

## SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY

Country:	Mongolia	Project Title:	Skills for Employment Project
Lending/Financing Modality:	Project	Department/Division:	East Asia Department/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 Government Platform, 2012–2016 highlights employment as one of five goals in creating a sustainable and competitive economy.<sup>a</sup> It considers TVET to be a means to promote employment, especially for youth (who have a higher unemployment rate than other age groups), and those who are 40 years old and above and have difficulties finding employment. The project will support this goal of encouraging inclusive growth, and in particular, will (i) directly benefit young students enrolled in selected TVET programs, who generally come from poorer families and are academically less successful; and (ii) adult students who are unemployed or seeking better employment opportunities. About 15,500 students will complete CBT programs (3,500) and courses (12,000) for key occupations in the three priority sectors (agriculture, construction, and road and transportation). These CBT programs and courses will meet standards set in collaboration with employers, and industry and professional associations and graduates are therefore expected to have better employment opportunities. The project is aligned with the ADB interim country partnership strategy, 2014–2016 for Mongolia, which focuses on achieving inclusive growth and social development.<sup>b</sup> The project is also in line with the ADB's education sector strategy, which emphasizes the strengthening of quality, inclusiveness, and relevant skills at all levels of education.<sup>c</sup>

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

1. Key poverty and social issues. Although Mongolia's poverty headcount ratio at the national poverty line has declined steadily in recent years (from 38.7% in 2010 to 27.4% in 2012),<sup>d</sup> the overall decline disguises persistent inequalities in wealth distribution. For instance, the poverty headcount ratio has been significantly higher in rural than in urban areas (e.g., 35.5% in rural areas and 23.2% in urban areas in 2012). In rural areas, poor households are more likely to be found among those with small herds, who practice low productivity, and traditional animal husbandry. When these small herders lose livestock under harsh weather conditions, they often migrate to urban areas, in particular, *ger* districts of Ulaanbaatar where poor households are concentrated without access to basic services. Most migrants are youths, aged 15–24. Some of the major factors contributing to poverty are unemployment, low productivity, and vulnerable employment. While the unemployment rate has declined since 2009, following the economic crisis, the national average in 2012 was 8.2%, with higher rates in urban areas (9.7%) and among youths aged 20–24 (18.3% for women, 16.1% for men). The actual unemployment in urban areas—and in particular Ulaanbaatar—was considered much higher than the official figure of 7.1%, because of the large number of unregistered unemployed likely to be found among migrants. The official unemployment rate for rural areas was lower (6.5%), but because most rural employment was in low-productivity animal husbandry, which is highly seasonal, rural employment quality (including underemployment) remains an issue. The project will help enhance opportunities for quality employment, and thereby reduce poverty, by supporting CBT programs and courses that meet standards set in collaboration with employers, and industry and professional associations in the agriculture, construction, and road and transportation sectors. The three sectors currently account for more than 45% of employment. Monthly stipends are extended to TVET students under 24 years old, making TVET much more affordable for young students than senior secondary education, especially for those who come from poor families, and have had less academic success in junior secondary education. According to the PSA data, about 50% of TVET students are from poor families, who cannot afford to continue their education in secondary schools. TVET also enrolls adult students who are largely unemployed or looking for better employment opportunities. The quality and relevance of TVET programs and courses have been poor, however, and the employment rate of graduates from TVET programs is about 55.6%.<sup>e</sup> With the project, the employment rate of graduates is expected to improve from 55.6% to 60.0%.

2. Beneficiaries. Direct beneficiaries include (i) 15,500 students enrolled in selected TVET providers; (ii) eighth and ninth grade junior secondary students (99,920 in SY2012/2013)<sup>f</sup> who currently have limited or no access to career information and guidance; and (iii) students in 30 independent senior secondary schools (about 19,000 in SY2012/2013) that will offer occupation-oriented specialized technology courses. Youth in general are not well prepared for work, which largely accounts for the high unemployment rate (17.2%) for those aged 20–24 years old. Other direct beneficiaries are teachers and managers of selected TVET providers and secondary schools, who will gain professional development opportunities. Indirect beneficiaries include employers in the three priority sectors, who will have access to more workers with the requisite skills.

