

POPULATION AGEING AND INTERGENERATIONAL RELATIONS IN MONGOLIA

Enkhtsetseg Byambaa, PhD, Professor, Population Teaching and Research Center, School of Economic Studies, National University of Mongolia

Abstract

Population window of opportunity will continue in the coming 20 years in Mongolia and population ageing is projected to follow. According to 2010 census, elderly person estimated 152 thousand and comprise 5.6 percent of Mongolia's population. The percentage share of older population will increase in the future – 8.3 percent in 2020 and 10.8 percent in 2025. The process of ageing is likely to bring extra burden on the national budget due to increased expenditure health care, retirement and pension benefits. Traditionally, older persons have relied for income on their own earnings, family transfer payments and government handouts both in the form of social pensions and subsidies. Though the tradition of adult offspring and other relatives providing support for older persons remain strong, this support is rapidly shrinking as a result of declining family sizes and some other factors.

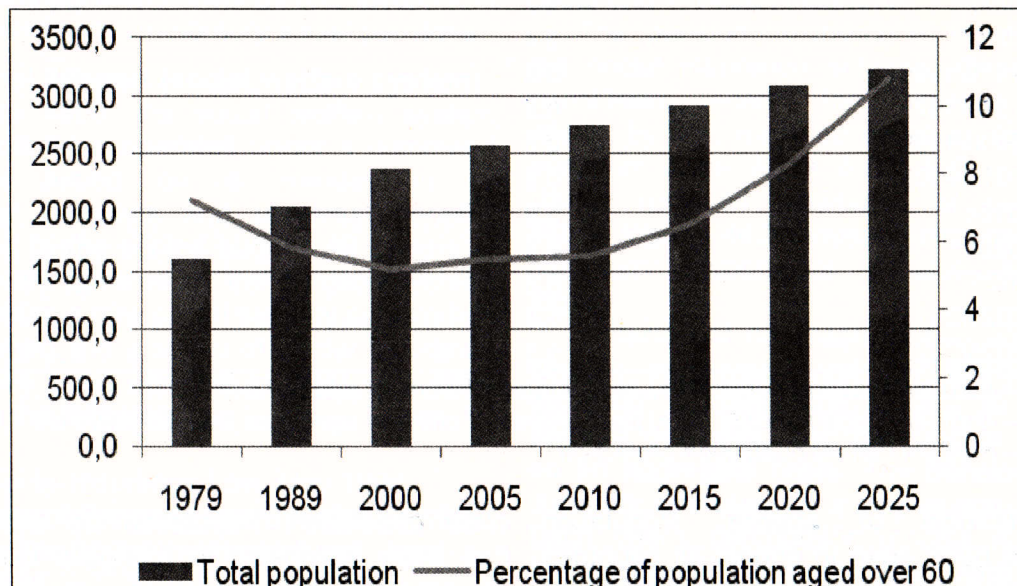
Key words: population ageing, intergenerational relations, health care, retirement, pension

Population ageing

According to 2010 census, elderly person estimated 152 thousand and comprise 5.6 percent of Mongolia's population. The

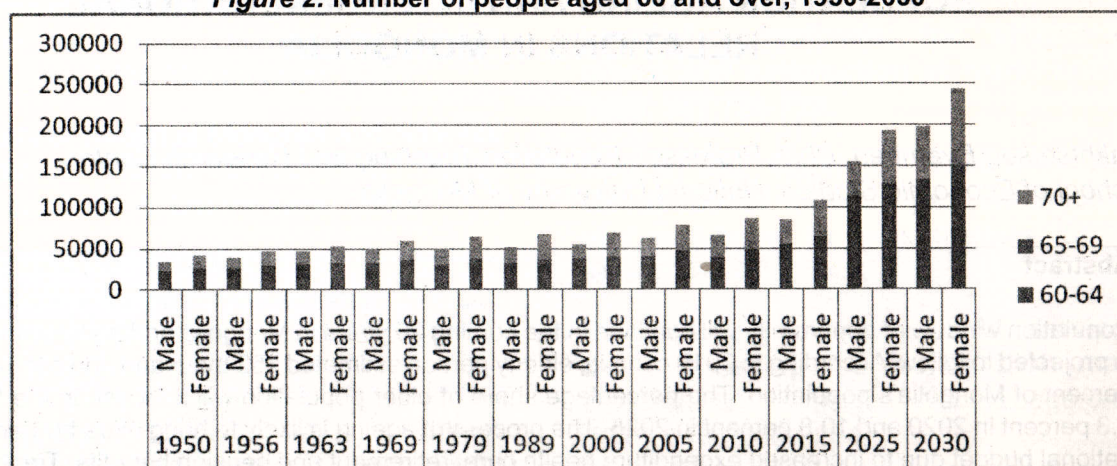
percentage share of elderly population was decreasing until 2000 as a result of population growth policy. The percentage share of older population will increase in the future – 8.3 percent in 2020 and 10.8 percent in 2025.

