

## SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY

Country:	Mongolia	Project Title:	Additional Financing of Food and Nutrition Social Welfare Project
Lending/Financing Modality:	Project loan	Department/Division:	East Asia Department/Urban and Social Sectors Division

<b>I. POVERTY AND SOCIAL ANALYSIS AND STRATEGY</b>
Targeting classification: Targeted intervention – Geographical dimensions of inclusive growth
<b>A. Links to the National Poverty Reduction and Inclusive Growth Strategy and Country Partnership Strategy</b>
<p>Despite substantial growth in recent years and success in poverty reduction, the poverty incidence in Mongolia remains high (27.4%).<sup>a</sup> The government's approach to addressing poverty and vulnerability is through social protection programs covering both social insurance and social welfare. Social welfare is mainly in the form of cash transfers, and the government—with the help of this project—is reforming its social protection strategy to make it more efficient (through information technology investments), and more effective and better targeted (through policy-related investments). In line with the government's strategy, the overall project (original and additional financing) will help decrease the poverty gap and reduce poverty in Mongolia by improving the delivery of social insurance and social welfare policies. This is consistent with the current country partnership strategy (2012–2016) pillar on inclusive social development, which includes improving service delivery, capacity development, and policy reform.<sup>b</sup> The project design contributes directly to pillar 3 of the inclusive growth objective of the Asian Development Bank (ADB), which is part of Strategy 2020.<sup>c</sup> Improving service delivery and contributing to creating an enabling environment for evidence-based social protection reforms is in line with ADB involvement in the social protection sector in Mongolia, which began in 2001. The original project and the additional financing builds on the institutional structures and service delivery mechanisms that were designed and initiated under the Social Security Sector Development Program.<sup>d</sup></p>
<b>B. Results from the Poverty and Social Analysis during PPTA or Due Diligence</b>
<p><b>1. Key poverty and social issues.</b> Despite impressive economic growth from 2005 to the present (with the exception of 2008), the poverty level in Mongolia remains high (the most recent national average reported by the National Statistical Office is 27.4%). While poverty is highest in rural areas, urban areas are home to the greatest number of poor people. Urban poverty is also increasing as a result of internal migration, mainly to Ulaanbaatar. A large proportion of the poor are employed in the informal sector, mostly in part-time work that lacks secure benefits such as social insurance. Given these disparities, and the inequality resulting from the country's economic transition, it is very important that the government (i) ensure the social insurance system boasts excellent service delivery, and is capable of being expanded in coverage and scope; and (ii) that the social welfare systems and service delivery function well and target those most in need of assistance. To achieve both goals, clear and transparent systems, service delivery mechanisms, and more effective policies with more efficient delivery of services will be needed. At present, the social insurance and social welfare management information systems and capacity are inadequate, which impacts negatively on service delivery. Insufficient strategic planning that balances the two approaches to social protection is also a key barrier to advancing both systems, and harms investment in the sector.</p> <p><b>2. Beneficiaries.</b> Primary beneficiaries are (i) the general population covered by the social welfare and social insurance programs; and (ii) staff—working at central and local levels—in the Ministry of Population Development and Social Protection, and its two major implementing agencies: (a) the social insurance agency, the Social Insurance General Office; and (b) the social welfare agency, the General Office for Social Welfare Services. The project would also benefit decision makers and planners in sector ministries who are implementing or are responsible for planning social protection components, including the Ministry of Economic Development. The final beneficiaries of the project are the poor and vulnerable people of Mongolia; they will receive better services as a result of improved systems, analytical capability, and staff capacity.</p> <p><b>3. Impact channels.</b> The first component of the additional financing will improve the databases for social protection delivery. The second component will provide capacity building for staff and social protection rationalization. Both will improve and consolidate social protection services, and will improve service targeting, and use better monitoring and analysis for further service delivery improvements. In addition, this more effective and efficient system of social insurance and social welfare will enhance fiscal sustainability.</p> <p><b>4. Other social and poverty issues.</b> Addressing the lack of access to employment and social welfare pensions by the poor and vulnerable will be studied under the additional financing, but implementation is outside the scope of the project. Several government initiatives supported by the World Bank and the United Nations are addressing these issues. Furthermore, the project will also look into the gender dimensions of social protection in Mongolia.</p>

5. **Design features.** The original project (i) designed and implemented a food stamp program to increase food consumption of the poorest 5% of households, who were identified through a proxy means test (PMT) (components 1–2 of the design and monitoring framework); and (ii) developed a package of reforms of social welfare strategies (component 3 of the design and monitoring framework). The additional financing will upgrade information technology processes and systems to deliver more efficient and transparent social welfare and social insurance services (component 3, output 3.2). The project will also reform the social welfare system through benefit consolidation, better targeting, and improved services (component 3, output 3.3). The project will assist in updating the social protection strategy, which will include clear reform processes for the next decade to benefit all segments of the population, and especially the poor and vulnerable (component 3, output 3.3). Innovative design features include a database system that can be used to rationalize social entitlements based on the poverty status of beneficiaries; updating of the poverty targeting system; various studies on social protection issues to be used for policy reforms; intensive capacity-building activities, especially for social workers; and public awareness campaigns and participatory activities to create ownership of policy reforms for social protection.

