

Terms of Reference

Diagnostic Review – Assessment Based National Dialogue

1. Background

Mongolia is a middle-income country with population of over 3 million. Mongolia's once fast growth rate (17% in 2012) has declined due to the fall of commodities global prices to a low 1.2 % in 2016. The economy recovered to an estimated 6.7% in 2019, which is well above the region¹. After years of decline of poverty, the national poverty rate stagnated at a high 28.9%. Unemployment rate is currently at 6.01%. Poverty and unemployment are higher in rural than urban areas.

The Mongolia Sustainable Development Vision 2030², approved on February 4, 2016, comprises 20 national SDG indicators, principles of sustainable economic and social development, and phase-specific objectives for 2016-2020, 2021-2025 and 2026-2030. Amongst its objectives is the goal to “Develop a social security system that takes into account the national characteristics and the changes in the population's age structure to improve the quality of life”. (*SDV 2030, 2.2.1 Ensuring social equality through inclusive growth, Objective 3*). Specifically, it aimed to increase the share of the population with social insurance coverage in the total economically active population (Baseline at 84.4% in 2014 and target of 99% in 2030).

The impact of COVID-19 will undoubtedly exacerbate some of social and economic challenges, stressing the challenges of an economy that is highly dependent on export-sectors and very vulnerable to external economic shocks.

The social protection system

For more than 70 years, under a centrally planned economy, Mongolian social protection system had nearly 100 per cent of coverage and comprehensive set of benefits including medical care, maternity benefits, pensions and other provisions. Following the country's transition to a market economy, this reality has changed.

The social protection system of Mongolia currently consists of 3 key elements: social welfare services and assistance (*inherited from socialist time*), social insurance (*introduced in 1995 by having both employer and employee contributing to the social insurance system*) and employment promotion programmes (*launched in 2001*). Five social insurance programmes are in place: pension, welfare, health, occupational accident and health, and unemployment insurance, with both compulsory and

¹ <https://www.adb.org/countries/mongolia/economy>

² https://www.un-page.org/files/public/20160205_mongolia_sdv_2030.pdf

voluntary schemes. The old-age pension system combines compulsory and voluntary contributory schemes. The law on Pensions and Benefits from Social Insurance Funds makes provision for a defined benefit scheme. It was meant to be replaced by a notionally defined contribution pension scheme, as set out in the Law on Individual Pension Insurance Accounts, the inception of which has been postponed systematically. More recently it was further postponed for more 20 years (for those who are born after 1979), according to the State Policy on Pension Reform, which also sets equal ages of retirement for men and women. All persons under a labour contract (in the private or public sector) are covered by compulsory social insurance. Herders, informal workers and self-employed population are expected to contribute voluntarily to social insurance fund.

Participation in the voluntary social insurance system remains low. While the participation of private and public employees to the old-age pension insurance scheme is high, only 23.4 per cent of herders, self-employed and informal economy workers contribute to the voluntary social insurance scheme, as of 2018, particularly only 15 per cent of herders, despite repeated efforts of the government to increase coverage. Those who are contributing are mostly closer to retirement age, while young herders are not likely to contribute to the scheme.

Medical care is provided through a universal tax financed scheme. Children up to 18 years old are covered by the Government, and medical services are free of charge at public hospitals. Enrolment to national health insurance is mandatory for every adult man and woman in his/her working age,. However, effective access to quality health care remains a challenge for many in rural areas. Only 40 per cent of herders have health insurance. High out-of-pocket (OOP) expenses and inefficient services in public hospitals may have deterred their voluntary participation in social health insurance and prevent participants from accessing adequate health care.

According to the Labour Force Survey of 2018, Mongolia has 1.3 million workers, and by the account of General Authority for Social Insurance, 62.5 per cent of all workers are covered by social insurance, while only 15 per cent of Mongolian herders participate in national social insurance systems.

One of Mongolia social protection flagship programs is the Child Money Programme – a near universal child benefit scheme. The scheme was initially introduced as a means tested scheme in 2005 and expanded in 2006 to cover all children under the age of 18. Over the last decade, the scheme has gone through various configurations and in 2019 the programme reached approximately 90 per cent of all children under the age of 18.