Figure 1: Total population and percentage share of population aged over 60



Source: NSO, 2010

"Oldest old" or the proportion of the oldest old (70+) comprises about 2.3 percent or 63,641 in 2010 of the total population. The proportion will increase to 3.3 percent or 108,180 in 2025 and 4.5 percent or 156,733 in 2030.

Figure 2: Number of people aged 60 and over, 1950-2030

Source: NSO, 2010

Aged/dependency ratio: Overall, social security system depend on population age structure (dependency ratio) particularly, number of elderly population and number of working age population. The term "aged/elderly dependency ratio" shows the number

of aged people (65+) per hundred of working age (15-64). Table 1 shows trends of aged/elderly dependency ratio. This ratio, presently 5.4 is projected to increase 8.8 percent in 2025.

Table 1: Aged dependency ratio, 1950-2030

Year	Aged/elderly dependency ratio ^a	Ageing index ^b
1969	12.1	13.5
1979	9.8	11.2
1989	7.5	9.7
2000	5.7	9.7
2010	5.4	13.6
Ratio, 1979/1969	0.8	0.8
Ratio, 1989/1979	0.8	0.9
Ratio, 2000/1989	0.8	1.0
Ratio, 2010/2000	0.9	1.4
2015c	5.9	15.8
2020c	6.8	19.3
2025	8.8	27.4
Ratio, 2020/2015	1.2	1.2
Ratio, 2025/2020	1.3	1.4

a – number of aged people (65+) per hundred of working age (15-64)

b – number of aged people (65+) per hundred of children aged less than 15 years old

c – medium variant population projection

Feminisation of ageing: Population ageing has been seen in almost all countries to be marked by ageing and feminization of the older population. Feminization of ageing refers to the predominance of females in the older population, results from the higher female life expectancy. While the number of male babies born usually exceeds female babies, the longer life expectancy of women results in women constituting a majority of the

older population. Population life expectancy has been increasing in Mongolia over time. At present, life expectancy reached 72.3 years for female and 64.9 percent for male. Compared to 1969 or in 40 years, the life expectancy at birth has increased by 10 years for female and 4-5 years for male population. On the other hand, sex ratio of population aged 60 and over has been increasing too.

Table 2: Life expectancy at birth, 1956-2030

Year	Life expectancy at birth			Sex ratio of population aged 60 and over (male population per 100 female population)
	Both	Male	Female	
1969*	61.2	60.5	61.9	85.2
1979	63.0	60.7	65.1	78.1
1989	63.3	60.3	66.1	77.8
2000	63.7	61.1	66.6	79.3
2005	65.2	62.1	68.6	79.9
2010	68.1	64.9	72.3	74.9
2015**	70.6	68.4	72.7	83.3
2025**	74.0	71.8	76.1	83.9
2030**	75.5	73.3	77.6	84.3

Source: NSO Mongolia 100 years

Note: * NSO, ** NSO, Population projection medium variant, 2008

Above findings show that in the coming 20 years Mongolia will experience population ageing which is likely to bring extra burden on the national budget due to increased expenditure health care, retirement and pension benefits.

Traditionally, older persons have relied for income on their own earnings, family transfer payments and government handouts both in the form of social pensions and subsidies. In most countries, older persons typically rely on income from employment; family transfers; contributory pensions; savings and investment income; and non-contributory social pensions.

