

## PARTICIPATORY POVERTY ASSESSMENT

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Changes in economy and society that took place in the last years in Mongolia, for instance, growing prices of consumer goods, products and services, falling prices for livestock and raw materials of livestock origin, soaring inflation, can affect greatly decline of purchasing power of population and cause deterioration of living standards. Although according to official statistics and results of some special research the poverty coverage has been reducing, they also show deepening inequality among population. The Participatory Poverty Rapid Assessment survey was implemented by the staff of the Population Teaching and Research Center /PTRC/ of the School of Economic Studies, National University of Mongolia, on commission and with financial assistance of the Asian Development Bank and we are happy to present you the survey results.

**Key words:**

Participatory methods, poverty, well-being, categories of livelihood, disparities, female-headed households, economic, legal, social and environmental aspects

### Background

Since the transition from socialism in 1992, Mongolia has made significant economic progress. Fundamental economic reforms have been undertaken in the areas of price liberalization and privatization, giving Mongolia one of the least restrictive trade regimes in Asia, and a relatively liberal foreign investment environment. The economic reforms, and a buoyant world economy, put Mongolia's economy on a strong growth trajectory well into 2008. Gross domestic product (GDP) grew by an estimated 8.9% in 2008, down from the previous year's double-digit rate but close to the average of the previous 5 years.

Although, economy performed well, the large proportion of Mongolian population live below poverty line. According to the most recent Household Socio-Economic Survey 2007-2008 data, 928, 600 people live below poverty line of MNT 62494<sup>38</sup>. Last 15 years of transformation, the percentage of population living under the na-

tional poverty line has been relatively constant. The percentage was 36.3 percent in 1995, 36.1 percent in 2002/2003 and observed a modest decline to 35.2 percent in 2007/2008. This however masks significant changes across different areas. In urban area there is a decline in poverty (from 30.3% to 26.9%), while the opposite happens in rural area (from 43.4% to 46.6%). But even within these two broad areas, the pattern is not the same. In Ulaanbaatar, the incidence of poverty fell by more than five percentage points, but in aimag centers poverty increased slightly<sup>39</sup>.

Poverty incidence is higher for female headed households than man. HIES/LSMS 2002/2003 indicated that the proportion of poor women (43.8%) is higher than the proportion of poor man (34.8%). Incidence of poverty of poor women was higher throughout the country: the proportion of poor women was 41.6% against proportion of poor man at 27.8%. However, the rural areas, differences are less: the proportion

<sup>38</sup> Poverty line is estimated by NSO every year based on food and non food consumption basket per person

<sup>39</sup> NSO and World Bank (2009). Poverty Profile in Mongolia (Main Report of "Household Socio-Economic Survey")



of women (48.4%) who are poor marginally exceeds the proportion of poor men (42.8%). HSES 2007/2008 reveal that household headed by a woman face about the same as in households headed by a man. Differences are not significant in rural areas either, although in urban areas, male-headed households appear to endure less poverty. One out of six people live in households led by a woman, a proportion that increases to one fifth in urban areas and decreases to one out of eight in rural areas.

According to the NSO data the number of female headed households increased from 61,765 in 2002 to 76,793 in 2008<sup>40</sup>. The increasing number of female-headed households has negative impacts of increase in the number of poor households, increase in dependence on social welfare services, and increase in the number of "children in difficult circumstances."

Inequality, in addition to being a concern in its own right, is central to determining the level of poverty reduction, since inequality determines relative increases in income received at different points of the distribution. Economic growth in more unequal countries therefore has a lower poverty reduction payoff than more equitable societies. In turn, deteriorations in distribution serve to further weaken the level of poverty reduction over the course of a growth episode.<sup>41</sup> According to the Household Socio-Economic Survey 2007-2008, inequality worsened over time in Mongolia. The Gini Coefficient rose from 0.33 in 2002/2003 to 0.36 in 2007/2008. Although the decline in the poverty rate is highest in Ulaanbaatar, this is accompanied by a significant worsening in inequality. Large deteriorations in the distribution within Soum and countryside areas are also recorded. Distance from markets, lack of infrastructure, limited opportunities to access education, health-care and information, and resulting unavailability

of jobs have a negative in rural living standards. Direct dependence of economic and livelihood activities on natural and weather conditions are a major challenge for rural development<sup>42</sup>.

The 2005 Participatory Poverty Assessment (PPA) participants identified inflation and very high prices of basic goods; lack of access to credit due to failure to qualify for it, distance, or being uninformed about it; lack of or limited access to clean water, transport, and power supply, inadequate access to markets and information about markets and prices; and governance issues are the causes of poverty in the rural areas. A main problem identified by herders was their lack of cash. Because they do not have cash, they must often exchange animals to acquire needed items such as flour, rice and clothing. Herders often have to accept well below the market value for the animals bartered, which depletes their herds.

