

SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY

Country:	Mongolia	Project Title:	Second Shock-Responsive Social Protection Project
Lending/Financing Modality:	Project	Department/Division:	East Asia Department/ Urban and Social Sectors Division

I. POVERTY AND SOCIAL ANALYSIS AND STRATEGY
Poverty targeting: targeted intervention—household targeting
<p>A. Links to the National Poverty Reduction and Inclusive Growth Strategy and Country Partnership Strategy</p> <p>Continued support for shock-responsive social protection is closely aligned with the country partnership strategy for Mongolia, 2017–2020, which emphasizes the importance of social protection.^a 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 a 6-month extension of the child grant top-ups through the CMP as part of the response by the Government of Mongolia to the socioeconomic impacts of the COVID-19 outbreak. It will also strengthen social welfare programs and systems for better household resilience and shock-responsiveness in the future. The government announced a \$1.84 billion spending package in March 2020 to counter the pandemic-induced recession. The package aimed to directly support those affected by the crisis and provide the economy with a much-needed boost, with the objectives of poverty alleviation and supporting growth and socioeconomic development. The package included an initial temporary increase in CMP benefits of MNT10,000 per child per month for 3 months, from April to June 2020. The increased 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 of about \$58 per person per month (footnote b). The government thus announced an expanded package of temporary social assistance measures in May 2020, including a further increase in the CMP, bringing the total to MNT100,000 per child per month for 6 months (paid out retroactively for April 2020). These top-ups were first extended to December 2020, then to June 2021.</p>
<p>B. Results from the Poverty and Social Analysis during TRTA or Due Diligence</p> <p>1. Key poverty and social issues. The loss of jobs and income, coupled with rising food prices, has particularly affected the significant share of the population that was already poor or vulnerable before the pandemic. The pre-COVID-19 poverty rate in 2018 was 28.4% of the population of 3.24 million, but behind this national average lie significant differences by gender, geography, and age. The poverty rate was 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%).^b Childhood poverty was widespread: children under the age of 15 comprised 42% of the country's nearly 905,000 poor people, while 52% lived in households with more than three children. A significant share of Mongolians who were technically nonpoor lived precariously close to the poverty line. Increasing the poverty line by half would nearly double the poverty rate to 55.7% of the population. Mongolia's experience of past crises indicates that the adoption of negative coping strategies, including selling productive assets or reducing consumption, is a risk. Cushioning the impact of the pandemic with shock-responsive social protection is a global good practice. An ADB study estimates that the pandemic-induced economic recession could have increased poverty to 36.7%, but social protection measures reduced poverty to 17.6%. The two measures with the largest budgets are the social insurance contribution and income tax waivers and the child grant top-ups. If the only policy response were the waivers, the share of people falling below the poverty line would be 30.5%. This is lower than the poverty rate under the pandemic effect, but higher than the pre-pandemic scenario. However, the effect of only the child grant top-ups is a drop in poverty to 24.9%. In other words, the child grant top-ups alone could compensate for the poverty effect of the pandemic. Because they disproportionately reach poorer households, child grants also reduce inequality (unlike the waivers, which disproportionately benefit better-off households). With the child grant top-up alone, it is estimated that the Gini coefficient would decrease to 0.307, while the waivers alone would increase the Gini coefficient to 0.342 (against a pre-pandemic baseline of 0.327).^c</p> <p>2. Beneficiaries. About 64% of Mongolia's households, comprising 80% of the population, will immediately benefit from monthly cash grants for 1.2 million children. The CMP targets all children under the age of 18, as they belong to a particularly vulnerable group, provided they are registered in the IHD. Payments are made electronically, directly to accounts set up in children's names. Before the top-ups, in March 2020, 1,107,130 children (about 93%) received child grants of MNT20,000 per month. As of November 2020, 1,184,158 children (comprising 48.2% girls, and 97.6% of all children) received the topped-up child grants of MNT100,000. A family with three children now receives about \$106 per month to mitigate the impact of the pandemic, equivalent to about 36% of the monthly poverty line for a family of five. In the medium term, poor and vulnerable households will benefit from being accurately identified in the updated poverty targeting system. All social welfare program beneficiaries will benefit from streamlined processes to apply for and receive benefits through the expanded e-welfare system. The graduation program, pilot-tested with 1,000 poor beneficiaries (at least 50% of whom will be women), will deliver a holistic set of interventions to promote economic inclusion, strengthen resilience, and reduce poverty.</p>

