



In-depth review of Policies for Youth Employment in Mongolia

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Contents

- ❖ Socio-demographic characteristics of young people
- ❖ The youth labor market
- ❖ Youth labor force participation and employment rate
- ❖ Young workers in the informal economy
- ❖ Transition from school to work
- ❖ Employment promotion policy
- ❖ Conclusions

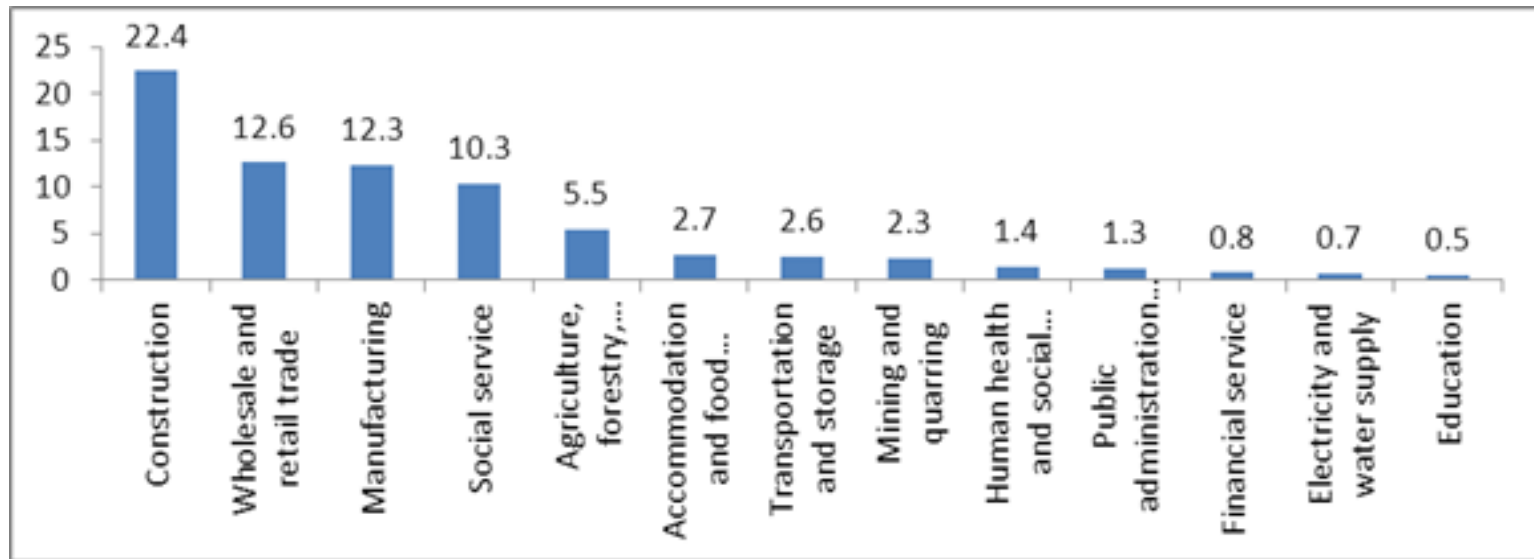
Socio-demographic characteristics of young people

- In 2013 the population of Mongolia was 2.93 million, of which 1.1 million (37.7%) were aged between 15 and 50.9% were male.
- According to the most recent population and housing census, a total of 713,780 households were accounted for in Mongolia in 2010. Of this 27.0% were extended and/or mixed family households where they lived with parents, relatives, or rented. Around 62.6% of young families were extended and/or mixed households. A total of 192,815 mixed and/or extended households were counted, of which 156,658 or 81.2% were in Ulaanbaatar (see Table 7 in Annex 1), indicating the need for greater accommodation and housing of young urban families.

The youth labor market

- According to the Barometer Survey conducted by the Labor Research Institute, a total of 75,400 permanent and temporary jobs are predicted to be created between April 2013 and April 2014, of which 22,400 (29.7%) will be in construction, and 12,600 (16.7%) will be in wholesale and retail.

