

**Assessment Based National Dialogue:
Social Protection and Employment Support in Mongolia:**

Analysis Report

December 15 2013

Abbreviations

ABND	Assessment Based National Dialogue
ADB	Asian Development Bank
ALMPs	Active Labour Market Policies
CMTU	Confederation Mongolian Trade Union
CMP	Child Money Programme
CPI	Consumer Price Index
D	Disability
DB	Defined Benefit
DC	Defined Contribution
EPPs	Employment Promotion Programmes
GIZ	German Society for International Cooperation
HDF	Human Development Fund
ID	Identification Document
ILO	International Labour Organization
GDP	Gross Domestic Product
MOF	Ministry of Finance
MOH	Ministry of Health
MOL	Ministry of Labour
MNT	Mongolian Tugrug
MONEF	Mongolian Employers Federation
MPDSP	Ministry of Population Development and Social Protection
NDC	Notionally Defined Contribution
OA	Old Age
OOP	Out-of-pocket
PAYGO	Pay-as-you-go
P4H	Providing for Health
S	Survivor
SA	Social Assistance
SI	Social Insurance
SIGO	Social Insurance General Office
SPF	Social Protection Floor
SP-ES	Social Protection-Employment Support
SW	Social Welfare
SWGGO	Social Welfare General Office
WASH	Water Sanitation and Hygiene
WI	Working Injury
WHO	World Health Organization
USD	US dollar
SHI	Social Health Insurance
UN	United Nation
UI	Unemployment Insurance

Summary

The social protection floor is a basic set of rights and transfers that enables and empowers all members of a society to access a minimum of goods and services at all times.

The social protection floor framework is used to describe existing social security, social protection, and poverty alleviation programmes, identify policy gaps and implementation issues, and draw recommendations for the further design and implementation of social protection provisions in order to guarantee at least the social protection floor to all the population.

In the process of economic transition in the 1990s, the Government of Mongolia introduced a new social protection system comprising (i) social welfare services and social assistance benefits to protect minimum living standards for the poor and vulnerable; (ii) employment services (including counselling and job placement services, as well as organization of training courses for the unemployed); and (iii) social insurance to support employees and self-employed from the risk of falling into poverty. The prevailing system was based on universal social services and secured jobs. Such reform resulted in a sharp increase in poverty and income insecurity, a lowering of living standards and a change in the family and social structure of the country.

Extending social security and establishing at least a social protection floor (SPF) has become a priority in Mongolia. The SPF is a set of basic social rights and services that each member of a society should enjoy. It promotes income security through a basic set of guarantees including: (i) all residents have access to a nationally/provincially defined set of affordable essential health care services; (ii) all children enjoy income security through transfers in kind or in cash ensuring access to nutrition, education and care; (iii) all those in active age groups who cannot (or should not, in case of pregnancy) earn a sufficient income enjoy a minimum income security through social transfers in cash or in kind or employment guaranteed schemes ; and (iv) all residents in old age and with disabilities have income security at least at the level of the nationally defined poverty line through pensions for old age and disability or transfers in kind.

In September 2013, the Government, notably the Ministry of Population Development and Social Protection (MPDSP) and UN Country Team for Mongolia have launched the Assessment Based National Dialogue (ABND) on Social Protection and Employment support services (SP-ES). The Mongolian ABND exercise comprises three steps:

STEP 1 – Development of the assessment matrix (July 2013-December 2013)

STEP 2 – Cost estimate of the social protection scenarios (January 2014-March 2014)

STEP 3 – Endorsement by government representatives, workers and employers as well as civil society organizations (April 2014- June 2014)

This report covers only Step 1 and would be developed further steps.

Brief overview of existing Social protecting schemes

The current social protection system consists of three key elements: social welfare scheme (both targeted and universal), employment services and social insurance, and costs about 7 per cent of GDP a year

Social Insurance Scheme

As of the end of 2012, 66.0 per cent (742.0 thousand) of the entire workforce is covered by social insurance on a compulsory basis while only 9.0 (101.3 thousand) per cent have joined the scheme on a voluntary basis. However, the percentage of coverage varies by the form of insurance, and it is highest in health insurance, with more than 90 per cent of entire population covered. Coverage of social insurance largely depends on the type of their employment. For instance, 87.4 percent of employees in the formal sector are covered by social insurance while this percentage is much lower among herders and self-employed.

At present, Mongolian contributory pension system existing with two parallel sets of scheme: one is PAYGO based defined benefit scheme dedicated for pre 1960 cohorts and the other is defined contribution scheme namely Individual Account Retirement System those who born after in 1960. Short-term benefits consist of sickness benefits and maternity benefits and unemployment benefits are available as well under the Social insurance scheme. The Government of Mongolia foreseen to establish a multi-tier old-age income protection by 2016 which is consist of universal old age pension (non contributory) in place for current Social welfare old age and Disability Pension; Mandatory pension insurance scheme (major NDC Scheme plus DB scheme); and Voluntary Private Pension Insurance (Additional) Scheme

Table 1: Number of insured under Social Insurance (included health insurance) scheme

Type of insured	2010	2011	2012
Compulsory (formal sector)	580.8	659.3	742.0
Voluntary (informal, excluded health insurance)	63.7	81.6	101.3
Herders self-employed and unemployed covered by Health insurance	380.3	779.9	381.8
Citizens those who subsidized from Government for HI contribution	1306.5	1350.4	1469.7

The Mandatory Social Health insurance (SHI) scheme is one of five types of Social insurance which based on a solidarity principle, currently finances in-patient and outpatient service in hospitals at all levels. It also covers expenses related to family group practices and ambulatory care as well as subsidized drugs according to the list of fixed charges. MPDSP (also involved MOH, WHO, GIZ, P4H) launched Long term strategy for the development of the health insurance of Mongolia/2013-2022/ included number of key points: a/coverage b/ SHI benefit packages c/ Quality of care and purchasing d/Governance, e/ SHI Organization, f/ Private Health Insurance. Since 1995, ADB has been the major partner in supporting the Mongolian health sector reform as Health sector Development Programme (I, II, III and IY)

Social Welfare Scheme

The non-contributory social welfare system plays an important role in providing public support to members of vulnerable groups such as the elderly and disabled, orphans, infants, women having maternity leave or mothers with many children who are unable to live independently. There are more than 60 types of benefits and services stated by law to the targeted population and spending for this as of 1.0 % of GDP. Although social welfare expenditure tripled in the last 5 years and one out of 4 persons is in receipt of some social welfare benefit, this has had almost no impact on a households' livelihood.

Employment support

There is high underemployment and hidden unemployment in the informal sector and livestock husbandry while a formal sector is experiencing a low pay and poor working conditions. National workforce development and professional level is low. Over 60 percent of the unemployed seeking a job and registered at the employment offices are unskilled young people. The low quality standard of workforce restrains productive and stable employment, failing to promote economic growth. Due to underdeveloped infrastructure and small population, labour market is limited in rural areas, the main form of employment is nomadic animal husbandry and informal sector. As a result of this, labour mobility from rural to urban areas is intensive.

Recently, the Ministry of labour separated from Ministry of Population development and Social protection in order to alleviate unemployment and poverty of population more effective way and has updated its active labour market policies with 8 individual ALM Programmes.