The Participatory Poverty Rapid Assessment focuses on the key issues and emerging constraints affecting the poor in Mongolia today. The work serves as an update to the Participatory Poverty Assessment carried out in 2005 and provides important qualitative perspectives from communities and local government stakeholders/key informants on emerging issues, new vulnerabilities and the impacts of key policies and programs on the poor in the country over the past five years.

## Perceptions of well-being and poverty

### Definition of well-being

Survey participants defined well-being from such aspects as economic, social, political, legal, personal traits and household characteristics. Definitions of well-being differ in the urban and rural areas by social and economic indicators.

<sup>40</sup> NSO (2007). Statistical Yearbook

<sup>41</sup> Richard Marhal and others (2009), Mongolia Country Poverty Assessment (CPA)

<sup>42</sup> Government of Mongolia and UNP (2007). Millennium Development Goal Implementation Report II.



Table 1: Definition of well-being by urban and rural		
Aspects	Urban	Rural
Economic:	<ul style="list-style-type: none"> <li>• Employment</li> <li>• Food</li> <li>• Regular income</li> <li>• Debt free</li> <li>• Assets</li> <li>• Housing</li> <li>• Means to support family</li> </ul>	<ul style="list-style-type: none"> <li>• Livestock</li> <li>• Employment</li> <li>• Regular income</li> <li>• Assets</li> <li>• Debt free</li> <li>• Housing</li> <li>• Means to support family</li> </ul>
Personal and household:	<ul style="list-style-type: none"> <li>• Health</li> <li>• Family and children</li> <li>• Education</li> <li>• Profession</li> <li>• Being wise, striving to live well and having specific goals</li> <li>• Stable family life</li> </ul>	<ul style="list-style-type: none"> <li>• Health</li> <li>• Education</li> <li>• Profession</li> <li>• Family and children</li> <li>• Peaceful and stable family life</li> <li>• Being wise, striving to live well and having specific goals</li> </ul>
Legal, social and environmental:	<ul style="list-style-type: none"> <li>• To have freedom</li> <li>• To be peaceful and united</li> <li>• Stable political situation</li> <li>• Healthy and good living environment</li> <li>• Proper government policy</li> <li>• No violence, no discrimination</li> <li>• Secure food</li> </ul>	<ul style="list-style-type: none"> <li>• Healthy and good living environment</li> <li>• Equal right to every body</li> <li>• Stable political situation</li> <li>• Proper government policy</li> <li>• No alcoholism</li> <li>• No violence, no discrimination</li> <li>• Secure food</li> <li>• Sufficient pastureland and water</li> <li>• No livestock theft</li> </ul>

Economic: The majority of survey participants both rural and urban view that main criteria of well-being are employment and a regular income. Urban participants particularly emphasized the importance of employment. They added that employment has relation with many other aspects such as regular income, food, assets and means to support themselves and family.

In urban areas, where one needs money at every step, owning certain assets or being employed on a well-paying, secure job creates an economically secure situation, in rural areas ownership of a large herd or having a secure job with a regular income creates economic security. Although in the city availability of workplaces is greater compared to rural areas, participants emphasized that the job should be well-paying. In rural areas livestock ownership was considered the most important issue as jobs were scarce in the countryside. The survey participants noticed that herders with few livestock as well as city dwellers employed in low-paid jobs have no guarantee for well-being. Participants noted that number of livestock is important, for instance, household who has less than 100 sheeps/goats difficult to

make ends meet.

It is possible to live well without anything to lack if one has adequate/certain income, assets, wealth. Participants defined a good life for poor people as a peaceful, contented life without worries about basic livelihood needs such as food, clothes, firewood, which is generally related to low, inadequate household income.

The survey revealed that with the declining of livelihoods, more people, surviving by the way of getting formal or informal loans. As respondents said, it was nice to be free of debts, but for the poor there was no such thing as being free of debt.

Survey participants emphasized that the housing is an essential to well-being. The poor experience difficulty with housing – may have none or lack of means to maintain and/or improve the conditions of the house they do have.

Survey participants agreed that being economically secure was a priority prerequisite for well-being.



Personal and household: Every participant agreed that being healthy and capable to work is an important issue for well-being of people. A healthy person can work more productively and sustain their livelihood, while disabled and sick have limited possibilities for finding a job, even if they are interested in working. When one of household members, especially a working member, falls ill or there is a sick person in the family, who needs nursing and special care, the household gets in a difficult situation in a psychological as well as in the income aspects.

Both in urban and rural participants noted that having a family and children, being wise, striving to live well, having specific goals, being hard-working can guarantee well-being. Many participants, particularly young participants added education and profession. Although some participants viewed that a good life was possible if one had possibilities to develop oneself, they underlined lack of possibility for them to attain education and profession because of financial problems.