<p>3. Impact channels. Direct impact channels are (i) the increased child grant amount, which will cushion the impact of pandemic-related loss of employment, lost or reduced wages, and increased food prices; and (ii) strengthened social welfare programs, including a graduation pilot program that will benefit 1,000 poor households.</p> <p>4. Other social and poverty issues. The project is designed to respond specifically to the sudden and direct economic impacts on poor and vulnerable households of the COVID-19 pandemic and strengthen the social welfare system's shock-responsiveness to better respond to future crises. It will also strengthen household resilience by diversifying livelihoods and income sources through the graduation pilot program.</p> <p>5. Design features. The project will directly address poverty through support to the existing targeted cash transfer program for children and strengthened social welfare programs and systems. The project design includes (i) an increased benefit level of the CMP for at least 1.2 million children registered in the IHD; (ii) an improved poverty targeting system; (iii) digitizing social welfare programs for more transparency in benefit application and delivery; and (iv) a graduation program pilot-tested with 1,000 poor households to promote economic inclusion, strengthen resilience, and reduce poverty.</p>
<p>II. PARTICIPATION AND EMPOWERING THE POOR</p>
<p>1. Participatory approaches and project activities. The 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. Digitizing social welfare programs will enable beneficiaries to access their account data and entitlements online, improving access to information. The graduation pilot program will involve detailed consultation with households on livelihood options and continuous coaching and mentoring.</p> <p>2. Civil society organizations. The project will engage with civil society organizations, especially in the design and implementation of the graduation pilot program; and may engage them as service providers for local market assessment and monitoring and evaluation.</p> <p>3. 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 (M) <input checked="" type="checkbox"/> Consultation (M) <input checked="" type="checkbox"/> Collaboration (M) <input type="checkbox"/> Partnership</p> <p>4. Participation plan. Given the scope and urgency of the project, no participation plan has been developed. <input type="checkbox"/> Yes. <input checked="" type="checkbox"/> No. A graduation pilot concept note is included in the PAM.</p>
<p>III. GENDER AND DEVELOPMENT</p>
<p>Gender mainstreaming category: effective gender mainstreaming</p> <p>A. Key issues. The average monthly income per person in households headed by women was lower than in households headed by men and declined significantly after the government declared a state of heightened alert and preparedness.^d Women have been more exposed to a loss of employment and a decrease in wages. Due to the additional burden of taking care of children not in school, income loss, and worry about the risk of an outbreak, women were more likely to experience psychological stress related to COVID-19 compared with men. Physical distancing and quarantine measures have clear implications on the distribution and intensity of unpaid care work, which was already disproportionately done by women and girls. The UNICEF technical guidance on gender-responsive social protection during COVID-19 confirms that child grants are an effective measure to help address this growing unpaid care crisis,^e which makes the project inherently gender-responsive. A November 2020 survey found that mothers are the custodians of children's grant accounts in 85.6% of households and are the primary decision-makers when it comes to spending the child grants in 76.6% of households,^f which increased slightly after the top-ups were introduced.</p> <p>B. Key actions. The project will significantly benefit women and children by providing increased child grants, which will prevent food insecurity and lower stress levels through greater confidence in being able to access food and basic needs. A gender action plan has been prepared to ensure (i) at least 48.2% of children receiving the CMP are girls; (ii) at least 80% of graduation pilot beneficiaries, of whom 50% are women, have improved livelihoods; (iii) at least 1,000 working-age adults in poor households, of whom 50% are women, receive graduation program asset packages with coaching and training to promote diversified income sources; and (iv) data collection and analysis for gender monitoring is improved through the updated proxy means test survey. Through ongoing knowledge and support technical assistance,^g ADB is supporting the MLSP to enhance sex-disaggregated data analysis and to conduct an impact assessment, including a gender impact assessment, of the direct and indirect benefits of the social welfare benefit top-ups. <input checked="" type="checkbox"/> Gender action plan <input type="checkbox"/> Other actions or measures <input type="checkbox"/> No action or measure</p>
<p>IV. ADDRESSING SOCIAL SAFEGUARD ISSUES</p>
<p>A. Involuntary Resettlement Safeguard Category: <input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> FI</p> <p>1. Key impacts. The project activities do not include civil works and will have no land acquisition or involuntary resettlement impacts.</p> <p>2. Strategy to address the impacts. No measures or actions required.</p>