The United Nations Joint Program

One of the Outcomes of the United Nations Joint Program establishes that the “Government, in consultation with social partners, will have formulated a financing strategy and resources mobilization strategy that takes into account a whole life cycle approach” (Outcome 3). Output 3.1 focus on the development of a diagnostic review of the social protection system in Mongolia.

The United Nations, under the technical leadership of the ILO, launched in 2013 a social protection assessment based national dialogue. The Report produced under the initiative included a description of existing social protection schemes for each of the four social protection floor guarantees, identification of policy gaps and implementation issues, recommendations, rapid costing exercise to estimate the cost of completing the social protection floor. The Report was completed in September 2014 and launched in 2015.

Since 2015, several social protection reforms took place and important milestones were achieved. The labour and economic landscape have also evolved, not least with the social and economic impact of COVID-19.

The objective of this exercise is to carry out an up to date assessment of the social protection system, considering and assessing the progresses in implementing the ABND (2015) recommendations, and updating the findings and recommendations of the Report. It should also consider recommendations produced under the UNJP Outcome 1 which focus on the extension of social and health insurance to herders and Outcome 2 focused on shock responsive social protection.

2. Former ILO work

ILO collaboration with the Government of Mongolia in the past, produced the following reports.

- [Social protection on assessment based national dialogue: Definition and cost of a social protection floor in Mongolia](#)
- [Financial assessment of the proposed reform to the social security system for older persons and a proposed new pension scheme for the herders and self-employed persons](#)
- [Report to the Government: Assessment of the social security legislation for the ratification of the Social Security \(Minimum Standards\) Convention, 1952 \(No. 102\)](#)
- [Leaving No One Behind- A Social Protection Primer for Practitioners³](#)
- [Towards Universal Social Protection for Children \(ILO and UNICEF Joint Report\)⁴](#)

The service provider will review and will be guided by the evidence produced so far, including but not limited to ILO.

3. Objectives

The objective of the current research is to assist social dialogue by building evidence and engaging with constituents, in order to make recommendations to the Government of Mongolia regarding:

- Improvements in the effectiveness (coverage and adequacy), efficiency and sustainability of the social protection system, including options to extend coverage to the most vulnerable (including herders and those affected by climate change)
- Support the government developing a social protection financing strategy.

4. Products and activities

To help achieve that, the service provider s diagnostic review will include at least the following components:

1. A comprehensive review of Mongolia's social protection system
2. A gap analysis in the coverage of vulnerable groups, including children, working age population, herders, elderly, domestic workers, and migrants. This will include an assessment of demographic and poverty data to look at trends in relation to population ageing and poverty incidence by age. It should also look at income sources for different socio-economic groupings.
3. The country's current and future challenges, including social and economic impact of the COVID-19 pandemic
4. Policy recommendations for a more inclusive, integrated, coherent, and sustainable system (short- and long-term recommendations). This should also look at coverage, adequacy and

³<https://www.undp.org/content/dam/undp/library/Sustainable%20Development/Leaving%20No%20One%20Behind-%20A%20Social%20protection%20Primer%20for%20Practitioners%20FINAL.pdf>

⁴<https://www.unicef.org/media/49401/file/Towards%20universal%20social%20protection%20for%20children.pdf>

financial sustainability, and include options for a transition plan to move from the current range of different approaches towards a more coherent approach.

5. Costing of selected policy options. This will involve a modelling exercise.

5. Elements of methodology to the study

The methodology and tasks will include the following

1. Desk review of existing studies of social protection system.
2. Consultation with Ministries, institutions, and key stakeholders (including face to face and virtual consultations considering the traveling limitations due to the COVID-19 situation).
3. Gap analysis comparing existing systems with the expected needs.
4. Develop options for a future comprehensive social protection system, especially to effectively cover vulnerable groups, such as children, formal and informal workers, women, herders, and the elderly.
5. Identify options for a transition plan to move from the current range of different approaches towards a more coherent approach.
6. Budget costing for selected policy options.
7. Validation workshops

6. Expected deliverables

1. An inception report of maximum 20 pages in English that includes possible modifications to the methodology.
2. The Social Protection Diagnostic Review written in English. The structure of the report follows the structure proposed in the Annex. It can be adjusted based in dialogue between the Service Provider, the UN Team and the RGT. A revised structured should be proposed in the inception report
3. Workshop presentations and webinars during the different phases of the process.