The survey participants emphasized that even a healthy person, with labor capacity could not be able to live well, if he/she was not hardworking, conscientious, striving for life, purposeful and smart. In other words, if one was lazy, helpless, had a feed-me mentality, he would never live well.

Legal, social and environmental: As for the society, the environment and conditions, stable governments, which conducts a proper policy, people, who care for each other and are united, do not envy each other, lack of violence and discrimination, a healthy environment and secure food constitute opportunities for well-being of people according to survey participants.

The participants viewed that good life was possible, if the living environment and the society were healthy, drinking was not widespread, there was no violence, no corruption, and people could enjoy equal rights and live freely.

Changes in perception of well-being. While in the 2005 Participatory Poverty Assessment survey health was viewed as the most important issue

for well-being, in the present survey money, assets and work that generates them became the most important factor and was put above all. It is in great measure related to increasing prices for consumer goods in 2008 and decreasing availability of workplaces.

During the 2005 Participatory Poverty Assessment people viewed well-being in connection with economic security or income, food, housing, work and social networks such as the family, relatives, relations between community members from one area, their support and assistance. Personal traits such as health, hard work, a sense of purpose were emphasized, but in the present survey some changes in the definition of well-being were observed. For instance, while herders who participated in the 2005 survey considered owning livestock a basis for well-being in the rural area, participants of the present survey added that the number of livestock should be sufficient. Livestock stopped being a guarantee for good life, which is related to such factors as falling prices for raw materials of livestock origin, growing prices for other consumer goods, unfavorable natural and weather conditions, livestock theft. Survey participants emphasized that price inflation since 2008 and political and economic crisis have had a negative impact on well-being.

Who is poor? Survey participants defined the poor as unemployed, with no regular household income, non-educated, without any qualifications, lazy, not capable of working, without basic assets or money, without housing, without livestock or with a few animals, with large families, helpless people. They also noticed that elders without relatives or acquaintances to help, single people without spouses or children, lonely elderly and single headed households had a difficult life as well as drunkards, people without any purpose in their lives and people with a feed-me mentality. When definitions of the poor are studied separately by urban and rural areas, in the countryside households without or with few livestock, herders, who lost livestock due to natural disasters or to thieves, lonely people without families have a poor life; in the city, migrants without registration/documents are poor.



**Table 2: Definition of poor, by urban and rural**

Rural	Urban
<ul style="list-style-type: none"> <li>• No/few livestock</li> <li>• Unemployed</li> <li>• No cash income</li> <li>• Non-educated</li> <li>• Without any qualification</li> <li>• Lazy</li> <li>• Disabled/not capable of working</li> <li>• Homeless</li> <li>• Family who has many children (many children at school or university)</li> <li>• Employed but has low salary Without any purpose in their lives and people with a feed-me mentality</li> <li>• Without relatives or acquaintances to help</li> <li>• Single headed households</li> <li>• Household that has drunk family member at home</li> <li>• Person who has debt</li> <li>• Herders who lost their livestock</li> </ul>	<ul style="list-style-type: none"> <li>• Unemployed</li> <li>• No cash income</li> <li>• Disabled/not capable of working</li> <li>• Non-educated</li> <li>• Without any qualification</li> <li>• Homeless</li> <li>• Without any purpose in their lives and people with a feed-me mentality</li> <li>• Without relatives or acquaintances to help</li> <li>• No assets</li> <li>• Orphans</li> <li>• Single headed households</li> <li>• Family who has many children (many children at school or university)</li> <li>• Employed but has low salary</li> <li>• Migrants without registration/documents</li> <li>• Lazy</li> </ul>

**Categories of livelihood and disparities**

4-5 groups according to their living standards, but the classification criteria were quite different depending on location.

Survey participants divided their community into

**Table 3: Disparities in classification of living standards of rural households, by selected indicators**

Criteria	Classification of household livelihood				
	Rich	Comfortable	Average	Poor	Very poor
Cash income	Have a business with a constant turnover of cash, good salaries, and bank loans.	Have a salary, income from a small business, receive child support money and have income from livestock production.	Have a salary Pension Child support money Income from livestock production	Pension Benefits Child support money	No regular cash income. Child support money is the main income source for the household.
Housing	Have winter and summer houses in 2-3 places or an apartment with central heating.	Have a house and a yard. Some households have two-storey houses.	Have own house and a yard or a ger. Some have their own gers, but live in others' yards, or look after someone's yard.	Have their own ger, but it has a single covering, or live in a summer shed.	Lack their own housing, live at relatives' or friends', or 3 families live in one ger, or live at employers' as servants.