3. Plan or other Actions. <input type="checkbox"/> Resettlement plan <input type="checkbox"/> Resettlement framework <input type="checkbox"/> Environmental and social management system arrangement <input checked="" type="checkbox"/> No action		<input type="checkbox"/> Combined resettlement and indigenous peoples plan <input type="checkbox"/> Combined resettlement framework and indigenous peoples planning framework <input type="checkbox"/> Social impact matrix	
B. Indigenous Peoples		Safeguard Category: <input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> FI	
<p>1. Key impacts. The project is socially inclusive without partiality to any ethnic groups. Ethnic groups will benefit from the project if they meet the eligibility criteria of having children aged 0–17 and registering in the IHD. The project's benefits are national in scope.</p> <p>Is broad community support triggered? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>2. Strategy to address the impacts. No measures or actions required.</p> <p>3. Plan or other actions.</p> <input type="checkbox"/> Indigenous peoples plan <input type="checkbox"/> 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			
V. ADDRESSING OTHER SOCIAL RISKS			
A. Risks in the Labor Market <p>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</p> <p>2. Labor market impact. The project will support at least 1,000 working-age adults in low-income households to diversify their livelihoods through the graduation program. The cash transfers (child grants) will help cushion the adverse impacts for poor and vulnerable households from the loss of employment and wages.</p>			
B. Affordability. Not applicable			
C. Communicable Diseases and Other Social Risks <p>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 (NA) <input type="checkbox"/> Others (please specify) _____</p> <p>2. Risks to people in project area. Not applicable </p>			
VI. MONITORING AND EVALUATION			
<p>1. Targets and indicators. Key targets and indicators in the design and monitoring framework include (i) at least 1.12 million children (48.2% girls) registered in the IHD receiving timely CMP benefits from the MLSP; and (ii) a graduation program with 1,000 poor beneficiaries to promote economic inclusion, strengthen resilience, and reduce poverty.</p> <p>2. Required human resources. Monitoring of the project will be done by the MLSP, PIU and ADB through regular quarterly reports and review missions. The graduation pilot program will be supported by technical experts engaged under ongoing knowledge and support technical assistance (footnote g). A research institute engaged under the proposed loan will conduct the impact evaluation.</p> <p>3. Information in the project administration manual. The PAM includes the gender action plan and outlines the monitoring arrangements between the PIU and ADB.</p> <p>4. Monitoring tools. In addition to the regular monitoring of the child grant disbursements, the project will conduct an impact assessment of the graduation pilot program, including gender analysis.</p>			

ADB = Asian Development Bank, CMP = child money program, COVID-19 = coronavirus disease, IHD = Integrated Household Database, MLSP = Ministry of Labor and Social Protection, PAM = project administration manual, PIU = project implementation unit, TRTA = transaction technical assistance, UNICEF = United Nations Children's Fund.

^a ADB. 2017. *Country Partnership Strategy: Mongolia, 2017–2020—Sustaining Inclusive Growth in a Period of Economic Difficulty*. Manila.

^b National Statistics Office of Mongolia and World Bank. 2020. *Mongolia Poverty Update 2018: Main Report of the Household Socio-Economic Survey 2018*. Ulaanbaatar.

^c ADB. 2020. *Building Capacity for an Effective Social Welfare System: Assessment of the Social Protection Response to COVID-19 in Mongolia*. Consultant's report. Manila (TA 9893-MON).

^d United Nations Development Programme. 2020. *Rapid Socio-Economic Impact Assessment of COVID-19 Prevention Measures on Vulnerable Groups and Value Chains in Mongolia*. Ulaanbaatar.

^e UNICEF. 2020. *Gender-Responsive Social Protection During COVID-19: Technical Note*. New York.

^f UNICEF and Independent Research Institute of Mongolia. 2020. *Rapid Assessment of the COVID-Responsive Vertical Expansion of the Child Money Program and Food Stamp Program*. Ulaanbaatar.

^g ADB. 2019. *Technical Assistance to Mongolia for Building Capacity for an Effective Social Welfare System*. Manila.