

SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY

Country:	Mongolia	Project Title:	Strengthening Health Security Program
Lending/Financing Modality:	Policy-Based Loan	Department/Division:	East Asia Department/Mongolia Resident Mission; Public Management, Financial Sector, and Regional Cooperation Division; and Urban and Social Sectors Division

I. POVERTY AND SOCIAL ANALYSIS AND STRATEGY

Poverty targeting: general intervention

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

The program will strengthen the health sector's response to the COVID-19 pandemic and expedite medium-term reforms to strengthen the health system and enable Mongolia to be better prepared to respond to future health crises. The following four reform areas across two subprograms will be achieved through key policy actions: (i) health sector preparedness and response to COVID-19 pandemic strengthened, (ii) governance of health sector operations improved, (iii) sustainability and efficiency of health sector resources improved, and (iv) medium-term fiscal stability enhanced. These reform areas will support health sector reform through improvements in governance, efficiency, financial sustainability, and provision of quality services. The overall aim of the program is to increase the efficiency and governance of health sector resources, which will help contain health system costs and promote better management of health resources.

The program is aligned with the Mongolia Sustainable Development Vision 2030 and the State Policy on Health, 2017–2026, which aims to improve quality and access to health care services.^a The program is consistent with ADB's country partnership strategy for Mongolia, 2017–2020 and ADB's Strategy 2030 operational priority 1 (addressing remaining poverty and reducing inequalities), with the aim of enhancing human capital and achieving better health care for all.^b The program is also aligned with Strategy 2030 operational priorities 2 (accelerating progress in gender equality) and 6 (strengthening governance and institutional capacity), and is included in ADB's country operations business plan 2021 for Mongolia.^c

B. Results from the Poverty and Social Analysis during Project Preparatory Technical Assistance or Due Diligence

1. Key poverty and social issues. Mongolia's poverty headcount was 35%–36% from 1995 to 2008. The poverty rate declined steadily from 38.8% in 2010, to 27.4% in 2012, to 21.6% in 2014. Poverty then rose in 2016 to 29.6% before falling to 28.4% in 2018. Today, almost one in three Mongolians live in poverty and an additional 27.3% live within the poverty line, and 50% are at risk of falling into poverty because of negative shocks. Rural poverty (30.8%) is higher than urban (27.2%), though this gap has narrowed considerably in recent years. Despite this, poverty concentration is increasing in urban areas, with 63.5% of the poor living in urban areas (41.8% in Ulaanbaatar). Poverty is a major cause of ill health and is a barrier to accessing health services—the poor use health care 2.5 times less than the nonpoor. Ill health is also a contributing factor to poverty because of the high cost of health care, OPE, and loss of income because of illness. OPE accounts for 32% of the total health expenditure, and financial barriers to health care include high user fees, additional payments for drugs, and high cost of transportation. Also, a large proportion of household spending on health often goes to expensive, overprescribed, and nonessential medicines.

Mongolia's health system has been strained because of the COVID-19 pandemic. The government estimates that about 60% of the population is at risk of contracting the infection. Of these, about 26% people are at higher risk (i.e., frontline medical workers, emergency management staff, border police and military, state inspectors, and the elderly). Human resources for health, financing, service delivery, and access to essential medicines, are some of the fundamental areas that are affected by the pandemic. Primary health care service delivery and quality is weak, and there is an overreliance on less cost-effective tertiary care. As such, systemic health system issues can limit effective and efficient health system response. Since the COVID-19 pandemic will continue to significantly strain health system resources, it may also create challenges in providing care for existing chronic conditions such as noncommunicable diseases, cancers, and heart disease, among others, as resources are overstretched.

2. Beneficiaries. The program will support the government to increase its investments in health systems and health services. The program actions will also reduce the cost of medicines and improve their quality, which will provide direct benefits to the general population and reduce health care-related costs, especially to the poor, for whom medicines are expensive and often of substandard quality.

3. Impact channels. The program will have an impact on the overall health system costs because of the efficiency gains from the policy reforms. The program will also improve Mongolia's ability to contain the COVID-19 outbreak, prepare for future outbreaks, and provide adequate health care services for all during the pandemic.

4. Other social and poverty issues. The program is designed to improve the responsiveness, efficiency, and governance of health sector operations, which will not only support Mongolia during the COVID-19 pandemic but also

<input type="checkbox"/> Resettlement framework	<input type="checkbox"/> Combined resettlement framework and indigenous peoples planning framework
<input type="checkbox"/> Environmental and social management system arrangement	<input type="checkbox"/> Social impact matrix
<input checked="" type="checkbox"/> No action	
B. Indigenous Peoples	
Safeguard Category: <input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> FI	
1. Key impacts. None of the reform areas will target specific ethnic groups. The reform actions will benefit Mongolians regardless of ethnicity.	
Is broad community support triggered? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
2. Strategy to address the impacts. Not applicable.	
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 program includes a policy action under reform area 2 to establish a dedicated national pharmaceutical regulatory authority, which will likely provide employment to individuals once established.	
B. Affordability	
Although health insurance coverage is high, the breadth of coverage in terms of services is still lacking, which leads to high health care OPE for households. Moreover, the majority of OPE is attributed to medicines. The program addresses this key issue through policy reforms to better regulate the price of medicines for patients and to reduce the cost of medicines acquired by public hospitals, thereby reducing health expenditure for poor and nonpoor patients. The program will also support the government to consolidate funds from the state budget into the national Health Insurance Fund, which should reduce overall health system costs and increase the coverage and types of health services provided.	
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 type="checkbox"/> Communicable diseases (NA) <input type="checkbox"/> Human trafficking	
<input type="checkbox"/> Others (please specify) _____	
2. Risks to people in project area. Not applicable	
VI. MONITORING AND EVALUATION	
1. Targets and indicators. The DMF includes targets and indicators for participation by women (capacity building), identification of gender-specific needs for the National Disaster Response Plan and health care services, and gender training for senior public hospital management.	
2. Required human resources. A national public health expert and a national gender consultant will be engaged through TA resources.	
3. Information in the project administration manual. Not applicable.	
4. Monitoring tools. Monitoring tools consist of quarterly assessment of DMF indicators and targets, quarterly and annual assessment of the gender action plan, and the project completion report in accordance with ADB's policies and guidelines.	

ADB = Asian Development Bank, COVID-19 = coronavirus disease, DMF = design and monitoring framework, OPE = out-of-pocket expenditure, Q = quarter, TA = technical assistance.

^a State Great Khural. 2016. *Mongolia Sustainable Development Vision 2030*. Ulaanbaatar; and Government of Mongolia. 2016. *State Policy on Health, 2017–2026*. Ulaanbaatar.

^b ADB. 2017. *Country Partnership Strategy: Mongolia, 2017–2020—Sustaining Inclusive Growth in a Period of Economic Difficulty*. Manila; and ADB. 2019. *Strategy 2030 Operational Plan for Priority 1: Addressing Remaining Poverty and Reducing Inequalities, 2019–2024*. Manila.

^c ADB. 2019. *Strategy 2030 Operational Plan for Priority 2: Accelerating Progress in Gender Equality, 2019–2024*. Manila; ADB. 2019. *Strategy 2030 Operational Plan for Priority 6: Strengthening Governance and Institutional Capacity, 2019–2024*. Manila; and ADB. 2020. *Country Operations Business Plan: Mongolia, 2021*. Manila.

Source: ADB.