- Graph 2: Workforce demand from April 2014 to April 2014 (in thousands)**



- LRI, Barometer Survey 2013

The youth labor market

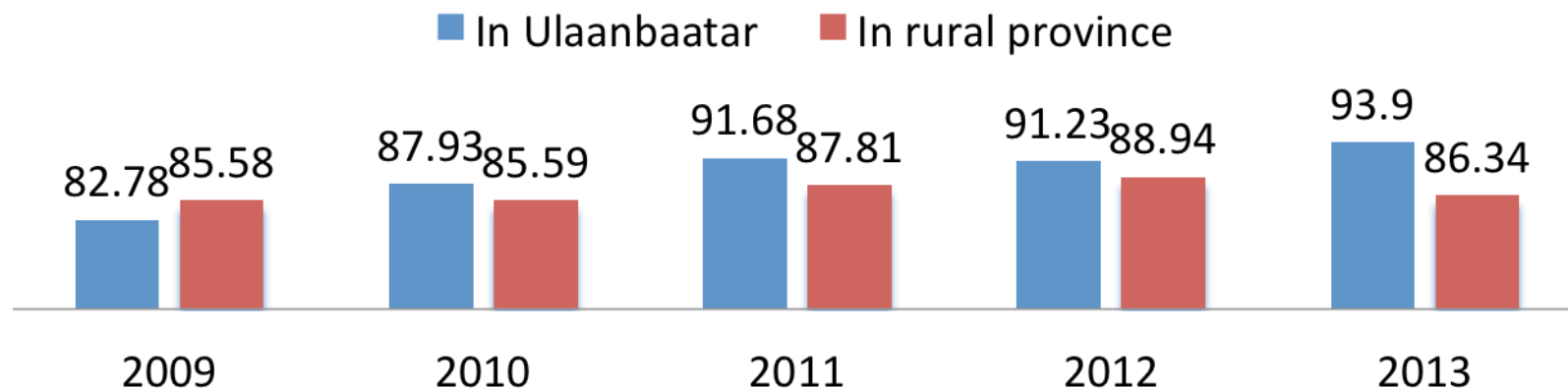
The Government of Mongolia produced a list of the 20 most highly-demanded occupations, and has offered to provide a monthly scholarship of MNT105,000 for students majoring in those fields. Students with other majors receive a lower amount of MNT70,000 per month.

Table 1. List of high-demand occupations in Mongolia

No	Occupation	No	Occupation
1	Roads construction engineer	11	Veterinarian
2	Elementary school teacher	12	Information system
3	Pre-school teacher	13	Crude oil storage and transportation
4	Natural sciences teacher	14	Plumbing and engineering infrastructure
5	Geology	15	Renewable energy
6	Hydrogeology	16	Nano-engineering
7	Hydromechanics engineer	17	Biotechnology
8	Water resources ecology	18	Nuclear energy
9	Mining operational engineer	19	Diagnostics
10	Mining machinery and equipment	20	Medical sciences

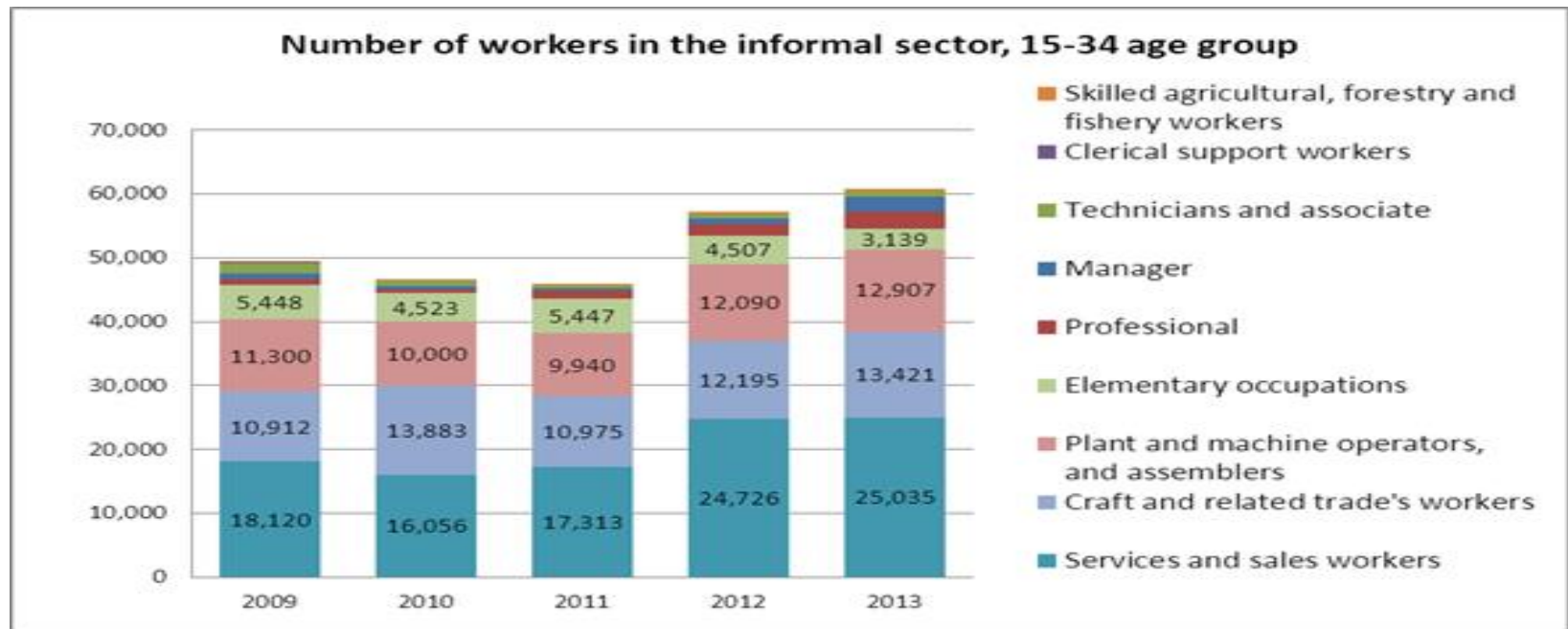
Youth labor force participation and employment rate