English section

Vehicle	Land Cruiser 105, 200 Some have 2-3 cars	Excel car, or a motorcycle, or a big truck, or a porter, or a micro bus, or an UAZ 469, a Russian microbus etc.	A horse cart, a bicycle, a Chinese motorcycle.	Some have bicycles.	-
Number of livestock	Have over 1000 livestock. Employ herders. Buy race horses of good breed.	100-1000 livestock	50-100 livestock, but mostly sheep and goats.	Less than 50	-
Food consumption	Buy food in large quantities. Needs for meat are met with own livestock. Consume best quality flour. Drink the most expensive vodka /at price over 10 thousand tugrik/	Buy flour in 25 and 50 kg sacks. Buy meat by half and full carcasses.	Buy food by weight, in kg. Depending on the family size, buy food in 3, 5, 7 days.	Buy food by weight, in grams. Buy vodka by collecting 500 tugrik from each drinker.	Buy flour and meat in grams. Eat livestock intestines or instant noodles. Drink vodka at price of 200-300 tugrik.
Business	Have a bar, a restaurant, a hotel or a market place. Some have a tourist camp and a resort.	Are engaged in small trade. Have a small company or a tourist camp.	-	-	-
Work, official position	Have a senior position. Have a large private company. Work for the state institution and for their own company.	One spouse works for a state organization such as a school, kindergarten or a hospital.	One spouse works for a state organization such as a school, kindergarten or a hospital.	Seasonal job in private sector/to plough land, planting vegetables, repair works etc/.	Collect waste, cans, and bottles.

**Table 4: Disparities in classification of living standards of urban households, by selected indicators**

Criteria	Classification of household livelihood				
	<i>Rich</i>	<i>Comfortable</i>	<i>Average</i>	<i>Poor</i>	<i>Very poor</i>
Cash income	Have high salaries, a business with a constant turnover of cash, and bank loans.	Have a salary, and income from a small business (SME or grocery or petty trade etc.)	Have a salary Child support money	Pension Benefits Child support money	No regular cash income. Child support money is the main income source for the household. Earn income by collecting garbage



Housing	Have 2-3 apartments and a cottage.	Have an apartment, a house and a yard.	Have own house and a yard or a ger.	Have their own gers, but live in others' yards, or look after someone's yard. Some have lack of their own ger.	Lack their own housing. Live in the street.
Vehicle	Have 3-4 cars (high class Jeeps or other cars). Each member of household has a car.	Have a car (Jeep or other car)	Have a car.	-	-
Children's education	All children study abroad or in private international school or kindergarten.	Children study in school or kindergarten.	Children study in school or kindergarten.	Children do not study in school or kindergarten.	Children do not study in school or kindergarten.
Food consumption	Buy and consume best quality products.	Buy and consume reasonable price products.	Buy and consume economical price products.	Buy food by weight, in grams.	Buy flour and meat in grams. Eat livestock intestines or instant noodles.
Business	Have an own company or service entities (bar, restaurant, hotel, and tourist camp) or an own financial organization.	Are engaged in small business (grocery or petty trade or SME)	-	-	-
Work, official position	All members of household have a job in their own company. Work as a company's director or a general manager.	Spouses work for a state organization or engage in their own small business. All members of household have a job.	Spouses work for a state organization or for other's private company.	One spouse has a temporary or seasonal job in private sector.	Collect waste, cans, and bottles.

### Poverty trends

Recent poverty trend: The poor, who participated in the present participatory poverty assessment survey, reported declining livelihoods and growing poverty, which was similar to results of the 2005 participatory poverty assessment survey. Moreover, increasing inequality is related to, on the one hand, the widening gap between the rich and the poor, but on the other hand, it is due to the fact that the number of people, who moved upwards from the average position to the higher

one is relatively small, i.e. livelihoods are deteriorating in general and the number of poor and very poor people is growing even more.

Growing prices of food in the period from 2005 to 2008, falling prices for raw materials of livestock origin, the banking and credit crisis, increasing college tuition fees and expenses of secondary schools, downsizing of workplaces and unemployment due to economic crisis became main conditions for declining livelihoods of the population, especially that of middle-income and low-



income groups. Participants concluded that this decline was directly related to the price growth, and stressed continuing growth of prices since 2008. The part on poverty causes gives more details on that issue.

The 2005 participatory poverty assessment survey participants identified inflation and very high prices of basic goods; lack of access to credit due to failure to qualify for it, distance, or being uninformed about it; lack of or limited access to clean water, transport, and power supply, inadequate access to markets and information about markets and prices; and governance issues are the causes of poverty in the rural areas.

The economic crisis covered the total population, and started affecting livelihoods of wealthy and well-off people. Therefore, there are cases, when wealthy households slipped into the category of average or even very poor households. How-

ever, as prices for goods, products and services of people engaged in production and services at high, their lives were not affected.