Formal support (social welfare system)

Before 1990, the social welfare system in Mongolia was operated under a command economy based on a combination of consumer subsidies and universal benefits supported by the central budget. All sectors of society were covered by the pension system. Since 1990s, a new social security system has been formed and a series of Social Insurance Laws have been enacted in 1993 and 1994 including the following:

- Social Insurance Law, May 1994
- Law of Pensions and Benefits Provided by the Social Insurance Fund, June 1994
- Citizen's Health Insurance Law, July 1993 (renewed in April 2002)
- Law of Employment Injury and Occupational Disease Pension, Benefits and Payments Provided by the Social Insurance Fund, June 1994
- Law of Unemployment Benefit Provided by the Social Insurance Fund, June 1994

- Law of Military Service Pension and Benefits, June 1994.

The social insurance system in Mongolia covers five major programs: i) pension insurance, covering old age, disability and survivors' pensions, ii) employment injury and occupational disease insurance, iii) unemployment insurance includes unemployment benefit and skills training, iv) benefit insurance includes sickness benefit, pregnancy and maternity leave, and funeral costs and v) health insurance.

The pension insurance is the largest of the social insurance scheme. Over 60% of pensioners receive the minimum pension which, by law, must be equal to 75% of the minimum wage. As of 2009, 140, 0 thousand citizen received minimum full pension of 81000 togrog, 44,2 thousand citizens received minimum proportional pension of 54000 togrog.

In terms of coverage, public and private sectors employees and the self-employed, including herders, are subject to different pension schemes, and the fund is managed on an aggregate basis. The pension system currently operates on a pay-as-you-go basis. Each year's contribution income is used to finance benefit payments due during the year. It is estimated that the scheme has an annual deficit of about \$37.7 million and is expected to balloon in the near future with the growth of benefit payments exceeding that of the collected pension premiums³⁹.

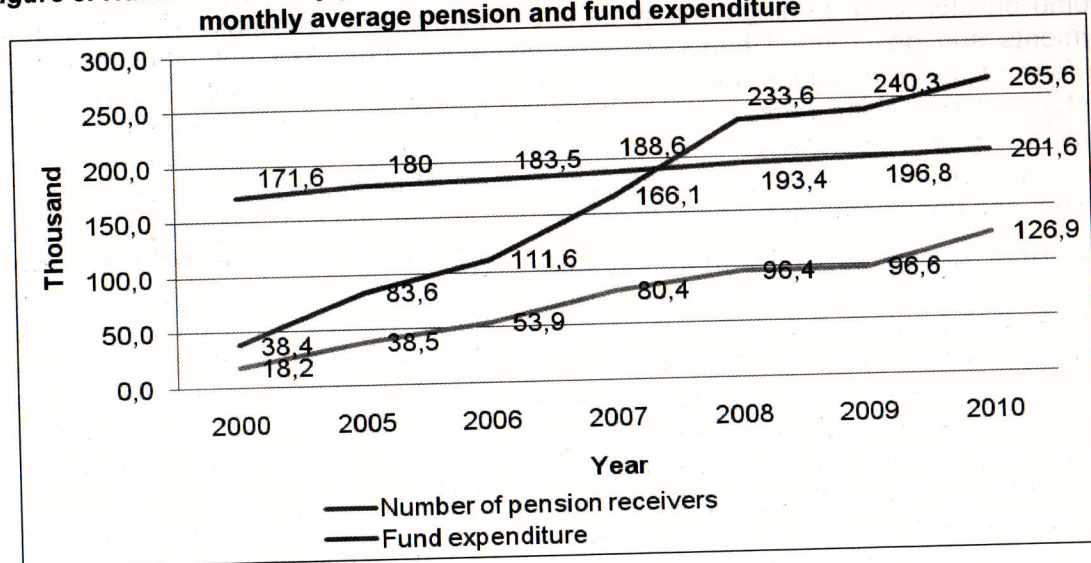
³⁹ ADB, Social Protection Project's Brief, Enhancing Mongolia's Pension System

A legislation adopted in 1999 set out a computation of pensions which stated that for workers born after 1960, the amount that each individual contributes toward one's pension is accumulated in his/her own retirement account. The individual will receive a monthly pension equivalent to the balance in his account divided by his expected life at the time of his retirement. The contributions for each year under the new system is not accumulated and invested but instead used to finance the same year's benefit payments.