## II. PARTICIPATION AND EMPOWERING THE POOR

1. Summarize the participatory approaches and the proposed project activities that strengthen inclusiveness and empowerment of the poor and vulnerable in project implementation.

The project primarily focuses on government internal processes and databases. Consultation with civil society and special interest groups, including representatives of vulnerable segments of the population, is envisioned under component 3, output 3.3, additional financing.

2. If civil society has a specific role in the project, summarize the actions taken to ensure their participation.

Civil society (i.e., people of Mongolia, and especially the poor and vulnerable) is the main beneficiary of this project

3. Explain how the project ensures adequate participation of civil society organizations in project implementation. Civil society and special interest groups will be invited to participate in the consultation process planned under the project on rationalizing social welfare and updating the social security strategy. A specific project communication strategy will target key stakeholders. Funding is provided to address feedback from civil society and their organizations (e.g., groups representing pensioners or disabled people) on policy reforms, including from parliament, politicians, media, and academe. Nongovernment organizations are less involved in this project.

4. What forms of civil society organization participation is envisaged during project implementation?

Information gathering and sharing: High  Consultation: High  Collaboration: Medium  Partnership

5. Will a project level participation plan be prepared to strengthen participation of civil society as interest holders for affected persons particularly the poor and vulnerable?

Yes.  No. The main focus is on information technology development

## III. GENDER AND DEVELOPMENT

Gender mainstreaming category: effective gender mainstreaming

**A. Key issues.** To date there has been no gender analysis of social protection policies or programs in the Ministry of Population Development and Social Protection. A gender action plan was prepared for the original project and has been successfully implemented. It includes (i) sex-disaggregation of PMT data; (ii) communication and outreach to women in the project through information, education, and communication on PMT and food stamps; (iii) joint electronic cards for food stamps (for both wife and husband) for ease of use; and (iv) impact evaluation of food stamps, with a gender analysis. The pilot on elderly and disabled beneficiaries served 25,333 beneficiaries (14,349 females and 10,984 males). In total, 450,000 households (total of 1.7 million individuals) were covered by the PMT survey. Based on the PMT, 99,250 beneficiaries (51,623 females and 47,415 males) nationwide have been identified and are receiving food stamps. The additional financing will build on these achievements by updating the social protection strategy to ensure that the gender implications of social protection policies will be identified and policy reforms will be built into the strategy.

### B. Key actions.

Gender action plan  Other actions or measures  No action or measure

There are project activities designed under the additional financing to reinforce the project's gender impacts. The project will address gender related issues in the labor market and in child and youth protection. The gender action plan was updated in light of additional financing. The two new outputs under the additional financing will include data disaggregated by gender and socioeconomic status for all social insurance and social welfare benefits. A specific study on gender impact and recommendations is planned and the updated social protection strategy will include a section on gender with concrete measures to address gender disparities.

<b>IV. ADDRESSING SOCIAL SAFEGUARD ISSUES</b>	
<b>A. Involuntary Resettlement</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. None	
2. Strategy to address the impacts. Not applicable	
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	
<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. None	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.	
<input type="checkbox"/> Unemployment <input type="checkbox"/> Underemployment <input type="checkbox"/> Retrenchment <input type="checkbox"/> Core labor standards	
The project will link social protection reforms and labor market issues. While it will not address employment or underemployment, it will address social protection measures for the unemployed.	
2. Labor market impact. No impact	
<b>B. Affordability</b> Not applicable	
<b>C. Communicable Diseases and Other Social Risks</b>	
1. Indicate the respective risks, if any, and rate the impact 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. Describe the related risks of the project on people in project area. Not applicable	
<b>VI. MONITORING AND EVALUATION</b>	
1. <b>Targets and indicators:</b> For the additional financing: Impact: target for poverty reduction and increase in social pensions for informal sector. Output 3.3: increase in social welfare benefits targeting the poor and vulnerable, continuous updating of PMT database.	
2. <b>Required human resources:</b> Social, poverty, and gender specialists will be recruited for 6 person-months.	
3. <b>Information in PAM:</b> The PAM includes, among others, a section on gender and social dimensions, a description of the stakeholder communication strategy during preparation and implementation of the project, and detailed terms of reference of two firms which will be hired to implement the participation and communication strategy.	
4. <b>Monitoring tools:</b> Various monitoring indicators and activities are integrated in the PAM that address poverty, gender, and participation-related activities (design and monitoring framework and the gender action plan and their targets and indicators).	

<sup>a</sup> National Statistical Office. 2012. *National Socio-Economic Household Survey*. Ulaanbaatar.

<sup>b</sup> ADB. 2012. *Country Partnership Strategy: Mongolia, 2012–2016*. Manila.

<sup>c</sup> ADB. 2008. *Strategy 2020: The Long-Term Strategic Framework of the Asian Development Bank, 2008–2020*. Manila.

<sup>d</sup> ADB. 2001. *Report and Recommendation of the President to the Board of Directors: Proposed Loans and Technical Assistance Grant to Mongolia for the Social Security Sector Development Program*.

Source: Asian Development Bank.