ABND Process followed in Mongolia

From July 2013 to December 2013, the UN joint team on social protection (co-chaired by the ILO and MPDSP) engaged line ministries, Government agencies, UN agencies, social partners, civil society organizations, academia, and other relevant stakeholders to assess the social protection situation in Mongolia, identify policy gaps and implementation issues, and draw appropriate policy recommendations for the achievement of a comprehensive social protection floor in Mongolia. Assessing existing policies and programmes as well as identifying policy gap and implementation issues is a key step to conduct an informed social dialogue that will further design, implement and develop efficient and effective social protection programmes in Mongolia, and establish at least a social protection floor for all.

Development of the assessment matrix

An assessment matrix containing an inventory of existing social security, social protection programmes for each of the four SPF guarantees is developed. The matrix helps to identify policy gaps, implementation issues, and a number of recommendations for the design and implementation of further social protection provisions with the aim of guaranteeing at a minimum the SPF to all the population.

STEP 1 – Development of the assessment matrix	
Desk review	From July 2013 to September 2013, the inventory of existing social security, social protection programmes for each of the four SPF guarantees shown as preliminary assessment matrix by ILO national consultant.
National dialogue No. 1	The preliminary assessment matrix was presented and reviewed at the Launch Workshop of ABND on 5 September 2013, ¹ which was attended by more than 50 representatives from the ministries, social partners, civil society organizations, academia, and the UN Country Team. Some of the key points of policy gaps and implementation issues were raised from this workshop to further design and implement social protection provisions with a view to close the social protection floor gaps.

¹ To access the content of the meeting: <http://www.social-protection.org/gimi/gess/ShowProjectPage.do?pid=2287>

Bilateral consultations	<p>From September to November 2013, the ILO, in collaboration with national consultant, conducted a bilateral consultations based on a desk review and Dialogue No.1</p> <p>Meetings were organized with the Ministry of Population Development and Social Protection (MPDSP), the Ministry of Labour (MoL), Ministry of Health (MOH), Ministry of Finance (MoF), the Social Insurance General Office (SIGO), Social Welfare General Office (SWGGO), State and Local organizations at the aimag and soum levels (in Uvurkhangai and Bayankhongor), Mongolian National University, Academia of Management, Mongolian Employers Federation (MONEF), Confederation of Mongolian Trade Union (CMTU) to take stock of existing social protection schemes and related laws and regulations for each of the four guarantees of the social protection floor.</p>
National dialogue No. 2	<p>The revised preliminary assessment matrix included number of key findings of gaps and recommendations was presented and reviewed at the Assessment matrix Validation Workshop on 5 December 2013,² which was attended by more than 60 representatives from the ministries, social partners, civil society organizations, academia, and the UN Country Team. Concrete policy recommendations emerged from this meeting to further design and implement social protection provisions with a view to close the social protection floor gaps.</p>
Finalization of the matrix	<p>Based on the inputs from the national dialogue, the assessment matrix and the legal framework were further elaborated.</p>

- a. **Health care** *“all residents have access to a nationally defined set of essential health care services including maternity care that meets the criteria of availability, accessibility, acceptability and quality”*

Mandatory Social Health Insurance (SHI)

Legal framework	<p>Law on Citizens Health insurance (April 25 2002), Law on Health, Art. 15.1, 23 and 24 (May 05 2011)</p>
Target group	<p>All Mongolian citizens and foreign residents or stateless person The scheme is mandatory for all Mongolian citizens (art 6.1.1-6.1.11). Foreign residents can be insured on a voluntary basis (art.6.2).</p>
Benefit package	<p>Benefit package: Out-patient and in-patient care services (provided by I and II level hospitals), day care service(II level), inpatient service of traditional medicine clinics, rehabilitee care provided by sanatoria and palliative and drug discount; Free check-up testing and diagnostic service for any case in a year if insured want, but not exceeded by 56.000 MNT in each case. Bonus: If insured did not spend from SHI fund in last 36 months, free check-up testing for 80,000 MNT once in a year. Benefit ceilings: 1,380,000 MNT per insured per year</p>

² To access the content of the meeting: <http://>

Payment mechanism	SHI Department of SIGO makes a payment based on invoices delivered by service providers
Uncovered services package:	Primary health care service, pregnancy and delivery care, tuberculosis and cancer treatment directly financed by Government budget
Financing	<p>This scheme is financed on a tripartite basis (employers, employees, and the Government).</p> <p>Category I: Government and business entities workers for 4% of their monthly wage& salary (50% by employer);</p> <p>Category II: Herders, unemployed and students of the vocational training centres for 670 MNT (0.4 USD) per month by themselves;</p> <p>Category III: Children 0-18, persons who has not income expect pension (both SI and SA for OA, D and S), students (universities, colleges), parents who looking after their babies until 2 years old, Personals of military service(defence, border security, police, emergency and fireman), and citizens who involved Community based Welfare service (rest of targeted: elderly, disability person, children with chronic condition, person affected by domestic violence, convicts released from correctional service, alcohol and drug addicts, homelessness, single mother/father family, person affected by cureless disease, poor families-members and citizens migrated in a local, and parents of disabled children) 670 MNT (0.4 USD) by HDF (100% subsidized);</p> <p>Category IV: Self-employed for 1%, on the basis of their tax statement to tax authority; and</p> <p>Category Y: Foreign nationals and stateless person 8424 MNT per year (702 MNT/month) by themselves;</p>
Health service Delivery	<p>Primary level -100% state budget: a/ 1588 bagh feldsher (rural); b/ 271 Soum hospitals and 39 inter-soum hospitals (15-30 beds/rural); and c/ 221 Family health centers (urban, private practices);</p> <p>Secondary level-10% co-payment system: 12 district hospitals (200-300 beds) and 17 aimag hospitals (100-500 beds) and 3 maternity home;</p> <p>Tertiary level-15% co-payment system: 4 regional diagnostic and treatment centers (at aimags), 3 Central Hospitals, 11 specialized hospitals;</p>
Population covered	In 2012, 2,571.3 thousand person (92.0 per cent of total population) covered; and Share of population subsidized contribution to the total population is 54 per cent (1,525.6 thousand) in 2012

Policy gaps and implementation issues

Policy gaps

Service Package	<p>Health care services are divided into two packages: 1/SHI Fund (only 25.1 % of the total health expenditures) and; 2/Tax funded (state budget) package.</p> <p>Health insurance package does not completely cover service needed by insured leading to situation where the insured need to pay for the service that are omitted.</p>
Extra payment	Customer's out-of-pocket (OOP) payments has become a major problem which has reached 41% total health expenditure.

Target	The Government subsidies not targeted enough. The amount of contribution for Human Development Fund dependents, herders, self-employed, unemployed and informal economy workers is not properly settled or not risk adjusted.
Governance:	Functions and responsibilities of HI stakeholders are fragmented and overlapping;
Institution:	There is no legal environment for the HI office to carry out responsibilities of an active purchaser such as studying the needs of the insured, defining the health care services, selecting health care providers and negotiating prices and tariffs of health care services;
Equity:	There is big difference of monthly contribution volume between Mongolian nationals (670 MNT) and non-nationals (8424 MNT)

Implementation issues

Coverage:	The coverage of HI decreasing from 98% to 92% in last 2 years due to the fact that herders, students and unemployed were subsidized by the Human Development Fund (HDF) by one time measure for their contribution fulfilment.
Collection of contribution	Current SI system is not effective in collecting HI contributions from the informal sector and herders where people are obliged to pay their contributions by themselves;
Capacity	Social health insurance activities are not institutionalized in an autonomous institution and having weak capacity.
Benefits:	Free Diagnostic services and check-up testing benefit (56,000 MNT each case+80,000 MNT for bonus once in a year) is adequate, but there is very limited beneficiaries due to insufficient service delivery and poor accessibility of public hospitals. Private hospital Diagnose centres not contacted with SHI Fund.
Quality:	Insufficient investments in public health care facilities that results in decreasing health care services quality and lack of well-equipped infrastructures
Service quality control:	Health care complaint system does not work properly If the grievance is not addressed in a way which satisfies a consumer
SHI Fund:	Huge positive balance (equal to 95.3% of the annual SHI fund revenue in 2012) between the SHI fund revenue and expenditures, but the health needs of the population are not fully met;