Figure 3 shows the number of elderly population who receive pension, average monthly pension and fund expenditure. The number of pensioners has gone up from 171.6 thousand in 2000 to 201.6 thousand in 2010. Average monthly pension has been increasing over the time - 18.2 thousand in 2000, 38.5 thousand in 2005, 96.4 thousand in 2008 and 126.9 thousand in 2010.

According to the Social Welfare Law of Mongolia, women aged 55 and over and men aged 60 and over are regarded as aged population. The Social Welfare Law of Mongolia firstly approved in 1995 has created social welfare system in the country that aimed to ensure the state support to life guarantee of vulnerable people who cannot afford independent living and serving themselves. Although the Law was renewed in 1998 and 2006, and exposed to changes and alterations in 2000 and 2008 respectively, the key concept social welfare system has remained to target at the vulnerable population. Provided by the Law on Social Welfare and relevant regulations, citizens including elderly, people with disabilities, full and half orphan children, single household head men and women etc are eligible for social welfare pensions, benefits, assistance and concessions.

Figure 3: Number of elderly population who receive pension from Social Insurance Fund, monthly average pension and fund expenditure



Source: Ministry of Social Welfare and Labour, 2011

Social welfare pension: The social welfare pension scheme supports vulnerable people who are not entitled to receive pensions from the social insurance system. Very poor men aged 60 years old or more, and women of 55 years or more who are unable to maintain themselves, with no children or relatives to support them; who are legal dependents of the elderly or disabled; or those certified as being unable to support them are eligible for the program.

Social security for elderly and disabled: Various discounts such as treatment in a sanatorium, rent, fuel wood and coal, public transport etc, are provided to very poor elderly, war veterans and high level state award retirees. Also, a number of concessions and discounts are available to disabled people. These include discounts for rent, fuel wood and coal, hearing appliances, some transport costs, wheelchairs etc.

Assistance and conditional cash benefits for people in need of social welfare assistance. This assistance is intended to cover people who are physically incapable of caring for themselves or who are very poor. The state nursing home service provides permanent and full care service. The care provided includes accommodation, meals, clothing, medical and cultural services for elderly, disabled, children in difficult circumstances, and triplets/simultaneously

born children. In addition, disabled children receive general and professional education. There are 9 residential care centers in Mongolia for elderly and people with disabilities and who have no body take care of them.

Expenditure and beneficiaries of the social welfare services for elderly are summarised in Table 3. All social welfare expenses are in increasing trend.

Table 3: Social Welfare Service Expenditure for elderly (mln. MNT) and Beneficiaries (thous. persons)

Indicators	2004		2008		2009		2010	
	person	fund	person	fund	person	fund	person	fund
Social Welfare Pension	43.6	7067.8	51.2	22520.2	55.3	25025.2	56.7	27641.1
Social Security for Elderly	122.3	2443.3	166.6	6214.8	107.8	6508.3	108.2	8401.1
Social Security for Disabled	27.9	1224.7	61.0	3364.2	37.4	4810.2	35.9	5306.2
Assistances and conditional cash benefits for people in need of social welfare assistance	-	-	20.3	3190.9	33.9	4481.5	33.9	4315.0

Source: Ministry of Social Welfare and Labour, Facts and Figures, 2011

As of 2010, 56.7 thousand people were covered by the social welfare pension and total of 27.6 billion togrogs were spent. The number of beneficiaries and expenditure has been increased over time.

The expenditure for social security for elderly was 2.4 billion togrogs in 2004 and the amount has increased by 3.5 times or 8.4 billion in 2010. The expenditure for social security for disabled was 1.2 billion togrogs in 2004 and it increased to 3.4 billion togrogs (2.8 times) in 2008 and 4.8 billion togrogs (4 times) in 2009 and 5.3 billion togrogs (4.4 times) in 2010.

Assistances and conditional cash benefits for people in need of social welfare assistance was 3.2 billion togrogs and number of beneficiaries was 20.3 thousand in 2008. Compared to 2008 the expenditure and number of beneficiaries increased by 1.4 times

and 1.7 times, respectively, in 2009 and 2010.

