

SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY

Country:	Mongolia	Project Title:	Shock-Responsive Social Protection Project
Lending/Financing Modality:	Emergency Assistance Loan	Department/Division:	East Asia Department/Urban and Social Sectors Division and Mongolia Resident Mission

I. POVERTY AND SOCIAL ANALYSIS AND STRATEGY

Poverty targeting: targeted intervention—household

A. Links to the National Poverty Reduction and Inclusive Growth Strategy and Country Partnership Strategy

The emergency assistance to support shock-responsive social protection is closely aligned with the country partnership strategy for Mongolia, 2017–2020 which emphasizes the importance of social protection. The first pillar, economic and social stability, includes strengthening social safety nets (social assistance) with a focus on disadvantaged groups, and preserving essential social welfare programs for the poor and vulnerable.

The project will support increased poverty-targeted food support through the existing FSP and child-targeted income support through the CMP as part of the response by the Government of Mongolia to the socioeconomic impacts of the COVID-19 outbreak. The government announced a MNT5.1 trillion (\$1.84 billion) countercyclical development expenditure program on 27 March 2020 to counter the economic effects of the global pandemic. 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. It was designed to mitigate the overall COVID-19 impact by directly supporting those affected by the crisis and providing the economy with a much-needed boost and with the objectives of poverty alleviation and supporting growth and socioeconomic development. The package included a temporary increase in CMP benefits by MNT10,000 per child per month for 3 months, from April to June 2020. The total additional benefit of about \$11 per child would have provided some basic support to families, but the amount was recognized to be low from a welfare perspective and as a share of the poverty line. Recognizing this, the government announced an expanded package of temporary social assistance measures on 6 May 2020, including (i) a further increase in the CMP, 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.

B. Results from the Poverty and Social Analysis during PPTA or Due Diligence

1. **Key poverty and social issues.** The loss of jobs and income coupled with rising food prices will particularly affect the significant share of the population that was already poor or vulnerable to begin with. The pre-COVID-19 poverty rate was 28.4% of the population of 3.24 million, but behind this national average lie 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%).^a 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. A significant share of Mongolians who are technically non-poor nevertheless live precariously close to the poverty line. Increasing the poverty line by half nearly doubles the poverty rate to 55.7% of the population. In addition, 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.^b Cushioning the impacts of the crisis is particularly important for poor households and developing shock-responsive social protection systems which are able to reach those most in need quickly is increasingly viewed as a global good practice.

2. **Beneficiaries.** The beneficiaries will be all FSP and CMP recipients. The FSP targets the 5% poorest households using the proxy means test methodology, while the CMP targets all children under the age of 18 as belonging to a particularly vulnerable group, with the condition that they be registered in the Integrated Household Database. As of March 2020, the FSP reached 44,325 households and 240,557 individuals. Of these, 118,181 were children: 58,113 girls and 60,068 boys, and 122,376 were adults: 68,370 women, 54,006 men. The CMP reached 1,107,130 kids aged 0–17 (93.3% of all children): 566,291 boys and 540,839 girls. More families have registered their children for the CMP since the late March 2020 announcement of increased benefits: as of 13 May 2020, 95% of children are now registered, with more expected.

3. **Impact channels.** Direct impact channels are the increased transfer amounts which will cushion the impacts of pandemic-related loss of employment, lost or reduced wages, and increased food prices.

4. **Other social and poverty issues.** The project is designed to respond specifically to the sudden, direct, and unforeseen economic impacts on poor and vulnerable households of the COVID-19 pandemic. Other ADB support includes technical assistance, grant, and lending to strengthen health security, contain the COVID-19 outbreak, and provide adequate health care services for all during the pandemic. ADB budget support will help the government

maintain and enhance social assistance and social insurance programs through countercyclical spending measures. ADB-supported assistance to small- and medium-sized enterprises will reduce the extent of job and wage losses.

5. **Design features.** The project will directly address poverty through support to the existing targeted food and cash transfers. The beneficiaries include the poorest households (lowest 5%) and children who are one of the most vulnerable groups in Mongolia. The project design includes: (i) increased benefit level of FSP to prevent food insecurity for at least 240,500 poor people, (ii) increased benefit level of CMP for at least 1.12 million children, (iii) a communication campaign on temporary social welfare measures, and (iv) improved data collection and analysis and gender impact assessment of FSP and CMP.

II. PARTICIPATION AND EMPOWERING THE POOR

1. Participatory approaches and project activities. The proposed project will provide temporary top-ups to social welfare benefits for the poor and vulnerable, ensuring food security and basic needs during a time of severe economic difficulties. A communication campaign will ensure widespread awareness of the social assistance measures. The impact assessment will involve beneficiaries.

2. Civil society organizations.

4. The following forms of civil society organization participation are envisaged during project implementation, rated as high (H), medium (M), low (L), or not applicable (NA):

Information gathering and sharing (L) Consultation (L) Collaboration Partnership

5. Participation plan. Given the scope and urgency of the program, no participation plan has been developed

Yes. No. A communication program will be conducted.