At this time of declining livelihoods, of overall population the poor citizen, participating in the survey, stressed importance of welfare cash benefits provided by the government to the livelihoods of the poor, very poor and those without income. Citizen also provided examples of effectiveness of programs and projects implemented in direction of supporting household livelihoods. There were cases, when poor and very poor households accessed loans for support of household livelihood, engaged in small household production and improved their livelihoods. The restocking and vegetable growing projects can be mentioned here. Chapter 9 looks in detail at poverty reduction initiatives.

**Table 5: Poverty trend analysis, Ulaanbaatar, Sukhbaatar district**

Classification of household livelihood	2005	2008	Changes in coming 5 years		Reasons for change
			If the present condition continues	If the government policy works	
Very poor	20	20	20	20	<ul style="list-style-type: none"> <li>• Even if government implement poverty reduction policy it would not help for very poor as most of them are alcoholic and idleness</li> </ul>
Poor	40	55	60	40	<ul style="list-style-type: none"> <li>• Child money helps a lot and protect poor to move to the very poor.</li> </ul>
Average	28	15	10	25	<ul style="list-style-type: none"> <li>• Many state organization employees have fired because of their relation to political party.</li> <li>• More people are loosing job because of factory bankrupt during the economic crisis</li> <li>• Many khoroo residents work at construction. But their salary is low and companies do not pay in time.</li> <li>• Price inflation</li> </ul>
Better off	10	8	8	12	<ul style="list-style-type: none"> <li>• Economic crisis impacted to better off's business</li> <li>• Business became unprofitable with low purchasing power</li> </ul>
Very rich	2	2	2	3	<ul style="list-style-type: none"> <li>• Their life has secured</li> </ul>



Future trends (in the next 5 years) Survey participants defined future poverty trends in 2 different ways as follows:

- If the present condition continues and the government does not take significant measures, living standards of population will decline even further and the number of wealthy households will not grow considerably. However, the lives of wealthy are not going to be affected by different impacts, as their livelihoods are secure.
- If the government starts distributing the promised MNT 1 million 500 thousand along with taking policy measures, living standards of population might improve, but inequality will persist. If the Government does not take an effort to reduce poverty, the livelihood of poor would become worse - having no food for the day. In order to get food, poor would steal or thief others which has negative consequences to social security. Male participants noted that they steal firewood from mountain in winter time to warm their ger, they do informal mining which has negative consequences to the environment and health. Proper government policy would help to poor strive to live well and work hard. It would create more opportunities to send the children to

school/higher education which has positive impact for the children's future.

### Poverty causes

Poverty causes of Mongolian population are related to numerous factors at macro and micro level and they differ in urban and rural areas. The 2005 participatory poverty assessment survey participants listed following causes of rural poverty: loss of livestock due to droughts and dzud, insufficient income of herders, low initiatives, widespread procrastinating, alcoholism, gambling, limited access to the markets resulting in exploitation of herders by traders, inflation, growth of consumer goods prices and shortage of cash. Unavailability of workplaces, tuition fees and prices of health services, access to loan services, access to information and other personal and social factors were included in causes of urban poverty. In the view of the present survey participants poverty causes can be divided into macro level those of economic, social, governance) and micro level that of personal character.

Macro level	Micro level
<ul style="list-style-type: none"> <li>• Unemployment, low availability of work places;</li> <li>• Small salary and low wages;</li> <li>• Economic crisis;</li> <li>• Growth of prices for goods and services;</li> <li>• Limited access to loans to start up business, high interest rates;</li> <li>• Misguided higher education system or households with "students";</li> <li>• Natural and weather problems;</li> <li>• Poor infrastructure in rural area;</li> <li>• Corruption;</li> <li>• Livestock thief.</li> </ul>	<ul style="list-style-type: none"> <li>• Procrastination, feed-me mentality, lack of goals in life;</li> <li>• Heads of households, with many children (young and older);</li> <li>• Inherited poverty;</li> <li>• Loss of labor capacity;</li> <li>• Get sick;</li> <li>• Lack of education, qualifications, shortage of information;</li> <li>• Debt;</li> <li>• Poor social capital;</li> <li>• No qualification.</li> </ul>

**Unemployment/lack of job:** The 2005 Poverty survey participants said unemployment was the major cause of poverty and the present survey participants also viewed unemployment as the main cause. Nowadays, when the economic situation has declined and prices have been increasing, survey participants emphasized that livelihoods declined every day, if one was unemployed and people started experiencing shortage of food. Although people are very much interested in working, there are many problems related to workplaces such as lack of jobs, low pay of the available jobs (but one has no other choice as to take the job), difficult working conditions and

discrimination on hiring. In comparison to rural areas availability of part-time and seasonal work is better in urban areas, so migrants talked about their preference to contribute to their daily earnings by engaging in any kind of work, even if it was hard.