The impact of a pension and other welfare assistance is that it helps households to prevent and/or eradicate poverty, and create a warm and positive relationship between and among household members. Older people receiving small amounts of pension contribute to meeting family food expenditures and thus the pension contributes to reducing vulnerability of households. Where the amount of pension is reasonably high, it becomes a main source of household income and helps prevent poverty⁴⁰. Qualitative studies with the elderly identified the following impact of a contributory pension: i) enhances individual satisfaction and self-confidence, ii) improves feeling as a socially protected member, iii)

⁴⁰ MSWL, UNFPA, MASWE, 2010, Assuring income and security in Old Age: Views of the Mongolia Elderly

recipient has money which is her or his own, iv) allows recipient to contribute to family income, v) provides income security for the recipient and vi) ensures increased access to health services and treatment. In addition, one of the advantages of a contributory pension is the possibility of obtaining a pension loan from the bank. The overall impact of the contributory pension is to enhance the self-confidence of the recipient and to give him

the feeling of having the potential of making a positive contribution to the family.

Labor force participation of elderly is one of the important issues to be covered in the formal scheme. According to the 2010 census, 8 percent of elderly population engaged in some employment. Labor participation rate of elders is found higher in rural areas as they have opportunities to be engaged in agriculture especially in livestock husbandry.

Table 4: Labor Participation Rate for Elderly, 2000 and 2010

Work status		Urban			Rural			Total		
		Male	Female	Both sexes	Male	Female	Both sexes	Male	Female	Both sexes
Labor force participation rate	2000	11.8	3.2	7.0	24.0	13.5	18.2	17.7	8.30	12.3
	2010	13.1	4.8	8.4	19.3	7.8	11.2	13.1	4.8	8.4
Percentage of economically inactive older population	2000	88.2	96.8	93.0	76.0	86.1	81.8	82.3	92.0	87.7
	2010	86.9	95.2	91.6	80.7	92.2	88.8	86.9	95.2	91.6

Source: NSO, 2010 Population and Housing census

The main issue in the formal support is to ensure future social security for the working age population by increasing employment of working age people and implementing an employment-sensitive economic policy.

Family support

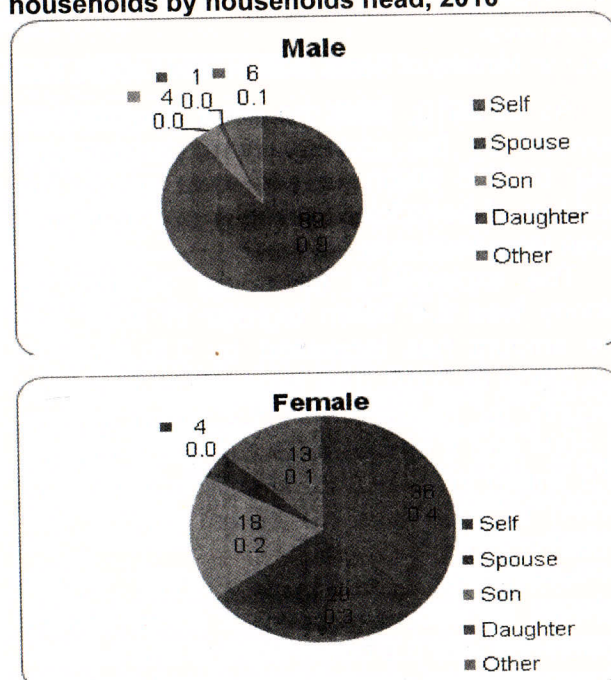
Family is the main support base for older person. Most of the older person live in extended families together with their children and grandchildren, thus they are getting materialistic and psychological support and assistance from those family members. At the same time, older persons have great role to maintain domestic responsibilities such as taking care of grandchildren or doing housework.

Studies have shown that the main challenges for older persons include inadequate living conditions, lack of access to social welfare services, inter-generational conflict and violence, social exclusion and isolation⁴¹. Household Socio-economic survey indicates that 39.2 percent of total population live in poverty and there are many families with older persons among the poor. Main sources of income for older persons comprise pensions from Social Insurance Fund and Social Welfare Fund, income from earning job (particularly for older persons who care for

livestock), and money send by their children and other family members.

