, enforced quarantine for arriving passengers, closure of schools and non-essential businesses, and other restrictions on daily life. These measures helped keep the number of cases relatively low, but the health risk level remains high, and the government estimates that 20% of the population are particularly vulnerable to the public health threat.¹ The curtailed economic activity has affected a wide range of sectors including small- and medium-sized enterprises, the service sector, and mining and extractive industries. A narrow economic base and dependence on mining makes the economy inherently vulnerable.

2. As a result of the pandemic, Mongolia will experience a severe economic slowdown (footnote 1). Preliminary estimates show that Mongolia will suffer losses totaling \$71 million–\$276 million.² Gross domestic product growth will be much lower in 2020 than envisioned: the Asian Development Bank (ADB) has revised the 2020 growth forecast to 2.1%, down from 6.1%,³ but a protracted global economic crisis brought about by the pandemic would significantly worsen this outlook.

3. The socioeconomic impacts of a severe economic contraction coupled with rising food prices will hit the country's poor and vulnerable groups particularly hard. The loss of jobs and income coupled with rising food prices will particularly affect existing poor and vulnerable people. The pre-crisis poverty rate was 28.4% in a population of 3.24 million, but this national average masks significant differences by gender, location, and age. The poverty rate is significantly higher among urban households headed by women (32.4%), households living in the country's eastern region (37.4%), and among very young children aged 0–4 (38.0%).⁴ Childhood poverty is widespread: children under the age of 15 comprise 42% of the country's nearly 905,000 poor people, while 52% live in households with more than three children.

4. Before the pandemic, a significant share of Mongolians who are technically non-poor nevertheless live precariously close to the poverty line requiring only a small shock to fall back below. As one possible indicator of vulnerability, increasing the poverty line by half nearly doubles the poverty rate to 55.7% of the population (footnote 4). About 15% of non-poor Mongolians are considered particularly vulnerable to falling into poverty as their household income falls below 1.25 times the poverty line. Mongolia's experience of past crises indicates the adoption of negative coping strategies is a risk. Negative coping strategies can include selling productive assets, reducing consumption levels, or making harmful choices regarding investment in education, health, and livelihoods, all of which can impact long-term well-being.⁵

¹ ADB. [Mongolia: COVID-19 Rapid Response Program](#).

² ADB. 2020. [The Economic Impact of the COVID-19 Outbreak on Developing Asia](#). ADB Brief. No. 128, 06 March. Manila.

³ ADB. 2019. [Asian Development Outlook 2019: Strengthening Disaster Resilience](#). Manila; and ADB. 2020. [Asian Development Outlook 2020: What Drives Innovation in Asia?](#) Manila.

⁴ National Statistics Office of Mongolia and World Bank. 2020. [Mongolia Poverty Update 2018](#). Ulaanbaatar.

⁵ ADB. 2018. [Strengthening Resilience Through Social Protection Programs: Guidance Note](#). Manila.

5. **Needs.** On 27 March 2020, the government launched a countercyclical development expenditure program (CDEP), announcing its intention to introduce measures to counter the negative impacts of the COVID-19 pandemic, amounting to MNT5.1 trillion (\$1.84 billion). The program includes three areas of support: social protection measures to support citizens, support to vulnerable businesses and fiscal stimulus measures, and public health protection. The CDEP included a temporary increase in child money program benefits by MNT10,000 per child per month for 3 months, from April to June 2020. The financing needs for the CDEP are significant (footnote 1).

6. On 6 May 2020, the government announced an expanded package of temporary social assistance measures which include (i) a further increase in the child money program by MNT80,000, bringing the total to MNT100,000 per child per month for 6 months, and (ii) doubling the value of the food stamp program to MNT32,000 per adult per month and MNT16,000 per child per month. The total cost of these two new social assistance measures, including the basic program benefits plus temporary top-ups, is MNT740.6 billion. The approved 2020 budget includes the basic benefit for each program. The summary of needs, representing the shock-responsive benefit top-ups, is presented in table below.

Table: Summary of Needs

Food Stamp Program					
Duration	No. of Beneficiaries		Benefit Top-Up (\$)	Required Fund (\$)	
				Per Month	For 5 Months
May–Sep 2020	Adults	122,331	5.73	700,956.63	3,504,783.15
	Children	118,240	2.87	339,348.80	1,696,744.00
Subtotal (A)				1,040,305.43	5,201,527.15
Child Money Program					
Duration	No. of Beneficiaries		Benefit Top-Up (\$)	Required Fund (\$)	
				Per Month	For 6 Months
April–Sep 2020	Children	1,186,000	28.67	34,002,620.00	204,015,720.00
Subtotal (B)					204,015,720.00
Total (A+B)					209,217,247.15

Note: Mongol bank rate as of 12 May 2020.