- According to the Workforce Survey of 2013, about 41% of the total workforce were youths, with a participation level for men of 0.48, and for women of 0.43. As of 2013, 41% of total employed aged 15-34 resided in Ulaanbaatar, while 59% resided in rural areas.
- While the employment rate for urban youth has increased, it has remained erratic for those in rural areas. This phenomenon is directly linked to population density, job availability, and the sustainability of economic activities for both of these environments.
- Graph.3 Youth employment rate (in % terms)



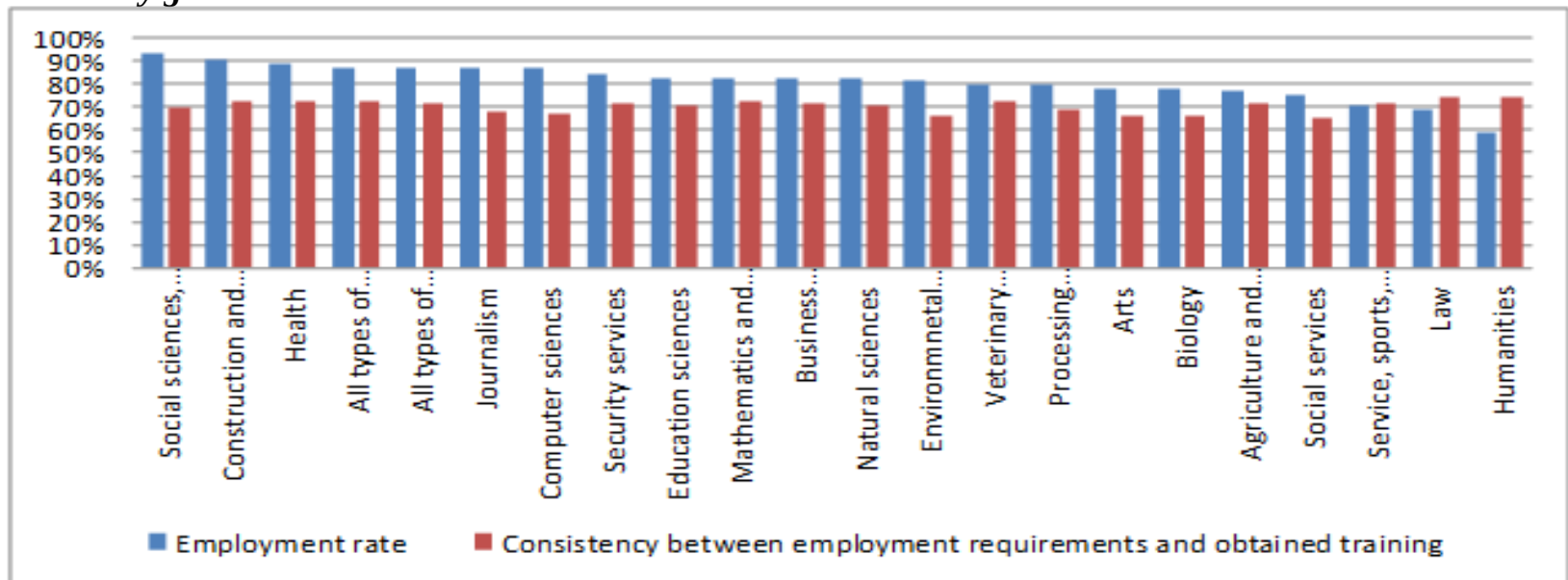
Young workers in the informal sector

- *In 2013, out of 199,000 individuals engaged in informal employment, 31.3% were aged 15-34.*
- “State policy on informal employment” was ratified in 2006 for this very purpose; to be implemented in three phases between 2006 and 2015. However, the outcomes of this policy remain unclear and the rate of informal employment continues to grow.
- *Graph 9. Primary employment in informal sector for youths aged 15-34, by sector*