According to the 2010 census, of the total elderly 64% or 96 thousand are a household head with 90.2% being male. The percentage was 89.2 percent in 2000. Both result shows that the traditional Mongolian custom system has still been allowed.

Figure 4: Percentage distribution of elderly households by households head, 2010



Source: NSO, 2010 census

⁴¹ MSWL, 2008. National Forum on Ageing, Delia Barcelone, UNFPA Representative Welcome Remarks

Family members, friends and relatives support and care for the elderly in the family setting. Elderly living with their children and relatives have better lives than those living alone. Family members do their best to support the elderly by giving money, food, clothing and shelter. For single elderly, social support comes from neighbours, relatives and friends who help by doing their laundry, giving them clothes and food, bringing them fuel and in some cases, providing shelter. With regard to the sick elderly, the caregivers are in charge

of buying drugs and medications, food and other necessities. However, the elderly still need someone to talk to and to share their thoughts.

By household type, 62.4% of the elderly households are nuclear households whereas 24.9% are extended households which shows that elders live with their children and relatives. In rural areas nuclear households (72.3%) are higher than urban areas (57.5%).

Table 5: Percentage distribution of elderly household by size, household type and residence

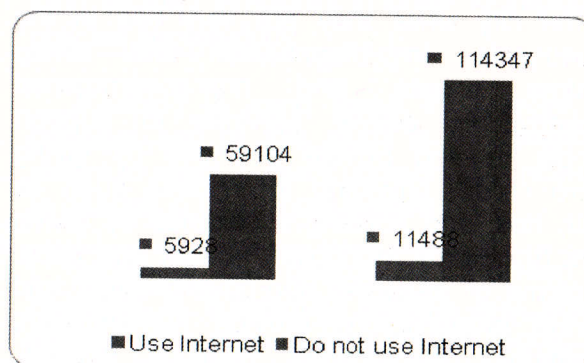
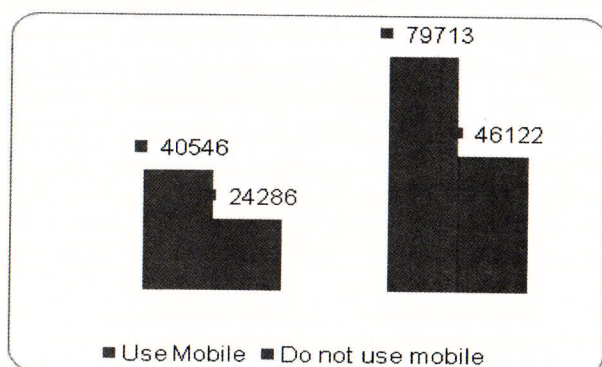
HH size	2000					2010				
	%	Household type				%	Household type			
		Single	Nuclear	Extended	Mixed		Single	Nuclear	Extended	Mixed
Total	100.0	16.9	39.5	41.6	2.0	100.0	10.6	62.4	24.9	2.1
1	100.0	100.0				100.0	100.0			
2	100.0		76.0	22.6	1.4	100.0		80.2	18.1	1.6
3-4	100.0		48.9	48.8	2.2	100.0		77.3	20.9	1.8
5-6	100.0		29.5	67.7	2.7	100.0		53.3	43.3	3.5
7+	100.0		14.7	80.8	4.5	100.0		23.8	70.3	5.8
Urban	100.0	11.8	33.2	52.3	2.7	100.0	9.9	57.5	30.3	2.4
1	100.0	100.0				100.0	100.0			
2	100.0		76.5	21.9	1.6	100.0		77.9	20.3	1.8
3-4	100.0		41.4	56.0	2.6	100.0		73.0	25.0	2.0
5-6	100.0		18.6	78.0	3.4	100.0		41.9	54.1	3.9
7+	100.0		7.0	87.5	5.5	100.0		13.2	80.2	6.5
Rural	100.0	21.9	45.5	31.3	1.3	100.0	12.2	72.3	13.9	1.5
1	100.0	100.0				100.0				
2	100.0		75.6	23.2	1.2	100.0		84.9	13.7	1.3
3-4	100.0		56.1	41.9	1.9	100.0		86.4	12.3	1.3
5-6	100.0		44.7	53.6	1.8	100.0		75.7	21.8	2.6
7+	100.0		33.0	64.9	2.1	100.0		56.3	40.0	3.7