Recommendations

Table 3 Recommendations on health	
No.	Recommendations
	H1: Extend effectively SHI coverage to segments of population not yet covered by HI scheme
	H2: Increase SHI contribution for category II and IV.
	H3: Develop methods to determining SHI contribution rate for category II, III and IV

	H4: Allow option for herders to pay SHI contributions twice a year adjusting better to the seasonality of their income. Since, provide an incentives to use the power of local NGO's, small businesses and mobilized merchants those who collect/buy cashmere, wool and meat in rural areas
	H5: Gradually expand the benefit package funded by SHI and reduce the OOP expenses
	H6: Transfer primary health care services, especially soum hospital and family health centers funded by Government budget into SHI benefit package in order to expand SHI coverage.
	H7: Introduce good SHI governance structural change plan
	H8: Develop SHI organization as active purchaser of health care service
	H9: Reinforce monitoring role of the SHI offices in ensuring quality of health care services.
	H10: Create health care service control system which available to monitoring with insured participation.
	H11: Increase reimbursement rate for drugs.
	H12: Increase the list of subsidized medicine, those reimbursed at 80% based on current list review.
	H13: Create independent health care service complaint Bureau with good procedures and forms
	H14: Introduce smart card registration system that could be accepted for all level of hospitals even any type of services accepted SHI service package
	H15: Promote public-private partnerships for the delivery of health care services
	H16: Improve quality of health care services.
	H17: Increase yearly ceiling of health care package for elderly people aged over 70 (linked to recommendation E8).
	H18: Activate Sub National SHI Committee's functionalities at all level (each aimag also has SHI subcommittee under the Sub National SHI) which has ineffective activities.
	H19: Finance private diagnostic laboratories from SHI fund in order to decentralizing diagnostic services in public hospitals and improve accessibility of services to the beneficiaries.
	H20: Some of the expensive health care services, for instance, surgeries, diagnostic testing and prosthetics should be financed by SHI Fund.
	H21: Establish minimum guarantee of health care service by the State but not only limited primary health care services as family health centers.
	H22: Prosthetic facilities for disabled and elderly from the Social welfare fund also should finance by SHI fund.
	H23: Ensure equality of treatment between nationals and non-nationals in terms of contribution

- b. Children** *“all children enjoy basic income security at least at the level of the nationally defined poverty line, ensuring access to nutrition, education, care and any other necessary goods and services”*

Universal Child Money Programme (CMP)

Legal framework	Law on Human Development Fund (Dec 13, 2012), art.17.1.5; Government Resolution # 49, 2012 and Government Resolution #70/2012
Target group	All children 0-18 years old (even children under correctional service and living abroad are possible to applicable) since Oct. 2012

Benefit package	20,000 MNT (12 USD) per month
Delivery	CMP delivery process goes simple way which using bank card and online banking system
Financing	Mineral resource tax accumulated in Human Development Fund (HDF). Currently spending 232.0 bln MNT annually.
Coverage	By end of 2012, 897.0 thousand children (99.6 %)

Contributory Survivor pension benefit (SI/S)

Legal framework	Law on Pension and Benefits provided by the Social insurance (June 17 1994), Art. 12.1.1, 12.1.2, 12.1.3 and 12.2.3
Target group	Target group: 1) born and adopted children(applicable to a child born after father's death) under 16 years old (19, if they are student) regardless whether there is another person as legal guardian/carer; 2) grandchildren and his/her younger sisters and brothers under 16 years old who have no other person legally responsible for maintenance; 3) grandchildren and his/her younger sisters and brothers, who were under deceased, born incapacitated or incapacitated prior attaining 16 years old; and 4) a child who doesn't get any alimony from his/her parents by judicial decision be treated like his or her own child in the event of death of its step father or step mother
Benefit	At least equal to SI monthly minimum pension based on minimum wage (145.000-180.000 MNT)
Financing	SI Pension Fund (included in the 14% contribution for pension insurance: OA, D, S);
Coverage	25.0 thousand children (2012)

Non Contributory Survivor pension benefit (SW/S)

Legal framework	Law on Social Welfare (Jan 19 2012) Article 12.1.4
Qualifying conditions	Children below 18 years old who lost their bread-winner (one of them or both) who never contribute to the SI scheme.
Benefit	103,600 MNT per month.
Financing	Social welfare Fund financed by Government budget
Coverage	13.1 thousand children (2012)

Non Contributory Social welfare allowance package (SW/A)

Legal framework	Law on Social Welfare (Jan 19 2012), Article 13; Law on Social Security of People with Disability (Dec 08 2005), Article 5.1.2 and 5.1.4; Government Resolution #153/2012
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Target	A citizen who adopted or took legal guardianship of double orphan child; children with specific needs; children with disability; single mother/father with many children; twins
Benefit	6 types of allowances for every month for 48,000-120,000 MNT and one time twin allowance for 1.0-3.0 million MNT; Reimbursement of prosthetic correction and rehabilitation cost (100%) for disabled children
Financing	Social welfare Fund financed by Government budget
Coverage	21.7 thousand children (2012)

Education Support Programmes

	Programmes	Legal framework	Target	Benefit	Coverage
1	Kindergarten with free meal	Law on Education (June 06 2002); Law on Preschool Education (May 23 2008)	Children aged from 2 up to 5 years	Free meal for state kindergartens.	134.4 thousands (81%)
2	Free education, primary and secondary	The Constitution of Mongolia (Jan 13 1992) art 16.7 and Law on Education (June 06 2002) art 6.2	Primary and secondary education and boarding for all children.	Primary education-5 years, basic education-9 years and basic general-12 years	504.0 thousand
3	Restore Education	Law on Education (June 06 2002) art 3.1.7; Non-formal Education National Program (Government resolution #116/1997)	school drop-out children,	Restore Education Program-free of charge. 2.3 thousand children dropped out school in 2012 (drop-out rate is 0.5)	2008-2009 s.y 67.4%, 2009-2010 s.y 41.1%
4	E-education: "One Laptop per Child 2008-2015	Government resolution #92, 2008	pupil of 2-5 grades of secondary school	Free laptop	15.0 thousand
5	School dormitory	Law on Education (June 06 2002) art 43.2.1	An orphan or poor pupils and pupils unable to attend school from the place of location,	Free dormitory room with meal	Dormitory coverage index: 90
6	School lunch	Government resolution # 194/2006	Pupils of 1-5th grade of public general secondary schools,	Free lunch	275.0 thousand (100%)
7	Free public Transportation	Law on Education (June 06 2002) art 43.2.3;	Students of College and University	Free charge of public transportation with their Student Visa card during working days of study session.	103.0 thousand
8	Scholarship grant	Law on Financing Higher education and Students Social guarantee (Jul 09 2011), Art 8.1	Students regular courses of all ownership Collage and Universities	National scholarship for 70.000 MNT	173.0 thousand
9	Food Coupon	Law on Social Welfare (Jan 19 2012) Art.22, Ministerial Order (MoF & MPDSP) # A/95/2012	Children living in poor and very poor households	5000 MNT per month	30.0 thousand