Survey participants from Ulaanbaatar stressed that due to the economic crisis it became difficult to find part-time/ temporary jobs, let alone a regular job. Some private sector employers take advantage of scarcity of workplaces by not only exploiting their employees in the pay aspect, but also started violating human right at workplaces.



According to the NSO data, at the end of April 2009, the number of registered unemployed was 36.7 thous, that increased by 14.9 percent or 4769 persons compared to the same period of the previous year. The number of unemployed women was 20.7 thous, which is 56.4 percent of total registered unemployed. In the April months of 2009, newly registered person as unemployed was 7187 that increased by 2191 person compared with previous month and increased by 142 person compared with same period of previous year. Compared with same period of previous year, the number of newly registered unemployed person was 6670, that increased by 43.0 percent.

Apart from scarcity of workplaces, due to lack of highly qualified professionals or partisan interests of authorities the few new workplaces created in rural areas and temporary jobs are not available to the locals, even if they are qualified. Because of bribes and other causes they do not have a chance to get the job. Having the right acquaintances seems to be a ticket to getting a job in the present society. Survey participants reported that a person without acquaintances, even if highly educated and knowledgeable, can not get a good job.

As survey participants noticed, physical appearance has become very important in getting a job in any place. For instance, when hiring construction workers attention is paid to the physical build of men, their height and clothing, while in hiring women to work in service establishments such as canteens and hotels, their height, looks, weight, figure are taken into account in the first place, as survey participants complained. For people of any sex aged over 35 finding work becomes the most problematic issue and it can be said that the working age in real life is limited by this boundary.

Furthermore, although the poor are mostly engaged in work in private sector, notes from group discussions in all survey locations show that their labor rights were violated in great measure including the level of wages of employees, which was much lower than minimum wages according to the related laws and regulations, a refusal to pay wages for finished work, firing people without any reason.

Although men of poor households in soum are engaged in road works and construction, they

are employed mostly in physical work, which is of assisting character and is low-paid. In addition, they are seasonally employed as boiler-men in boiler shops, make blocks or pressed fuel or herd livestock for others. As for women, availability of seasonal works is relatively low for them and they are mainly engaged in such works as planting vegetables, watering, harvesting, making preserves, collecting plastic bags and waste and decoration and paint work at construction sites. Therefore, seasonal work, in which the poor are engaged, is low-paid and requires little qualification.

**Economic crises, inflation and falling prices of raw materials of livestock:** Survey participants viewed that price growth becomes a major cause of poverty. When the price of bread is raised by 50 tugrik, people with average or higher than that livelihood do not feel anything, while poor people have to reduce their consumption, to refuse buying one of the basic necessities, mostly soap or detergent in order to buy their bread. For the poor just getting some food is their most important need, one cannot even think about buying other goods, for instance, clothes. In rural areas falling prices of raw materials along with growing prices for consumer goods became a big blow to livelihoods of rural herders. Household who has few livestock prefer to migrate to Ulaanbaatar to get any kind of jobs.

**Intention to obtain higher education:** It was common for households of survey participants to have students- household members. Since along with growing tuition fees many other additional costs need to be considered, such as travel fare, food allowance, dormitory costs, clothing, parents sell all their assets, take one year pensions, allowances loans to send their children to school, thus slipping into poverty. This is described in detail in the part on access to basic services.

**No collateral for banking:** Participants claimed that inability to access loans limited their opportunities to improve their livelihoods. Although there are many skilled young people among youth in Tarialan soum of Uvs aimag, they are not able to buy raw materials, they cannot access loans as they lack assets for a collateral and loan interests are very high. Branches of banks operate in soums, but they limit their activities by providing pensions, benefits, child money and do nothing to assist people in acquiring a regular source of income and start business.



**Political instability:** Survey participants claimed that political instability also makes a negative impact on livelihoods of population. As in the saying, "if the head is not be found, how can feet be found?", if the government does not conduct proper policies, life will not improve. Respondents viewed that politicians gave false promises, worked actively only during election campaigns and used the poor by giving them flour, rice and presents during their campaigns.

**Laziness/idleness:** the other cause of poverty is related to the individuals themselves. While there are some poor who wish to improve their lives, there are others, who are lazy, have a feed-me mentality, lacking any goals in their lives. Among personal factors loss of labor capacity, large families and being a head of the family were also included. Participants stressed that in rural and urban areas alike inherited poverty is observed. Participants also noted that although the number of people willing to do something has increased, they lacked information and qualifications and could not find the way to start. Attention should be paid to living skills and professional training, vocational training should be improved and people should be given orientation.