III. GENDER AND DEVELOPMENT

Gender mainstreaming category: effective gender mainstreaming

A. Key issues. Reducing food consumption is one of the first strategies undertaken by households during economic crises. Poor households quickly adapt by further reducing the quality of food and mothers, in particular tend to reduce the quantity of food that they consume to ensure their children can maintain theirs. A 2014 impact assessment found that the FSP helped to limit this negative coping strategy, which fell to 25% for both men and women who received the benefit. The pandemic-induced economic downturn, home quarantine and school closures can fuel family tensions. Mongolia already experiences high levels of domestic violence and has seen a sharp increase in the past months. Food and cash support can lower stress levels and serve as a channel that reduces the potential for violence. Individual CMP accounts are opened in children's names, and mothers are in most cases the account custodians. This helps ensure that mothers are able to control the use of the grant.

B. Key actions. Key measures in the project design include: (i) food insecurity prevented for at least 240,500 poor people, including 53% women and girls, and 20.5% of households benefitting are women headed in the FSP; (ii) 50% of children receiving CMP are girls; (iii) women are generally CMP account custodians and therefore in charge of use of the grant; (iv) improved data collection and analysis for gender monitoring in both programs; (v) implementation of a gender sensitive communication campaign for the public; and (vi) an impact assessment, including gender analysis, of the top-ups for both programs.

Gender action plan Other actions or measures No action or measure

IV. ADDRESSING SOCIAL SAFEGUARD ISSUES

A. Involuntary Resettlement

Safeguard Category: A B C FI

1. Key impacts. There will be no civil works taken up in the project. The proposed food support and cash transfers will not trigger land acquisition or involuntary resettlement impacts.

2. Strategy to address the impacts. No measures/actions required

3. Plan or other Actions.

Resettlement plan Combined resettlement and indigenous peoples plan
 Resettlement framework Combined resettlement framework and indigenous peoples
 Environmental and social management system arrangement Social impact matrix

No action

B. Indigenous Peoples

Safeguard Category: A B C FI

1. Key impacts. The project is socially inclusive without any partiality to any ethnic groups. All eligible citizens will benefit from the project if they fall within the eligibility criteria and their households are included in the beneficiary lists for both poverty-targeted food support, and child-targeted income support.

Is broad community support triggered? Yes No

2. Strategy to address the impacts. No measures/actions required.

3. Plan or other actions.	
<input type="checkbox"/> Indigenous peoples plan	<input type="checkbox"/> Combined resettlement plan and indigenous peoples plan
<input type="checkbox"/> Indigenous peoples planning framework	<input type="checkbox"/> Combined resettlement framework and indigenous peoples planning framework
<input type="checkbox"/> Environmental and social management system arrangement	<input type="checkbox"/> Indigenous peoples plan elements integrated in project with a summary
<input type="checkbox"/> Social impact matrix	
<input checked="" type="checkbox"/> No action	
V. ADDRESSING OTHER SOCIAL RISKS	
A. Risks in the Labor Market	
1. Relevance of the project for the country's or region's or sector's labor market, indicated as high (H), medium (M), and low or not significant (L).	
<input checked="" type="checkbox"/> unemployment L <input type="checkbox"/> underemployment <input type="checkbox"/> retrenchment <input type="checkbox"/> core labor standards	
2. Labor market impact. The project will not have a direct impact on the labor market but it will help cushion the adverse impacts for poor and vulnerable households of loss of employment and wages.	
B. Affordability	
Not applicable	
C. Communicable Diseases and Other Social Risks	
1. The impact of the following risks are rated as high (H), medium (M), low (L), or not applicable (NA):	
<input checked="" type="checkbox"/> Communicable diseases (NA) <input type="checkbox"/> Human trafficking (NA)	
<input type="checkbox"/> Others (please specify) _____	
2. Risks to people in project area.	
Not applicable	
VI. MONITORING AND EVALUATION	
1. Targets and indicators. Key targets and indicators in the design and monitoring framework include: food insecurity prevented during the COVID-19 outbreak for at least 240,500 poor people, including 53% women and girls, and at least 1.12 million children (50% girls) registered in the Integrated Household Database receive timely CMP benefits. The Ministry of Finance and MLSP and reporting will be sex-disaggregated. Other indicators focus on the benefit increases for both programs.	
2. Required human resources. Monitoring of the project will be done by the PIU and ADB through midterm and final progress reports and review missions. Consulting services to support the impact assessment will be supported through a knowledge and support technical assistance and in collaboration with UNICEF.	
3. Information in the project administration manual. The project administration manual includes the gender action plan and outlines the monitoring arrangements between the PIU and ADB.	
4. Monitoring tools. In addition to the regular MSLP sex-disaggregated monitoring of the payment of benefits and redeemed vouchers through participating shops, the project will conduct an impact assessment, including poverty, social, and gender impact assessment, of the FSP and CMP top-ups.	

ADB = Asian Development Bank, CMP = child money program, COVID-19 = coronavirus disease, FSP = food stamp program, MLSP = Ministry of Labor and Social Protection, MNT = Mongolian togrog, PIU = project implementation unit, UNICEF = United Nations Children's Fund.

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

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

Source: ADB.