Policy gaps and implementation issues

Policy gaps

CMP	Child Money Programme initiatives often based on political decisions, not evidence-based. Level of benefit is not adequate for school attendance: uniform and textbooks
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Level of benefit	The level of SI survivor pension benefits adjusted in ad-hoc manner, no indexation
Preschool accessibility	Enrolment increased across the kindergartens but these enrolment increases generally not among children from low-income households those who presumably would benefit the most from kindergarten meal provided free of cost.
Nutrition Adequacy:	Kindergarten meal normative is still low
Social service accessibility	Children cannot access to basic social services lack of attention concurrently for service delivery. For instance, lack of schools and kindergartens, and poor infrastructure and services for children with special needs
	The definition of invalid children does not meet the requirement of inclusions (medical, social, ... e.g.) where number of children cannot access to services and benefits entitled by SP legislations
	Children disciple at the monasteries are not following formal education curriculums
	Water sanitation and hygiene (WASH) and sufficient sanitary installation for children also being considerable issue
	Limited employment policies focused on families and child –friendly workplaces
Responsibility	Most parents lack knowledge and skills for accessing to services and work with their children
	Penal of the lack responsibilities are very low when parents discharge their parental obligations

Implementation issues

CMP	Required supporting documents violation of CMP (to loss birth certification and parents ID) is the main complication issue in rural area.
SW accessibility	SW programme applicant living in soum visits to the aimag centre. Need to introduce e-file
Service	Actually there are good Infrastructure standards to the disabled people, but bad implementation
	Bad dormitory services
	Not sufficient professional social care and psychological services
	Lack of services for children's spare time or vacancy
Target	Budget allocation for Community based welfare is not delivering to the targeted groups nor proper services
Information	There is not coherent information delivery system

Conclusions Recommendations

Table 4 Recommendations on Children	
No.	Recommendations
	C1: Assessment of the programme impact is needed, to ensure that it does contribute to poverty reduction.

	C2: Index the Child Money Programme's benefit (MNT 20,000/month) to the consumption price index (CPI).
	C3: Increase the level of CMP benefits for small children
	C4: Increase SI survivor benefit level to the CPI
	C5: Alleviate qualifications of benefits focused to the single mothers or fathers with many children
	C6: Need to pay more attention to children and youth with disability. The Government recognizes the need to ensure an enabling environment guaranteeing the equal right to the development and protection of disabled children.
	C7: Combine and improve income support and social inclusion programmes for children with disability, through the development of activities and services adapted to them, in particular ensure access to kindergarten and pre-school education.
	C8: Expand alternative preschool programmes for disabled and street children
	C9: Introduce an additional income guarantee for teachers who working with disabled children
	C10: Establish rehabilitation cabinets in the some schools studying children with specific needs.
	C11: Create new work position in school as an assistance teacher who able to work with disabled children.
	C12: Expand services mainly focused to children with chronic conditions
	C13: For youth in working age (above 16 years old) need to establish programmes that until weak incentive to integrate labour market and be socially and economically included, while continuing receiving governments support. (see recommendations under Guarantee 3)
	C14: Provide jobs to parents whose children involved in worst forms of child labour.
	C15: Improve and ensure environments for development and right to education of the herder-families children.

- c. **Working age population** *“all those in active age groups who are unable to earn sufficient income, in particular in cases of sickness, unemployment, underemployment, maternity and disability, enjoy basic income security at least at the level of the nationally defined poverty line”*

Working Injury and Occupational Disease Insurance (SI/WI)

Legal framework	Law on Social Insurance (May 31 1994) Article 4.2 and 4.3; Law on Working injury, occupational disease Pension, Benefits and Payments provided by Insurance (June 07 1994)
Target group	Workers who (both Mongolians and foreigners or stateless person) working in Mongolian business entities, NGOs and other organizations /4.2.1/; workers who (both Mongolians and foreigners or stateless person) working in Foreign business entities, NGOs, PMUs and International organizations in Mongolian territory /4.2.2/; Civil servants and public workers /4.2.3/; and labour contracted Mongolian workers in abroad /4.2.4/, and individuals other than Art. 4.2 which not working formal sector and unemployed people.
Type of insurance	both Mandatory and Voluntary
Contribution rate	Mandatory: covered only by employers by 1%, 2% and 3% (depending on working condition) of its payroll salary (between minimum wage and 10 times mini wage)

	Voluntary: 1% of the reference income, by insured only. Reference income is declared on a voluntary basis: between minimum wage and 10 times the minimum wage.
Benefits	Disability pension, Survivor pension, Sickness benefits, Compensation for rehabilitations: prosthetic facilities, sanatorium treatment
Financing	Employers contribution and individuals voluntary contribution to Working injury, occupational disease Insurance Fund
Coverage	Formal sector: 743.0 thousand, Informal sector 101.3 thousand in 2012

Allowance Insurance: Maternity, Sickness and Funeral grant

Legal framework	Law on Social Insurance (May 31 1994) Article 4.2 and 4.3 Law on Pension and Benefits provided by the Social insurance (June 07 1994)
Target group	Article 4.2 (Contracted employment and civil service workers), Article 4.3 (informal sector workers, unemployed and herders)
Type of insurance	both Mandatory and Voluntary
Contribution rate	<u>Mandatory</u> : Employer 0.5% and employee 0.5% of the payroll salary. <u>Voluntary</u> : 1% of the reference income (but income must not be below mini wage).
Eligibility	Maternity benefit : At least 12 months of contributions, of which 6 continuously prior to take maternity leave. Sickness benefit and Funeral grant : At least 3 months of contribution prior to take a sickness leave due to ordinary disease and non-occupational accidents.
Benefits	Maternity benefit : 100% of last 12 month average wage for a period of 4 months for mandatory insured mothers(art.4.2) ; and 70% of last 12 month average income for a period of 4 months for voluntarily insured mothers (ar.4.3); Sickness benefit : average wage of last 3 month continuing employment, depending on years of service: up to 5 years-50%, 5-14 years-55%, and more than 15 years -75% , for maximum 66 working days in case of ordinary disease (both art. 4.2 and 4.3) Funeral grant : 300,000 MNT (both art. 4.2 and 4.3)
Financing	Employer and employees contribution to the SI Allowance fund
Coverage	Formal sector: 743.0 thousand, Informal sector 101.3 thousand in 2012

Unemployment Insurance (UI)

Legal framework	Law on Social Insurance (May 31 1994) Article 4.2 Law on Unemployment Benefits provided by the Social insurance (July 05 1994)
Target group	Article 4.2 (Contracted employment and civil service workers)

Type of insurance	Mandatory
Contribution rate	Employer 0.5% and employee 0.5% of the payroll salary.
Eligibility	At least 24 months of contributions, of which 9 continuously prior to the unemployed
Benefits	Unemployment benefit: average wage of last 3 month continuing employment, depending on years of service: up to 5 years-45%, 5-10 years-50%, 10-15 years-60% and more than 15 years -70%, for 76 working days. Minimum standard : not less than 75% of the minimum wage;
Financing	Employer and employees contribution to the SI Unemployment Insurance Fund
Coverage	Formal sector: 743.0 thousand in 2012

Disability and Survivor Pension Benefit Insurance (D and S)