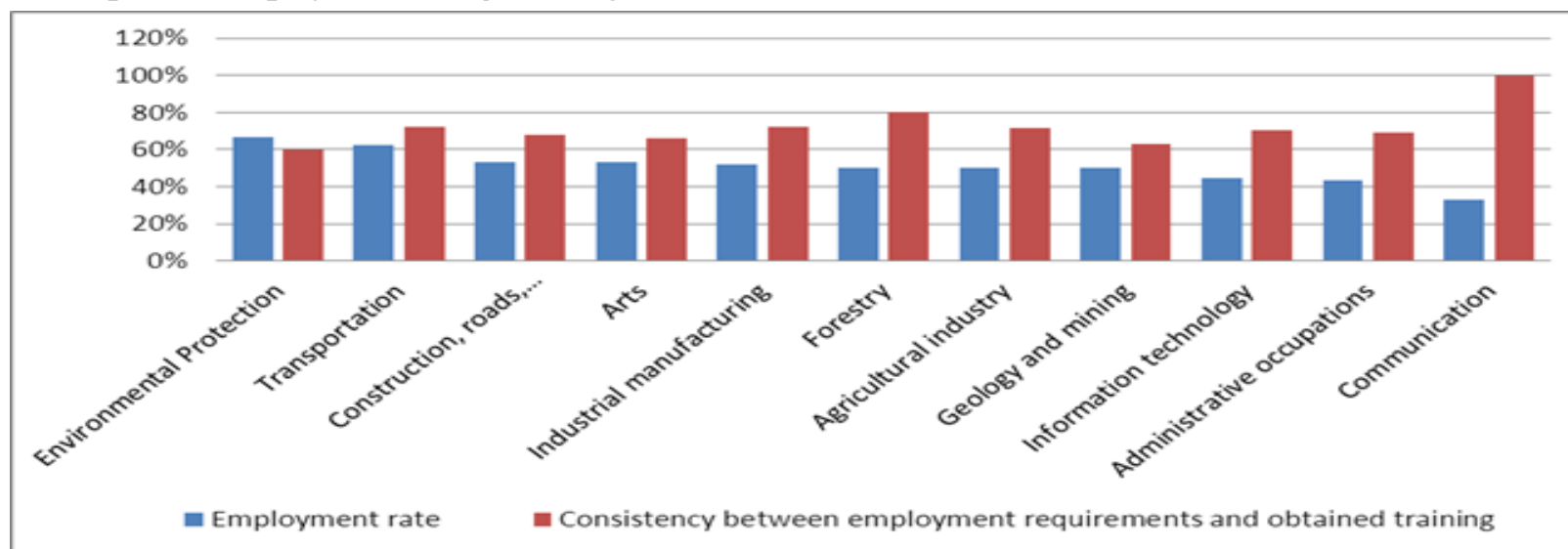
Transition from school to work

- In the academic year 2010-2011, over 45,000 young people graduated from either universities with a bachelor's degree, or from VTIs with primary and technical secondary training. About 25% of graduates did not have opportunity to garner sufficient practical experience within the first year after graduation. Upon graduation, 94.4% of graduates with training in one or more occupations entered into waged employment; however only 80.1% of graduates signed a labor contract with their employer.
- About 45.4% of graduates found a job within 6 months of graduation, while the remaining 54.6% were employed within 6-13 months.
- **Graph 14. Consistency between employment rate, employment requirements, and obtained training of university graduates**



Transition from school to work

- For VTIs, graduates with environmental protection training had the highest employment rate, while information and communication graduates had the lowest employment rate (Graph 15).
- Graph 15: Employment rate for VTI graduates**



- The primary consideration influencing the employment rate of graduates is the likelihood to seek more schooling after graduation. In spring of 2011, 7,500 (16.5%) of all graduates from universities, colleges, and VTIs were attending schools, of which 61.9% were VTI graduates who were studying at universities for bachelor's degree. Interestingly, 36.6% of those in school again chose different majors from their previous ones, signaling a large number of misguided career decisions for youth.