**Natural disaster/environment:** Herders are dependent on weather conditions. Although the past years were good for herders, and the herds have grown, in some aimags, in particular, in the Dundgovi aimag covered by the survey, due to unfavorable weather conditions, droughts, dryness, desertification, shortage of water lives of herders have been deteriorating as survey participants noted.

**Livestock thief:** Livestock thief is an increasing trend in rural areas as herder participants noted. Herders emphasized that livestock thief badly related to any herders' live. Especially, for those poor herders have very few livestock.

**Alcoholism:** Alcoholism is one of the negative social phenomenon both in urban and rural areas in Mongolia. One has no job, no conscientious are tend to drink more.

### ***Ways to come out of poverty***

Survey participants defined measures to be undertaken by the government, NGOs, international agencies, local authorities and individuals in order to reduce poverty and come out of poverty by each level as described below:

### **\* Measures to be undertaken by the government:**

**Income and employment:** survey participants viewed that in order to create possibilities for income generation and increase income of the population the priority issue for the government is to focus on increasing the number of workplaces and creation of new jobs that suit local specifics and people's skills. It should be mentioned that this issue was not raised due to complete lack of jobs. Some employers select the job candidates on the basis of their age, gender and looks, which not only violates the rights of citizen for labor, but also leaves senior people over 40 years old without jobs and causes unemployment, decline of living conditions and puts them in a vulnerable situation. Therefore, citizens proposed to undertake measures such as calling out to employers to create jobs for senior citizens and taking specific measures on supporting such initiatives through tax and lending policies.

On the other hand, taking into account that even if there were jobs openings, young people do not qualify for them due to lack of professional skills, there is a need to organize training programs on upgrading professional skills, acquiring professions and providing the graduates with jobs. Citizens think that in order to do that it is important to locate professional training and production centers in the countryside and train professionals that are required for that community. In relation to the above question they also said that there was a need to decrease the number of poor quality higher educational institutions that train many graduates of the same profession and instead increase the number of professional training and production centers.

A substantial number of jobs can be created in the countryside by supporting processing of animal origin raw materials. It could be said that it will be more effective when implemented within the framework of SME support, legal environment of which is already in place. Apart from that, development of farming industry in the countryside, job opportunities other than livestock breeding (i.e. sedentary), development of agriculture should be studied and citizen initiatives on provision of various public services that are not always available in the countryside, including small maintenance services, public showers, hairdressers etc. should be all fully supported. Moreover, if forms of citizen partnership and cooperatives are



supported and financial assistance is provided, the number of employed citizen will increase.

Sometimes although there are jobs available, cases of on-job discrimination take place depending on the ownership form, poor working conditions, extremely low salaries, violation of employees' rights by verbal abuse etc. that lead to low motivation and cause people to quit their jobs. These cases are frequent especially in private sector organizations, but because auditing organizations are weak and corrupted, it is mostly employees, who are victims, but not employers. Therefore, citizens want related organizations to work honestly and control the private companies in enforcing the provisions of the Labor law.

**Prices, livestock, and raw materials of livestock origin:** All survey participants pointed out that the government needs to take an urgent action on increasing the prices of livestock and raw materials of livestock origin, because extremely low prices of livestock and raw materials – the main livelihood source of rural herders – had become a pressing issue and a priority for rural communities. In addition to that, herders thought that the current process of raw materials sales was not serving the interests of both the herder and the buyer, and that there was a need to concentrate the sales and purchase of raw materials at one point and operate a raw materials stock in the countryside. If that could be accomplished, it could contribute to prevention and regulation of overly inflated prices of the raw materials and/or significant drops in their prices.

It could be seen from the survey that during these years of sharp decline in prices of the main source of herders livelihood – the livestock and raw materials, the prices of consumer goods had also increased and prices of petrol skyrocketed, which had not only caused deterioration of the lives of herders, but also put a substantial pressure on lives of urban citizen. In other words, if herders got to the point that they could not get a price of one sack of flour by selling one animal, the poor and average households of urban settlements had to decrease the daily basic consumption ( a household that bought one piece of bread a day got to the point that they buy a half of a bread now).

Citizen said that many pressing issues could be solved by improving the access to loans, loan conditions. In their view, high loan interests, short terms of repayment, few loan types, limits on amounts of collateral for loan repayment

lead many herders to a debt net and eventually makes them join ranks of the poor. In herders opinion, loans should be given with regard to the assets that herders possess and be based on the person's intentions, interests and what he can accomplish rather than on his acquaintances and looks. Also, attention should be paid to the fact that loan products are limited by few kinds such as pension loans to pensioners and salary loans to working people (mostly employed in the state organizations) and various types of loan products should be made available.