Legal framework	Law on Social Insurance (May 31 1994) Article 4.2 and 4.3; Law on Pension and Benefits provided by the Social insurance (June 07 1994)
Target group	Article 4.2 (Contracted employment and civil service workers), Article 4.3 (informal sector workers, unemployed and herders)
Type of insurance	both Mandatory and Voluntary
Contribution rate	Mandatory: Employer 7 % and employee 7 % of the payroll salary as part of the SI Pension fund. Voluntary: included in 10 % of the individual's reference income going to the SI Pension fund. Reference income is declared on a voluntary basis: between minimum wage and 10 times the minimum wage.
Benefits	Disability pension: if lost capacity for 75% or more, replacement rate would be 45 % (same as OA pension) of payroll salary and increased by 1.5% of wages for each year additional to 20 years. If insured lost his capacity not less than 50%, pension would be calculated at the rate of proportion to his wages as 45% or more. But both fully and partially disability pensions should not be less than Social Insurance Old age mini pension (as 145,200 MNT or 180,300 MNT); Survivor pension: if number of dependents are 3 or more-100% of income reference; 2 =75%, and 1 = 50% but minimum pension must be equals to mini old age pension
Eligibility	not less than 20 years of service or at least 3 years out of five, immediately preceding the date of commencement of invalid or lost breadwinner
Financing	Employers contribution and individuals voluntary contribution to SI Pension Fund
Coverage	Formal sector: 743.0 thousand, Informal sector 101.3 thousand in 2012

Non contributory Military Pension Benefit Scheme

Legal framework	Law on Pension and Benefits of Military Service Personnel (June 13 1994) /Article 4.1/
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Target group	Cadet, private, soldier, sergeant, first-sergeant, officer, commissary, general of Armed forces, Defence, Police, Border Security, Correctional service, Intelligence, Emergency service and Criminalistics.
Benefits	Disability pension, Survivor pension, Maternity benefit, Sickness benefit and Funeral grant
Eligibility	Men 25 years, women 20 years of service
Financing	Government Budget

Non contributory Social Welfare Pension Benefit

Legal framework	Law on Social Welfare (Jan 19 2012) Article 12.1.3 and 12.1.2; Government Resolution # 81/2012
Target group	Residents aged years of 16 and more who lost his/her working capacity for 50% and over and a dwarf individual aged 16 years and more
Eligibility	Never contributed (or less than 10 years) to the Social insurance scheme.
Benefits	Disability pension: 103,600 MNT per month
Financing	Social Welfare Fund by Government Budget
Coverage	47.8 thousand in 2012

Non contributory Social Welfare Maternity Benefit

Legal framework	Law on Social Welfare (Jan 19 2012) Article 13.1.4, 13.7 and 13.8; Parliamentary Decree #19/2012
Target group	Pregnant women and mothers with infants starting from the 5th month of pregnancy
Eligibility	Never contributed (or less than 10 years) to the Social insurance scheme.
Benefits	Maternity benefit: 40,000 MNT for 12 month, if mother died after giving a birth to a child, father of the child or legally authorized person, or adopted mother/father/ can be entitled to receive the benefit
Financing	Social Welfare Fund by Government Budget
Coverage	88.9 thousand in 2012

Other Social Welfare cash Supports

	Supports	Legal framework	Target/Eligibility	Benefit	Coverage
1	Cash allowance for poor	Law on Social Welfare (Jan 19 2012) Article 13.3	a citizen-member of household selected from households with living standard lower than the poverty line then and that are entered into a central database of households	48,000 MNT per month.	Proxy means testing programme. Not yet implemented
2	Emergency assistance	Law on Social Welfare (Jan 19 2012) Article 13.5.1	homeless or whose home became unsuitable for living or lost livelihood due to sudden accident, disaster-dzuds (harsh winters) or other unforeseen reasons	1,200,000 MNT one time.	651 person in 2012
3	livelihood support	Law on Social Welfare (Jan 19 2012) Article 13.5.2-13.5.5	Citizen, 18-24 years old who became a double orphan before he/she turned 18; homeless citizen released from prison; homeless and wandering citizen or household;	1,200,000 MNT one time.	n/a

4	Allowances and Assistance	Law on Social Security of People with Disability (Dec 08 2005) Article 5.1.2 and 5.1.4; Government Resolution #153/2012	Disabled person	15 types of allowances, reimbursements and assistance services	23.0 thousand in 2012
5	Allowance for permanent medical care	Law on Social Welfare (2012) Article 13.2.4	A citizen taking care of elder or disabled person under medical control, requiring permanent care.	48,000 MNT per month	23.3 thousand in 2012
6	Allowance for permanent home care	Law on Social Welfare (Jan 19 2012) Article 13.2.3	A citizen taking care of single elder or disabled person in their family, who has no children or relatives to take care of him/her;	48,000 MNT per month	318 person in 2012
7	Food & Nutrition Support	Law on Social Welfare (Jan 19 2012) Article 22	A member of poor household as requiring necessary food supply ; Homelessness	Food coupon-10,000 MNT for every month	100.0 thousand in 2012

Other Social Welfare Services

Community Based Service for working age

Target group: Disabled person; victims of violence; citizens released from a prison; alcohol and drug addicted citizen; citizens with incurable disease; Homeless and wandering household and citizen; migrated citizen or citizen-member of poor household; Single mother /or father/.

Services: Support to homeless citizen and her/his family member in socializing, civil registration, and accommodating in a temporary shelter; Socialize citizen and household requiring social welfare assistance, to help in forming of a community group, implementing income generation project and provide life skills training Counseling; Rehabilitation; Temporary accommodation and care; Day care service; Home based care and service;

Financing: since 2013 Local Government budget

Funding process: Service costs estimated by Social welfare unit of aimag, district and capital city on the basis of proposal issued by Livelihood Support Council of respective soum and khoroo and be submitted to the Local Governor Office.

Coverage: 7.6 thousand person in 2012

Other income security programmes for the working age population

Employment Promotion Programmes (EPPs) under the Active Labour Market Policy (ALMP)

PROGRAMMES	SCOPE / BENEFITS	COVERAGE
Occupational and vocational orientation, counseling and provide Labour market information	Inform job places and occupations, 10,000 MNT per person	12.0 thousand persons
	counseling and orientation to secondary schools, 5,000 MNT per student	30.0 thousand students
	organizing Job Fare, 4 times in a year	--
Preparing to Employment	Counseling and orientation 50,000 MNT; training 50,000 MNT; and financial grant, 150,000 MNT per person	1.9 thousand persons in a year
Job mediation	Job place inventory and input data service, 1,000 MNT per case	80.0 thousand records in a year
	Provide Job mediation payment to sixty private Labour market centers, recording cost: 20,000-150,000 MNT per person	15.0 thousand people