Employment promotion policy

- One of the six primary objectives put forward by Government of Mongolia Action Plan for 2012-2016 is “A Mongolian with a job and income”. On 13 January of 2014, the National Council for Employment approved employment promotion programs and projects, which will be financed from Employment Promotion Fund.
- *The programs for employment training, to promote employment of persons of 40 and more years of age, to promote employment for herders, to promote entrepreneurship, “Mongolia by Us” Program, and program to promote employment for disabled persons were amended, while the Program to promote youth employment, and Project for Student employment and part time jobs, and Consulting Services of Senior Professionals were newly approved.*
- The Ministry of Labor currently implements a program to promote employment of disabled persons via Labor Divisions in provinces and soums, with the aim to address employment issues faced by disabled citizens, and to provide employment incentives.

1. Employment training program

Objective:

In accordance with Article 10 of the Law of Mongolia on Employment Promotion, the objective is to improve the competitiveness of unskilled or low skilled unemployed citizens belonging to vulnerable sections of the population, as well as school dropouts who have reached working age, by providing them with crucial service packages and support.

Scope:

- Working age members of a household that requires social welfare and services
- Disabled persons
- Persons released from correctional facilities
- Working age persons from orphanages and care centers
- Unemployed citizens who have not been able to find a job for 6 months
- School dropouts who have reached working age.

Service types:

- Counseling and information, Vocational training, Financial assistance, Job mediation.

2. Employment training measures

Objective:

- In accordance with Article 11 of the Law of Mongolia on Employment Promotion, the objective is improving occupational capabilities and developing, via the short-term, specific module training.

Scope:

- Unemployed
- Those threatened by unemployment
- Those who face challenges in acquiring jobs
- School dropouts who have reached working age.

Service types:

- Vocational training and re-training
- On-site-training
- Mobile and distance training, apprentice training.

3. Program for promotion of self employed citizens or those running a business in form of a partnership or cooperative

Objective:

•In accordance with Article 12 of the Law of Mongolia on Employment Promotion, the objective is to provide consulting and information, training, micro-loans and other financial assistance, and business incubation services for the self employed or citizens running businesses in form of a partnership or cooperative.

Scope:

- Self employed
- Citizens running a business in the form of a partnership or cooperative
- Citizens who came back from working abroad
- Disabled persons

Services:

- Vocational consulting and information
- Training for entrepreneurial skills
- Micro-loans
- Financial assistance
- Business incubation services.

4. Program on promotion of employment for herders

Objective:

- To implement employment promotion measures specifically tailored for herder households; to improve their entrepreneurial skills and household income, support animal husbandry industrial structures and cooperation, perfect labor relations for herders, provide information, and facilitate conditions for sustainable animal husbandry. As this program is intended for young herder households aged 40 and below, it is viewed as an effective mechanism to fight unemployment and poverty in rural areas.

Service:

- Providing financial assistance, microloans, loan interest payment, and business incubation services for young herder households aged 40 and below, herder-employers, and citizens with livestock.

5. Mongolia by Us Program

Objective:

- To support grassroots initiatives and citizen groups which work in the field of organizing construction and green development activities in the interest of public, to protect nature and the environment, work towards environmental security, clean waste, provide risk prevention; strengthen citizen responsibility, and contribute to productive participation in social life.

Scope:

- Unemployed, those who face challenges in acquiring jobs, students, youth, herders, seniors, local citizen groups, environmental protection partnerships and cooperatives.

Service:

- Creating green jobs, which are consistent with resources, capacities and requirements
- Providing citizens with temporary, long-term, and permanent jobs.

6. Program for promotion of employment for disabled persons

- **Objective:**
- In accordance with Articles 6.3.7, 15.1.3, and 15.1.5 of the Law of Mongolia on Employment Promotion, the objective is to provide financial assistance, incentives, and financing for activities aimed at creating jobs specifically tailored to meet the characteristics, needs, and capabilities of disabled persons.
- **Scope:**
- To be certified by the Hospital-Labor diagnostic committee
- To be self employed or in a joint business operation, or to have an assessment, study, and/or data on a specific business proposal/idea/business project
- To register at and submit a written request to the relevant province or soum labour unit.
- **Services:**
- Providing disabled persons with up to MNT10 million of financial assistance for the purposes of self employment and other types of enterprises
- Providing up to MNT50 million finances to entities which provided jobs for disabled persons
- The National Employment Council may reward employers who were proactive in providing jobs for disabled persons and took substantial measures to address social issues and have reached tangible results.