7. Timeline

The service of consultancy will be conducted in 4.0 months in **26 November 2020-31 March 2021**.

Tasks	Timeline
Development of an inception report	Nov-Dec, 2020
Liaise with the relevant ministries and stakeholders and draft of the SPDR	December 2020
Discussion of the draft1 SPDR with the UN team, incorporating data on costs (from the Social Budgeting Exercise)	January 2021
Present first draft of the SPDR, including general policy recommendations (for discussion, without the inclusion of costs)	January 2021
Receive feedback for revision	February 2021
Development of Policy Proposals (including costs)	February 2021
Discussion of the draft2 SPDR (including projections)	February 2021

with the UN team	
Validation Workshop	February 2021
Present third revised version of the SPDR	March 2021
Incorporate feedback from the Validation work	March 2021
Hand over the final version of the SPDR, with Mongolian translation	18 March 2021

8. Qualifications

The Service Provider should propose a team that combines at least an experienced lead international expert with the technical requirements needed to deliver the products according to the general parameters proposed under the ToR. The team should include at least:

The International Lead Expert shall meet the following qualifications:

1. Advanced university degree in Social Sciences, Economics, Political Science or related disciplines.
2. At least 10 years of experience and technical knowledge in social protection with significant experience in upper and middle-income countries
3. Familiarity with the Mongolian national context is considered as an asset.
4. Proven experience in conducting research and technical consultancy on social protection issues.
5. Excellent report drafting ability and fluency in English is required.

The National Expert should have:

1. Advanced university degrees in Social Sciences, Economics, Political Science or related disciplines.
2. At least 3 years of experience and technical knowledge in social protection issues in Mongolia.
3. Excellent report drafting ability
4. Fluency in English and Mongolian is required.

The Service Provider should provide a proposal of the specific experience required.

9. Payment

1. **First payment of 30%** will be made upon submission of the inception report.
2. **Second payment of 40%** will be made upon submission of the first draft of the SPDR.
3. **Final payment of 30%** will be made upon submission of the final SPDR, with high-quality translation in Mongolian, to the satisfaction of the ILO.

Annex 1: Draft contents for SPDR Report

Social Protection Diagnostic Review Assessment Based National Dialogue

I. Executive Summary

1. Introduction and Objectives of the Diagnostic

2. Background

2.1 An overview of the national context and environment:

- a) Demographics, economy, labour market, vulnerability and poverty / inequality analysis
- b) Country main programmatic documents, including relevant sectoral strategies or plans
- c) Children
- d) Working Age Population (including a specific section on herders and informal economy workers)
- e) Elderly
- f) Gender analysis

[Each section should not only include an analysis of the main characteristics and vulnerabilities of the particular group analysed, but also a reference to existing national specific programmatic documents relevant for social protection. The exercise should not be limited to current needs but will include a forecast of how these needs are likely to change in the future with the evolution in the variables analysed in a) above]

2.2. International Context:

[Introduction to the latest international developments in the area of Social Protection, the SDG, the Social Protection Floor, the Global Partnership on Universal Social Protection, and relevant definitions of SP, anchored in a Human Rights Based approach and as much as possible in International Standards (such as R202 and C102). It should also include a description of the international evidence of social protection positive impacts on the labour market, society, inequality, etc.)

3. Vision and Mission for Social Protection in Mongolia

[Based on the previous sections the Report should propose a Vision and/or a Mission to Social Protection in Mongolia, particularly ensuring that the objectives of the system are aligned with the broad national economic and development goals and with international standards.

Based on this Vision, a set of core system objectives should be defined with the parameters allowing assessment of whether objectives are met clearly set down. This section will be the basis against which the existing system will be assessed and the recommendations will be produced.]