Conduct to Employment Training	Training on the job places, duration: 2 months, 650,000 MNT per person	2.4 thousand people
	Vocational training and Retraining, 200,000 MNT per person	11.0 thousand people
	mobile and distance training, 100,000 MNT per case	1.7 thousand people
	Pupil-centered teaching, 100,000 MNT per month	0.5 thousand people
	operational activities such as printing, tutorials and examination	-
Employment promotion for aged over 40 and senior people	40 days vocational training for meal and transportation 3,000 MNT per day, and counseling, job mediation	N/A
Employment promotion of Self employed	promote to self-employed persons for new job places, 1,000,000 MNT per person	1.7 thousand people
	Small Loans : average amount for one borrower 3,000,000 MNT	10.0 thousand new job places
	Compensations for loan interests: If persons having difficulties find a job borrowed up to 2,000,000 MNT for 12 months, (interest 1.0% per month) for raw materials, soil and seed, stock animals, equipment and instruments	1.0 thousand people
Employment promotion for Disability	promote to disable persons for new job places, 1,000,000 MNT per person	1.3 thousand people
Employment promotion for Herders	Financial Support to herder-family: number of aimags: 18; number of soums per each aimag covered under this program: 5, number of herder-family per each soum covered under this program: 5, 5,000,000 MNT per family for one time	450 herder-family
	Financial Support to Herder-Employer: Herder-employer who hired probationer-herders with few animals or those herders who lost their animals because of natural disaster, and paying at least for 12 months not less than minimum salary, and teaching them for herding methodology and provided them with less than 10 livestock annually. up to 1,000,000 MNT Grant for one time	390 herder-employers and 290 herders
Business Incubation services (Scope: Self-employed and Herders and small business cooperatives and partnerships)	Business management training services. Training fee: 20,000- 45,000 MNT per person	10.0 thousand
	Counseling and provide information for developing business plans Fee: 90,500 MNT	2.0 thousand
	Financial supporting to the incubation centers for 5,000,000 MNT annually	40 centers
	Compensations for persons who covered incubation service; 5,000,000 MNT average	130 person
Support for Employers	Financial Support: provided workplaces not less 12 months for disabled people, active job seekers over six months and person who graduated by "Preparing to Employment" Program. Benefit: mini wage*12 times =1,648,000 MNT for each person	1.2 thousand people

	Compensation for training cost: Provided workplace practice training to the person who graduated by "Preparing to Employment" Program at least 1 year, 650,000 MNT* 3 months	30 person
	Salary reimbursement : Provided job places to the person who graduated by "Preparing to Employment" Program at least 6-12 month and continuing forward, 50% of annual salary reimbursement (600,000*50%*each employee and employer) for one time	80 person
"Inhabited Mongols" (Public work)	Local government-public works timing : 10 working days, 14,000 MNT per person for salary and 10,000 MNT for instrument per person	21.0 thousand persons
	Green work place timing : 10 working days, 14,000 MNT per person for salary and 10,000 MNT for instrument per person	6.0 thousand persons
	Time-work timing : 10 working days, 14,000 MNT per person for salary and 10,000 MNT for instrument per person	3.0 thousand persons

Policy gaps and implementation issues

Policy gaps

Insurance Policy	Contribution collected on a monthly basis, which is not adapted to the seasonality of herders' incomes.
SI Benefits	Relatively low-level of benefits, short duration and restrictive eligibility criteria create disincentive to enrol SI scheme.
Occupational disease and Working injury Insurance	-No investigation mechanism and criteria to assess whether the disease is work related; -No clear policy on whether accident during coming to/from work is covered; and, -No penalties or reducing of benefits if working accident is due to worker's own fault -Disability allowance for temporary incapacity: the amount is very low (almost three times lower than ILO/C121) -Employment injury and occupational disease rates still high due to lack of effective prevention activities.
Maternity	-Voluntary Social insurance offers lower benefits although contribution rate is the same as Mandatory Social insurance maternity benefit. -SI Maternity benefits period (4 months) is much shorter than the one provided by Social assistance benefits (12 months). If an insured person does not qualify for maternity benefits (12 months contribution), the person will seek benefits from the social welfare programme.
Unemployment benefit eligibility	Workers have contributed for at least two years (including the 9 continuously months immediately preceding their job loss) to be eligible for benefits is too strict and causes many who lose their jobs to fail to qualify for any unemployment insurance benefit, and poor linkages with employment promotion programmes
Disability pension	- Shortcoming in the level of benefits (level adjusted in ad-hoc manner, no indexation), however duration is generous enough - Too much focus on cash benefits rather than focusing on employment support (turning them into employable and employed citizens) -Should be more emphasized on rehabilitation programmes.

SW Coverage	Very limited coverage due to restrictive qualifying conditions and to cumbersome application procedures: application at the SW office of the aimag center (cost of bus ticket: around 10,000 MNT).
EEP: Preparing to Employment”	Vocational training is lacking for this programme and can reasonably promote it and also, the criteria of enrolment programme that an individual who was seek job over 6 months, should decrease to between 2-3 months”
EEP for Herders	Criteria & Funding: Needs of this Programme was high in the rural area but limited funding and hard constraint criteria may slowing down of programme implementation. Awareness: Lack of information dissemination on social insurance programme and poor linkage between social security and employment programmes. Herders exempted most of taxation so they may not give a weight to the social insurance. We should take young herders into consideration those who growing up under this programme.
EEP for aged over 40 and senior citizens	MOL should take into account is how improve a design tools of this programme... Vocational training and other trainings tend to change their mind may be effective.
EEP : Supporting Employers	There is high constraint criteria to get financial grant which to become discouraged. For instance, employed individual who has keeping his job place last 12 months for same employer; or if employer provided new job place for jobseeker who was seeking for over 6 months e.g.

Implementation issues

	The level of contribution is affordable and minimum wage representative of herders income (at least minimum wage= one sheep per year for herders), but low registration to voluntary DUE TO:
Coverage:	Very low coverage, mostly young people, herders and self-employed not interested, although it includes maternity protection
Evasion:	The average wage reported by the National Statistical Office (NSO) is significantly higher than the average wage declared for paying Mandatory social insurance contributions, shows that employers are evasion their contribution responsibilities.
Accessibility:	Herders hardly visit once a month the soum center due to remoteness, animal husbandry care and their income shortness.
Contribution schedule:	It is not appropriate or unmet rural population income cycle and life style features. Herders’ income streams depend on highly seasonal events like cashmere and milk or live animal sales, and their demand for cash is also highly seasonal. Herders only have opportunity to have cash only 2 times in a year which during the spring for cashmere and early December for meat preparation.
Awareness	Lack of information on procedures, especially among the young people.
Delivery	Social welfare benefits cannot deliver on time due to new Budget process Law in Uvurkhangai aimag.
Targeting	There is no clear definition which who is the homeless person either unclear procedure provide a shelter (ger) to them.
Adequacy	Disable people cannot access to service because Inadequate facilities of prostheses and orthopaedics and even there is not service provider especially in rural area.
EEPs: General	All these programmes are still very new (since Jan 2013), so population not aware. Six of the ALMPs have satisfactory implementation (6 month review). However, there is a need to reinforce capacity of labour officers at the local level for the implementation of these new programmes.

	Lack of coordination and overlapping, contradiction. Funds and capacity are lacking to implement effectively the programmes. Especially employment support and employment creation in rural areas, where high level of unemployment and poverty.
EEPs: Vocational training	The periods of vocational training curriculums is too short, the trainees cannot gain professional skills that will make him or her competitive in the labour market. The selection process to obtain an authorization for opening a training institutions tend to favour Ulaanbaatar, therefore, leaving behind vocational training supply for seasonal job in the rural area. So, there is a need to create training mechanism/programme that can promote rural cooperatives and seasonal job placement.