7. Small and Medium Enterprises Promotion Fund and Soum Development Fund:

- **Objective:**
- To accumulate financial resources needed by the SMEs and support industrial manufacturers, reinforce the position and weight of SMEs in the market, and boost jobs.
- **Services**
- Providing long-term discounted loan to SMEs
- Providing financial incentives for employers who create new jobs
- Providing assistance for SMEs to lease manufacturing equipment and machinery
- Providing consulting for SMEs
- Loan guarantee services.

8. Program for strengthening of national professional workforce:

Objective:

- Within the framework of the government of Mongolia's program "A Mongolian with a job and income", to enroll individuals in Vocational education and training institutes and to mediate jobs according to the reservations made by employers.

Scope:

- Any Mongolian citizen of working age, unemployed, and is actively searching for a job, employers, vocational training and industrial centers, units and agencies under the Ministry of Labor.

Implementation

- Once a student is registered, he/she will sign a quadripartite contract with Labor Exchange, Employer, and VTICs
- Training content will be 20% theory and 80% practice, lasting for 5-6 months. Trainee will receive theoretical knowledge in the first 2 months, and shall attend waged practice at the signed employer's site for the last 4 months. During this period, each trainee will receive MNT190,000 per month
- Job mediation for graduates.

Program on promotion of youth employment

Within the framework of government of Mongolia's "A Mongolian with a job and income" objective, the Youth Labor Exchange is currently undertaking "*A Young Mongolian with a job and income*" program with the assistance of Ministry of Labor. The aim of this program is to facilitate the involvement of students and young people in soums and local construction and development projects, providing them with temporary jobs, to instill labor discipline. This program consists of three projects: "Part time job", "First job", and "Youth of our Soum".

	Youth of our Soum	Part time job	First job
Project purpose	Organizing training on education, health, and business in soums	Providing students and youth with the opportunity to have a part time job, industrial practice, and creating conditions for young Mongolians abroad to study and work in their country	Providing labour practice and increased employment for students and youth
Activities undertaken	Organized training		Built 1 model winter quarters in each of 21 aimags, over 700 participants worked for mining, road, and construction projects
Number of participants	1,300		
Monthly wage /21 days/	MNT200,000		/Single pay of MNT200,000/ + employer's wage
Financing	Employment Promotion Fund	Employer	Employment Promotion Fund and employers

Employment promotion policy

More than half of those undertaking the various programs are aged between 15-34. These programs offer job training, micro loans and self employment opportunities. However, there is no specific program to support youth in the programs implemented by the Ministry of Labor through its branches in the 21 provinces and 9 districts.

Also there are no age limitations to the above-mentioned programs.

№	Programs	Number of participants	Youth coverage	
			Number	%
1	Employment training program	14,224	7,653	53.8
2	Measures to organize employment training	5,886	3,031	51.5
3	Program to support self-employed citizens and entrepreneurship	1,858	1,083	58.3
4	Mongolia by Us program	4,615	2,058	44.6
5	Program to promote employment for disabled persons	178	68	38
6	SME promotion fund, Soum Development Fund	2,259	897	39.7
7	Program for strengthening national professional workforce	1,281	619	48.3
8	Microloan	1,185	634	53.5

Source: Data from Labour Units of Orkhon, Zavkhan, Dornod, and Uvs Aimag

Conclusions

- Need for a Human resource policy
- To decentralize residents of Ulaanbaatar by increasing jobs in rural areas and supporting local factories through tax incentives
- To create favorable living condition for youth so that they may be able to live on their own and be financially independent
- Linking workforce training and preparation to short and long-term demand in the labor market, undertake activities to help young adults in their career choice by raising awareness and information about professions, which are in high demand.
- The Ministry of Labor should coordinate its policies with other ministries that have an indirect impact on labor market, such as the Ministry of Population and Social Security and the Ministry of Education, for more comprehensive policies aimed at boosting employment.
- Projects such as “Youth of our Soum” and “My first job” are inefficient for creating long-term jobs or sustainable employment, programs based not on monetary incentives, but on real demand could be more effective.

Conclusions

- Integrating activities of social service units with labor units in order to broaden opportunities for citizens to take part in employment promotion service and programs, rather than large-scale welfare services.
- Implementing employment promotion programs based on real need and demand, rather than incentive-based programs.
- Job programs by sector

Thank you for your attention

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