3. Impact channels. Direct impact channels will be (i) high-quality TVET programs and courses in the three priority sectors, (ii) internships at potential future employers, (iii) enhanced skills of teachers and managers of TVET providers, (iv) career information and guidance provided for all eighth and ninth grade junior secondary students, and (v) occupation-oriented specialized technology courses at independent senior secondary schools. Indirect impact

<p>channels will be (i) improved public image of TVET; (ii) enhanced skills of junior and independent senior secondary school teachers; (iii) greater articulation between secondary education, TVET, and tertiary education; and (iv) a more skilled and relevant workforce.</p> <p>4. Other social and poverty issues. The government is implementing programs for job creation, employment, and skills training for people with disabilities; unemployment insurance; and welfare programs for the poor.</p> <p>5. Design features. Key design features include (i) prioritizing TVET providers in remote and disadvantaged areas to improve access to high-quality TVET, (ii) enhancing employment opportunities for youth and adult students enrolled in selected TVET providers by focusing support on the key occupations that are in high demand in the labor market, (iii) addressing youth unemployment by supporting the implementation of career guidance-integrated eighth and ninth grade civic education curriculum in all junior secondary schools and occupation-oriented specialized technology courses in independent senior secondary schools located in each <i>aimag</i> and district of Ulaanbaatar. The GAP outlines actions to ensure mitigation of adverse impacts and increase positive impacts for females.</p>
<b>II. PARTICIPATION AND EMPOWERING THE POOR</b>
<p>1. Participatory approaches and project activities. Consultation on social and poverty issues was conducted through (i) a TVET-graduate opinion survey involving 51 employed TVET graduates in five regions of the country; (ii) face-to-face interviews and focus group discussions with about 40 job seekers (including youths, adults (35-45 years old), and the disabled) at the Labor Exchange Central Office; (iii) questionnaires and interviews in four regions with 101 employers in different sectors, including the three priority sectors; and (iv) consultation workshops and focus group discussions with the participation of about 30 representatives of TVET providers and 60 representatives of industry and professional associations in the three priority sectors.</p> <p>2. Role of Civil Society. Professional and industry associations in the three priority sectors will develop occupational and related standards for TVET programs and courses, and provide guidance for developing CBT modules, and selecting TVET providers for upgrading.</p> <p>3. Civil society organizations. Professional and industry associations will be invited to participate in workshops for information, consultation, development, and validation of standards, guidelines, and other elements.</p> <p>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):  <input checked="" type="checkbox"/> Information gathering and sharing (H) <input checked="" type="checkbox"/> Consultation (H) <input type="checkbox"/> Collaboration <input type="checkbox"/> Partnership</p> <p>5. Participation plan.  <input checked="" type="checkbox"/> Yes. <input type="checkbox"/> No. The project will develop a communication strategy and plan to (i) sensitize professional and industry associations and employers to CBT and assessment, and occupational standards; (ii) market TVET benefits and improve its public image; (iii) market TVET programs and courses for the key occupations supported under the project; and (iv) inform the public regarding TVET reform policies.</p>
<b>III. GENDER AND DEVELOPMENT</b>
<p>Gender mainstreaming category: gender equity theme</p> <p><b>A. Key issues.</b> TVET generally enrolls fewer female (45.6%) than male students, whereas senior secondary and tertiary education has enrolled more females (e.g., 54.1% in senior secondary level and 58.3% in tertiary level in SY2012/2013). The PSA data indicate the main difference between male and female TVET students is their choice of subjects and courses. Men account for the majority of employment in the project's three priority sectors, and overwhelmingly so in construction, and road and transportation (in 2012 women accounted for 46.8% of employment in agriculture, 21.1% in construction and 19.8% in transportation and storage). Female students barely choose occupations that employers in these sectors need (women accounted for 27.3% of TVET enrollment in agriculture, 5.1% in construction, and 11.9% in road and transportation in SY2011/2012). The unemployment rate for young women aged 20–24 has been higher (e.g., 18.3% in SY 2012/2013) than that for young men (16.1%), although the gap narrows with age. The PSA also shows that nearly two-thirds of full-time teachers are female, but they have a smaller management role, and are underrepresented in decision making.</p> <p><b>B. Key actions.</b> The GAP prepared for the project ensures (i) gender sensitivity for public communication and consultations; (ii) participation by women to account for at least 37% of management staff, teachers, and trainers in training; (iii) identification and training of female master trainers (about 17%); (iv) participation of female students in internships (about 29%); (v) development of gender-sensitive career guidance modules; (vi) training of eighth and ninth grade teachers in gender-sensitive career guidance modules (70%); and (vii) collection of sex-disaggregated data for planning and decision making, and M&amp;E. These are reflected in the performance targets and indicators in the DMF.  <input checked="" type="checkbox"/> Gender action plan <input type="checkbox"/> Other actions or measures <input type="checkbox"/> No action or measure</p>
<b>IV. ADDRESSING SOCIAL SAFEGUARD ISSUES</b>
<p><b>A. Involuntary Resettlement</b> <span style="float: right;"><b>Safeguard Category:</b> <input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> FI</span></p> <p>1. Key impacts. None have been identified.</p> <p>2. Strategy to address the impacts. The categorization will be confirmed when 20 TVET providers are selected.</p>