Conclusions and Recommendations

Table 5 Recommendations on Working age (Not Classified)	
	WA1: Develop an incentive mechanism for increasing SI coverage among herders and self-employed. Therefore, need to carry out a study to determine a suitable contribution level for herders and potential share of contribution subsidized by government
	WA2: Open option to pay the voluntary SI contribution twice a year to follow seasonality of herders' income (or to pay once a year); provide more flexibility in paying back unpaid contributions (applies also to SI Pension Fund and SHI contributions. linked to recommendation H4)
	WA3: Use some IT system connecting cellphone providers and banks should be put in place. Thereby, develop mobile based-contribution taking service during the potential income seasons.
	WA4: Mobilizing SI service may give a broader and effective base, and permits them to expand their outreach. SI Institutions should have to develop new ways of working with herders, possibly involving mobile offices in some cases, and insurance products linked to herders' seasonal cash flows. The management capability of SI institutions need to be improved.
	WA5: Increase replacement rate for maternity benefits under voluntary SI scheme to 100%, at the same level as maternity benefits under mandatory SI scheme; increase duration of benefits (6 months).
	WA6: Establish systemic linkages between social insurance and ALMProgrammes. New Employment insurance scheme for informal sector workers/herders may be one of good link between employment service and social security which consist of common types of insurance products.
	WA7: Increase resources allocated to public awareness and campaigns on SI benefits and worthiness.
	WA8: Improve coordination between the social insurance and tax authorities, including information exchange about payment declarations to the two agencies.
	WA9: Streamline the process for registration and SI benefits claims. Introduce e-file and IT connectivity between aimag and soums centers.
	WA10: Promote the participation of private insurance and social service providers in order to decentralize current state authority based SI and SA monopoly scheme. (Especially health insurance)

	WA11: Create incentive mechanism for stable SI contribution payments by herders and self-employed. For example, if herder man was continuously paying for 5 years of his SI contribution, then 6th year contribution may be discharged or subsidized by government.
	WA12: Unemployment benefits for those with less than five years of contribution should be increased to 50% (or at least 45%) of prior wages and benefits also should be available for up to six months (126 working day or 182 calendar days). These changes will bring the Mongolian program in agreement with the relevant ILO conventions
	WA13: Unemployment benefits: Bring more flexibility in qualifying conditions: 9 months in the last 24 months, to improve protection of workers holding short term contracts; increase the duration of benefits up to 6 months in the last 18 months; improve linkages with employment promotion programmes (EPP).
	WA14: Finance workplace improvement and injury prevention activities from the Work Injury and Occupational Disease Fund, e.g. public awareness aimed at both workers and employers, arranging consulting services and dissemination of good experiences
	WA15: Adjust the formula used in the calculation of disability and survivor benefits under the NDC scheme. If the formula is not changed, disability and survivor benefits would be out of line with Old age pension benefits.
	WA16: Introduce SI registration as a condition to benefit from the eight EPP.
	WA17: Carry out a study for the possibilities to select the type of social insurance by mandatory based insured person.
	WA18: Government /or employer/ should pay SI contributions (excluding HI) for mothers those who looking after her baby until 3 years old.
	WA19: The compensations by employers to the employees' damage caused by work injury and occupational diseases in accordance to the Labour Code (article 97) should be allowed every year (current law says one or more times that is not clear)
	WA20: Modify current unemployment application procedure. Unemployment benefit application period should be maximum one month (currently, 14 working days)
	WA21: If business entities and organizations do not employ disabled persons at the level specified in Labour Code (Article 111: disabled persons shall be employed not less than 3 percent of its total staff by companies having more than 50 employees), they should pay a monthly payment not less than equal to three times of minimum wage standard for each vacancy they should have employed
	WA22: Improve linkages between social welfare programmes and EPPprogrammes.
	WA23: All ALMPs Employment promotion programmes (EPPs) should include registration to the voluntary SI as a requirement
	WA24: Focus should be given on enhancing counseling and training services rather than offering more financial grants and loans. Careful assessment of the loan and financial grant programmes impact is needed, to ensure that it does not put additional burden on herders' households.
	WA25: Awareness and information campaign about the new EPPs

	WA26: Introduce SI registration as a condition to benefit from the eight EPPs.
	WA27: Develop young herders-targeted EPP, linking better with vocational training and registration to SI (most of beneficiaries of the eight EEP are living in urban areas). WA28: Reinforce employment promotion services, in particular career/employment/training counselling, vocational training and entrepreneurship counselling, notably for youth (too much focus on delivering loans and financial grants).
	WA29: Develop EPPs focused on more local governments' initiatives or fitting their specific needs
	WA30: Create new scheme which could be promotes growth of the targeted groups (incubation) in via those EEPs able to perform by civil society organizations. (For instance, psychological counselling service for disabled persons)
	W11. Support and encourage self-employment and entrepreneurships for persons with disabled
	W12. Consider to social issues of workers who serving as of correctional services. There is may be some of forced labour elements.
	WA31: Institutionalize the National Qualified Worker Preparation programme, with some co-funded by the government, to ensure its long term operations /need to eliminate/
	WA32: Improve VT enrollment and graduation recording system;
	WA33. Increase current level of VT scholarship to minimum wage standard
	WA34: Improve current information and monitoring system of the SME Fund operation
	WA35: Provide EPPs and support services at the Soum level
	WA36: SME Loans should be included in integrated package with counseling (to run business but also alternative employment opportunities), training and registration to SI
	WA37: Introduce greater flexibility in guarantees rules so loan can be accessed by more applicants, especially among young herders.

- d. **Elderly** *"all residents in old age enjoy basic income security at least at the level of the nationally defined poverty line"*

Defined benefit Old age Pension Insurance (DB/OA)

Legal framework	Law on Social Insurance (May 31 1994) Article 4.2 and 4.3; Law on Pension and Benefits provided by the Social insurance (June 07 1994) Article 4
Target	Article 4.2 (Contracted employment and civil service workers), Article 4.3 (informal sector workers, unemployed and herders) born before January 1 1960
Type of insurance	both Mandatory and Voluntary
Contribution rate	Mandatory: Employer 7 % and employee 7 % of the payroll salary (between minimum wage and 10 times mini wage) as part of the SI Pension fund. Voluntary: included in 10 % of the individual's reference income going to the SI Pension fund. Reference income is declared on a voluntary basis: between minimum wage and 10 times the minimum wage.

Benefits	Old age pension based on Defined Benefit (DB) or PAYGO principle Monthly Average pension benefit was 224,200 MNT (143USD) end of 2012
Eligibility	Years of service: Not less than 20 years of contribution for fully OA pension; and at least from 10 years to 19 years of contribution for partially OA pension Retirement Age: 55 for women (if they wish so) and 50 for women raised 4 and more born or adopted children under 3 years old until the age of 6; and 60 for men who was born before January 1 1960. Both men and women also applicable to early retirement /from 45 to 55 years old/ depending on their labor conditions
Replacement rate	45% of the monthly average wage of the best continuing 5 years' salary and increased by 1.5% of wages for each year additional to 20 years. For example, 60% replacement rate after 30 years. The minimum guarantee, if at least 20 years of contribution is 75% of minimum wage.
Financing	Government subsidy, Employers and employees contribution and individuals voluntary contribution to SI Pension Fund
Active contributors	Formal sector: 743.0 thousand, Informal sector 101.3 thousand in 2012 of which: pre-1960 cohorts: 43.2 thousand or 5% of total insured
Beneficiaries	210.9 thousand in 2012

Defined contribution Old age Pension Insurance (DC/OA)