4. The Social Protection System in Mongolia

- i. Description of existing provisions by SPF Guarantee and cross-cutting topics
 1. Description of the system's overall governance, administration, structure and legal framework
 2. Children
 3. Working Age Population (including herders)
 - a. Social assistance
 - b. Maternity and other family benefits

- c. Sickness and Invalidity
- d. Unemployment
- e. Employment Injury
- f. Survivors
- 4. Elderly
- 5. Gender (analysis of the system gender outcomes and responsiveness)
- 6. Legal Framework
- 7. Social Protection Expenditure

[Analysis will include a review of legal provisions; effective coverage; current and projected benefit levels; costs and financing; administration; policy and management coherence and integration]

- ii. Gap analysis (using the same structure as Section 4.a, we will measure the current provisions versus the objectives defined in Section 3)
 - 1. Overview (analysis of how in general terms the existing system of social protection is consistent with related social, economic and sectoral policies)
 - 2. Children
 - 3. Working Age Population (including herders)
 - a. Social assistance
 - b. Maternity and Family benefits
 - c. Sickness and Invalidity
 - d. Unemployment
 - e. Employment Injury
 - f. Survivors
 - 4. Elderly
 - 5. Migrants
 - 6. Gender (analysis of the system gender outcomes and responsiveness)
 - 7. Overview review of the system governance, administration and institutional capacity gaps
 - 8. Legal Framework gaps

5. Reform Options

[Description of potential reform options (short and long-term to align the social protection system with the Vision and Objectives established under Section 3)]

- i. **General Reforms**
 - 1. Institutional and Governance reforms
 - 2. Policy and Legal framework
 - 3. Monitoring and Evaluation Framework
 - 4. Management and Administration
- ii. **Reforms by SPF Guarantee**
 - 1. Children
 - 2. Working Age Population
 - a. Social assistance
 - b. Maternity and Family benefits
 - c. Sickness and Invalidity
 - d. Unemployment
 - e. Employment Injury
 - f. Survivors
 - 3. Elderly

4. Migrants
5. Gender (analysis of the system gender responsiveness)

6. Financial Projections

- i. Cost Projections of impact of different reform options⁵

[A Social Budgeting model will be used to forecast the financial implications of the reform options proposed in Section 5 (at least for a 20 years scenario). Different scenarios will be assessed for each SPF guarantee (including different options for coverage, take-up rates, and benefit levels). The exercise will mostly look at costs in relation to GDP. The capacity of the exercise to assess the impact of the reforms in terms of contribution rates (for contributory benefits) will depend on the results and analysis of other actuarial exercises as it is not possible under the scope of this review to include the development of actuarial exercises under this exercise.]

- ii. Financial and Fiscal Sustainability

[Assessment of the cost projections versus the national macroeconomic and fiscal framework and scenarios]

- iii. Analysis of impact of reform options on adequacy of benefits

[A microsimulation model will be used to estimate the impact of the reform on the adequacy of benefits]

7. Selection criteria

The ILO will select the proposal(s) that provides value for money. The proposals will be evaluated based on the following criteria:

- (a) Demonstrated understanding of the requirement
- (b) Soundness of the proposed approach and plan
- (c) Research experiences in the relevant fields
- (d) Creative approach is used in the proposal
- (e) Demonstrated awareness and explicit inclusion of gender analysis in the research plan
- (f) Realistic timeframe
- (g) Readiness to undertake the assignment
- (h) Organizational assets in Mongolia
- (i) Ability to organize the proposed work with the minimum support from the ILO

The passing score for the Technical Proposal is 70 out of 100 points. The ILO will not perform a financial assessment on the applicant that does not pass the technical assessment.

8. Submission

The technical and the financial proposal must be submitted to: ulaanbaatar@ilo.org email address.

The email subject header states: "MON-RFP-2020-002: Technical and Financial Proposals". The proposal must be received before 5 pm Ulaanbaatar time on by **November 9, 2020**.

⁵ The cost Projections will be done using the Social Budgeting that will be developed by the UN team and NESDC.

Please refer to detailed Terms of Reference and the template of detailed financial proposal in the following link: https://www.ilo.org/beijing/about-the-office/WCMS_758211/lang--en/index.htm