Source: NSO, 2010 Population and Housing Census

Though the tradition of adult offspring and other relatives providing support for older persons remain strong, this support is rapidly shrinking as a result of declining family sizes and some other factors. 2010 census result

shows that nearly 60 percent of the elderly use mobile phone and 10 percent use internet, which shows face-to-face interaction may be declining in some extent with technological advances.

Figure 5: Mobile phone use of the Elderly **Figure 6: Internet use of the Elderly**



Source: NSO, 2010 Population and Housing Census

Community support: Older people join community organizations and other NGOs according to their interest and needs. In Mongolia, the largest organization of older people is the Mongolian Association for the Elderly People (MAEP). The branches Mongolian Association for the Elderly People are the main organizations which work for older in *aimags*, *soums*, and Ulaanbatar. MAEP is a non-governmental organization of the elderly who are above 50 years. It functions on voluntary basis with some support from the local administration. The membership of older people of the review communities in the Older People Associations (OPAs) is 100 per cent. However, the Older People Associations (OPAs) have limited budgets and the majority of older people do not participate actively in the activities.

One form of aid and support for seniors is by organizations where the elderly worked before they retired. Former employer organizations carry out activities to show respect and honour to their old workers and retirees during the seniors day, traditional holidays and other celebrations by giving presents, food, and/or financial assistance. Nature of this support and assistance is more psychological than economic. However, seniors whose organizations, where they previously worked, were bankrupt or no longer in existence, such as agricultural cooperatives, factories, or seniors who changed their place of living, do not have any organizations to belong to and to receive care and support from. Especially for the elders who were herders and worked for the agricultural cooperatives until the 1990s, the issue of affiliation remains a problem.

In addition, the Red Cross, *Soum* Culture Centres and temples are other service organizations, which support seniors. There are many non-governmental organizations in the city while they are very few in the countryside. In Ulaanbaatar and *aimag* centres private and non-governmental organizations deliver services to support people running private business by giving micro credit, providing food items such as flour, rice, and housing assistance by giving *gers* (traditional Mongolian house) and tents. In terms of services, non-governmental and private organizations provide humanitarian, community development, religious, political,

recreational and counseling services. However, these services are incremental and temporary rather than on going.

Conclusion

Mongolian Government should aware and prepare to address issues related to ageing including pension, benefits, insurance and other supports such as family and community support. The strategy to improve the livelihood of older people should include such issues as providing older people with employment opportunities, ensuring older people's entitlement to a guaranteed and livable income, enhancing quality and access to health services for older people, improving infrastructure for older population, behavior among public, and creating a favorable environment for older people's participation in social activities by enabling them to be active community members.

Reference

- ADB, 2010. Social Protection Project's Brief, Enhancing Mongolia's Pension System
- Government of Mongolia and MSWL, 2008, Reports on National Forum of Ageing, Ministry of Labour and Social Welfare, Ulaanbaatar
- Government of Mongolia and MSWL, 2009, 2010, 2011. Facts and Figures, Ministry of Labour and Social Welfare, Ulaanbaatar
- Government of Mongolia and MSWL. 2009, 2010. Annual Report. Ministry of Labour and Social Welfare, Ulaanbaatar
- Government of Mongolia and MSWL. 2009, 2010. Labor Market and Social Welfare Service Situation Report, Ministry of Labour and Social Welfare, Ulaanbaatar
- NSO, 2008. Poverty Profile Mongolia. National Statistical Office of Mongolia, Ulaanbaatar
- NSO. Mongolian Statistical Yearbook (2009-2010), National Statistical Office of Mongolia, Ulaanbaatar
- NSO, 2010, Population and Housing census: Main report, National Statistical Office of Mongolia
- Social Insurance General Office. 2010. Social Insurance Statistical Yearbook. Ulaanbaatar