Legal framework	Law on Social Insurance (May 31 1994) Article 4.2 and 4.3; Law On Individual Pension Insurance Contribution Account 7/1/1999
Target	Article 4.2 (Contracted employment and civil service workers), Article 4.3 (informal sector workers, unemployed and herders) born after January 1, 1960
Type of insurance	both Mandatory and Voluntary
Contribution rate	Mandatory: Employer 7 % and employee 7 % of the payroll salary (between minimum wage and 10 times mini wage) as part of the SI Pension fund. Voluntary: included in 10 % of the individual's reference income going to the SI Pension fund. Reference income is declared on a voluntary basis: between minimum wage and 10 times the minimum wage.
Benefits	Old age pension will be calculated by Notionally Defined Contribution (NDC) method Minimum standard: 20% of the national average wage, plus an additional 0.5 percent of the average wage for each additional service year beyond the minimum of 15 years;
Eligibility	Years of service: 15 years of service and contributions Retirement Age: 55 for women (if they wish so) and 50 for women raised 4 and more born or adopted children under 3 years old until the age of 6; and 60 for men who was born after January 1 1960. Both men and women also applicable to early retirement /from 45 to 55 years old/ depending on their labor conditions
Replacement rate	Based on notional account balance for 14% contribution rate for years of contributions, accrued notional returns for each year (average growth in the last three years' average wages), and average life expectancy factor.
Financing	Employers and employees contribution and individuals voluntary contribution to SI Pension Fund

Active contributors	Formal sector: 743.0 thousand, Informal sector 101.3 thousand in 2012 of which: post-1960 cohorts: 820.0 thousand in 2012 (72 % of Labour force)
Beneficiaries	First pensioner will eligible in 2015

Non contributory Military Pension Benefit Scheme (M/OA)

Legal framework	Law on Pension and Benefits of Military Service Personnel (June 13 1994) /Article 4.1/
Target	Cadet, private, soldier, sergeant, first-sergeant, officer, commissary, general of Armed forces, Defence, Police, Border Security, Correctional service, Intelligence, Emergency service and Criminalistics.
Benefits	Old age
Eligibility	Years of service: Men 25 years, women 20 years of service Retirement age: Not required
Replacement rate	80% of the monthly average wage and increased by 1.5% of wages for each year additional to 20-25 years.
Financing	Government Budget
Beneficiaries	14.9 thous.person in 2012

Non contributory Social welfare Old age Benefit (SW/OA)

Legal framework	Law on Social Welfare art 12.1.1
Target	Men 60 (women 55) years old.
Benefits	103,600 MNT per month.
Eligibility	have never worked, or have less than 10 years of contribution to the SI scheme
Financing	Government Budget
Beneficiaries	2.0 thous.person in 2012

Other Social Welfare cash Supports

	Supports	Legal framework	Target/Eligibility	Benefit	Coverage
1	Additional allowance for senior citizens	Law on Supplementary Allowance for Honoured Senior Citizens /HSC/, 2008; Government Resolution #70/2012	Senior citizens who won Hero of Mongolia, Hero of Labour, holder of People's and Honoured titles;	150,000-200,000 MNT per month	1,434 persons in 2012
2	Allowance for Mothers with many children	Law on Social Welfare Article 13.5.9	Mothers who was honoured 1st and 2nd rank State medal of "Mother's Glory";	1st rank 200,000 MNT and 2nd rank 100,000 MNT once in a year	204,3 thousand in 2012, spent for 29.0 bln MNT
3	Reimbursements and assistance services for elderly	Law on Social Security of Senior Citizens, Article 5.1.1-5.1.11	Senior citizen aged over 55-60	11 types of reimbursements and assistance services	14.1 thousand senior persons in 2012

Other Social Welfare Services

Community Based Service for Elderly

Legal framework: Law on Social Welfare, Article 17.1.1 and 18.1 and 18.2.1

Target group: Elderly

Services: Counseling; Rehabilitation; Temporary accommodation and care; Day care service; Home based care and service;

Financing: Since 2013 Local Government budget

Funding process: Service cost estimated by Social welfare unit of aimag, district and capital city on the basis of proposal issued by Livelihood Support Council of respective soum and khoroo and be submitted to the Local Governor Office

Coverage: 15.4 thousand elder people in 2012

Institutional Care Service for Elderly

Legal framework: Law on Social Welfare, Article 17.1.2

Target group: Elderly

Services: Foster care

Eligibility: Single elderly persons, identified as incapable living independently, with no child to support, or with a child who became incapable of care taking due to disability or old age, an elder who are not able to benefit from Community based welfare services

Financing: Since 2013 Local Government budget. The Governor of the aimag, district and capital city make a decision to enroll an elder to the care service.

Policy gaps and implementation issues

Policy gaps

	Coverage under the voluntary scheme: Very low coverage, mostly young people, herders and self-employed not interested
	Funding: The DB pension system currently operates on a PAYGO basis, however the fund is currently in deficit and projections show that these deficits are likely to grow in the future, even after considering the impact of the 1999 (Individual Pension Account or NDC) reform.
	Indexation: The level of pension benefits adjusted in ad-hoc manner, no indexation DB vs. NDC conflict: Problems in the parameters of the DB and NDC schemes leading to a necessary pension reform: a/ workers born post 1960 will have lower retirement benefits than workers born pre 1960. b/ Early retirement under NDC scheme those born after 1960 is also will be lower than the benefits of those who work to the normal retirement age.
	Level of benefits: inadequate level of pension to be paid under the individual account system, low retirement age that provides low level of benefits, in particular for women.
	Equity: Benefit level is higher under mandatory Social insurance then if the person has contributed at minimum wage, the minimum pension the person will get 75% of mini wage (mini pension is 45% of mini wage).
	Equality of treatment: Unequal retirement age between men and women

Implementation issues

	Accessibility: Herders hardly visit once a month the soum center. First time application for pension at retirement age at the SI office of the aimag center. Need to streamline the process and introduce e-files. Cost of bus ticket: around 10,000 MNT.
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	Military pension: The military pension (very generous) is managed by the Social Insurance fund, which creates confusion with the other pension funds, need to separate the pension funds and management
	Governance: absence of periodical actuarial reviews, low administrative capacity and insufficient infrastructures.

Conclusions and Recommendations

Table 6 Recommendations on Elderly (Not Classified)	
	E1: Provide an adequate pension protection to herders and other self-employed individuals by encouraging contribution to the SI scheme. The contributions should be subsidized by the government for those contributing to the voluntary scheme as an incentive to increase coverage.
	E2: Introduce a three pillars pension system: Pillar 1: Universal minimum pension; Pillar 2: Contributory SI pension (voluntary and mandatory); Pillar 3: Complementary individual saving accounts.
	E3: Revise the SI pension parameters to adjust retirement age between men and women, DB pension calculation, and the inconsistency between the benefit formula of contributed NDC old-age pension and that of NDC survivors and disability pension.
	E4: Introduce new scheme of supplemental benefits for insured born after 1960 in case of early retirement provisions.
	E5: Index (both SI and SW) pension benefit amount to the CPI every year, not ad hoc manner.
	E6: Increase minimum pension level but at a reasonable level so it does not create disincentives to contribute to the SI scheme
	E7: Offer an elderly integrated package of protection, covering health, income security and housing.
	E8: Provide a comprehensive benefits package for poor elderly (age and means targeted): housing benefits, fuel allowance, increased health care package (see recommendation H17), and the minimum pension provide by the new old-age pension system.
	E9: Develop a long term care and support system for elderly (that might have a positive impact on youth employment creation): nursing houses and programmes promoting elderly's participation in social work (e.g. child care) and short term assignment (e.g. doctors, herders' know how). E10: Open option to pay the voluntary SI contribution twice a year to follow seasonality of herders' income (or to allow more flexibility, pay once a year); provide more flexibility in paying back unpaid contributions (applies also to SI Pension Fund and SHI contributions. linked to recommendation H2)
	E11: Create incentive mechanism for stable SI contribution payments by herders and self-employed. For example, if herder man was continuously paying for 5 years of his SI contribution, then 6th year contribution may be discharged.