3. Plan or other Actions.	
<input type="checkbox"/> Resettlement plan	<input type="checkbox"/> Combined resettlement and indigenous peoples plan
<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 is anticipated, but due diligence will be conducted.	
<b>B. Indigenous Peoples</b>	<b>Safeguard Category:</b> <input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> FI
1. Key impacts The project will cover TVET providers, and junior and senior secondary schools across the country; no particular impact on ethnic minorities is foreseen, including language issues at these levels of education.	
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	
<b>V. ADDRESSING OTHER SOCIAL RISKS</b>	
<b>A. Risks in the Labor Market</b>	
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 (M) <input checked="" type="checkbox"/> underemployment (M) <input type="checkbox"/> retrenchment <input type="checkbox"/> core labor standards	
2. Labor market impact. The project will ensure the supply of skills in the three priority sectors better matches the demands of employers in the labor market by developing an industry-driven TVET system; upgrading selected TVET providers; and establishing training systems for TVET teachers, and managers. The employability of graduates from TVET courses in the three priority sectors is expected to improve, with their skills meeting standards set in collaboration with employers, and industry and professional associations.	
<b>B. Affordability</b> TVET is affordable as public TVET providers charge no tuition fee, and most offer dormitories and teaching-learning materials at no cost. The government provides monthly stipends for young TVET students under 24 years old who study at TVET institutions for the first time.	
<b>C. Communicable Diseases and Other Social Risks</b>	
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 <input type="checkbox"/> Human trafficking <input type="checkbox"/> Others (please specify) Not applicable.	
2. Risks to people in project area. Not applicable.	
<b>VI. MONITORING AND EVALUATION</b>	
1. Targets and indicators. The DMF includes targets and indicators related to employment of TVET graduates in the three priority sectors, and completion by students of TVET programs and courses, and skill certification. These are disaggregated by gender. Data for monitoring graduate employment will come from graduate tracer studies.	
2. Required human resources. A graduate tracer studies specialist will be engaged to develop the methodology and tools for graduate tracer studies. Selected TVET providers will be trained in conducting graduate tracer studies. A full-time M&E specialist will be recruited as PIU staff to monitor the poverty and social impact of TVET and secondary education activities. A gender specialist and a career guidance specialist with experience in gender issues will be engaged to help implement and monitor the GAP.	
3. Information in the project administration manual. The PAM includes a brief description of the social, gender, and poverty dimensions of the project and M&E arrangements. The PIU, assisted by consultants, selected TVET providers, and secondary schools, will monitor and report quarterly on the actions and the indicators.	
4. Monitoring tools. The project performance management system will include actions and indicators specified in the GAP and DMF. Loan assurances include (i) compliance with the GAP, (ii) an undertaking to implement the GAP, (iii) compliance with local labor laws, and (iv) monitoring and reporting requirements. The PAM stipulates the detailed monitoring and reporting requirements, and responsibilities.	

ADB = Asian Development Bank, CBT = competency-based training, DMF = design and monitoring framework, GAP = gender action plan, M&E = monitoring and evaluation, PIU = project implementation unit, PSA = poverty and social analysis, TVET = technical and vocational education and training.

<sup>a</sup> Government of Mongolia. 2012. *Government Platform, 2012–2016*. Ulaanbaatar.

<sup>b</sup> ADB. 2014. *Interim Country Partnership Strategy: Mongolia, 2014–2016*. Manila.

<sup>c</sup> ADB. 2010. *Education by 2020: A Sector Operations Plan*. Manila.

<sup>d</sup> World Bank. 2011. *World Development Indicators, 2011*. Washington, DC.

<sup>e</sup> The Ministry of Labor. 2012.

<sup>f</sup> The school year begins on 1 September and ends on 1 June.

Source: Asian Development Bank.