Citizens pointed out that for people other than herders, who can pledge their animal, or civil servants, who can pledge their salaries, and especially for poor and very poor individuals lending services are like a "dream". For those people there is no opportunity to access loans. Therefore, there is a need to urgently study possibilities for making collateral free loans to poor households who strive to live on their own (and have no collateral whatsoever), implement such programs and involve those citizens through household livelihood support projects.

Also, taking into account the fact that people have inadequate understanding of loans, and what can be accomplished by taking loans (most people say that would take loans to meet their daily needs), there is a need to organize training programs on increasing the awareness on ways to apply loans, proper utilization of loans to make profits, as well as promotional works on experience of companies and individuals, who were successful in improving their livelihoods by proper utilization of loans.

All participants underlined the need for Business skills training programs. When interested in starting a business, people do not know how to start it, where to go to when faced with problems, and suffer a lot because of lack of business skills and experience. Therefore, survey participants said that these types of training programs should be included into household livelihood support activities and most importantly on-job internship provided to assist on acquiring work skills and experiences. Apart from that participants said that rather than teaching utilization of machinery and equipment for small businesses and services, there was a need to study possibilities to link the supply of that equipment with activities of livelihood support projects and micro loans and possibilities of a one-time-grant supply of that equipment.



Citizen wants most of all to combine their forces and learn of the methods of partnering or working together. It is difficult for one person to overcome the current harsh and severe weather, social and economic conditions, even if he works very hard. On the other hand, citizens had already realized that it is much more effective to start something substantial by combining assets of several people rather than starting a business with a single person's capital.

Respondents have different opinions regarding child assistance money provided in the framework of Social welfare services. While some people think that because child assistance money are of great help for poor, very poor, and even for those non-poor families, the amount of assistance should be increased, other citizens think that this assistance should not be given to all children, only to those from the needy, target group household's children. There were citizens, who were criticizing child assistance money for deepening dependency on others. But all study respondents agreed that provision of child assistance money should be continued further.

Citizens had a lot of opinions regarding Governance, law implementation. Especially, about promises made during the election campaign, like a share from utilization of natural resources, the so called "Treasure share or 1.500000 tug", noting that if the whole amount can not be paid at once, it could be distributed in parts.

Also, before formulating policies or making decisions or development plans, government officials should make visits to countryside, and acquaint themselves with ordinary people's life, and draft laws and legislations, development papers on scientifically based research and study data. Many citizens said that it was almost true, that government officials went to countryside to meet with voters only during the election campaigns, and did not visit in other times.

Some suggestions were made regarding improving Public and basic services accessibility. For example, taking into account that some soums experience water problems because of lack of springs, rivers and wells, there is a need to dig improved wells, to connect soum centres to central electric lines, so they will have electricity, to improve the quality and accessibility of health services, to decrease public transportation fares.

Also due to increased migration, there is a need to improve infrastructure in growing ger districts of Ulaanbaatar.

#### **\* Measures to be taken by NGOs, international organizations**

Regarding measures citizens would like NGOs and international organizations to take, they mentioned continuation of present projects and programs, increasing their number and types, replication of well-implemented projects and programs into other regions, and selection of project participants by citizens. The majority of projects and programs select project participants, households/beneficiaries through the local government. This allows local monitoring, and ability to connect with other local activities, however, there is risk of missing needy citizens (part 9.3), or not reaching target group. On the other hand, there is need to improve dissemination of information regarding projects, programs, their enrollment criteria, to teach a methodology of writing project proposals to start business or take out loans.

#### **\* Measures to be taken by individuals**

Results of the study show that individual's efforts, initiatives are very important in escaping from and reducing poverty. One should be determined to do something, goal-oriented, have sufficient knowledge regarding business they would like to start, informed about its pros and cons, as well as risks, have an ability to adapt to new environment, oversee obstacles. Also all participants noted that people should be able to work in teams, and pay attention to improving their knowledge and skills.

Compared to previous years, people's views changed, and a tendency to use existing opportunities, taking initiatives has increased in the last years, people make attempts to do things rather than waiting for ready things. Some respondents noted that a tendency to overspend, inability to manage their spending, a low educational level lead people to poverty, and agreed that people should change their lifestyles, behaviors according to the present times.

In the end, when asked about the new factors influencing people's vulnerability, respondents mentioned the changing environment and weather conditions. They said that livestock breeding, which was a main source of income for citizens,



depended largely on the nature and weather conditions, and if desertification gets worse, people's living conditions will deteriorate. Although on the one hand, desertification occurs due to global warming, natural and ecological changes, on the other hand, it is related to people's improper activities. For example, because of wrongdoings of individuals and companies involved in mining business, the natural environment declines and perishes without any hope for recovery, the water sources and land fertility decreases, which greatly contributes to desertification.