

Presenter: Sh. Otgonkhundaga
Deputy-Director
Department of Population and Social Welfare Policy Coordination
Ministry of Social Welfare and Labour of Mongolia

Cash-Based Approach in Social Welfare Services Experiences, Present Situation and Future trends

The Mongolian State has a long tradition in implementing various provisions to vulnerable groups of society to support them in times of disasters, catastrophes, wars and other social emergencies. The ancient Mongolian history shows us the examples of its commitment to support of poor and vulnerable. “Orphan children and grandchildren of those, who heroically died in the wars, should receive support from the state”, said Chinggis Khan, according to the verse in the Chapter 217 of the “Secret History of Mongolia” by Ts.Damdin. Thus, since the establishment of Great Mongol State in 1206, the law on support for orphans and vulnerable people was upheld to the level of the state policy. From the history of Mongolia, Ogodei Khan made an order to support poor people, not obliging them with taxation and established a fund for Support for Vulnerable People.

Even later, Bogd King made an order in December 1911 that senior citizens aged between 70-80 must be supported with 3 lan (ounce), senior citizens aged between 80-90 with 6 lan, those over 90 with 9 lan. It was recorded that 5117 senior citizens were awarded according to this order.

After the revolution in 1921, the Government issued a decree on “Support and Rehabilitation of Poor Groups in Society”. There was another decree passed by the Government to grant subsidies to the needy and poor families of the deceased partisans and soldiers. There was a practice of supporting and caring poor people without family members and relatives, homeless poor and old people, kids, sick people and families without livestock and any other sources of income. During the years, 1930-1990 Mongolia provided the free social welfare services, free education and vocational training and free medical services to its disabled, old, pregnant citizens and other needed ones.

Since the transition to the market economy in 1990, a new package of social welfare laws was approved in Mongolia. In 1995, the first law on social welfare was passed by the Parliament, and it was amended and re-edited in 1998. This provided an enabling legal environment to provide pensions, social allowances, aid and care services from the social welfare services to citizens who in care of others and need special care and support. In

further, a new pack of laws on Social Welfare was re-edited in 2005, and as well as a law on social allowance for mothers, children and newly-weds.

Cash assistance provided towards social welfare

According to the existing laws on Social Welfare, the following social cash allowances are provided:

1. Social welfare pension:

This pension is provided to social vulnerable groups, such as disabled, senior citizens and single-head households, who are left without care and live in poverty, yet not eligible to the pension from the Social Insurance Fund. The social welfare pension provides the pension of 34500 tugrugs monthly. Currently, 45.5 thousand people in Mongolia benefit from the social welfare pension. According to the state budget 2007, 15.5 billion tugrugs is planned for the Social Welfare Pension to vulnerable groups.

2. Conditional pension:

Conditional pension is provided to citizens, who are nursing and caring old and disabled people under permanent medical services. As of now, over 10.3 thousand people received 20000 tugrugs a month, starting from 2006.

3. Aid:

People awarded the honor of the National hero in Labor, People's heroes, Veterans, and widows of the soldiers died in wars, as well as senior citizens awarded with State Honors receive cash assistance of 50000 tugrugs per quarter. Senior citizens and disabled people receive 50000 tugrugs per year as a support to cover firewood or coal expenses, and for housing expenses.

Cash provisions for general public:

Within the framework of the Governmental Policy to support its population, families and children, to improve the livelihoods of its people and to increase their household income, the Government provides "money for children" and "cash for newly-weds" in accordance with the existing laws.

1. Every child receives monthly allowance of 3000 tugrugs. As of October 1, 2007, 920.87 thousand children receive children's money.
2. One-time cash allowance of 100000 tugrugs is given to a newborn child. As of October 1, 2007, 40 thousand children received "new born child money".

3. Pregnant women and nursing mothers receive 20000 tugrugs per month starting from the 5th month of their pregnancy for a period of 12 months. It is expected that over 64.7 thousand mothers will receive “mother’s money” this year.
4. Newly weds receive one-time of 500,000 tugrugs. It is expected that over 35 thousand newly weds would receive this allowance.
5. Mothers honored for giving a birth to five and more children receive 50,000-100,000 tugrugs per year depending on the number of their children. This allowance is given directly from the State Budget. Appr. 80 billion tugrugs are spent on this kind of social welfare allowances.

According to the law on the Development Foundation of Mongolia, starting from 2007 every child aged between 0-18 receives 100000 tugrugs per year, given quarterly, from the foundation (March, May, August and November). This allowance was an initiative to support child development and to increase investment into the children future. As of October 1, 2007, 927.7 thousand children received over 68 billion tugrugs.

International Experience and Plans

According to survey by the International Labor Organization (ILO), cash approach is the most popular tool for social welfare. In industrialized countries, more than 80% of their population receives some kind of social allowances. In developed countries, this indicator is comparatively low and only less than 5% of GDP is planned for social subsidies to their citizens. Firstly, the government of the developing nations pays most of their efforts to the development of economy and infrastructure of the country. Secondly, many developing nations lack of advanced database and information resource, thus the identification of the people who need social support demands a large amount time and costs. There are always more people wishing to apply for social subsidiaries in the poor countries. Thus, it is not easy to identify the most needed ones for social allowances.

In some countries such as Turkey, cash-based grants are seen as most successful tool in reducing labor of children and bringing the dropouts back to school. According to this law, parents receive allowances of the amount, which would equal to the amount of what their working children would bring from labor. This contributed to the reduction of child labor, as well as to the fight against the cheap exploitation of child labor. Most importantly, the government believes that this act prevents the heritage of poverty to the next generation.

In conclusion, judging from this international experience, we can see that cash-based assistance, if using an advanced database and a detailed research and studies, could become a real assistance to people in need.

As the result of the incentives, which encourage population growth, Mongolian population growth has been increasing by 2% annually.

The cash-based social welfare service contributed to an increase in the registration of people, the reduction of the school dropouts, and as well as in the increase of the educated citizens.

Thank you for attention